

**PROCEEDINGS OF THE  
BOARD OF ESTIMATE & TAXATION**

The regular meeting of the Board of Estimate & Taxation was held in Room 317 of City Hall, Wednesday, April 11, 2018.

Meeting called to order by President Becker at 4:00 p.m.

Present were: Becker (Carol J. Becker, Elected Member); Bourn (Brad Bourn, Representative of the Park and Recreation Board); Frey (Jacob Frey (Mayor of Minneapolis); Warsame (Abdi Warsame, Chair of the Ways & Means Committee of the City Council); Wheeler (David Wheeler, Elected Member).

Absent: Bender (Lisa Bender, President of the City Council);

Motion made by Wheeler to adopt the agenda, seconded by Bourn, adopted by voice.

The Secretary presented the following requests from the Minneapolis City Council for additions to the Board's requested not yet issued I Assessment Bond listing along with the supporting request letters submitted to the City Council Committees:

**RESOLUTION 2018R-058 by Reich.**

**Requesting that the Board of Estimate and Taxation authorize the City to issue and sell City of Minneapolis bonds in the amount of \$674,235 for certain purposes other than the purchase of public utilities.**

Resolved by The City Council of The City of Minneapolis:

That the Board of Estimate and Taxation be requested to authorize the City to incur indebtedness and issue and sell City of Minneapolis bonds in the amount of \$674,235 for the purpose of paying the assessed costs of street improvements for the Penn Ave N ( County State Aid Highway ), Street Reconstruction Project No 1002 (CPV074) to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in twenty ( 20 ) successive annual installments, starting in 2019 and payable in the same manner as real estate taxes. Adopted 3/9/2018.

**RESOLUTION 2018R-061 by Reich.**

**Requesting that the Board of Estimate and Taxation authorize the City to issue and sell City of Minneapolis bonds in the amount of \$1,027,250 for certain purposes other than the purchase of public utilities.**

Resolved by The City Council of The City of Minneapolis:

That the Board of Estimate and Taxation be requested to authorize the City to incur indebtedness and issue and sell City of Minneapolis bonds in the amount of \$1,027,250 for the purpose of paying the assessed costs of street improvements for the Hennepin Ave S ( Municipal State Aid 425 ), Street Reconstruction Project, Special Improvement of Existing Street No, 6763 (CPV18121) to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in twenty ( 20 ) successive annual installments, starting in 2019 and payable in the same manner as real estate taxes. Adopted 3/9/2018.

**RESOLUTION 2018R-064 by Reich.**

**Requesting that the Board of Estimate and Taxation authorize the City to issue and sell City of Minneapolis bonds in the amount of \$1,148,585 for certain purposes other than the purchase of public utilities.**

Resolved by The City Council of The City of Minneapolis:

That the Board of Estimate and Taxation be requested to authorize the City to incur indebtedness and issue and sell City of Minneapolis bonds in the amount of \$1,148,585 for the purpose of paying the assessed costs of street improvements for the 61<sup>st</sup> St W ( Municipal State Aid 276 ), Street Reconstruction Project, Special Improvement of Existing Street No 2288 (CPV18103) to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in twenty ( 20 ) successive annual installments, starting in 2019 and payable in the same manner as real estate taxes. Adopted 3/9/2018.

**RESOLUTION 2018R-080 by Reich.**

**Requesting that the Board of Estimate and Taxation authorize the City to issue and sell City of Minneapolis bonds in the amount of \$7,344,270 for certain purposes other than the purchase of public utilities.**

Resolved by The City Council of The City of Minneapolis:

That the Board of Estimate and Taxation be requested to authorize the City to incur indebtedness and issue and sell City of Minneapolis bonds in the amount of \$7,344,270 for the purpose of paying the assessed costs of street improvements in the Mid-City Industrial Street Reconstruction Project, Special Improvements of Existing Street No 2292 (CPV18124) to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in twenty ( 20 ) successive annual installments, starting in 2019 and payable in the same manner as real estate taxes. Adopted 3/23/2018.

**RESOLUTION 2018R-083 by Reich**

**Requesting that the Board of Estimate and Taxation authorize the City to issue and sell City of Minneapolis bonds in the amount of \$945,630 for certain purposes other than the purchase of public utilities.**

Resolved by The City Council of The City of Minneapolis:

That the Board of Estimate and Taxation be requested to authorize the City to incur indebtedness and issue and sell City of Minneapolis bonds in the amount of \$945,630 for the purpose of paying the assessed costs of street improvements in the Nokomis Area Residential Street Resurfacing Project No 2299A (CPV18056) to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in five ( 5 ) successive annual installments, starting in 2019 and payable in the same manner as real estate taxes. Adopted 3/23/2018.

**RESOLUTION 2018R-085 by Reich**

**Requesting that the Board of Estimate and Taxation authorize the City to issue and sell City of Minneapolis bonds in the amount of \$356,710 for certain purposes other than the purchase of public utilities.**

Resolved by The City Council of The City of Minneapolis:

That the Board of Estimate and Taxation be requested to authorize the City to incur indebtedness and issue and sell City of Minneapolis bonds in the amount of \$356,710 for the purpose of paying the assessed costs of street improvements in the Plymouth Ave N Street Resurfacing Project, No 2299B (CPV18056) to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in five ( 5 ) successive annual installments, starting in 2019 and payable in the same manner as real estate taxes. Adopted 3/23/2018

**Wheeler moved the following:**

**RESOLVED BY THE BOARD of ESTIMATE & TAXATION of THE CITY of MINNEAPOLIS;**

That pursuant to the request of the City Council of the City of Minneapolis and subject to compliance with the City Charter as to review by the City Planning Commission, the bonds requested be added to the Board's listing of Assessment Bonds requested not yet issued:

2018R-058 in the amount of \$674,235 for the purpose of paying the assessed costs of street improvements for the Penn Ave N ( County State Highway ), Street Reconstruction Project No 1002 (CPV074), to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in twenty (20) Successive annual installments, starting in 2019 and payable in the same manner as real estate taxes. Adopted 3/9/2018.

2018R-061 in the amount of \$1,027,250 for the purpose of paying the assessed costs of street improvements for the Hennepin Ave S ( Municipal State Aid 425 ), Street Reconstruction Project, Special Improvement of existing street No. 6763 (CPV18121), to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in twenty (20) Successive annual installments, starting in 2019 and payable in the same manner as real estate taxes. Adopted 3/9/2018.

2018R-064 in the amount of \$1,148,585 for the purpose of paying the assessed costs of street improvements for the 61<sup>st</sup> St W ( Municipal State Aid 276 ), Street Reconstruction Project, Special Improvement of existing street No. 2288 (CPV18103), to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in twenty (20) Successive annual installments, starting in 2019 and payable in the same manner as real estate taxes. Adopted 3/9/2018.

2018R-080 in the amount of \$7,344,270 for the purpose of paying the assessed costs of street improvements for the Mid-City Industrial Street Reconstruction Project, Special Improvements existing street No. 2292 (CPV18124), to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in twenty (20) Successive annual installments, starting in 2019 and payable in the same manner as real estate taxes. Adopted 3/23/2018.

2018R-083 in the amount of \$945,630 for the purpose of paying the assessed costs of street improvements in the Nokomis Area Residential Street Resurfacing Project No. 2299A (CPV18056) to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in five (5) successive annual installments, starting in 2019 and payable in the same manner as real estate taxes. Adopted 3/23/2018.

2018R-085 in the amount of \$356,710 for the purpose of paying the assessed costs of street improvements for the Plymouth Ave N Street Resurfacing Project, No. 2299B (CPV18056) to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in five (5) successive annual installments, starting in 2019 and payable in the same manner as real estate taxes. Adopted 3/23/2018.

seconded by Bourn. Following discussion and questions, the motion was adopted. Yeas – 5. Nays – None, as follows; Yeas – Bourn, Frey, Warsame, Wheeler, Becker – 5; Nays – None - 0.

Staff presented the proposed TARGET CENTER TAXABLE REFUNDING with the supporting information;

- A. City Council action adopted March 23, 2018
- B. Board action “Relating to and providing for the issuance and sale of taxable general obligation bonds.

Motion was by Wheeler to adopt the following:

**Relating to and providing for the issuance and sale of taxable general obligation refunding bonds of the City of Minneapolis.**

**RESOLVED BY THE BOARD OF ESTIMATE AND TAXATION OF THE CITY OF MINNEAPOLIS**

1. In 1995, the City of Minneapolis (the “City”), acting through the Minneapolis Community Development Agency (the “MCDA”), acquired a multipurpose sports facility (the “Target Center”) from the Minnesota Arena Limited Partnership, a Minnesota limited partnership (the “Arena Partnership”) under the terms of a Target Center Purchase Agreement, dated as of March 1, 1995 (the “Purchase Agreement”), between the MCDA and the Arena Partnership. The City and the MCDA financed the acquisition of the Target Center with the proceeds derived from the sale of the following tax-exempt bonds: (i) General Obligation Bonds (Arena Acquisition Project), Series 1995 (the “Series 1995 City Bonds”), issued by the City in the original aggregate principal amount of \$72,000,000 on March 23, 1995, under the terms of Resolution No. 95R-058, adopted by the Council of the City and approved by the Mayor of the City on March 10, 1995; and (ii) Revenue Bonds (Arena Acquisition Project), Series 1995 (the “MCDA Bonds”), issued by the MCDA in the original aggregate principal amount of \$12,650,000 on March 23, 1995, pursuant to Resolution No. 95-1282M, adopted by the Board of Commissioners of the MCDA and approved by the Mayor of the City on March 10, 1995.

2. By the terms of Resolution No. 95R-408, adopted by the Council of the City on December 29, 1995, and approved by the Mayor of the City on January 4, 1996, the City issued its General Obligation Refunding Bonds (Sports Arena Project), Series 1996 (the “Series 1996 City Bonds”), on February 1, 1996, in the original aggregate principal amount of \$67,555,000. The proceeds derived from the sale of the Series 1996 City Bonds were applied to the current refunding of the Series 1995 City Bonds on February 1, 1996.

3. Upon its acquisition, the Target Center was subdivided by the City as follows: (i) a portion of the Target Center constituting the arena (the "Arena"); and (ii) a portion of the Target Center constituting the sports and health club (the "Health Club"). The MCDA entered into a Basketball Playing Agreement, dated as of March 1, 1995 (the "Playing Agreement"), between the MCDA and the Team Owner, as amended by an Amendment to Basketball Playing Agreement, dated November 22, 2013 (the "First Amendment to Playing Agreement"), between Minnesota Timberwolves Basketball Limited Partnership, a Minnesota limited partnership (the "Team Owner"), and the City, under which the Team Owner agreed to play the home games of the Minnesota Timberwolves in the Arena during the thirty-year term of the Playing Agreement.

4. The MCDA entered into an Arena Operating Agreement, dated as of March 1, 1995 (the "Original Operating Agreement"), between the MCDA and Ogden Entertainment Services, Inc. under which Ogden Entertainment Services, Inc. agreed to operate and manage the Arena, subject to the rights of the Team Owner under the Playing Agreement, for the thirty-year term of the Original Operating Agreement. The operator of the Arena (the "Operator") has changed on several occasions since 1995. The current Operator is AEG Management TWN, LLC, a Delaware limited liability company ("AEG"), which operates the Arena under an Amended and Restated Arena Lease, Operating, Management, Use and Assurances Agreement, dated and effective as of May 2, 2007 (the "Current Operating Agreement"), between the MCDA and AEG.

5. The MCDA entered into a Health Club Lease, dated as of March 1, 1995 (the "Health Club Lease"), between the MCDA and Arena Health Club Limited Partnership (the "Health Club Partnership"), under which the Health Club Partnership agreed to operate the Health Club for the thirty-year term of the Health Club Lease. The operator of the Health Club (the "Health Club Operator") has changed on several occasions since 1995. The current Health Club Operator is LTF Club Operations Company, Inc., a Minnesota corporation, which obtained its leasehold interest in the Health Club through an Assignment and Assumption of Lease, dated July 26, 2006, between Starmark Northwest Realty, L.L.C. and LTF Real Estate Company, Inc. and a Sublease Agreement between LTF Real Estate Company, Inc. and LTF Club Operations Company, Inc. The obligations of LTF Real Estate Company, Inc. under the Health Club Lease are guaranteed by Life Time Fitness, Inc., a Minnesota corporation, pursuant to the terms of a Lease Guaranty, dated July 26, 2006 (the "Guaranty").

6. The MCDA entered into a Commission Use and Occupancy Agreement, dated as of March 1, 1995 (the "Commission Use Agreement"), between the Agency and the Metropolitan Sports Facilities Commission (the "Commission"), under which the MCDA granted to the Commission the right to use the Arena for the conduct of amateur sports events for up to fifty event days per year. The Commission entered into a MASC Use Agreement, dated as of March 1, 1995 (the "MASC Use Agreement"), between the Commission, the Minnesota Amateur Sports Commission ("MASC"), and the Operator, under which the Commission granted to MASC the rights and obligations granted to the Commission under the Commission Use Agreement.

7. Under the provisions of an Assignment and Assumption Agreement, effective as of August 1, 2009 (the "Assignment Agreement"), between the MCDA and the City, the MCDA assigned all of its right, title, and interest in the Playing Agreement, the Current Operating Agreement, the Health Club Lease, the Guaranty, and the Commission Use Agreement (collectively, the "Assigned Agreements") to the City and the City accepted and assumed the Assigned Agreements. In addition, under the terms of a quitclaim deed and a bill of sale, the MCDA conveyed all of its interests in the real property and personal property comprising the Target Center to the City.

8. In accordance with the provisions of Resolution 2009R-581 adopted by the Council of the City on December 4, 2009, and approved by the Mayor on December 4, 2009, the City issued its Taxable General Obligation Tax Increment Refunding Bonds (Target Center Project), Series 2009D (the "Series 2009D Bonds"), on December 30, 2009, in the original aggregate principal amount of \$57,480,000. The proceeds derived from the sale of the Series 2009D Bonds were applied by the City to the redemption and prepayment of the MCDA Bonds and the Series 1996 City Bonds on February 1, 2010.

9. The City, the Team Owner, and AEG determined to undertake a project for the design, financing, and construction of renovations to the Arena portion of the Target Center (the “Target Center Project”) in order to provide program elements, amenities, and design features that make the Arena competitive as a multi-use, family-oriented entertainment venue while meeting the needs of the Arena’s primary tenants and thereby extending the presence of the Minnesota Timberwolves and the Minnesota Lynx in the Arena. Under the terms of a Target Center Renovation Agreement, dated June 15, 2015 (the “Renovation Agreement”), between the City, the Team Owner, and AEG, the parties agreed to undertake as many of the following improvements as can be completed with the funds available to the parties: (i) the renovation of various premium spaces throughout the Arena; (ii) the renovation and upgrade of the concourse, stair wells, circulation, and public spaces; (iii) modifications to other equipment and mechanical systems of the Arena; (iv) a redesign of the entrances, ticket office, lobby, and façade of the facility; (v) the addition of a new skyway connection to the Arena; (vi) installation of technology upgrades, including a new scoreboard; and (vii) seat replacement. Under the terms of the Renovation Agreement, the parties also agreed that the costs of the Target Center Project will not exceed \$128,900,000 and out of such total costs there will be allocated \$102,800,000 to construction costs and the remaining \$26,100,000 will be allocated to site costs, soft costs, the acquisition and installation of furniture, fixtures, and equipment, and a contingency. The Team Owner agreed to contribute \$49,000,000 to the payment of the total costs of the Target Center Project. AEG agreed to contribute \$5,900,000 to the payment of the total costs of the Target Center Project. The City agreed to pay the remaining costs of the Target Center Project.

10. In order to finance its portion of the costs of the Target Center Project, the City issued its Taxable General Obligation Sales Tax Notes (Target Center Project), Series 2016 (the “Series 2016 Note”), on March 23, 2016 in the original aggregate principal amount of up to \$74,000,000. The Series 2016 Note was issued under Minnesota Statutes, Chapter 475, as amended, and the provisions of Laws of Minnesota 1986, Chapter 396, as amended by (i) Laws of Minnesota 1987, Chapter 55, Sections 4-6; (ii) Laws of Minnesota 1989, Chapter 54, Section 2; (iii) Laws of Minnesota 1998, Chapter 404, Sections 71 and 84; (iv) Laws of Minnesota 2001, First Special Session, Chapter 5, Article 12, Section 87; (v) Laws of Minnesota 2009, Chapter 88, Article 4, Sections 11 and 12; and (vi) Laws of Minnesota 2012, Chapter 299, Article 3, Sections 2-7 (collectively, the “Capital Projects Act”). In accordance with the Capital Projects Act, the City pledged to the payment of the Series 2016 Note the revenues derived from the imposition of the sales taxes authorized by the terms of the Capital Projects Act (the “Sales Tax”).

11. On May 17, 2017, the City issued its Taxable General Obligation Sales Tax Refunding Bonds (Target Center Project), Series 2017, in the original aggregate principal amount of \$39,915,000, in order to prepay a portion of the Series 2016 Note in the amount of \$40,000,000. As of the date hereof, \$34,000,000 in principal amount remains outstanding.

12. The Minneapolis City Council has heretofore approved the refunding of the remaining portion of the Series 2016 Note with the proceeds of Taxable General Obligation Refunding Bonds (Target Center Project), Series 2018 (the “Bonds”), in the original aggregate principal amount not to exceed \$34,000,000.

13. Under the terms of the Capital Projects Act, the City may by resolution authorize, sell, and issue bonds to finance or refinance all or a portion of the costs of the Target Center Project upon approval by the Board of Estimate and Taxation by a vote of at least five of its members.

14. The issuance and sale of the Bonds to which the Sales Taxes of the City are to be pledged is hereby approved.

15. The Executive Secretary to the Board is authorized to make adjustments and corrections to the above resolution at the request of Bond Counsel to facilitate the implementation and transparency of the Board’s intent.

Motion was seconded by Warsame. After questions and discussion Frey moved to adjourn to 4:00 on Wednesday April 18, 2018 to address the issue. Motion was seconded by Wheeler and adopted on a voice vote.