



TO: Honorable Mayor and City Council Members
 FROM:  Brian C. Peterson AICP, Planning Director; 1-25-13
 Meeting Date: January 28, 2013

Agenda Item

Item 9 B 1.

Action Requested

Motion to Approve Application for Property Tax Exemption for Mississippi National Golf Links

Attachments

- Draft Application for Property Tax Exemption

Background

Mississippi National Golf Links is located on Lot 1, Block 1 of the Mississippi National Golf Links subdivision. This parcel encompasses the 36 hole golf course and club house along with a portion of Memorial Park that lies north of Golf Links Drive. The parcel has not been exempt for property tax purposes because of the lease to a for-profit golf course operator who was responsible for the property tax payments under the lease agreement. City staff discovered that the second half of property taxes owed in October of 2012 were not paid by the lessee (\$27,575) and with penalties, interest, and fees, now total \$31,737.80 that is owed. In addition, taxes payable in 2013 will be \$55,150.

There is an application process that the City can use in order to apply for tax exemption under Minnesota Statutes. Goodhue County requires that these applications be made by February 1 of each year in order to consider tax exemption for taxes payable in the next calendar year (2014). However, if some change occurs, the county does have a final deadline of July 1st in order to make changes in terms of tax exemption. Since the City Council formerly terminated the lease agreement with the lessee at the January 14, 2013 council meeting and no decision has yet been made related to future operation of the golf course, it seems prudent to apply for property tax exemption based on current information about the use of the property.

Attached is a draft application for property tax exemption for Mississippi National Golf Links based on current information that the golf course will be moth balled in 2014 and that the principal use of the property is Public Park Purposes involving cross country ski trails, snow shoe trails, hiking trails, and mountain biking trails that are currently located

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on portions of the Lot 1, Block 1 of Mississippi National Golf Links parcel. This application will put the City in a position to not have property tax expenses on the parcel in 2014 unless changes are made to the use of the property by July 1, 2013.

If a decision is made by the City Council prior to July 1st to operate the golf course in 2013, we will need to notify the Goodhue County Assessor's office immediately to determine if the property will remain tax exempt or become taxable for taxes payable in 2014. This exemption is determined by how the golf course is operated in the future.

Options: The basis options appear to be whether the city council wishes to apply for the tax exemption prior to the February 1st deadline or not.

Recommendation:

Staff recommends that the City Council adopt a motion to approve the application for property tax exemption as drafted in order to preserve the City's options and reduce future city expenses in case the golf course moth balled and not operated in 2013.

Application for Property Tax Exemption

Please read the back of this form before completing. If you are applying for exemption as an institution of purely public charity, please fill out the "Institution of Purely Public Charity Application for Property Tax Exemption" form.

This section is to be completed by all applicants. Please provide the following information for the organization that owns the property on which exemption is being claimed.

Name of organization City of Red Wing		Date property acquired by organization 1977-1998	
Name of representative or owner Kay Kuhlmann	Title Council Administrator	Date of application 1-29-13	
Mailing address of organization 315 W. Fourth Street			
City Red Wing	State MN	Zip 55066	County Goodhue
Is the above organization exempt from federal income tax under section 501(c)(3)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
The above organization is seeking exemption from property tax under the following category (please check one):			
<input type="checkbox"/> Academy, college, university or seminary of learning		<input type="checkbox"/> Public hospital	
<input type="checkbox"/> Church, church property or house of worship		<input type="checkbox"/> Public school house	
<input checked="" type="checkbox"/> Public property used exclusively for public purposes		<input type="checkbox"/> Other (specify) _____	
<input type="checkbox"/> Public burying ground			
<input checked="" type="checkbox"/> Institution of purely public charity (If yes, please file for exemption using the "Institution of Purely Public Charity Application for Property Tax Exemption" form.)			

This section is to be completed by all applicants. Please fill out the following information about the property on which exemption is being claimed.

Mailing address 315 W. Fourth Street			
City Red Wing	State MN	Zip 55066	County Goodhue
Legal Description of the property See Attachment A		Parcel ID number 55-377-0010	

This section is to be completed by all applicants. Please answer the following questions about the use of the property.

What is the principal use of the above-described property?
Public Park (See Attachment B)

Additional uses of the above-described property (please give percentage of use):
None (See Attachment B)

Are these uses directly related to the mission of the organization? Yes No

Is any part of this property used for commercial purposes? Yes No
If yes, please explain.

Why is ownership of this property necessary?
TO use the property for public park purposes

Is any part of this property used for residential purposes? Yes No
If yes, please fill out next section.

This section is to be completed if any part of the property is used for residential purposes. Please fill out the following information for each person who occupies the above-described property. List additional occupant's information on a separate sheet and attach it to this application.

Name of occupant	Nature of service/employment	<input type="checkbox"/> Full time or <input type="checkbox"/> Part time
Is occupant required to reside on this property as a condition of employment? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, why is this required?		
Does occupant pay rent, either in cash or as a part of salary? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please give details.		
Why is ownership of this residence necessary?		

Signature of owner or authorized representative. By signing below, I certify that the above information is true and correct to the best of my knowledge, and I am the owner of the property or authorized representative of the organization that owns the property for which exemption is being claimed.

Making false statements on this application is against the law. Minnesota Statute 609.41 states that anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to \$3,000 and/or up to one year in prison.

Applicant's signature _____ Daytime phone **651/385-3612**

Name of organization: _____ Exemption is: Approved Denied for assessment year: _____ Assessor's signature: _____ Date: _____

For office use only to be completed by the county assessor.

Applying for exemption from property tax

Filing for exemption

Most taxpayers claiming exemption from property tax must file an application for exemption with the assessor in the district where the property is located on or before February 1 of the assessment year.

For most exempt properties, this application must be refiled every third year. No matter what year the taxpayer initially files for exemption, applications will again be due in 2004, 2007, 2010, etc.

Churches, houses of worship, property used solely for educational purposes by academies, colleges, universities or seminaries of learning and property owned by the state of Minnesota or any of its political subdivisions are not required to file.

Owners of some types of exempt property may be asked to complete a different application instead of or in addition to this form.

In cases of sickness, absence, disability or for other good cause, the assessor may extend the deadline for filing the statement of exemption for a period not to exceed 60 days.

What type of property qualifies for exemption?

Minnesota Statute 272.02 describes the types of property eligible for property tax exemption. The filing requirements can be found in Minnesota Statute 272.025.

No property will be exempt from taxation under Minnesota Statute 272.02 if the taxpayer claiming the exemption knowingly violates any of the provisions of this section.

Assessor may request additional information

Upon written request by the assessor, taxpayers must make available to the assessor all necessary books and records relating to the ownership or use of property which can help verify whether or not the property qualifies for exemption.

Sale or purchase of exempt property

Property which is exempt from property tax on January 2 and, due to sale or other reason, loses its exemption prior to July 1 of that year, will be placed on the current assessment rolls for that year.

The valuation will be determined with respect to its value on January 2 of such year. The classification will be based on the use to which the property was put by the purchaser, or in the event the purchaser has not utilized the property by July 1, the intended use of the property, as determined by the county assessor, based upon all relevant facts.

Property which is subject to property tax on January 2 that is acquired by a government entity, institution of purely public charity, church or educational institution before July 1 of the year is exempt for that assessment year if the property is to be used for an exempt purpose.

How we use information

Some of the information contained on this form may be shared with the county assessor, the county attorney, the Commissioner of Revenue or other federal, state or local taxing authorities to verify your eligibility for exemption.

You do not have to give this information. However, refusal will disqualify you from consideration for exemption.

Penalties

Making false statements on this application is against the law.

Minnesota Statute 609.41 states that anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to \$3,000 and/or up to one year in prison.

Exhibit A

Legal Description of Property

Property Description: Lot 1, Block 1 of Mississippi National Golf Links, in the City of Red Wing, Goodhue County, State of Minnesota (See Attached Official Plat of Mississippi National Golf Links)

MISSISSIPPI NATIONAL GOLF LINKS

KNOW ALL PERSONS BY THESE PRESENTS That the City of Red Wing, a municipal corporation, owns and possesses of the following described land, situated in the County of Goodhue, State of Minnesota, to-wit:

The South Half of the Northeast Quarter of Section 33, Township 113, Range 14, Goodhue County, Minnesota; except the West 10 acres thereon;

And

That part of the North Half of the Northeast Quarter of Section 33, Township 113, Range 14, Goodhue County, Minnesota, lying south of a line 430.00 feet north of, measured at a right angle to and parallel with, the south line of said North Half of the Northeast Quarter of Section 33;

And

The Southwest Quarter of the Northeast Quarter of Section 34, Township 113, Range 14, Goodhue County, Minnesota;

And

The Northwest Quarter of the Southeast Quarter of Section 34, Township 113, Range 14, Goodhue County, Minnesota;

And

That part of the Northwest Quarter of the Northeast Quarter of Section 34, Township 113, Range 14, Goodhue County, Minnesota, lying south of the easterly right of way line of the Chicago, Milwaukee, St. Paul and Pacific Railroad;

And

That part of the Northwest Quarter of Section 34, Township 113, Range 14, Goodhue County, Minnesota described as follows:

Beginning at the southwest corner of said Northwest Quarter of Section 34; thence on an assumed bearing of West along the west line of said Southwest Quarter of Section 34, a distance of 174.00 feet more or less to a point 432.00 feet north of the southwest corner of the Northeast Quarter of the Northwest Quarter of said Section 34; thence on a bearing of East a distance of 483.00 feet; thence North 21 degrees 00 minutes East a distance 480 feet more or less to the southerly right of way line of the Chicago, Milwaukee, St. Paul and Pacific Railroad; thence southerly along said southerly railroad right of way line to the west line of said Northwest Quarter of Section 34; thence north to the southern corner of said Northwest Quarter of Section 34; thence west to the point of beginning.

And

That part of the Southwest Quarter of Section 33, Township 113 North, Range 14 West, Goodhue County, Minnesota, described as follows:

Beginning at the northeast corner of said Southwest Quarter of Section 33; thence on an assumed bearing of West along the north line of said Southwest Quarter of Section 33, a distance of 332.20 feet; thence South 27 degrees 33 minutes 20 seconds West, a distance of 314.00 feet; thence South 2 degrees 57 minutes 41 seconds East, a distance of 172.53 feet to the east line of said Southwest Quarter of Section 33; thence North 90 degrees 50 minutes 48 seconds East, along the east line of the Southwest Quarter of said Section 33, a distance of 147.31 feet to the point of beginning.

And

That part of the Southwest Quarter of Section 34, Township 113 North, Range 14 West, Goodhue County, Minnesota, described as follows:

Beginning at the north-west corner of said Southwest Quarter, thence on an assumed bearing of South 61 degrees 00 minutes 43 seconds West, along the west line of said Southwest Quarter, a distance of 142.23 feet; thence North 86 degrees 08 minutes 03 seconds East, a distance of 144.24 feet; thence South 16 degrees 34 minutes 55 seconds East, a distance of 1075.87 feet; thence on a bearing of East, a distance of 244.01 feet to the east line of said Southwest Quarter; thence North 60 degrees 08 minutes 27 seconds West along said east line, a distance of 175.00 feet to the northeast corner of said Southwest Quarter; thence on a bearing of West along the north line of said Southwest Quarter, a distance of 258.14 feet to the point of beginning.

And

That part of the Southwest Quarter of Section 33, Township 113 North, Range 14 West, Goodhue County, Minnesota, described as follows:

Commencing at the northeast corner of said Southwest Quarter of Section 33; thence on an assumed bearing of West along the north line of said Southwest Quarter of Section 33, a distance of 332.20 feet to the point of beginning of the line to be described; thence southerly on a bearing of West, along the north line of the Southwest Quarter of Section 33, a distance of 483.00 feet; thence South 20 degrees 57 minutes 41 seconds East, a distance of 385.18 feet to the intersection with a line bearing South 27 degrees 33 minutes 20 seconds West, from the east line of beginning; thence North 41 degrees 41 minutes 03 seconds East, a distance of 315.00 feet to the point of beginning.

And

That part of the West Half of the Southwest Quarter of Section 35, Township 113 North, Range 14 West, Goodhue County, Minnesota, lying south of the following described line:

Commencing at the southwest corner of the Southwest Quarter of said Section 35; thence North 61 degrees 08 minutes 03 seconds West, assumed bearing, along the west line of the Southwest Quarter of said Section 35, a distance of 540.37 feet, to the point of beginning of the line to be described; thence North 10 degrees 28 minutes 03 seconds East, a distance of 371.51 feet, to the east line of the West Half of the Southwest Quarter of said Section 35, and there terminating.

And

That part of the South 40 acres of the Southwest Quarter of Section 34, Township 113 North, Range 14 West, Goodhue County, Minnesota, lying easterly of the following described line:

Beginning at the southeast corner of the Southwest Quarter of said Section 34; thence North 41 degrees 41 minutes 03 seconds West, based on the assumption that the east line of the Southwest Quarter of said Section 34 has a bearing of North 90 degrees 45 minutes 07 seconds West, a distance of 444.24 feet, thence North 16 degrees 30 minutes 55 seconds West, a distance of 1075.87 feet, to the north line of the south 40 acres of the Southwest Quarter of said Section 34, and there terminating.

And

That part of the Southwest Quarter of Section 34, Township 113 North, Range 14 West, Goodhue County, Minnesota, described as follows:

Commencing at the southeast corner of the Southwest Quarter of said Section 34; thence on an assumed bearing of North 00 degrees 45 minutes 07 seconds West, along the east line of the Southwest Quarter of said Section 34, a distance of 1810.00 feet to the point of beginning of the line to be described; thence South 15 degrees 40 minutes 57 seconds West, a distance of 140.24 feet; thence South 49 degrees 02 minutes 03 seconds West, a distance of 280.78 feet; thence South 85 degrees 34 minutes 58 seconds West, a distance of 422.54 feet; thence South 01 degree 01 minutes 44 seconds East, a distance of 385.23 feet to the north line of the south 40 acres of the Southwest Quarter of said Section 34; thence North 62 degrees 36 minutes 14 seconds East, along said north line, a distance of 408.14 feet to the northeast corner of the south 40 acres of the Southwest Quarter of said Section 34; thence North 00 degrees 45 minutes 07 seconds West, along the east line of the Southwest Quarter of said Section 34, a distance of 645.47 feet, to the point of beginning.

And

That part of the South Half of the Southwest Quarter of Section 34, Township 113 North, Range 14 West, Goodhue County, Minnesota, lying southerly and westerly of the following described line:

Commencing at the southeast corner of said Section 34; thence North 21 degrees 34 minutes 14 seconds West, assumed bearing, along the east line of the Southwest Quarter of said Section 34, a distance of 540.37 feet, to the point of beginning of the line to be described; thence South 75 degrees 09 minutes 54 seconds West, a distance of 615.70 feet; thence North 01 degree 11 minutes 39 seconds West, a distance of 370.59 feet; thence North 62 degrees 36 minutes 14 seconds West, a distance of 1685.13 feet; thence North 23 degrees 45 minutes 07 seconds West, a distance of 301.00 feet, to a point on the north line of the South Half of the Southwest Quarter of said Section 34, distant 460.00 feet east of the northeast corner thereof and there terminating.

Has caused the same to be surveyed and plotted as MISSISSIPPI NATIONAL GOLF LINKS and does hereby donate and dedicate to the public for public use forever

Lorraine Reed.

In witness whereof said City of Red Wing, a municipal corporation, has caused these presents to be signed by its proper officers this 14th day of June, 2008.

CITY OF RED WING, MINNESOTA

Barbara A. Hansen Mayor *Robert Raymond Johnson* City Clerk

STATE OF MINNESOTA
COUNTY OF GOODHUE

The foregoing instrument was acknowledged before me this 14th day of June, 2008, by *Barbara A. Hansen* Mayor and *Robert Raymond Johnson* City Clerk of said City of Red Wing, a municipal corporation, on behalf of said corporation.

James J. Hahn Notary Public in and for the State of Minnesota
My Commission Expires 01-20-2012

I hereby certify that I have surveyed or directly supervised the survey of the property described on this plat, and I have prepared or directly supervised the preparation of this plat as MISSISSIPPI NATIONAL GOLF LINKS; that this plat is a correct representation of the boundary survey; that all mathematical data are correct; and that the plat has been duly recorded in the public records of the State of Minnesota.

James J. Hahn Notary Public in and for the State of Minnesota
My Commission Expires 01-20-2012

This plat was prepared or directly supervised the survey of the property described on this plat, and I have prepared or directly supervised the preparation of this plat as MISSISSIPPI NATIONAL GOLF LINKS; that this plat is a correct representation of the boundary survey; that all mathematical data are correct; and that the plat has been duly recorded in the public records of the State of Minnesota.

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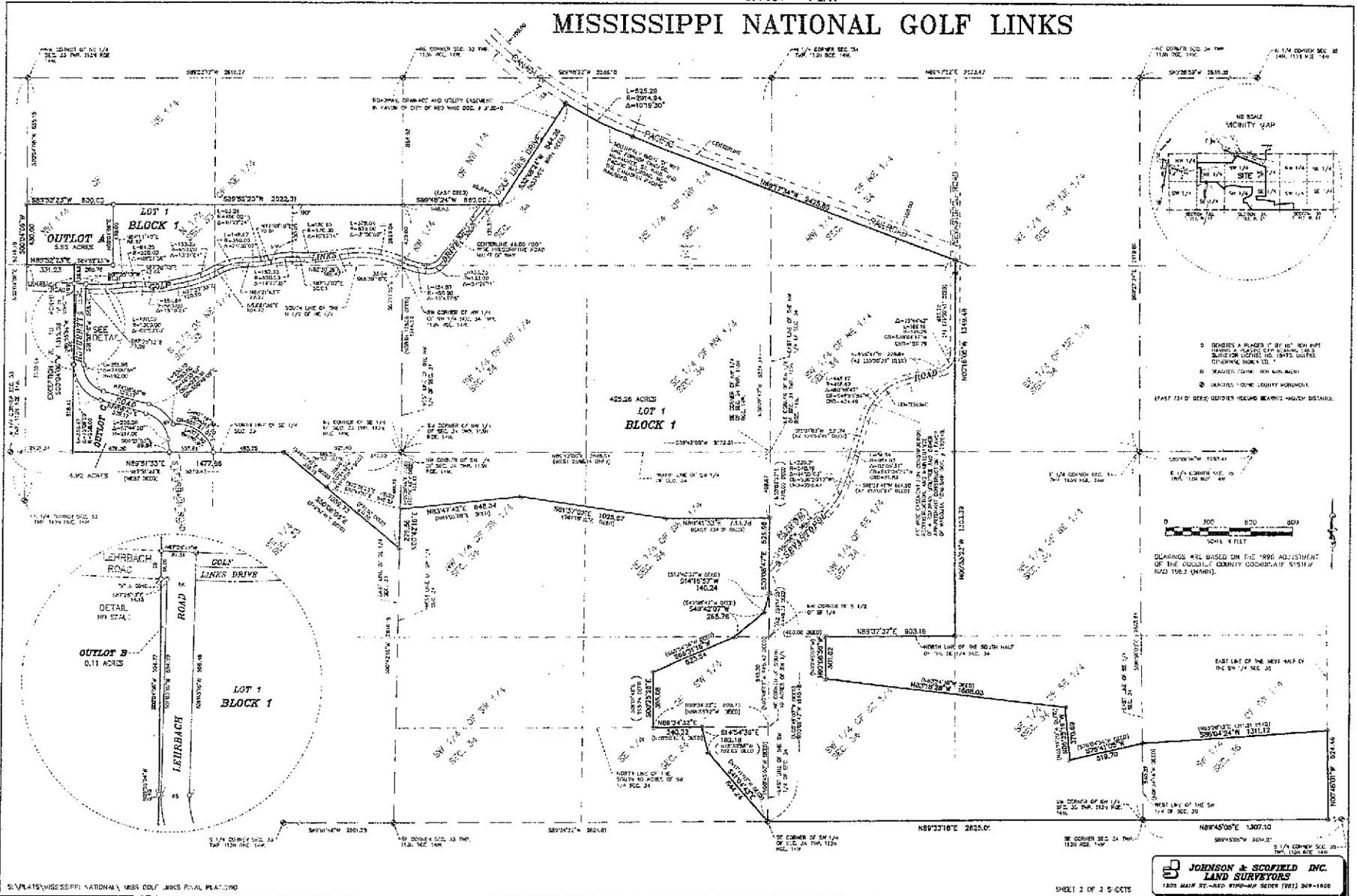
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MISSISSIPPI NATIONAL GOLF LINKS



S:\PLATS\MISSISSIPPI NATIONAL MISS GOLF LINKS FINAL PLATING

SHEET 2 OF 5 SHEETS

JOHNSON & SCOFFIELD INC.
LAND SURVEYORS
 1203 MAIN ST.—RED WING—MINN. (652) 349-1800

Exhibit B

What is the Principal Use of the Property?

The City of Red Wing has had a long term lease agreement with Mississippi National Golf Links to lease and operate the Municipal Golf Course known by the same name (Mississippi National Golf Links). In the fall of 2012, the lessee abandoned the lease and removed all equipment and furnishings that they owned. On January 14, 2013, the Red Wing City Council adopted a motion to formally terminate the lease agreement with Mississippi National Golf Links because of their breach of contract. The City is currently in litigation with the lessee in reference to this breach of contract. Although the City Council is in the process of considering other alternatives, at present, the City is not able to move forward with any other option that would operate the golf course as a golf course in 2013. The current plan is to moth ball the golf course until a future plan is identified.

Since the present plan is to moth ball the golf course until a future plan is identified, the current principal use of Lot 1, Block 1 of Mississippi National Golf Links is as a public park property. The property abuts other park property that the City owns and is part of a park and recreational complex that is used in the winter for cross country skiing and snow shoeing. The rest of the year, the property is part of the Memorial Park recreational facilities that including hiking trails and mountain biking trails. Since the lessee removed all furnishings and equipment from the club house building, that building is not useable for any purpose in its current state. The parking lot located near the club house is currently used exclusively as an access point the various park and recreational trails. The property is currently used 100 percent for public park purposes. This meets the definition of Exempt Property under Minnesota Statutes 272.02, Subd. 8 (Public property exclusively used for public purpose).

If the City Council determines to operate the golf course in 2013 the County Assessor's office will be immediately notified.