

**City of Minneapolis
2012 Budget
Financial Plan**

Arena Reserve Special Revenue Fund

Background

The Arena Reserve Special Revenue Fund accounts for the maintenance and operation of the City-funded portion of the Target Center and related taxable activities. The fund was previously used primarily for transfers and was managed under a custodial agreement with Wells Fargo. Management was transferred to the City in 2010.

Historical Financial Performance

Because the City's management of the fund began in 2010, there is little historical performance to document. This financial plan documents City resources only.

A portion of the entertainment tax (\$706 thousand in 2010) was redirected to the Arena Reserve Fund from the Convention Center Special Revenue Fund to fully credit the fund for entertainment tax proceeds generated from Target Center activities, as required by the Target Center arena finance plan. To reduce the proposed 2011 property tax levy, the entertainment tax transfer was reduced to \$80,000 with a corresponding transfer to the General Fund on a one-time basis. The entertainment tax is reconciled to the actual entertainment tax the Target Center received. The entertainment tax is deposited into the Convention Center Special Revenue Fund because it is pledged to debt service on outstanding Convention Center bonds in the event other revenue sources pledged to meet Convention Center debt service are insufficient. Revenues are then transferred into the Arena Reserve Fund.

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Revenues

Revenues for the Arena Reserve Fund come from the Event Parking Transfer, the Entertainment Tax Transfer, and a Property Tax Transfer from the General Fund. When these revenues do not completely offset expenses for Target Center Capital, Professional Services, and the Operator Reimbursement charge that pays for contracted services promoting the Target Center, tax increment revenue is transferred into the fund to cover the balance. Tax increment revenues from several districts flow into the NBA Arena Fund residing in the Community Planning and Economic Development Department and can only be used for administrative, capital and debt service costs

Most of the fund's budgeted 2012 revenues are from tax increment revenue generated by the consolidated tax increment district. In 2012, projected revenue from the district amounts to \$8 million. Total budgeted revenues in 2012 total \$12 million.

Expenditures

In 2012, most of the fund's projected expenditures will be used to service debt and for modernization of the arena through equipment and capital additions/upgrades Total use of funds in 2012 is budgeted at \$12.4 million.

Mayor's Recommended Budget
The Mayor recommends no changes.

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Target Center Special Revenue Fund

	2010 Actual	2011 Budget	2011 Projected	2012 Budget	% Chg From 2011 Projected	2013 Forecast	2014 Forecast	2015 Forecast
Source of Funds:								
<i>Tax Revenues:</i>								
Common Project Tax Increment	1,909	1,989	1,989	2,073	4.2%	1,438	1,474	1,515
Arena Tax Increment	795	999	953	972	2.0%	991	-	-
Consolidated Tax Increment	-	5,250	5,250	5,000	-4.8%	5,000	5,100	5,300
Sub-Total	2,704	8,238	8,192	8,045	-1.8%	7,429	6,574	6,815
<i>Non-Operating Revenues:</i>								
Event Parking Transfer	2,241	2,758	2,758	2,941	6.6%	3,129	3,323	3,523
Entertainment Tax Transfer	706	80	80	900	1025.0%	927	955	983
Property Tax Transfer from the GF	92	92	92	92	0.0%	550	550	550
Sub-Total	3,039	2,930	2,930	3,933	34.2%	4,606	4,828	5,056
Total	5,743	11,168	11,122	11,978	7.7%	12,035	11,402	11,871
Use of Funds:								
Target Center Capital	36	6,403	6,403	5,617	-12.3%	5,031	5,234	5,005
Professional Services & Miscellaneous	105	321	321	332	3.4%	343	355	368
Operator Reimbursement	1,367	1,563	1,563	1,500	-4.0%	1,470	1,441	1,412
Transfer to Debt Service	1,488	3,686	3,686	4,956	34.5%	5,272	4,250	4,492
Total	2,996	11,973	11,973	12,405	3.6%	12,116	11,280	11,277
Net Income	2,747	(805)	(851)	(427)	-49.8%	(81)	122	594
Fund Balance/Retained Earnings:								
Beginning Balance	7,335	8,779	8,779	7,928		7,501	7,420	7,542
Ending Balance	8,779	7,974	7,928	7,501		7,420	7,542	8,136
Ending Cash Balance	8,779	7,974	7,928	7,501		7,420	7,542	8,136

Notes:

Common Project Tax Increment May only be used for debt service, certain administrative costs, and capital costs
 Arena Tax Increment May only be used for debt service, certain administrative costs, and capital costs
 Consolidated Tax Increment May only be used for debt service

For the purposes of this statement fund balance is a combination of the Arena Reserve Fund and TIF Fund 01CPK. This is not the available balance.