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

The Special Meeting of the Board of Estimate & Taxation was held in Room 317 of City Hall, Wednesday, April 18, 2018 (adjourned from the regular meeting of April 11, 2018).

Meeting called to order by President Becker at 4:05 p.m.

Present were: Becker (Carol J. Becker, Elected Member); Bender (Lisa Bender, President of the City Council); 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: none

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

The secretary presented the following information to the Board:

**TARGET CENTER TAXABLE REFUNDING INFORMATION**

A. City Council action adopted March 23, 2018

B. Related information
   1. Downtown Assets Fund adopted 2018 Budget & Financial Plan
   2. The March 2016 $74,000,000 Taxable General Obligation Sales Tax Note (Target Center Project), Series 2016 & subsequent actions

C. Board action "Relating to and providing for the issuance and sale of taxable general obligation bonds.

Wheeler moved adoption of the Authorization Resolution

**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, 1995, 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.

seconded by Warsame. Following discussion and questions, the motion was adopted.
Yeas – 5. Nays – 1, as follows; Yeas – Bender, Bourn, Frey, Warsame, Wheeler, – 5;
Nays – Becker 1.

Bourn moved to adjourn, seconded by Wheeler.
The meeting was adjourned.