



CITY COUNCIL AGENDA REPORT

To: Honorable Mayor and City Council Members
From: Kay Kuhlmann, Council Administrator
Agenda Item No.: 9.B.1
Meeting Date: May 23, 2011

Action Requested Motion to Approve Request for Proposal for Sale of Mississippi National Golf Links

Background The City Council directed staff to initiate a public sale process of Mississippi National. The attached draft was created by staff with the assistance of staff from Springsted Financial Inc, Jay Squires, a City Attorney and members of the Ad-Hoc City Council Committee.

Discussion The City Council is asked to review the draft Request for Proposal document, make any modifications, and approve the document. The approved Request for Proposal will be distributed to local and metro newspapers, and various web sites. City Attorney Jay Squires will walk the City Council through the draft document.

Financial Impact The budget adjustment requested in agenda item 9.B.2 provides for funds to cover the costs associated with publishing the Request for Proposal.

Alternatives The City Council can terminate the Request for Proposal process, table action or approve the document, with or without modifications.

Recommendation Staff recommends the City Council approve a Request for Proposal document and direct staff to initiate the advertisement process.

Request for Proposals

CITY OF RED WING, MINNESOTA

REQUEST FOR PROPOSALS

FOR PURCHASE OF PUBLIC GOLF COURSE

**CITY OF RED WING, MINNESOTA
REQUEST FOR PROPOSALS
FOR PURCHASE OF PUBLIC GOLF COURSE
May 24, 2011**

Overview

The City of Red Wing, Minnesota (the "City") seeks qualified persons for the purpose of discussing and negotiating agreements for the sale of Mississippi National Golf Links, Inc. ("Golf Course") located in the City. The City currently owns the 36-hole golf course and is considering possible sale of the Golf Course. The City of Red Wing desires to solicit potential buyers/investors to purchase the course under the preexisting conditions and limitations as described herein. This Request for Proposal ("RFP") generally describes the project, the City's objectives, the preexisting conditions and limitations, and the process for submittal and selection.

The Golf Course was developed in phases that began in 1985. In 1985 the City determined that the best option to develop the Golf Course was to enter into a public/private partnership with an experienced golf course developer and manager rather than construct and operate the golf course itself. The first lease agreement with the current operator was entered into in December 1985 to construct, maintain, and operate the first 18 holes of the golf course. In 1990, the parties modified the lease in order to construct an additional 9 holes on property that the current operator arranged for purchase by the City of Red Wing. In March of 1998 the parties again modified the lease agreement for the purpose of constructing an additional 9 holes on the golf course. Again, the operator arranged for the acquisition of parcels that were then sold to the City. The existing lease was entered into in 2008, and it runs through May 12, 2038.

Proposal Submission

Proposed Purchasers are required to send seven copies of the proposal to the City Clerk on or before July 22, 2011 at 4:00 PM Central Standard Time. Each proposal must be clearly identified on the outside of an envelope and shall show the name and address of the Proposed Purchaser. If the proposal is sent by mail the envelope shall contain the notation "Golf Course Purchase Proposal Enclosed". An official authorized to bind the institution must sign the proposal. By submitting a proposal, the Proposed Purchaser agrees and accepts the terms and conditions of this RFP.

Proposals are to be sent to:

Mississippi National Golf Links
Office of the City Clerk
City of Red Wing

315 West 4th Street
Red Wing, MN 55066

Ideal responses will include demonstration of the respondent's managerial and financial capacity to complete the project.

The City wants to assure respondents of its objectivity and commitment to follow a professional selection process. Respondents are required to disclose any conflicts of interest as well as refrain from contact with City officials not specifically indicated in this RFP.

Introduction

The City of Red Wing boasts a population of over 16,000 residents located approximately one hour south of the Twin Cities. Situated on Hwy 61, Red Wing remains a popular place for new families to call home. It's small town feel, excellent school system, and reasonable housing costs continue to attract new residents. The City of Red Wing is home to Mississippi National Golf Links, a golf course with two championship 18 hole public golf courses. The Golf Course is located just a little over one hour away from the Twin Cities - 2 miles south of Red Wing off of Highway 61.

Established in 1986, the Tournament Course 18 is more of a traditional style course with rolling fairways and spacious greens. Surrounded by the beauty of the Hiawatha Valley, the Tournament Course 18 has played host to the U.S. Senior Open qualifying, U.S. Amateur qualifying, and has held the Minnesota Section PGA Championship.

Nine holes of the Highlands were opened in 1990 with the other nine completed and played on in 1999. This scenic 18 features views from high above the Hiawatha Valley into the Mississippi River bottoms, and surrounding valleys. As breath taking as the views, it will be the golf course that you leave talking about. The Highlands signature hole is #17 which features a 150-foot drop from tee to green.

Assets Included, Liabilities Assumed, Assets Excluded, Restrictive Covenants

Assets Included:

The assets included in any sale of the Golf Course would include the following:

1. The fee or leasehold interest in the real property owned by the City that is currently utilized for the operation of the Golf Course as shown in the map attached hereto as Exhibit A together with easement rights benefiting the Golf Course and subject to easements, conditions and restrictions of record. The real property interest excludes real property adjacent to the Golf Course that is not currently utilized in the operation of the Golf Course. The fee is currently subject to the 2008 lease described herein.

2. All furniture, fixtures and equipment utilized in the operation of the Golf Course.
 - a. 36-hole golf course, including the following:
 - i. Completed greens, tees, bunkers, and fairways;
 - ii. Water supply system, including three wells, irrigation pond, and automatic sprinkler system sufficient to water the green, tee and fairway system and driving range;
 - b. An access from Highway 61 to the Leased Premises. A description of such right-of-way is referenced in Exhibit B.
 - c. A two-level clubhouse.
 - d. A cart shed roughly 44 x 126 feet in size.
 - e. One maintenance shop structure roughly 34 x 70 feet in size.
 - f. One green maintenance shed roughly 50 x 80 feet in size.
 - g. One building for the Golf Course Driving Range roughly 20 x 30 feet in size, and the Driving Range lighting system.
 - h. One building (comfort station) between holes 4 and 5 on the Lowlands course, roughly 20 x 20 feet in size, used as a restroom facility and snack bar.
 - i. Three well/pump houses roughly 16 x 12, 30 x 14 and 14 x 25 feet in size respectively.
 - j. Three storm shelters, all roughly 14 x 20 feet in size.
 - k. Sidewalks serving the parking lot and most of the hard-surface (asphalt) parking lot with asphalt to the points of ingress and egress to the Golf Course.
 - l. Parking lot at clubhouse, and parking lot lighting system.
 - m. Gazebo.
 - n. Lighted street sign on Highway 61.
 - o. Two potable wells.
3. The name Mississippi National Golf Links.

Liabilities Assumed:

Proposed Purchaser shall assume any and all liabilities and obligations relating to the Golf Course Property and operation. This shall include, but not by way of limitation, the outstanding debt of approximately \$1,125,000 carried by Associated Bank and utilized to construct portions of the Golf Course, all accounts payable arising out of operation of the golf course, and any other contingent liability that may exist respecting the operation or Property. Proposed Purchaser shall hold Seller harmless from such liabilities and obligations. Proposers are free to propose arrangements that pay off the debt as part of a closing, or alternatively, simply release the City from any responsibility from the debt.

In addition, as stated the City currently has a lease with the existing operator that is in effect until 2038. The Proposed Purchaser shall assume that lease following the sale of the Golf Course or, alternatively, may consider and propose other arrangements with the lessee .

Assets Excluded:

The following items are excluded from the sale:

1. The land located north of the existing Golf Links Drive (Sorins Bluff – Memorial Park). However, the City would intend to enter into an agreement with a Proposed Purchaser that would allow continued use of these areas for certain golf-related purposes as described below.

Restrictive Covenants

A majority of the Golf Course is impacted by use limitations. An Owners and Encumbrance's Title Report will be made available to prospective proposers, and proposers should also exercise due diligence in reviewing title to the Golf Course property.

Project Requirements

Any sale agreement would include terms in substantially the following form:

Continued Use as a Public Golf Course

The property must remain a 36 hole golf course open to the general public. The City intends to sell the property with existing and additional use restrictions thereby ensuring the property will continue to be used as a public golf course. The use restriction would be renewed to ensure the facility remains a public golf course every thirty (30) years as required by law. For purposes of this paragraph, use as a golf course shall include all uses that are incidental to the operation of a golf course, including, but not limited to golf course holes, driving ranges, putting greens, sand areas, cart paths, parking areas, clubhouse, support structures, and the like. If Proposed Purchaser ceases to utilize the Exhibit A Real Property as a 36-hole public golf course, the Property shall revert to Seller, and Proposed Purchaser shall execute all documents necessary to effect the reversion.

Continued Public Recreational Use of the Property

The public currently utilizes portions of the Exhibit A property for cross-country skiing. Proposed Purchaser will agree to allow continued public use for such purposes after Closing of the sale by granting a license or easement agreement to Seller on the following terms:

1. No cross country ski trails may impact any of the greens on the golf course.
2. Proposed Purchaser is not responsible for maintenance or upkeep of the cross-country trails or sliding hills.
3. Proposed Purchaser is not responsible for policing or regulating the activities described above.
4. Seller agrees to furnish insurance for the activities describe above.

5. Seller agrees to hold Proposed Purchaser harmless from loss or damage resulting from the activities described above except to the extent caused or contributed to by Proposed Purchaser.

A portion of the current Golf Course Property is currently used for a driving range, and access to the driving range. These areas are located north of Golf Links Drive, and will not be included in the sale. Seller will agree to allow Proposed Purchaser to continue to utilize these areas for such purposes after Closing of the sale on the following terms:

1. Proposed Purchaser may only utilize the areas for driving range and driving range cart access purposes.
2. Proposed Purchaser shall be responsible for maintenance of these areas, and shall keep them clean and in good repair.
3. Proposed Purchaser shall be responsible for paving and repaving of the cart route to the driving range, and shall keep it in good repair.
4. Any improvements to these areas shall only be made with Seller's written consent.
5. Proposed Purchaser agrees to furnish insurance for the activities described above.
6. Proposed Purchaser agrees to hold Seller harmless from loss or damage resulting from these activities, except to the extent caused or contributed to by Seller.

The City will plat the existing street known as Golf Links Drive. The City would maintain the street and other drainage and utility easements for future needs. Property on the north side of Golf Links Drive, including the driving range, will continue to be owned by the City. The existing driving range and golf cart paths will continue to be used as they always have been. Improvements and maintenance of the driving range, cart path, and other accessory facilities will be the responsibility of the easement holder; not the City.

The City would continue to maintain and provide some public parking facilities to ensure easy public access to the non-golf recreational facilities and recreational opportunities at the golf course.

Additional Requirements Protecting the Public's Interest/Preexisting Conditions and Limitations

The City will require a right of first refusal on the sale thereby ensuring continued public recreational use of the property. In the event Proposed Purchaser in the future desires to sell the Golf Course, or any portion thereof, and has received a bona fide offer to purchase the same, it shall first offer to Seller a right of first refusal to purchase the Property on the same terms and conditions as the bona fide offer. Proposed Purchaser shall notify Seller in writing of its intent to sell the Property, and Seller shall have ninety (90) days from the date of said notice to exercise its right of first refusal.

If at a subsequent sale the City Council does not exercise its right of first refusal, conditions and use restrictions requiring the property be used for public golf and recreational uses will continue thereby further ensuring continued public recreational use of the property.

The property acquired from the State of Minnesota in 1977 by the City was conveyed by the State with the strict condition that the property be used for recreational purposes. This restriction will continue to remain in effect thereby even further ensuring continued public recreational use of the property.

Additional parcels acquired by the City after 1977 which were used to expand the public golf course have use restrictions on them. These use restrictions will remain in effect thereby even further ensuring continued public recreational use of the property.

The golf course is zoned Agriculture Conservation which is a restrictive zoning classification that does not permit development of the property for residential purposes or other similar purposes. This zoning further assists in ensuring continued public recreational use of the property.

The City's Comprehensive Plan provides for the golf course to remain Open Space. This plan further assists in ensuring continued public recreational use of the property.

Proposed Purchasers should carefully review title and other pertinent documents to fully understand these limitations.

Proposal Evaluation and Selection Criteria

The City will consider the proposals and will select the Proposed Purchaser(s) who will enter into discussions/negotiations with the City based on the proposal that meets the best interests of the City.

In evaluating the proposals, the criteria will include, but are not necessarily limited to, the following:

1. Responsiveness of the proposal.
2. The sufficiency of the financial resources and the capacity of the Proposed Purchaser to perform as indicated in the response.
3. Demonstrated knowledge of the City and the community.
4. The reputation, financial stability and longevity of the Proposed Purchaser.
5. Purchase price and terms.

The City reserves the right in its sole discretion to determine who, if anyone, it will proceed further in negotiations with respect to a Proposed Purchaser. The City also reserves the right to reject

proposals, in whole or in part, that do not comply with the provisions of this RFP. The purchase price, although a factor, may not be the sole determinative factor.

Submission Requirements

In order to properly evaluate a proposal for a project of this nature, please submit seven copies of the proposal with the following information: Each proposal must contain two parts: Technical Proposal and Purchase Price proposal.

The Proposed Purchaser must provide complete responses to all information specified in the RFP. Failure to respond or to provide the requested information may result in the City's determination, at its sole discretion, that a Proposal is nonresponsive.

Technical Proposal

The Technical Proposal shall contain concise narrative descriptions and comprise of the following parts:

1. Transmittal Letter not exceeding two (2) pages
2. Legal and Financial Information,
3. Golf Course Improvements
4. Improvement Schedule
5. Operational Standards

Transmittal Letter

The proposed Purchaser shall submit a Transmittal Letter that reflects the Proposed Purchaser's intent and establishes the Proposed Purchaser's technical and professional qualifications for evaluation by the City. The Transmittal Letter shall not be more than two pages and shall include the name of the Proposed Purchaser, local address, telephone number, name of contact person and the date. Please list the names of all individuals who are authorized to make representations for the Proposed Purchaser, along with their titles, addresses and telephone numbers.

Legal and Financial Information

If the Proposed Purchaser has already formed an organization, the Proposal shall provide complete copies of the organizational documents that allow the Proposed Purchaser to conduct business in the State. If the Proposed Purchaser organization has not yet been formed, the Proposed Purchaser shall briefly describe the proposed legal structure or provide draft copies of the underlying agreements.

The Proposed Purchaser shall provide a letter or written documentation from a bank or other qualified financial institution stating that the Proposed Purchaser has the financial capability of performing the proposal.

In addition, the Proposed Purchaser should provide background information including related experience, and references. Following initial submissions, the City may request additional financial information on the Proposed Purchaser to verify the respondents' financial capacity to undertake the development.

Golf Course Improvements

The City, in cooperation with the operator, has established a specific Mississippi National Capital Improvements Plan. A copy of the Plan is available. The Plan should serve as a benchmark or illustration of improvements the City and operator envision as necessary to keep the Golf Course in good condition. Provide a brief narrative description of the vision the Proposed Purchaser has for future proposed improvements to the Golf Course, and a marketing concept that illustrates how the business will be grown.

Operational Standards

Proposed Purchaser shall include a narrative description of the standards that Proposed Purchaser will make applicable to the operation of the Golf Course including:

1. The maintenance of the Golf Course.
2. The treatment of patrons at the Golf Course.
3. The promotion of the Golf Course.
4. The involvement of youth in the Golf Course.
5. The operation of the Golf Course Pro Shop.
6. The operation of the food and beverage operation at the Golf Course.

Purchase Price Proposal

In the Purchase Price Proposal, the Proposed Purchaser shall indicate the payment that the City will receive for the Golf Course, incorporating the existing liabilities.

The purchase price proposed shall also include an identification of the assets desired to be purchased and any material terms or requirements related to the purchase (as listed previously). The Proposed Purchaser agrees to purchase the assets and all of the Seller's right, title and interest in and to:

- The Real Property described in Exhibit A
- All Personal Property described on the attached Exhibit B.
- Seller's interests in any service and maintenance contracts, equipment leases, or other contracts regarding the Real Property and Personal Property described in Exhibits A and C.
- Sellers interest in all warranties and guarantees given to or assigned to or benefiting the Seller, the Real Property, or the Personal Property.
- Seller's interests in all permits and licenses regarding operation of the Mississippi National Golf Course.

- Copies of blue prints, plans and specifications regarding the Real Property and Personal Property, provided Seller has an ownership right to them.
- All business records in Seller's possession, including records regarding real estate taxes, assessments, insurance, maintenance, repairs, capital improvements and services, provided the records are ;public data under the Minnesota Data Practices Act.

The Proposed Purchaser has the option of submitting a Purchase Price Proposal that reflects Purchaser's assumption of all of the liabilities listed previously (including outstanding revenue bond debt obligation), or assumes an amount net of the outstanding revenue bond debt obligation (i.e., that the outstanding revenue bond debt obligation would be paid by others), which would be reflected in the Purchase Price.

Closing

The intent of the City is to close on the purchase and sale prior to September 1, 2011.

Please keep general promotional materials to a minimum.

IF ANY FIRM BELIEVES THEIR INFORMATION TO BE PROPRIETARY, THEY SHOULD SUBMIT IT IN A SEPARATE ENVELOPE LABELED "PROPRIETARY INFORMATION" WITH THE FIRM'S NAME ALSO INDICATED. HOWEVER, THE INFORMATION MAY NEVERTHELESS BE "PUBLIC" UNDER THE GOVERNMENT DATA PRACTICES ACT.

All RFP packages shall be submitted to the City of Red Wing no later than 4:00 PM CST on July 22, 2011.

Proposals should be submitted to:

Mississippi National Golf Links
Office of the City Clerk
City of Red Wing
315 West 4th Street
Red Wing, MN 55066

Selection

The City will select a Proposed Purchaser at its sole discretion based on the submission requirements. Submissions will be reviewed and evaluated by the City's Project Review Team (PRT). If determined necessary, the PRT will interview selected persons. The PRT will make recommendations to the Red Wing City Council for final approval of the Proposed Purchaser. The Proposed Purchaser selected will be expected to enter into a Purchase Agreement to formalize the relationship.

The City reserves the right to reject any or all submissions at its sole discretion. All costs for submission are those of the respondent(s). The City also reserves the right to negotiate with a desired Proposed Purchaser on specific requirements.

Preliminary Project Schedule

Issue RFP	June 3, 2011
Kick-off Meeting (as needed for questions)	June 20, 2011
RFP Due / Submittal Deadline	July 22, 2011
Submittal Review Complete	August 3, 2011
Selection of Proposed Purchaser	Early-MidAugust,2011
Negotiations with Proposed Purchaser	August/September 2011

Questions and Prohibition on Other Contact with District and City Officials

All questions and inquiries should be in writing by letter or email. This format ensures that all questions are accurately and comprehensively received for a response. All questions received by June 17, 2011 will be addressed at the June 20, 2011 Kick-Off meeting.

All questions on the RFP should be directed by electronic mail to: Kathy Johnson, City Clerk, City of Red Wing at:

Kathy.johnson@ci.red-wing.mn.us

To ensure an objective, professional selection process, respondents are requested not to discuss their submissions and/or this process with any City elected official or City staff except to have questions answered. Any such contact may be grounds for termination of further consideration of that submission.

The City has engaged its legal counsel and financial advisor to aid in preparation and distribution of this RFP. Representatives will assist in consideration of proposals and in negotiation of any agreements.