



Minnesota Ballpark Authority Board Meeting Minutes – July 9, 2015

Chair Margaret Anderson Kelliher called the board meeting of the Minnesota Ballpark Authority for July 9, 2015 to order at 1:00 p.m. The roll was taken. Commissioners Barb Sykora, Martin Olav Sabo, and Joan Campbell were present. Commissioner Paul Williams was absent.

Commissioner Sykora moved approval of the agenda, seconded by Commissioner Campbell and approved unanimously – 4 YEAS, 0 NAYS.

APPROVED

Commissioner Campbell moved approval of the April 9, 2015 meeting minutes seconded by Commissioner Sykora and approved unanimously – 4 YEAS, 0 NAYS.

APPROVED

Chair's Report – Chair Anderson Kelliher had no report.

Executive Director's Report – Executive Director Dan Kenney reported that MBA staff and the Twins have finalized agreements with Hines as they develop a new office building on the open parking lot beyond the 5th Street bridge. The first agreement provides an easement under the ballpark service road for the project's sanitary sewer line. The second agreement allocates maintenance costs on the portion of the road that runs across MnDOT property. Hines has agreed to take on all of the maintenance obligations there and if there is ever comes a point in the future where the road needs to be reconstructed across the MnDOT portion, the ballpark would be responsible for 25% of the cost. Both agreements have been executed and Hines is ready to move forward on their development.

Audit Committee Report – Commissioner Campbell reported that the committee met on June 22, 2015. The proposed 2016 MBA General Fund budget of \$790,000 is a 7.6% decrease from last year's budget. The Capital Reserve Fund budget is at \$2,208,000 which is the same as last year. The General Fund decrease is due in large part to lower costs for contractual services. The only significant budget increase is for benefits and potential staff salary adjustments. The Capital Reserve Fund revenue consists of investment earnings, tenant rent, and an annual capital contribution from Hennepin County, which are indexed for inflation.

ACTION ITEMS

RESOLUTION 110

Purpose:

To authorize submittal of the proposed 2016 MBA Operating and Capital Reserve Budget to Hennepin County.

Background:

Minnesota Laws 2006, Chapter 257, Section 12, subdivision 11 provides that the 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 Grant Agreement between the Minnesota Ballpark Authority and Hennepin County provides details regarding an annual grant for Authority operating costs and 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.

Attached is the MBA proposed operating budget for 2016. The MBA Audit Committee reviewed the proposed budget, as attached, on Monday, June 22, 2015 and has recommended approval.

The total proposed General Fund budget represents a 7.6% decrease in expenditures from the 2015 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, Unites States City Average, All items. As calculated for the period beginning January 2010 through May 2015, the County capital contribution is proposed to be less than \$1,210,000, relatively no increase from the previous year.

To remain consistent with previous year budget practices, staff recommends using the CPI increase for the period beginning January 2010 through June 2015. Though the June CPI tables are not available yet, the change is not expected to be significant. Language has been included in the Resolution, allowing for the calculation of CPI through June.

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. As calculated for the period beginning January 2010 through May 2015 the Twin's rent amount is proposed to be less than \$960,000 for 2016. This too is expected to change slightly, when calculated for the period from January 2010 to June 2015.

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 \$790,000, and authorizes the Executive Director to submit the proposed 2016 MBA operating budget, attached as Schedule A, to Hennepin County, requesting a grant of \$790,000 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 \$2,208,000, attached as Schedule B, and authorizes the Executive Director to request an annual capital reserve contribution from Hennepin County Ballpark Sales Tax in the amount indexed for inflation, for the period from January 2010 through June 2015, as more clearly defined in the Development Agreement By and Among Hennepin County and Minnesota Ballpark Authority and Minnesota Twins, LLC.

APPROVED

RESOLUTION 111

Purpose:

To authorize MBA staff to issue an RFP for Insurance Broker Services.

Background:

In July of 2006, the MBA passed resolution 06-MBA-7 authorizing the executive director to procure insurance in reasonable amounts for the purposes provided in the ballpark authorizing legislation. In September of 2006, the MBA passed resolution 06-MBA-17 which authorized MBA staff to engage Aon Risk Services, Inc. of Minnesota to secure cost competitive directors and officers insurance, commercial general liability insurance, worker's compensation insurance, automobile liability insurance, and other basic insurance related to the operations of the MBA. Aon has continued to provide these services to the MBA since 2006 and MBA staff would now like to issue an RFP for to ensure that the MBA is receiving the most cost effective and comprehensive insurance broker services available.

Action Requested:

BE IT RESOLVED that the Minnesota Ballpark Authority authorizes MBA staff to issue an RFP for Insurance Broker Services.

Margaret Anderson Kelliher moved to amend the motion, as follows:

Be It Further Resolved, that the Minnesota Ballpark Authority authorizes the Executive Director to review the responses in consultation with the MBA's risk management consultant, and to negotiate and enter into an agreement with the Insurance Broker deemed most responsive to the RFP.

The amendment was seconded by Commissioner Campbell and approved.

APPROVED

RESOLUTION 112

Purpose:

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

Background:

Minnesota Twins officials have met with Minnesota Ballpark Authority staff to discuss potential capital improvement projects that may be accomplished in advance of Opening Day 2016.

The team is seeking authorization to move forward on two projects. The first will modify the space on Level 2 in center field, below the Celebration Sign. The team is proposing to remove the seats and expand the section by filling in an existing gap in the stands. These modifications will allow for the creation of a new drink rail seating area on the side facing the field, and an expanded standing room area. The design will expand existing concessions and create a new destination and gathering spot for fans in center field, one level above Gate 3. Programming is still being finalized, but the net capacity of the ballpark should increase with these proposed changes. The team is also seeking authorization to remodel a single suite to serve as a prototype for potential enhancements on the suite level in future years. Populous is designing both projects and Mortenson will be managing the construction.

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.

Action Requested:

BE IT RESOLVED that the Minnesota Ballpark Authority hereby grants approval to the Minnesota Twins to proceed with alterations and enhancements in center field above Gate 3, as set forth in the concept drawings provided to and reviewed by the Executive Director of the Authority; and modifications to a single suite to create a new prototype on the suite level; and all such alterations and enhancements are to be paid for by the Minnesota Twins.

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, MN Twins, Senior VP Operations – Mr. Hoy commented that the Bario bar and nearby concessions are doing very well. Ticket sales are 65,000 ahead of predictions this year and even though there was a downturn in season tickets sold. This year's fans are buying tickets a week before a game and walking up on game days, resulting in somewhere between 2500 to 6000 tickets being sold within a week or less of games. Merchandise is selling very well, Hunter jerseys are sold out right now and jersey sales for Buxton, Sano and Dozier are also big sellers. Delaware North has more jerseys on order. Mr. Hoy said he did a half season walkthrough with Delaware North and met with the Marsden maintenance people. Staffing issues were discussed and both organizations continue to hire more employees to keep up with their high workloads. Delaware North noted that they have a hiring fair coming up. The parking lot has been seal coated and the wood benches on the plaza and the louvers on the building have been re-stained. Target Field Station hosted a viewing party of over 500 people for the USA women's championship soccer game. The Kenny Chesney concert for Saturday, July 18th is sold out and 20,000 plus tickets have been sold for the concert on Sunday, July 19th. Staging will begin to be put up starting on Tuesday, July 14th.

MBA Financial Report - Brenda Juneau, MBA Finance Coordinator – Ms. Juneau's report is through the end of June. Expenditures are tracking about the same as last year. The MBA paid out \$382,000 to the Twins for security enhancements done in 2013. There is \$10 million in the Capital Reserve Fund and the interest earnings are doing well.

There being no further business, Chair Anderson Kelliher moved to adjourn. The motion was approved unanimously - 4 YEAS, 0 NAYS. The board meeting of the Minnesota Ballpark Authority for July 9, 2015 was adjourned at 1:40 P.M.

Next Meeting: October 8, 2015 Target Field Tour Theatre