

## **Request for City Council Committee Action** from the Department of Community Planning & **Economic Development**

Date:	June 20, 2006	
То:	Council Member Lisa Goodman, Community Development	
Subject:	Authorizing the Execution of the Second Amendment to the Disbursing Agreement and other Related Documents for the Children's Theatre Company Revenue Bond Project, Series 2003	
Recommendation:	The CPED Director recommends that the City Council authorizes the execution of the Second Amendment to the Disbursing Agreement and any other related documents between the City of Minneapolis and the parties to the 2003 Issuance of Tax-exempt Revenue Bonds for the Children's Theatre Company Project.	
Previous Directives:	On October 10, 2003 the City Council adopted Resolution 2003R-472 authorizing the issuance of \$10 million in tax exempt revenue bonds for the expansion and renovation of the Children's Theatre. On August 19, 2005 the City Council adopted Resolution 2005R-460 authorizing a First Amendment to the Disbursing Agreement to increase total project costs.	
Prepared by:	Becky Shaw	<b>Phone</b> : 612-673-5066
Approved by:		
Chuck Lutz, Deputy Director CPED		
Permanent Review Committee (PRC) Approval  Not Applicable  Note: To determine if applicable see <a href="http://insite/finance/purchasing/permanent-review-committee-overview.asp">http://insite/finance/purchasing/permanent-review-committee-overview.asp</a> Presenter in Committee: Becky Shaw		
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): The issuance of the revenue bonds in 2003 is generating administrative fees that are being used to support small business assistance programs.		
Request provided to department's finance contact when provided to the Committee Coordinator.		

## Community Impact (use any categories that apply)

Neighborhood Notification: N.A.; only amending existing revenue bond documents

City Goals: The project is consistent with the City of Minneapolis goal of preserving and enhancing the urban institutes and amenities that define Minneapolis.

Comprehensive Plan: The facility is consistent with the Comprehensive Plan.

Zoning Code: N.A.

Other:

## **Background/Supporting Information:**

In 2003 the City issued \$10 million in tax-exempt 501(c)(3) revenue bonds to finance a 45,000 sq. ft. expansion to and renovation of the Children's Theatre. The 45,000 sq. ft. addition consisted of a new 280-seat stage theatre and accompanying lobby, classrooms, rehearsal space and backstage facilities. Also included were a number of renovations to the existing space and various building code upgrades. The total project cost at that time was \$24.7 million of which \$5 million came from a State of Minnesota grant, \$10 million from the issuance of the revenue bonds and the remainder from the capital pledge drive.

In 2005 the Capital fundraising campaign for the Children's Theatre had gone better than expected due to the great support and generosity of the community. Based on their raising an additional \$2 million, the scope of the 2003 project had been revised to include more renovations and remodeling. The total project's development costs were increased from \$24.7 million (of which \$10 million was financed by the issuance of tax-exempt 501(c)(3) revenue bonds) to \$26.1 million.

At this time the Children's Theatre Company is requesting a second increase to the cost of their Project B by approximately \$780,000 bringing the total project development costs to around \$26.8 million. Upgrades to Project B will include:

- Exterior and Way Finding Signage
- Carpet for 4<sup>th</sup> Floor and Basement of Existing Facility
- Computer Hardware and Software Conversion
- Campaign Fundraising and Donor Recognition
- Final Requested Change Orders

With the additional remodeling and renovations the new total development cost for the Children's Theatre project will be \$26.8 million. The amendment to the revenue bond documents will permit the completion of the revised scope of the project and the financing of these costs from additional campaign funds.

It is staff's recommendation to consent to the necessary amendments and changes to the 2003 revenue bond documents to permit the scope of the project to increase for the expansion and renovation of the Children's Theatre. In order to authorize the changes, there will be a number of revenue bond documents that will need to be executed by the appropriate City Officers.