



Request for City Council Committee Action from the Department of Finance

Date May 17, 2006
To Ways and Means/Budget Committee
Referral to None
Subject: GMCVA (iDSS) Third Loan: Benchmarks

Recommendation

Receive and file the benchmarks and milestones relating to the loan from the City to GMCVA (up to \$5 million) as requested by the City Council.

Previous Directives

On February 24, 2006 the City Council authorized a third loan to the Greater Minneapolis Convention and Visitors Association up to \$5 million to provide additional capital for the GMCVA's subsidiary, iDSS. This action called for a report within 30 days of the loan closing that reports to the Ways & Means Committee with finalized benchmarks, milestones, and metrics.

Prepared or Submitted by Patrick Born, CFO (x3375)

Approved by

 Steven Bosacker, City Coordinator
 Patrick Born, CFO

Permanent Review Committee (PRC) Approval _____ Not Applicable X

Note: To determine if applicable see <http://insite/finance/purchasing/permanent-review-committee-overview.asp>

Policy Review Group (PRG) Approval _____ Date of Approval _____ Not Applicable X

Note: The Policy Review Group is a committee co-chaired by the City Clerk and the City Coordinator that must review all requests related to establishing or changing enterprise policies.

Presenters in Committee: Patrick Born, CFO (x3375)

Financial Impact (Check those that apply)

- No financial impact (If checked, go directly to Background/Supporting Information).
- Action requires an appropriation increase to the _____ Capital Budget or _____ Operating Budget.
- Action provides increased revenue for appropriation increase.

Action requires use of contingency or reserves.

Business Plan: Action is within the plan. Action requires a change to plan.

Other financial impact (Explain):

Request provided to department's finance contact when provided to the Committee Coordinator.

Community Impact (use any categories that apply)

Neighborhood Notification

City Goals

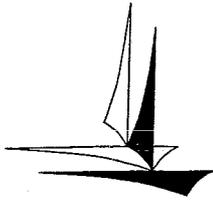
Comprehensive Plan

Zoning Code

Other

Background/Supporting Information Attached

The City (departments of Finance and Business Information Services) together with the GMCVA and iDSS have negotiated and agreed on the attached milestones, benchmarks and metrics with respect to the third loan from the City to GMCVA for the continued support and capitalization of iDSS.



Minneapolis
City of Lakes

Finance Department

Patrick P. Born
City Finance Officer

350 South 5th Street - Room 325M
Minneapolis MN 55415-1315

Office 612 673-3375
Fax 612 673-2042
TTY 612 673-2157

May 12, 2006

Greg D. Ortale, President and CEO
Greater Minneapolis Convention
& Visitors Association
250 Marquette Ave South, Suite 1300
Minneapolis, MN 55401

Re: Third Loan (iDSS)

Dear Mr. Ortale:

The City of Minneapolis and the Greater Minneapolis Convention & Visitors Association (GMCVA) have executed the third loan for the continued development of GMCVA's wholly-owned subsidiary, iDSS. The purpose of this letter is to document our mutual understanding regarding the expected use of this loan and to confirm the benchmarks and milestones the City, GMCVA, and iDSS will use to guide and manage the use of proceeds from the third loan.

Use of the Third Loan

The third loan from the City to GMCVA is expected to be used for the following purposes:

Purpose	Up to this amount
1. Development of iDSS to the point of cash flow self-sufficiency	\$3,000,000
2. Interest on loans from the City to GMCVA	\$500,000
3. Reserved for business expansion after iDSS reaches cash flow self-sufficiency and unplanned events.	\$1,500,000
Total	\$5,000,000

All loan draws will be subject to the loan documents.

Benchmarks and Milestones

Attached to this letter are the benchmarks and milestones that the City will use to monitor GMCVA and iDSS' progress to reach cash flow self-sufficiency and profitability. Our monthly meetings and periodic reports will report progress in meeting these goals.

The City looks forward to a profitable and successful iDSS.

Sincerely yours,

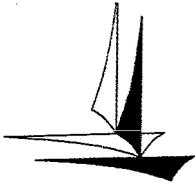


Patrick P. Born
Chief Financial Officer



William Beck
Deputy Chief Information Officer

cc: Steven Bosacker, City Coordinator
Kevin Cattoor, President and CEO, iDSS
Acting Executive Director, Minneapolis Convention Center
Lyle Alexson, Minneapolis Finance Department



Minneapolis
City of Lakes

**Business Information
Services**

350 South 5th Street - Room 127
Minneapolis MN 55415

Office 612-673-3180
Fax 612-673-2719
TTY 612-673-2157

**Third City Loan to the GMCVA (iDSS)
Milestones and Benchmarks
May 17, 2006**

1. Quarterly bookings benchmarks by product line
2. Product development milestones
 - a. Destination Management System
 - b. Registration and Housing
 - c. Future Hotel Inventory System
3. Product Marketing Plan by product line
4. Advertising/promotion milestones
 - a. Product Pricing
 - b. Indirect Sales partners
 - c. Channel/ Vertical Tactics
5. Sales plan by product line
 - a. Market penetration milestones (Domestic & International)
 - b. Organization/staffing milestones
 - c. Quarterly sales forecast performance
6. Product support plan
 - a. Organization/staffing milestones
 - b. Service desk performance
 - c. Installation & Training performance
7. Quarterly use of proceeds report.
8. 2006 year end Business Valuation Audit.
9. Mid-year business plan audit/update with measurable business objectives.
10. Restructure the iDSS Corporate Board
11. 2006 customer satisfaction survey. (2005 baseline)