

City of Minneapolis
Request for Committee Action

To: Ways & Means
Date: 2/22/2016
Referral: N/A
From: Finance & Property Services
Prepared by: Michael Abeln, Director, Capital & Debt Management, 612-673-3496
Presented by: Michael Abeln
File type: Resolution
Subcategory: Bond

Subject:

Bond issuance for Target Center renovation project

Description:

Passage of Resolution authorizing the issuance of \$74,000,000 in bonds for the Target Center renovation project and authorizing negotiations with banks or underwriters for the sale of the bonds.

Previous Actions:

- February 8, 2016 – Authorize staff to conduct an RFP for financing options for the Target Center Renovation project
- 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

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

For additional background, please see previous actions.

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. Future debt service payments are contemplated in the Five Year Financial Direction.