



Minnesota Ballpark Authority Board Meeting Minutes – July 12, 2018

Chair Margaret Anderson Kelliher called the board meeting of the Minnesota Ballpark Authority for July 12, 2018 to order at 1:00 p.m. The roll was taken. Commissioners Joan Campbell, Commissioner Paul Williams, Commissioner James Campbell and Commissioner David Ybarra were present.

Commissioner James Campbell moved approval of the agenda, seconded by Commissioner Joan Campbell and approved unanimously – 5 YEAS, 0 NAYS.

APPROVED

Commissioner Joan Campbell moved approval of the April 12, 2018 meeting minutes seconded by Commissioner Williams and approved unanimously – 5 YEAS, 0 NAYS.

APPROVED

Chair's Report – Chair Margaret Anderson Kelliher made note that she and Executive Director Dan Kenney met with Hennepin County CFO, David Lawless and the Twins regarding the MBA's investment policy and this would be discussed further with resolution 18-MBA-142 on the meeting agenda.

Executive Director's Report – Executive Director Dan Kenney reported that he is continuing to serve on a committee convened by the Minneapolis Downtown Council and Meet Minneapolis to improve wayfinding signage in and around downtown. He asked MBA Administrative Manager, Susie Helget, to give an update on attendance at the new Target Field restaurant, Bat & Barrel and to give the board an update on charity use of the MBA suite. Ms. Helget said that she has spoken with Pete Spike, General Manager, Delaware North Sportservice, regarding usage of Bat & Barrel during games and events at Target Field to date. Mr. Spike reported that on game days Bat & Barrel is operating at capacity from pre-game to start. The percentage of users is approximately 30% season ticket holders to 70 % non-season ticket holders. During the recent Eagles concert the restaurant was filled to capacity. Delaware North is pleased with the success of Bat & Barrel to date. Regarding charity suite use, Ms. Helget said that to date, the MBA suite has hosted 37 groups and on track for a total of 63 groups to use the suite this year. The MBA has received positive feedback from users and has already had many inquires about use for the 2019 season. Commissioner Williams suggested that next year, the MBA request a mission statement or a paragraph on what the charity does in addition to other required documentation from suite users as part of the application process.

Audit Report – Audit Committee Chair Joan Campbell noted that the Audit Committee met on June 28. The draft 2019 MBA operating budget was presented with a request for \$700,000. This is a decrease from 2018 due to a reduction in the need for contractual services. Commissioner Campbell also noted that the current MBA Investment Policy was discussed and staff is recommending that it be updated to more closely align with the Hennepin County Investment Policy. Lastly, Commissioner Campbell said that Ms.

Juneau is working with the State Auditor's office on the 2017 MBA Audit but most of the work will be done in August of this year and finalized by year-end.

ACTION ITEMS

Resolution 18-MBA-141

Purpose:

To authorize submittal of the proposed 2019 MBA Operating and Capital Reserve Budget to Hennepin County.

Background:

Minnesota Laws 2006, Chapter 257, Section 12, subdivision 11 provides that Hennepin County may use certain proceeds from the authorized sales tax revenue to pay for governmental operating costs of the Authority, other than operating and maintaining the Ballpark. And subdivision 1 authorizes Hennepin County to make grants to the Authority for reserves for Ballpark capital improvements. The MBA and Hennepin County have entered into a grant agreement that provides details regarding the annual grant for Authority operating costs along with annual payments into a reserve fund for Ballpark capital improvement expenses. The Grant Agreement requires the Authority to submit a proposed operating and capital improvement budget to Hennepin County before August of every year. A final budget is adopted by the MBA Board in October.

Attached is the MBA proposed operating budget for 2019. The MBA Audit Committee reviewed the proposed budget on Thursday, June 28, 2018 and has recommended approval.

The total proposed General Fund budget for 2019 represents a 2.9% decrease in expenditures from the 2018 budget.

Per the Grant Agreement, Hennepin County also agrees to make annual payments for 30 years into a special revenue fund for ballpark capital improvements. The required annual contribution shall be \$1,100,000 in the first year and escalates by an inflation factor thereafter.

The inflation factor is defined in the Ballpark Lease Agreement as an annual CPI increase. This is defined as an increase calculated in the index known as the US Department of Labor Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, United States City Average, All items. As estimated for the period beginning January 2010 through June 2018, the County capital contribution is proposed to be \$1,278,000, about 2.74% increase from the previous year.

The Ballpark Lease Agreement between the MBA and the Minnesota Twins, LLC Section 3.1 outlines annual Tenant rent of \$900,000, of which \$600,000 is indexed for inflation annually. As estimated for the period beginning January 2010 through June 2018 the Twin's rent amount is proposed to be \$997,000 for 2019.

Action Requested:

BE IT RESOLVED that the Minnesota Ballpark Authority Board hereby approves the Audit Committee recommendation for a Proposed MBA General Fund Operating Budget of \$700,000, and authorizes the Executive Director to submit the proposed 2019 MBA operating budget, attached as Schedule A, to Hennepin County, requesting a grant of \$700,000 from Hennepin County Ballpark Sales Tax; and **BE IT FURTHER RESOLVED** that the Minnesota Ballpark Authority Board hereby approves the Audit Committee recommendation for the Proposed MBA Capital Reserve Fund Budget of \$2,375,000, attached as Schedule B.

SCHEDULE A
2019 PROPOSED OPERATING BUDGET
GENERAL FUND

The General Fund provides for day-to-day operations of the MBA.

Budget Summary - Fund 82:

	2017 Actual	2018 Budget	2019 Proposed Budget
Beginning Fund Balance	\$ 1,054,560	\$ 1,067,832	\$ 1,067,832
Revenues:			
<i>County Grant</i>	660,000	720,000	700,000
<i>Interest Revenue</i>	9,801	-	-
<i>Other</i>	73	-	-
Total Revenue	\$ 669,874	\$ 720,000	\$ 700,000
Expenditures:			
<i>Personal Services</i>	406,460	433,350	435,800
<i>Commodities</i>	1,954	6,900	6,900
<i>Contracted Services</i>	183,823	214,250	196,700
<i>Other</i>	64,365	65,500	60,600
Total Expenses	\$ 656,602	\$ 720,000	\$ 700,000
Ending Fund Balance	<u>\$ 1,067,832</u>	<u>\$ 1,067,832</u>	<u>\$ 1,067,832</u>

SCHEDULE B

**2019 PROPOSED BUDGET
TWINS BALLPARK CAPITAL RESERVE FUND**

A Special Revenue Fund accounts for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Twins Ballpark Capital Reserve Fund is a Special Revenue Fund established as required in the Ballpark Lease Agreement By and Between the Minnesota Ballpark Authority and Twins Ballpark, LLC. Revenue sources for this fund include rent from Twins Ballpark, LLC, capital contributions from Hennepin County and interest earned on investments. Expenditures from the fund are restricted to capital improvements of the ballpark. At this time, there are no specific capital projects projected to be financed from this fund for 2019.

Budget Summary - Fund 83:

	2017 Actual	2018 Budget	2019 Proposed Budget
Beginning Fund Balance	\$ 15,006,028	\$ 15,581,877	\$ 12,852,877
Revenues:			
<i>Annual Rent</i>	967,372	978,000	997,000
<i>Hennepin County Contribution</i>	1,223,515	1,243,000	1,278,000
<i>Investment earnings</i>	144,497	50,000	100,000
Total Revenue	\$ 2,335,384	\$ 2,271,000	\$ 2,375,000
Expenditures:			
<i>Future Capital Projects</i>	1,759,535	5,000,000	2,375,000
Total Expenses	\$ 1,759,535	\$ 5,000,000	\$ 2,375,000
Ending Fund Balance	<u>\$ 15,581,877</u>	<u>\$ 12,852,877</u>	<u>\$ 15,227,877</u>

APPROVED

Resolution 18-MBA-142

Purpose:

To adopt the Hennepin County Investment Policy with respect to the investment of Minnesota Ballpark Authority funds.

Background:

On August 20, 2010, the Minnesota Ballpark Authority (the "Authority") adopted a Statement of Investment Objectives and Policies (the "Statement of Investment Objectives") which established

investment guidelines and procedures for the Authority and for the investment professionals it retained to manage Authority assets. The Statement of Investment Objectives was amended in 2012.

In 2010, the Authority issued requests for proposals for the solicitation of financial advisor services and for depository and financial agent services. After extensive review of the proposals by the Authority's Audit Committee Chair and staff, on August 20, 2010, the Audit Committee approved Hennepin County's proposal to serve as fiscal and depository agent and investment financial advisor for the Authority.

The Audit Committee met on June 28, 2018, and requested that staff examine the Statement of Investment Objectives with the intention of more closely aligning that policy with the Hennepin County Investment Policy, dated October 20, 2017, (the "Hennepin County Investment Policy"), as subsequently approved by the Hennepin County Board of Commissioners, on May 22, 2018. The Hennepin County Investment Policy is attached here as Exhibit A.

Resolution:

BE IT RESOLVED, by the Minnesota Ballpark Authority, that it adopts the Hennepin County Investment Policy, dated October 20, 2017, which includes provisions related to general objectives, standards of care, broker-dealer relationships, investment parameters, and suitable and authorized investments.

BE IT FURTHER RESOLVED, that the investment program shall be operated in conformance with Minnesota Statutes, Chapter 118A, regarding public funds as applicable to the Authority, and other federal or state legal requirements.

BE IT FURTHER RESOLVED, that the Audit Committee of the Authority is responsible for oversight and implementation of the Hennepin County Investment Policy and shall meet at least annually with Hennepin County, in its role as fiscal and depository agent, and investment financial advisor for the Authority, to review and evaluate the investment portfolio, amendments to the Hennepin County Investment Policy and other pertinent information as requested or desired.

BE IT FURTHER RESOLVED, that no person may engage in an investment transaction except as provided under the terms of the Hennepin County Investment Policy. The Executive Director, under the guidance of the Audit Committee, may establish additional controls to regulate the activities of subordinate officials. Officers and employees involved in the investment process shall refrain from conducting personal or business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment officials and employees shall annually disclose to the Audit Committee any material direct interest in financial institutions with which the Authority conducts business. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Authority.

The Minnesota Ballpark Authority Code of Conduct shall apply to all Authority members, officers and employees and their activities relating to or in connection with the Hennepin County Investment Policy and the subject matter hereof.

APPROVED

Resolution 18-MBA-143

Purpose:

To approve preliminary plans for ballpark alterations and enhancements proposed and funded by the Minnesota Twins.

Background:

Minnesota Twins officials have met with Minnesota Ballpark Authority staff over the course of the year to discuss potential capital improvement projects to enhance the overall guest experience at Target Field.

Over the past several months, the team has been working with Populous and Mortenson to refine the scope and budget for capital improvements projects that may be accomplished in advance of Opening Day 2019.

Based on these efforts, the team is now seeking authorization from the MBA to move forward on projects to alter the configuration of Gate 34 to allow security and guest services to screen and process waiting fans more promptly. The shift of the gate line will also create new space for fans to gather and an opportunity to add market vendors on the Ramp B side of the main concourse.

The team has committed to funding these projects internally and will not seek any financial participation from the MBA through the CapEx account. Pursuant to Article 8, Section 8.10 (a) of the Ballpark Lease Agreement, by and between Minnesota Ballpark Authority and Twins Ballpark, LLC, dated April 26, 2007 (the "Ballpark Lease"), the Twins are requesting approval to proceed with these ballpark alterations and enhancements. The team will present complete plans at the October MBA Board meeting.

Action Requested:

BE IT RESOLVED that the Minnesota Ballpark Authority hereby grants approval to the Minnesota Twins to proceed with planning for alterations and enhancements to the configuration of Gate 34 and expanded space for fans and market vendors on the main concourse.

BE IT FURTHER RESOLVED that the Minnesota Twins shall submit the full plans, specifications, and the final budget for these projects to the Minnesota Ballpark Authority, in compliance with Section 8.10 of the Ballpark Lease.

APPROVED

DISCUSSION ITEMS

Target Field Operations Update – Matt Hoy, Senior VP Operations, MN Twins. Mr. Hoy reported that Target Field is operating well this season. The cast iron in the sprinkler system is starting to corrode so the pipes will need to be taken apart and cleaned. The first of four scheduled concerts this season was held on June 23. The Eagles/Jimmy Buffet was a sell out and very successful. Luke Bryan will play on July 21 and over 30,000 tickets have been sold. The stage will be left in place for the 3rd scheduled concert, Journey/Def Leppard who will play on July 27. Over 30,000 tickets have been sold for that concert. The last scheduled concert is on August 10 featuring Zac Brown Band. To date, over 20,000 tickets have been sold for that event.

Financial Report – Brenda Juneau, MBA Finance Coordinator. Ms. Juneau reported on the MBA Financial Report as of June 30, 2018. From the General Fund, the MBA has \$256,000 in expenses for this year to date. Last year, the MBA Board authorized spending \$5 million from the Capital Reserve Fund for a portion of the Target Field off-season enhancements associated with Bat & Barrel. The project is now complete and the reimbursement payment has been made to the team, leaving a fund balance of \$10.6 million. The Capital Projects Fund has a balance of \$7.8 million.

There being no further business, Chair Anderson Kelliher moved to adjourn. The motion was approved unanimously 5 YEAS, 0 NAYS. The board meeting of the Minnesota Ballpark Authority for July 12, 2018 was adjourned at 1:47 P.M.

Next Meeting: October 11, 2018.