

Mississippi National Golf Links Operations Proposal Questions

1. Clarify whether Red Wing Municipal Golf Corporation (RWMGC) is proposing a lease or a management contract as both terms are used in the response.

Answer: We are proposing a management contract.

2. How does the RWMGC propose to indemnify and hold the City harmless?

Answer: Much in the same way as Wendell Pittenger did in his lease with the City. Additionally, RWMGC agrees, per the RFP, to indemnify and hold free and harmless the City, its officials, employees, and agents from or on account of any and all suits, actions, or claims for injuries, losses, damages, liabilities, costs, or expenses, of any kind whatsoever, arising from the management agreement or which are incidental to or are in any way connected with the management of MNGL.

3. What City resources does the RWMGC expect to rely on for day-to-day operations i.e. is there any expectation that the City will have any involvement in receipting or payment processing?

Answer: We don't expect to rely on the city for any of our day to day operations. The city would not be involved with receipting or payment processing.

4. Request clarification on the extent of the City's ongoing costs – including a clarification of what constitutes “maintenance of buildings, facilities and parking lots”.

Answer: City is responsible for anything not part of the playable course. We ask for a clubhouse up to code, repair of the parking lot, and everything needed to reopen the upstairs kitchen and bar area, including fixed appliances. We also ask for a commitment to continuing capital needs, including the lower kitchen, roof, cart paths, etc. for the 5 year term.

5. Clarify what the following sentence in Section Q means: “Going forward capital improvements are planned to made to the golf course from the irrigation pumps exit through the enter 36 holes of golf experience”.

Answer: "through the enter 36 holes golf experience ." should read: "through the entire 36 holes of golf playing experience on the grounds."

6. Clarify what is included on the Capital List in Section R.

Answer: RWMGC recognizes that capital items in RWMGC's proposal can be accomplished over a period of months or years. It is not necessary to complete all of these needs in year one. Examples are as follows. 1) It is not necessary to

replace all cart paths before the course opens. There are, however, specific sections of the cart paths that require repair or replacement before opening the course. 2) It is not necessary to replace or install new asphalt the parking lot in year one. A simple "top-dress" and parking space painting will extend the life of the parking lot. Maybe a routine top-dressing application could extend the life for five years.

As stated in Section R - 8. "If RWMGC is selected to manage MNGL for the City of Red Wing, we would tour and inspect the golf course in cooperation with city employees with the intent of identifying all specific needs that should be addressed before opening the course." Perhaps this process could become an annual tour and inspection of MNGL.

7. In the event of a significant storm event that includes building, tree, fairway and other damage how does the RWMGC envision storm cleanup costs to be distributed?

Answer: We believe that those would be costs borne by the City.

8. Identify Board Member's and current staff's direct experience in golf course operations.

Answer: We have varied and extensive business and leadership experience within the board, and will rely on the Golf Pro and Superintendent for their golf expertise and input. Most of our board members have golfed for years at a wide variety of golf courses and have experienced the differences in the quality of golf course operations.

9. Provide more details on the five-year marketing plan; give more specifics on how the RWMGC intends to increase rounds of golf and reach targeted audiences.

Answer: See separate response.

10. Does the RWMGC have the financial wherewithal to undertake the responsibilities proposed in their response? Provide bank statements and commitment letters that substantiate the reported \$400,000. (Section M)

Answer: See separate response.

11. Discuss the costs related to the Environmental Responsibility in Section H, indicating Randy's position on these efforts and how RWMGC will finance such specific costs.

Answer: Participation in the Audubon Cooperative Sanctuary Program for Golf requires a payment of a \$200.00 fee. This program is primarily educational and will result in minimal financial impact. Twenty four Minnesota golf courses have been certified in the program, and hundreds around the U.S. While Mr. Juliar will be consulted on matters such as this, decisions will ultimately be made by the

Board. Mr. Juliar is somewhat cautious on this issue, and any decision we make will have to be in line with our budget and his ability to perform.

12. Provide clarification on how operating shortages will be covered and how the City is held harmless.

Answer: The City will not be involved in contracting for services or equipment, except for possibly cosigning an equipment lease. The City will not be in an employment relationship with any staff. As such, there will be little from which to hold the City harmless. We're unsure what is meant by "operating shortages", but an operating reserve account will be maintained, and a line of credit established in the event we need to borrow funds for operational expenses.

13. Provide clarification on how costs related to necessary capital expenditures or safety issues are financed if there is no net profit.

Answer: As stated in our proposal, we intend to be operationally self sufficient. We will set aside funds for capital improvements as set forth in the attached Capital Improvement Reserve Account document. As such, funding for capital improvements would not be tied to net profit.

14. Provide information on what volunteers are likely to do and how the RWMGC intends to insure liability related to volunteer activities.

Answer: "Friends of Mississippi" group to include ELC, horticulture society, Aurora cross-country ski club, etc. could constitute the volunteers. Unlikely to ask volunteers to do real heavy maintenance work. Maybe some painting, planting, etc. We'd consult with our General Liability carrier to determine which volunteer activities would be covered.

15. Address what board training will be undertaken and how the board will be bonded and insured.

Answer: One of our board members is a member of the Minnesota Council of Nonprofits. We've had board members review materials on board member duties, etc. We have continuing education for the board. We expect to carry a Director's Liability policy.

16. Clarify how the RWMGC will secure equipment leases addressing whether such are expected to require collateral or other guarantees and how the RWMGC will collateralize or provide such guarantees.

Answer: No security is expected on the golf cart lease. The equipment lease may require security depending upon the amount of capital available.

17. Clarify whether the City will be asked to contribute any equipment to the operation and maintenance of the course.

Answer: Equipment currently used on the driving range is requested by RWMGC. This includes ball dispensing, ball washing, ball picking, tee markers, tables etc. Also, RWMGC is requesting that the city review their equipment and advise what is available for golf course maintenance.

18. Confirm that the City is not responsible for winterizing the course after April 1, 2014.

Answer: As we proposed in Section N, the City would deliver the course in playable condition on April 1, 2014.

19. Tell us more about any catering contracts. Will it be a single entity catering the kitchen for the entire season or multiple caterers?

Answer: We envision providing a list of available caterers for those interested. We would help coordinate events.

20. Tell us more about the expectations regarding the City's proposed contribution toward the kitchen equipment. Is the proposed improvement to both kitchens; is the City investment envisioned to be a one-time lump sum contribution prior to the course opening or phased over multiple years?

Answer: Upstairs kitchen this year. Downstairs kitchen in the future, if needed for large events. City buys stoves, freezers, refrigerators, etc. Not necessarily one lump sum all at once this year, but phased in over time as needed.

Respectfully,

Red Wing Municipal Golf Corp.
October 8, 2013

From time of approval:

Press releases: Explore MN, MN Golf Assn., other trade magazines, newspapers, radio.

Work with City on highlighting our public/private partnership. League of MN Cities, Coalition of Greater MN Cities, RW Port Authority, RW Ignite.

Website development.

Blog for leagues, youth golf, high school golf.

Social Media: Launch Facebook, Twitter, Google + accounts.

Email Marketing: develop targeted strategy for use of email to announce news, specials, etc. Email lists for club news, etc.

Hire Golf Pro, assess needs, such as golf course management software.

Events

Get the word about through bridal directories, etc. Newspaper advertising for events to local businesses and organizations. Review directory of local organizations.

Develop caterer list.

Metrics

We will measure the efficacy of marketing efforts. Though no baseline now, we'll be tracking rounds played, when, by whom, frequency, etc. System will be up and running the day the course opens. All golfers must check into the system, including season pass holders.

Long Term

We will track our efforts daily, weekly, and monthly. Starting in 2015 we will have a baseline from which to compare current data.

We've been in contact with the business schools at Winona State and UW-River Falls to explore marketing internships. Also, we see value in working with the Golf Enterprise Management program at UW-Stout for work on issues such as customer service, food & beverage, customer development and retention, and turf management.

Red Wing Municipal Golf Corp.

Capital Improvement Reserve Account

<u>Green Fees</u> - \$3 Highlands increase (11,800 Rounds X \$3)	\$35,400
<u>Golf Carts</u> \$1 Cart increase 16,176 Rentals	\$16,176
<u>Annual Total</u>	\$51,576