

Request for Qualifications

Related to:

Management of the Target Center Arena



Issued by:

City of Minneapolis

February 15, 2007

Introduction

Introduction

The City of Minneapolis, Minnesota (City), through its Department of Community Planning and Economic Development (CPED), is accepting responses to this Request for Qualifications (RFQ) from firms experienced in managing sports and entertainment facilities and that are interested in providing management services for the Target Center Arena located in downtown Minneapolis.

Firms responding to this RFQ must be prepared to undertake, in the most efficient manner, all aspects of facility management, marketing and operations of the Target Center Arena. Respondents to this RFQ shall be expected to meet or exceed the minimum qualifications set forth in this RFQ. The intent of this RFQ is to identify those facility management entities that are qualified and capable of operating and managing Target Center Arena and that are interested in providing management services for the Target Center Arena on behalf of the City.

Timing

The timeline for RFQ submittal is as follows:

Request for Qualifications (RFQ) is issued	February 15, 2007
Responses due to the City by 4 p.m. local time	March 1, 2007

After the responses have been received, the Selection Committee will identify those respondents considered to be qualified to proceed with the selection process, based on the minimum requirements set forth in this RFQ. The minimum criteria to be met by potential respondents are provided later in this document under the section entitled "Qualification Process." After respondents are identified as qualified, the City may elect to issue a supplemental Request for Proposals to the qualified firm(s), or may elect to begin negotiations directly with one or more of the qualified entities.

The Selection Committee also may choose to interview respondents. If the Selection Committee elects to conduct interviews, the interviews would be held in Minneapolis on March 5th, 6th, and/or 7th.

Introduction

Response Submission

Responses to this RFQ are due by 4:00 p.m. on March 1, 2007. Responses must be submitted as follows: one unbound copy, ten bound copies and one electronic version in Microsoft compatible or PDF format on diskette or CD. Responses must be on standard 8 ½” by 11” paper. Any supporting documentation must be on paper no larger than 11” by 17”. Responses and supporting documentation must be submitted in a sealed envelope labeled “Statement of Qualifications for the Management of the Target Center Arena, due: March 1, 2007 at 4:00 p.m.” Faxed responses will not be accepted. Responders may choose to provide additional sets if and when invited to do so for presentation purposes. Submissions will not be returned.

Responses shall be delivered to the City on or before:

Date: March 1, 2007

Time: 4:00 pm Central Time

To: Mr. Charles T. Lutz
Deputy Director
City of Minneapolis-Department of
Community Planning and Economic Development
Crown Roller Mill, Suite 200
105 5th Avenue South
Minneapolis, MN 55401

Responses received after the deadline will not be accepted. It is neither CPED’s responsibility nor practice to acknowledge receipt of any response as a result of the Request for Qualifications process. It is the responder’s responsibility to assure that a response is received in a timely manner.

RFQ Inquiries

Prospective responders may only direct questions in writing to the department contact person:

Emily Stern
Senior Project Coordinator
City of Minneapolis-Department of
Community Planning and Economic Development
Crown Roller Mill, Suite 200
105 5th Avenue South
Minneapolis, MN 55401
Email: emily.stern@ci.minneapolis.mn.us
Fax: (612) 673-5113

All questions are due no later than 4:00 p.m., February 23, 2007. Questions will be answered in writing and posted on the CPED website (www.ci.minneapolis.mn.us/cped/target_rfq_home.asp) by February 26, 2007. The department contact person is the only individual who can be contacted about the project by respondents before the proposal deadline. The department contact cannot vary the terms of the RFQ.

Managerial and Operating Parameters and Limitations

Target Center Background

In 1995, the Minneapolis Community Development Agency (MCDA) acquired the Target Center, which consists of an Arena and a Health Club. MCDA initially contracted with Ogden Entertainment Services, Inc., to be the Operator of the Arena for a term that ends on June 30, 2025. Ogden had been the Operator for the previous Arena ownership. The Operating Lease gave Ogden all of the benefits and burdens of running the Arena, subject to certain rights and obligations retained by MCDA, including the obligation to make certain capital improvements. MCDA concurrently entered into an agreement with the Minnesota Timberwolves Basketball Limited Partnership (Taylor Partnership) for the team to play in the Arena for 30 years. MCDA also is party to an agreement which permits the Minnesota Amateur Sports Commission to use the Arena for up to 50 days each year in exchange for annual financial contributions.

In 2000, Ogden assigned the Operating Lease to SFX Entertainment Corporation. In 2004, SFX assigned the Operating Lease to Midwest Entertainment Group LLC (“MEG”), a Minnesota limited liability company formed by the Taylor Partnership and Nederlander Company for the specific purpose of managing and promoting Target Center for the remaining term of the Operating Lease. In 2006, TC Arena Group LLC (the Taylor half of MEG) acquired Nederlander’s 50 percent share in MEG.

On February 1, 2007, MEG notified MCDA of its intent to terminate the Operating Lease effective May 2, 2007. MCDA intends to designate the City as the successor Operator and the City is exploring options for Target Center Arena management through this RFQ.

Historical operating information for the Arena, including event utilization, financial operating results and other such information will be made available to qualified respondents once respondents have been determined to be qualified based on the minimum criteria outlined in this RFQ.

Qualification Process

Qualification Process

The City will review and evaluate the qualifications of facility management entities who respond to this RFQ. Those respondents deemed to have met or exceeded the minimum selection criteria below will then be provided with access to Arena and MEG operational information. After respondents are identified as qualified, the City may elect to issue a supplemental Request for Proposals to the qualified firm(s), or may elect to begin negotiations directly with one or more of the qualified entities. The evaluation will be made by a group of individuals selected by the City. This Selection Committee will review all responses to this RFQ and will identify qualified entities according to the evaluation criteria.

Respondents must meet or exceed the following criteria:

- The entity must be legally capable of operating within the State of Minnesota;
- The entity, or the individual firms that comprise a joint venture, must have at least five consecutive years of current experience managing and operating public assembly facilities;
- The entity, or the individual firms that comprise a joint venture, must currently operate at least one public assembly facility that is currently home to an NBA or NHL franchise; and
- The entity, or the individual firms that comprise a joint venture, must have current experience in operating such a facility on behalf of a public entity, such as the City of Minneapolis.

The City reserves the right to reject any or all responses or parts of responses, to negotiate modifications of responses submitted, and to negotiate specific elements within a response.

The City has a variety of ordinances and policies which may or may not apply to a subsequent agreement including, but not limited to, living wage, affirmative action, and the Small and Underutilized Business Program. Application of these requirements will be determined based on the structure of any subsequent agreement.

Requirements of the Response

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Responses should be prepared simply and economically, providing a straightforward and concise description of the responder's experience and qualifications related to the operation and management of the Arena. At a minimum, the following information should be included in the response to this RFQ. This outline is not all-inclusive and respondents can provide additional information as deemed appropriate.

In order to ensure a uniform review process and to obtain the maximum degree of comparability, the submissions in response to this RFQ must be organized in the following manner:

A. General Information

- a. Provide a transmittal letter that specifically states the responder's understanding of the work to be accomplished and briefly outlines the responder's strengths in providing the required services. The letter should also state that responder meets or exceeds the minimum qualification criteria outlined previously. This letter should be signed by an authorized corporate officer for each entity included as a team proposal.
- b. Include the name of responder's firm/entity, address, telephone number, name of contact person, and the title of the RFQ.
- c. Provide a table of contents that includes a clear identification of the written material by section and by page number.
- d. Provide a description of the proposing entity's current legal status (i.e. Corporation, Partnership, Sole Proprietor, Joint Venture, etc.)
- e. Provide the proposing entity's current Federal and State Identification Numbers.

B. Firm Background and Qualifications

- a. Provide a profile of your organization and describe its legal structure, principal officers and organizational structure. The responder must identify and distinguish between its own experience and qualifications and that of any parent entity, predecessor and/or wholly-owned or partially-owned subsidiary of the responder.
- b. Provide a copy of any organization profile, sales brochure or other documentary information pertaining to your organization.
- c. Provide resumes of key personnel and principals of the organization. Identify the extent to which each principal executive or staff member will

Requirements of the Response

be involved in the management of the Target Center Arena and whether such involvement will be on a fully informed daily basis or in an advisory capacity.

- d. Provide audited and certified financial statements for your organization's last three years of operation. If the responder is a Joint Venture, a copy of the Joint Venture agreement must be submitted for each party.
- e. Provide a complete and detailed history of your organization's facility management experience for the last five years. Information provided should include a description of services provided, examples of successful operational strategies and the term of the management contract.
- f. Provide a list of all facilities managed by your organization on behalf of a public entity that host major league professional sports franchises, particularly NBA franchises.
- g. Provide an explanation of your entity's experience in working with public entities and other entities that market facilities for a public entity, including cooperative efforts.
- h. Provide examples of the non-sporting events your organization has booked at arenas similar to the Target Center, indicating the name of the event(s), where and when the event(s) occurred, and the event(s) attendance. Using specific examples, explain how your organization has effectively booked top-rated concert and family shows.

C. Operational Plan

- a. Management Plan - Provide an explanation of the overall philosophy on how you would manage and operate the Target Center Arena. This may include:
 - i. An overview of the plan for transitioning from the existing management entity to your organization, including key steps, a timeline of critical milestones and a description of roles and responsibilities;
 - ii. A suggested management organizational chart for key management of the Target Center, including positions at the corporate and local levels;
 - iii. Description of the reporting structure between facility management and your corporate offices and to the City;
 - iv. Description of the resident management personnel that could be assigned to the Target Center;
 - v. Actual examples of management/financial reports used by your organization to advise governmental entities of performance.

Requirements of the Response

- b. Marketing Plan – Provide an explanation of the overall philosophy you would use to market the Target Center Arena, including:
 - i. Provide an overview of marketing and promotional concepts that will further the goals of the Target Center as a premier venue and maximize the benefits of the Target Center to the greater Minneapolis area.
 - ii. Describe your approach to booking/scheduling, promoting, advertising and marketing events at the Target Center.
 - iii. Describe past experience working with entities such as the Minnesota Timberwolves or other entities in marketing and booking events. Describe how event scheduling and promoting will be coordinated with the Timberwolves or other entities.
 - iv. Identify any competing facilities managed by your organization, including any facilities in the State of Minnesota or in the Midwest region, regardless of size, and any facilities anywhere in the United States that are of such a size or in such a market as to compete with the Target Center for booking events. Present a plan for preventing any conflict of interest in managing competing facilities.

- c. Financial Plan – provide an explanation of the overall financial plan for the Target Center Arena, including:
 - i. Summarize your proposed strategy for minimizing the annual operating expenses and maximizing the annual operating revenues of the Target Center. As noted previously, access to the actual facility operating statements will only be provided to those organizations deemed to meet the minimum qualification requirements, therefore your strategy should be based on your existing understanding of the Target Center’s operations and/or your overall approach for maximizing revenues and minimizing expenses.
 - ii. Understanding that the City will be financially responsible for and will have final approval of capital improvements, please provide a description of your entity’s role with respect to identifying and prioritizing capital improvements, including approval, billing, purchasing and letting of contracts.

D. Compensation Proposal

- a. Please provide an outline of a potential compensation proposal that you may be willing to enter into if selected as the Target Center Arena manager. The City is seeking creative compensation proposals, which may include, but should not be limited to, the following basic structures:

Requirements of the Response

- i. At Risk Operator Structure – in such a scenario, the selected entity would be solely responsible for the operations of the Target Center, retaining all operating revenues and accepting responsibility for all operating expenses, including any potential operating losses. This structure could include managing the Target Center under the terms of the existing Operating Lease.
 - ii. Base and Incentive Fee Structure – under this plan, the selected entity would receive a base fee and potential incentive fee in exchange for operating the facility, while all operating revenues and expenses would be allocated to the City.
 - iii. Other Compensation Plan – please identify any alternative compensation plans related to the operation of the Target Center that the City should consider as a part of your submission. This could include options for risk sharing, marketing participation or such options which could further promote the success of the Target Center and limit the City’s operating exposure.
- b. Due to the preliminary nature of this RFQ and the information provided, it is understood that any proposed compensation structure will be subject to review of the detailed financial information for the Target Center Arena. The intent of this request is to obtain a preliminary understanding of the potential compensation structures that may be required in a new management agreement for the Target Center Arena.