



Request for City Council Committee Action from the Minneapolis Convention Center

Date: December 11rd, 2013

To: Chair Betsy Hodges, Ways and Means Budget Committee

Subject: Target Center, Health Club Lease Second Amendment

Recommendation: Authorize execution of the attached Second Amendment to Health Club Lease between the City of Minneapolis, as landlord, and LTF Real Estate Company, Inc., as tenant.

Previous Directives: On June 16, 2009, the City Council adopted a resolution authorizing, among other matters, the assignment to the City of the landlord's rights, title, and interest in the lease for the health club space in the lower level of the Target Center dated March 1, 1995, between the Minneapolis Community Development Agency (MCDA), landlord, and the Arena Health Club Limited Partnership, tenant. All rights, title and interest of the tenant of the lease had previously been assigned to LTF Real Estate Company, Inc., the current tenant. On February 22, 2013, the City Council approved an amendment to the Health Club lease. The major component to the lease amendment was the agreement for the tenant to renovate its rented space at a privately funded cost of \$4-6 million within one year of the amendment signing.

Department Information

Prepared by: Jeff Johnson, Executive Director Convention Center Approved by: Paul Aasen, City Coordinator Presenters in Committee: Jeff Johnson

Reviews

No reviews

Financial Impact

- No additional appropriation needed

Community Impact

- Neighborhood Notification
- City Goals
- Comprehensive Plan
- Zoning Code

Supporting Information

The second amendment to the Health Club lease is being brought forward due to some challenges that came to light as the Health Club renovation was being designed and planned

by LTF Real Estate, Inc. Due to these challenges, there are four components that needed to be addressed in a lease amendment:

1. The renovation cannot be completed in one year due to the scope and complexity of the project. We ask that the project completion date be extended to June 30, 2015.
2. During the renovation planning certain mechanical issues arose with the Heating and Ventilation system. LTF Real Estate, Inc. has agreed to pay for leasehold improvements to the mechanical system that is outside of their leased space. The improvements will become property of the City once installed.
3. Operational aspects of the loading dock and truck parking affect the pool air ventilation system. As part of the renovation, the tenant agrees to pay for a new air filtration system and the landlord agrees to pay for yearly filter costs.
4. The tenant wishes to expand their members only amenities to offering organic alcohol and light food fare. The lease needs to be clarified to allow this activity as it is not clear that it is health club related.