City of Minneapolis

Request for Committee Action

To: Ways & Means
Date: 2/8/2016
Referral: N/A
From: Finance & Property Services
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Presented by: Michael Abeln
File type: Action
Subcategory: Contracts & Agreements

Subject:
Target Center Renovation Project Request for Proposal (RFP) for project financing

Description:
Authorizing the release of a Request for Proposal (RFP) for financing options for the City portion of the Target Center Renovation Project.

Previous Actions:

- March 24, 2015 – Authorize staff to execute Renovation Agreement, with terms modified from previously approved Term Sheet
- June 27, 2014 – Authorized the selection of Mortensen as Construction Manager for the project
- May 23, 2014 – Authorized the selection of the team of Architectural Alliance and Sink, Combs, Dethlefs as architect and designers of the project
- December, 7, 2013 - Authorized the selection of Tegra as Owner's representative for the project
- November 12, 2013 – Approved Arena Renovation Term Sheet, authorized execution of Renovation Agreement, authorized execution of a rent amendment to the Playing Agreement, made appointments to "Design Group", and designated project manager
- February 22, 2013 – Authorized extension of the Health Club lease
- December 4, 2009 – Authorized issuance of taxable general obligation tax increment refunding bonds
- June 16, 2007 – Authorized transfer of property and administrative oversight from Minneapolis Community Development Agency to the City, via Minneapolis Convention Center
- April 13, 2007 – Selected an affiliate of AEG Facilities, Inc. ("AEG") as Arena operator, and authorized various agreements with AEG
- March 10, 1995 – Authorized Target Center Purchase Agreement, related lease, operating and financing agreements, and issuance of tax-exempt general obligation bonds necessary to acquire the Arena

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Ward/Address:
Not Applicable

Background/Analysis:

The Target Center Renovation project has been approved in concept and financial commitment through the terms described by the Renovation Agreement approved in March of 2015. The total project budget as revised is now $128.9 million.

Project funding will be provided as follows:

$74,000,000	City of Minneapolis
$49,000,000	Team (Timberwolves) Contribution
$ 5,900,000	AEG
$128,900,000	Total

To obtain the most competitive financing rates for this project, the Interim Finance Officer is requesting authorization to release a Request for Proposal (RFP) to solicit bids from a number of local and national banks. Upon completion of the RFP process and other appropriate approvals for issuance of debt, the Interim Finance Officer will bring forward a financing recommendation for Council approval.

City staff recently completed an RFP process for temporary financing for the Nicollet Mall project. For this Target Center Renovation project, Finance staff will contact several local and national banks and solicit updates to their earlier RFP proposals in order to expedite completion of an agreement for construction financing needed for the Target Center Renovations.

Financial Review:
No additional appropriation required, amount included in current budget.

☒ **Future budget impact anticipated.**

Project will entail interest payments during construction and debt service upon completion and issuance of permanent financing. Debt Service will be paid for with sales tax revenue.