



Minnesota Ballpark Authority Board Meeting Minutes – October 5, 2017

Chair Margaret Anderson Kelliher called the board meeting of the Minnesota Ballpark Authority for October 5, 2017 to order at 1:00 p.m. The roll was taken. Commissioners Joan Campbell, David Ybarra and Paul Williams were present. Commissioner James Campbell was absent.

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

APPROVED

Commissioner Joan Campbell moved approval of the July 13, 2017 meeting minutes seconded by Commissioner Ybarra and approved unanimously – 4 YEAS, 0 NAYS.

APPROVED

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

Executive Director's Report – Executive Director Dan Kenney reported that the Minneapolis Planning Commission approved the building of a new hotel and music venue on the corner of 6th Avenue and 5th Street, next to Target Field Station. The Target Center renovations are almost complete.

Audit Committee Report – Commissioner Joan Campbell reported that the Audit Committee met for the exit meeting with the State Auditor on September 25, 2017. There were no significant findings during the Audit. Commissioner Campbell moved that the board ratify the recommendation of the Audit Committee to accept the Audit and to approve publication of the Minnesota Ballpark Authority's 2016 Annual Financial Report.

APPROVED

ACTION ITEMS

Resolution 17-MBA-134

Purpose:

To adopt a final 2018 MBA operating budget and Special Revenue Fund budget for the Minnesota Ballpark Authority.

Background:

The MBA Board reviewed the proposed 2018 operating budget of \$720,000 at their July 13th meeting. The Board then authorized the Executive Director to submit the proposed 2018 MBA budget to Hennepin

County for approval, as called for in the Grant Agreement between the Minnesota Ballpark Authority and Hennepin County. The Hennepin County Board of Commissioners reviewed the proposed budget at their September 12, 2017 board meeting and are scheduled to adopt a final budget on December 12, 2017.

The MBA is requesting a grant from Hennepin County Sales Tax in the amount of \$720,000, to fund the General Fund in 2018. No changes or amendments to the proposed General Fund budget are being submitted at this time. The General Fund budget for 2018 is shown in Schedule A, as attached.

Per the Lease Agreement between the Minnesota Ballpark Authority and Twins Ballpark, LLC, a capital reserve fund was established, upon completion of the ballpark, to account for future ballpark improvements. Annual contributions to the Twins Ballpark Capital Reserve Fund include rent from Twins Ballpark, LLC and a capital contribution from Hennepin County. Contributions from the County are provided in the amount of \$1,100,000, indexed for inflation. The annual requested capital contribution from Hennepin County for 2018 is \$1,243,501, and annual rent from the Twins, indexed for inflation, is calculated at \$978,273. A proposed Twins Ballpark Capital Reserve Fund budget of \$2,271,000 is hereby recommended, and is shown in Schedule B attached.

Action Requested:

BE IT RESOLVED that the Minnesota Ballpark Authority Board hereby adopts a final 2018 General Fund budget of \$720,000, as incorporated herein and attached as Schedule A, pending final approval by the Hennepin County Board on December 12, 2017; and

BE IT FURTHER RESOLVED that the Minnesota Ballpark Authority Board hereby adopts a 2018 Special Revenue Fund budget of \$2,271,000, for the Ballpark Capital Reserve Fund, as incorporated herein and attached as Schedule B.

APPROVED

SCHEDULE A
2018 OPERATING BUDGET
GENERAL FUND

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

Budget Summary - Fund 82:

	2016 Actual	2017 Budget	2018 Budget
Beginning Fund Balance	\$ 1,066,703	\$ 1,054,560	\$ 1,054,560
Revenues:			
County Grant	640,000	725,000	720,000
Interest Revenue	4,203	-	-
Total Revenue	\$ 644,203	\$ 725,000	\$ 720,000
Expenditures:			
Personal Services	401,067	430,350	440,350
Commodities	12,988	6,900	6,900
Contracted Services	191,125	214,250	214,250
Other	51,166	73,500	58,500
Total Expenses	\$ 656,346	\$ 725,000	\$ 720,000
Ending Fund Balance	\$ 1,054,560	\$ 1,054,560	\$ 1,054,560

SCHEDULE B
2018 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.

Budget Summary - Fund 83:

	2016 Actual	2017 Budget	2018 Budget
Beginning Fund Balance	\$ 12,783,674	\$ 15,006,028	\$ 17,248,028
Revenues:			
<i>Annual Rent</i>	960,782	968,000	978,000
<i>Hennepin County Contribution</i>	1,211,433	1,224,000	1,243,000
<i>Investment earnings</i>	50,139	50,000	50,000
Total Revenue	\$ 2,222,354	\$ 2,242,000	\$ 2,271,000
Expenditures:			
<i>Future Capital Projects</i>	-	2,242,000	2,271,000
Total Expenses	\$ -	\$ 2,242,000	\$ 2,271,000
Ending Fund Balance	\$ 15,006,028	\$ 17,248,028	\$ 19,519,028

Resolution 17-MBA-135

Purpose:

To set the 2018 Minnesota Ballpark Authority board meeting schedule.

Background:

The Minnesota Open Meeting Law anticipates that public bodies will set regular meetings. In August of 2006, the Authority passed a resolution establishing regular monthly board meetings. In June of 2010, upon completion of ballpark construction and the opening of Target Field, the MBA changed their meeting schedule from monthly to quarterly meetings.

Action Requested:

BE IT RESOLVED that the Minnesota Ballpark Authority 2018 quarterly board meetings will be held on Thursday, January 11th, Thursday, April 12th, Thursday, July 12th, and Thursday, October 11th. All meetings will begin at 1:00 p.m. at Target Field. Staff is directed to post the new schedule on the website and to post notification by such other means as they determine necessary and appropriate.

APPROVED

Resolution 17-MBA-136

Purpose:

To authorize the expenditure of funds from the Ballpark Capital Reserve Fund in support of the concourse expansion between Gate 29 and Gate 34, the addition of a new elevator and stairwell to provide a direct connection from the main concourse to the Metropolitan Club, and new operable glass doors facing the field; to authorize MBA staff to finalize the scope, design and cost details with the Minnesota Twins; and to authorize the Chair and Executive Director to enter into any necessary agreements to achieve these improvements, and provide for the expenditure of funds.

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.

At the July MBA Board meeting the team outlined the concept plans to expand the main concourse between Gates 29 and 34, reorganize the concession stands in that area, and enhancements for the Metropolitan Club.

The key changes for the Metropolitan Club include reconfiguring the space and opening it up to the field by adding new operable glass doors facing the field. The project will also create a direct connection from the club to the main concourse via a new elevator and stairwell. The remodeled space will be reprogrammed to be open and accessible to all fans.

The team has now finalized the cost estimates for these projects, and the other smaller ballpark capital investments needed in advance of the 2018 season. The total cost for all of the projects will exceed \$15 million. As outlined in the attached letter, the team is requesting the Minnesota Ballpark Authority consider

providing up to \$5 million from the Ballpark Capital Reserve Fund to cover the construction costs for the structural changes that will improve access and circulation for all guests visiting the ballpark. The team is committed to funding the remaining \$9.2 million to complete the project, and is likely to invest an additional \$1-\$3 million on smaller capital projects.

The Ballpark Capital Reserve Fund was established in 2007, as part of the Ballpark Lease Agreement between the Minnesota Ballpark Authority and the Minnesota Twins. Annual contributions from Hennepin County and the Minnesota Twins began in 2010, and the Capital Reserve Fund balance will be approximately \$15.5 million after the 2017 payments are received in November. The use of these funds is restricted to payment for CapEx Work, which is defined in the Lease as:

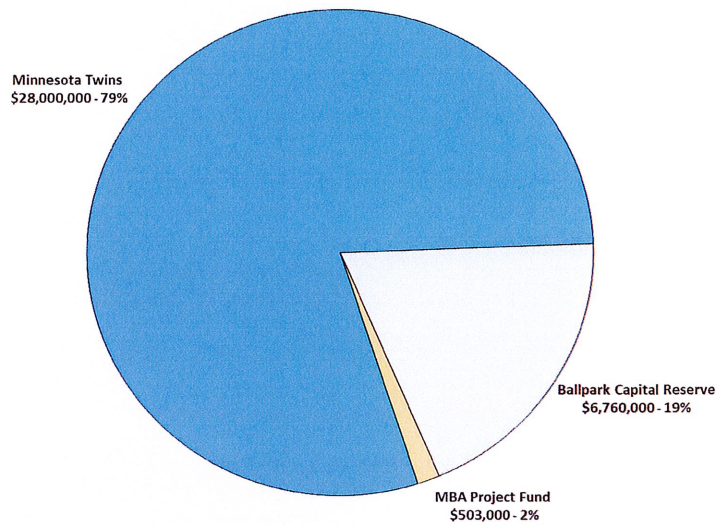
- (a) all capital modifications, replacements or additions to the Ballpark that (i) taken as a whole, can be demonstrated to be reasonably necessary, directly or indirectly, for the Team to maintain its relative financial position within MLB with regard to revenues from the Ballpark; or (ii) are reasonably necessary to keep the Ballpark in first-class condition or to prevent the facilities and amenities of the Ballpark from becoming materially outdated or obsolete in comparison to other MLB ballparks constructed between 2002 and 2010; provided, however, that work described in this subparagraph (a) performed during the first two (2) years of the Term shall not be CapEx Work; and
- (b) all work, the cost of which may properly be capitalized under GAAP, that is reasonably required to be performed in and about the Ballpark to repair, restore or replace any elements of the Ballpark necessitated by any damage, destruction, ordinary wear and tear or obsolescence.

Ballpark Capital Improvements Funding History

From 2011 through 2017, the Minnesota Twins funded approximately \$18 million in Ballpark Capital Improvement projects. The MBA authorized funding two Ballpark Capital Improvement projects from the MBA's Capital Projects Fund: \$450,000 to support perimeter security enhancements in advance of the 2014 All Star Game, and \$53,000 last year for plaza bridge repairs.

This is the second request the MBA has received from the team to use Ballpark Capital Reserve Funding. Last year the MBA approved spending up to \$1.77 million for the new LED fielding lighting system. If the 2018 projects are approved as proposed, the chart below provides a breakdown on ballpark capital investments since Target Field opened.

SOURCE OF FUNDS FOR BALLPARK CAPITAL IMPROVEMENTS, 2011-2018



MBA staff is requesting authorization to work with the Minnesota Twins to enter into a cost reimbursement agreement in an amount not-to-exceed \$5 million to fund a portion of the proposed 2018 Ballpark CapEx projects.

Action Requested:

BE IT RESOLVED that the Minnesota Ballpark Authority authorizes the expenditure of funds from the Ballpark Capital Reserve Fund in an amount not-to-exceed \$5 million in support of the concourse expansion between Gate 29 and Gate 34, the addition of a new elevator and stairwell to provide a direct connection from the main concourse to the Metropolitan Club, and operable glass doors facing the field, with the team funding the remaining \$9.2 million to complete the project.

BE IT FURTHER RESOLVED that the MBA is not responsible for any additional project cost escalation or project cost overruns.

BE IT FURTHER RESOLVED that MBA staff is authorized to finalize the scope, design and cost details with the Minnesota Twins, and the Chair and Executive Director are authorized to enter into any necessary agreements to achieve these improvements and provide for the expenditure of funds from the Ballpark Capital Reserve.

APPROVED



September 29, 2017

Mr. Dan Kenney
Executive Director
Minnesota Ballpark Authority
1 Twins Way Suite 300
Minneapolis, MN 55403

Dear Dan,

This letter is written regarding the previously approved Alteration request dated July 5, 2017. (Resolution 17 – MBA – 133). Since Target Field opened in 2010, the Team has funded, at its sole cost, \$17.895M in capital improvement projects that continue to make Target Field a first class Major League baseball facility. Our projections for capital improvements to maintain that status, some of which were included in the recently approved alterations for 2018, have caused us to reconsider the approved request and modify as follows.

The Team requests a distribution of \$5M from the existing CapEx Reserve Fund to cover the hard costs for three elements of the right-field corner project included in the approved request, as follows:

- 1) The widening of the main concourse to reduce congestion and improve pedestrian movement during ballpark events;
- 2) The operable glass doors on the field facing wall of the Metropolitan Club (currently a limited access space available only for season ticket holders), which is being converted into a non-exclusive space that will be open to all guests; and
- 3) The elevator and stairs to create vertical circulation and access from the Main Concourse into the new public space.

The budget for the hard costs of the three elements listed above are nearly \$5M before any soft costs are allocated. The overall budget for this project is currently \$14.2M. The Team will solely fund the remaining \$9.2M for completion of this project.

Other capital improvement projects under consideration include replacing/updating the converged network (a 3 year project), seat replacement in the Delta Sky 360 Club, replacement of the wireless intercom system, HVAC re-commissioning, replacement of the scoreboard storage SAN, a new point of sale system (POS) for concessions and merchandise sales and a variety of other projects. The total cost of these Cap Ex projects ranges from \$1.054M-\$3.054M, depending on timing of the POS project. All of these capital improvement projects the Team alone expects to fund.

We appreciate our partnership with the MBA and your consideration of this request.

Sincerely,

Matthew D Hoy
Senior Vice President, Operations

TARGET FIELD™

1 Twins Way • Minneapolis, MN 55403

Executive Office: 612.659.3400 • Ticket Office: 612.33.TWINS • www.twinsbaseball.com



World Champions



American League Champions



Division Champions

DISCUSSION ITEMS

Target Field Operations Update – Matt Hoy, Minnesota Twins Senior V.P. of Operations. Mr. Hoy reported that the improved performance of the team this season led to improved attendance at the games, 2.05 million this year. The July concert events with Billy Joel on July 28 and Florida Georgia Line, Backstreet Boys and Nelly on July 29 performed to sell-out crowds. The college football game at Target Field on September 23, between St. Thomas and St. Johns was close to a sell out and the enthusiasm of the crowd made for a great experience at Target Field. The winterization of the building has begun and should take about six weeks. The renovation of the Metropolitan Club and surrounding area is scheduled to begin on October 16th. The Twins has applied for Federal Safety Act designation to make Target Field compliant with the most stringent security standards. The team will work together with MLB and Homeland Security to ensure that they have taken all possible security precautions.

Financial Report – Brenda Juneau, MBA Finance Coordinator. Ms. Juneau reported for the period ending August 31, 2017. The OCIP account under the Capital Project Fund has been reduced again this year. For the General Operating Fund, the budget is at \$725,000 and we are currently at \$376,000 because the contractual services costs are down this year. Insurance costs are also likely to be less than last year so the General Operating fund will likely be at \$700,000 at the end of the year.

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 October 5, 2017 was adjourned at 1:47 P.M.

Next Meeting: January 11, 2018.