



Update on Target Center Renovation Project

Ways and Means/Budget Committee

July 16, 2012



Process

- City Staff team formed – Jeremy Hanson Willis (lead), Susan Segal, Kevin Carpenter; outside consultant (Craig Skim, CSL) engaged
- Implementation Committee in process of being formed
- Discussion initiated with other interested parties/partners:
 - Timberwolves/Lynx
 - AEG – Arena Operator
 - Life Time Fitness – Health club operator



Financial Considerations

- Assessing, given existing contractual agreements, underlying economics for all parties; revenue flows and expense obligations
- Possible renegotiation of certain terms of existing agreements, including extension (generally, terminate in 2025)
- Exploring timing, size and methods for capital contributions to facilities from all parties



2013 Budget Ramifications

- City likely to issue bonds to finance at least portion of capital cost
- Primary funding for debt service likely to be local sales and use taxes (backed by City general obligation pledge)
- Timing and amount of issuance(s), and therefore debt service obligations, to be determined
- Sorting through potential enterprise-wide uses of local taxes
- Other economic ramifications depend on contract negotiations and/or changes