

# **Request for City Council Committee Action from the Department of Community Planning and Economic Development and the Minneapolis Convention Center**

**Date:** June 16, 2009

**To:** Council Member Lisa Goodman, Chair, Community Development Committee  
Council Member Paul Ostrow, Chair, Ways and Means Committee

**Referral to:** MCDA Board of Commissioners

**Subject:** Target Center

## **City Council Recommendations:**

1. Adopt the attached resolution authorizing the transfer of the Target Center property and agreements from the Minneapolis Community Development Agency (MCDA) to the City of Minneapolis.
2. Appoint the Minneapolis Convention Center Executive Director as the Contract Administrator under the Amended and Restated Arena Lease, Operating, Management, Use and Assurance Agreement between the MCDA and AEG Management MN, LLC.
3. Receive and file the attached information regarding the transfer of responsibility for operations and management oversight of the Target Center from CPED staff to Convention Center staff.

## **Board of Commissioners Recommendations:**

1. Adopt the attached resolution authorizing the transfer of the Target Center property and agreements from the MCDA to the City of Minneapolis.

**Previous Directives:** On April 13, 2007, City Council selected an affiliate of AEG Facilities, Inc. (AEG) as the new operator, authorized execution of an Amended and Restated Arena Lease, Operating, Management, Use and Assurances Agreement, consented to the assignment by Midwest Entertainment Group LLC and assumption by AEG of Target Center Arena agreements, and authorized the Finance Officer to transfer funds and adjust 2007 appropriations as necessary. On October 22, 2004, City Council adopted a resolution authorizing transfer of certain real property of the MCDA to the City of Minneapolis as part of the transition of development activities to CPED. On March 10, 1995, the City Council and Board of Commissioners approved the terms and authorized the execution of the Target Center Purchase Agreement, related Lease and financing documents, and the issuance of \$84,650,000 in bonds.

## Department Information

Prepared by: Andrea Petersen, CPED Project Coordinator, 673-5106 Chris Larson, Director of Facility Services, 335-6116 Approved by: Mike Christenson, Director, CPED Charles T. Lutz, Deputy Director, CPED Steve Ethier, Executive Director, Minneapolis Convention Center Presenters in Committee: Mike Christenson, Director, CPED	_____ _____ _____
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### Financial Impact

- No financial impact
- Action is within the Business Plan

### Community Impact

- Neighborhood Notification: NA
- City Goals: A Premier Destination – a distinctive mix of amenities, entertain and culture will be available downtown
- Comprehensive Plan: NA
- Zoning Code: NA

### Supporting Information

The Minneapolis Community Development Agency (MCDA) acquired the Target Center in 1995 to ensure that the Minnesota Timberwolves NBA franchise remained a tenant in Target Center through the tax-exempt bond period through 2025.

Since 1995, the MCDA and later CPED have overseen the Target Center's capital improvement projects and a series of facility operating agreements (currently with AEG), as well as agreements with the Minnesota Timberwolves and the health club (currently Life Time Fitness). CPED now recommends consolidating the management of City-owned event facilities by transferring the oversight of the Target Center to the Minneapolis Convention Center (MCC). Not only does the MCC employ staff with event and facilities management expertise, but synergies may exist for maintenance and capital improvement projects in the two buildings. The MCC Director, Steve Ethier, also has extensive experience with professional sports franchises and the entertainment industry.

The proposed transfer date is July 1, 2009. CPED and MCC staff have worked together to develop the attached matrix identifying tasks to be performed by each party. The Development Finance Division of the Finance Department will remain involved with finance plan, debt management, and tax increment activities. The MCC will continue to seek Community Development Committee authorization for Target Center management contracts and capital investments.

The MCC will become the main point of contact with AEG, the current manager and operator of the Target Center, as well as with the Minnesota Timberwolves and the health club. CPED and MCC staff seek City Council authorization for the Director of the MCC to become the Contract Administrator for the Amended and Restated Arena Lease, Operating, Management, Use and Assurance Agreement. This agreement specifically contemplates that the Contract Administrator will sign off on the anticipated facility rebranding plan, any material changes in concessions and ticketing agreements, AEG's capital improvements plan and similar items consistent with the parameters outlined in this agreement.

In 2004, in conjunction with the creation of CPED, most MCDA properties were transferred to the City of Minneapolis. The Target Center, however, was not transferred and remains under MCDA ownership. To provide common ownership and streamline on-going management of the Target Center by Minneapolis Convention Center (MCC) staff, CPED now recommends transfer of the Target Center to the City (see attached resolutions). As part of this transfer, certain agreements also will be assigned and assumed and/or amended to reflect the change in ownership, such as the Amended and Restated Arena Lease, Operating, Management, Use and Assurance Agreement between the MCDA and AEG Management MN, LLC.

**RESOLUTION  
OF THE  
CITY OF MINNEAPOLIS**

**By Goodman**

**Transferring Target Center from the Minneapolis Community Development Agency to the City of Minneapolis.**

Whereas, Minnesota Laws 2003, Chapter 127, Article 12, Sections 31-34, authorized transfers to the City of the money, real property, investments, personal property, assets, programs, projects, districts, developments and obligations of the Minneapolis Community Development Agency ("MCDA"); and

Whereas, pursuant to Resolution Nos. 2003R-625 and 2003R-626, both adopted on December 29, 2003, the City Council transferred the money, investments, personal property, programs, projects, districts and obligations of the MCDA described therein, including the assets, rights and obligations of the Common Bond Fund, effective as of January 1, 2004; and

Whereas, pursuant to Resolution No. 2004R-459, adopted October 22, 2004, the City Council transferred most of the MCDA-owned real estate and developments to the City, but withheld certain property pending further review;

Whereas, the City Council has decided to transfer Target Center;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis as follows:

1. The City Council hereby transfers, assigns and conveys to the City all tracts or parcels of land, estates and interests of the MCDA in the real property described on the attached Exhibit A and improvements thereon (collectively, the "Real Property"), together with the MCDA interest in a) all equipment and personal property used in connection with the Real Property (collectively, the "Personalty"), b) all plans, surveys, blueprints, operating manuals and business record associated with the Real Property and Personalty (collectively, the "Records"), c) all leases and agreements regarding the Real Property and Personalty (collectively, the "Contracts") and d) all permits and licenses related to the Real Property and Personalty (collectively, the "Licenses").

2. The City accepts and assumes the contractual obligations of the MCDA with respect to the transferred property of the MCDA. The pledge of the full faith and credit of the MCDA to any bonds, notes or other debt obligations of the MCDA that are transferred to the City shall not be secured by the full faith and credit or taxing power of the City, but only by the assets pledged by the MCDA.
3. The Finance Officer and other appropriate City officers are hereby authorized and directed to sign and deliver such documents and agreements as may be required to accomplish the foregoing transfers, assignments and conveyances.
4. The transfers authorized by this resolution shall be effective upon execution and delivery of one or more deeds with respect to the property identified on Exhibit A or other appropriate instrument(s) from the MCDA in favor of the City.

## EXHIBIT A

### LEGAL DESCRIPTION

#### **Parcel 148:**

600 1<sup>st</sup> Avenue North (PID No. 22-029-24-43-0142)

109 6<sup>th</sup> Avenue North (PID No. 22-029-24-43-0143)

That part of Tract A, B, G, H, M, R, S, X, Y and Z, embraced within the following described parcel that of Lots 1 and 2 lying Northwesterly of the Southeasterly 6.8 feet thereof and Lots 3, 4, 5 and 6 all in Block 2, Hoag & Bells Addition to Minneapolis,

Tract E and P, Registered Land Survey No. 1664.

Being registered land as is evidenced by Certificate of Title No. 818055.

Tracts A, B, G, H, M, R, S, X, Y and Z, except those parts thereof embraced within the following described parcel: that of Lots 1 and 2 lying Northwesterly of the Southeasterly 6.8 feet thereof and Lots 3, 4, 5 and 6 all in Block 2, Hoag & Bells Addition to Minneapolis;

Tracts C, D, F, I, J, K, L, N, O, Q, T, U, V and W, all in Registered Land Survey No. 1664.

Being registered land as is evidenced by Certificate of Title No. 818056.

Tracts C, D, E, F, G and H, Tract B, except that part thereof within the following described parcel: Lots 10, 11 and 12, Cahill's subdivision in Block Five (5), Hoag and Bell's Addition to Minneapolis, all in Registered Land Survey No. 1662.

Being registered land as is evidenced by Certificate of Title No. 815965.

# RESOLUTION

of the

## MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By \_\_\_\_\_

**Authorizing the transfer of Target Center from the Minneapolis Community Development Agency to the City of Minneapolis.**

Whereas, the City Council, exercising powers granted by Minnesota Laws 2003, Chapter 127, Article 12, Sections 31-34, has authorized transfers to the City from time to time of the money, real property, investments, personal property, assets, programs, projects, districts, developments and obligations of the Minneapolis Community Development Agency ("MCDA"); and

Whereas, the City Council has determined that it is in the best interests of the City and the MCDA to now transfer certain real property as described in that certain resolution of the City Council dated of even date herewith (the "Target Center Transfer Resolution"); and

Whereas, the MCDA concurs with the City Council's determination that the transfers are in the best interest of the City and the MCDA;

Now, Therefore, Be It Resolved by The Board of Commissioners of the Minneapolis Community Development Agency as follows:

That the adoption of the Target Center Transfer Resolution is hereby approved by the Board of Commissioners of the MCDA.

Be It Further Resolved that the proper MCDA officers and officials are hereby authorized and directed to sign and deliver such documents and agreements as may be required to accomplish the transfers, assignments and conveyances identified in the Target Center Transfer Resolution, including without limitation, one or more deeds to the real property identified on Exhibit A to the Target Center Transfer Resolution.