



Request for City Council Committee Action from the Department of Community Planning and Economic Development

Date: February 12, 2013

To: Council Member Lisa Goodman, Chair, Community Development Committee

Referral to: Council Member Betsy Hodges, Chair, Ways and Means/Budget Committee

Subject: Target Center: Health Club Lease

Recommendation: Authorize execution of the attached First Amendment to Health Club Lease between the City of Minneapolis, as landlord, and LTF Real Estate Company, Inc., as tenant.

Previous Directives: On June 16, 2009, the City Council adopted a resolution authorizing, among other matters, the assignment to the City of the landlord's rights, title and interest in the lease for the health club space in the lower level of Target Center dated March 1, 1995, between the Minneapolis Community Development Agency (MCDA), landlord, and the Arena Health Club Limited Partnership, tenant. All rights, title and interest of the tenant of the lease had previously been assigned to LTF Real Estate Company, Inc., the current tenant.

Department Information

Prepared by:	Susan Segal
Approved by:	
Presenters in Committee:	Jeremy Hanson Willis
(if applicable) Funding Source and Appropriation	
Language Reviewed by Development Finance:	

Reviews

- Permanent Review Committee (PRC): Approval ___ Date _____
- Civil Rights Approval Approval ___ Date _____
- Policy Review Group (PRG): Approval ___ Date _____

Financial Impact *(delete all lines not applicable to your request)*

- No financial impact

Community Impact

- Neighborhood Notification
- City Goals
- Comprehensive Plan
- Zoning Code
- Other

Supporting Information

The Target Center consists of two components—a health club and an arena. Each component is leased to private parties. In 2006, LTF Real Estate Company, Inc. (“Life Time”) became the tenant under the Health Club Lease dated March 1, 1995, originally between the Minneapolis Community Development Agency and Arena Health Club Limited Partnership. Life Time proposes to make substantial improvements to the leased premises and has requested an extension of the initial lease term and other amendments set forth in the attached First Amendment to Health Club Lease as an inducement. The key features of the lease amendment include:

- Within 1 year of executing the amendment, Life Time will invest \$4 to \$6 million in improvements to the health club facility;
- The initial lease term will be extended a minimum of 13 years to 2025 with an automatic extension to 2028 depending on whether the lease with the Timberwolves is extended beyond 2025;
- Life Time will, at its own cost, make at least temporary improvements to the stairway area and lower level outer lobby area leading to the health club space; and
- Landlord agrees that as part of any overall renovation of Target Center, the renovation will include comparable improvements to the 6th Street North lobby/entrance area and the stairs down to the health club space.