



Minnesota Ballpark Authority Board Meeting Minutes – July 11, 2024

Chair Margaret Anderson Kelliher called the board meeting of the Minnesota Ballpark Authority for July 11, 2024, to order at 10:32 a.m. The roll was taken. Commissioners Tony Sanneh, Justin Baylor and Jim Campbell were present. Commissioner David Ybarra participated via Zoom.

Commissioner Jim Campbell moved approval of the agenda, seconded by Commissioner Justin Baylor, and approved unanimously – 5 YEAS, 0 NAYS.

APPROVED

Commissioner Tony Sanneh moved approval of the April 11, 2024, meeting minutes seconded by Commissioner Justin Baylor and approved unanimously – 5 YEAS, 0 NAYS

APPROVED

Public Comment Period - No Public Comment

Chair’s Report – Chair Anderson Kelliher deferred to Executive Director Kenney for his report.

Executive Director’s Report – Executive Director Kenney reported that the North Loop Green Project officially opened on June 20th and is a great addition to the North Loop Neighborhood. Mr. Kenney said that the Washington State Ballpark Public Facilities District will be in town on July 24th as part of a tour of some Midwest Ballparks. They will take a tour of Target Field, meet with members of the MBA and Twins staff and will observe a Twin’s game from the MBA suite. A motion was made for the use of the suite that day by Commissioner Tony Sanneh, seconded by Commissioner Jim Campbell and approved unanimously.

Facility Condition Assessment – Bill Mykins and David Almany from Brailsford and Dunlavey gave a Power Point presentation on Target Field’s history and long-term capital needs. Under the terms of the Minnesota Ballpark Authority’s lease with the Minnesota Twins, the team is responsible for paying all the annual operating, maintenance, and routine

repair expenses at Target Field. From 2010 through the end of 2023, the team's ballpark operating costs totaled just over \$243 million. Since the ballpark opened, the team exclusively funded more than \$62.5 million in capital improvements to enhance Target Field and the surrounding areas to evolve, adapt and improve the ballpark experience for fans and the community alike. Since 2017, the MBA and the Twins have used just over \$20 million from the joint MBA-Twins Capital Reserve Fund for additional upgrades and capital expenditures to maintain the facility and enhance the fan experience. The consultant's report compared six MLB ballparks with recent lease renewals and/or significant renovation projects and ballparks of comparable scale, age, and design. The average long-term capital needs for these comparable facilities was \$15.8 million annually during the lease term, when adjusted to present day dollars. Brailsford and Dunlavey engaged Populous and Mortenson to work with the team's staff to make assessments across major categories: building envelope, fan experience, team spaces, building systems, and technology. It is forecasted through 2039 that Target Field could require up to \$256 million in capital investments, or an average of \$17 million annually. The largest amount identified in projects is the fan experience category and the technology category.

Audit Committee Report – Commissioner David Ybarra reported on the July 1st Audit Committee meeting. He said the committee reviewed the 2025 MBA Operating and Capital Reserve Budget and recommended it be sent on for approval at the July 11 board meeting. The 2023 audit will begin this summer and completed by the end of the year.

ACTION ITEMS

07-11-24 Proposed Budget Resolution 24-MBA-203

Purpose:

To authorize submittal of the proposed 2025 MBA Operating and Capital Reserve Budget to Hennepin County.

Background:

Minnesota Laws, Chapter 473, Section 473.757, subdivision 11 provides that Hennepin County may use certain proceeds from the authorized sales and use tax revenue to pay for governmental operating costs of the Authority, other than operating and maintaining the Ballpark. 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 each year. A final budget will be adopted by the MBA Board in October.

Attached is the MBA proposed operating (Schedule A) and capital reserve (Schedule B) budget for 2025. The MBA Audit Committee reviewed the proposed budget on Monday, July 1, 2024, making a motion to recommend approval by the Board.

Schedule A summarizes the proposed General Fund budget for 2025, representing a 2.9% increase in expenditures from the 2024 budget.

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

The Development Agreement between the Twins and MBA defines Consumer Price Index (CPI) increases for rent payments and capital contributions to the Special Revenue Fund. This increase is 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. It has been agreed to by all the parties that the change in CPI base will be calculated as the change from January 2010 to June of the current year then multiplied by the original 2010 contribution, resulting in an annual contribution for the following year.

The proposed budget for the Capital Reserve Fund includes estimated Twins Rent and Hennepin County capital contribution using the CPI change from January 2010 through May 2024. For Hennepin County, the proposed estimated amount is \$1,601,969 for 2025.

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 calculated for the period beginning January 2010 through May 2024 the Twin's rent amount is estimated to be \$1,173,801 for 2025. These estimated amounts are subject to change, as required in MBA Agreements, after the July 11th release of CPI data.

Action Requested:

BE IT RESOLVED that the Minnesota Ballpark Authority Board hereby approves the Audit Committee recommendation for a Proposed 2025 MBA General Fund Operating Budget of \$674,000 and 2.6 Full-Time Equivalents, and authorizes the Executive Director to submit the proposed 2025 MBA operating budget, attached as Schedule A, to Hennepin County, requesting a grant of \$674,000 from Hennepin County Ballpark Sales and Use Tax; and

BE IT FURTHER RESOLVED that the Minnesota Ballpark Authority Board hereby approves the Audit Committee recommendation for the Proposed 2025 MBA Capital Reserve Fund Budget of \$ 2,926,000, as shown in Schedule B, subject to change, as required in MBA Agreements, after the July 11th release of CPI data.

APPROVED

07/11/24 Proposed Resolution 24-MBA-204

Purpose:

To authorize the expenditure of funds from the Ballpark Capital Reserve Fund and Ballpark Capital Projects Fund to reimburse the Minnesota Twins for costs associated with capital

improvements on the plaza inside Gate 34 and capital improvements on the Sixth Street Bridge, plaza, and connector; and to authorize the Chair and Executive Director to enter into any necessary agreements to provide for the expenditure of funds.

Background:

The team engaged Kimley Horn to do an analysis of the condition of the plaza topping slab inside Gate 34 and Sixth Street bridge, plaza, and connector, and to prepare a report including recommended repair and rehabilitation measures. MBA staff has reviewed the Kimley-Horn report in detail with the team.

The report recommends the replacement of the existing plaza topping slab inside the gate line at Gate 34, as well as the plaza topping slab and expansion joints outside the ballpark, the exterior concrete and certain structural aluminum railing posts. Requests for proposals were solicited from five (5) qualified contractors for this scope of work.

After evaluating the responses, MBA staff and the team recommend selecting Mortenson as they provide the best value for this project. The pricing is competitive, the firm's knowledge of the site and history of performance will be beneficial given the complexity and potential unknowns for this structural work. Mortenson's proposed NTE budget is \$4.2 million.

Under the Ballpark Lease Agreement by and between Minnesota Ballpark Authority and Twins Ballpark, LLC the plaza capital repairs inside Gate 34 may be funded through the Ballpark Capital Reserve Fund. The capital improvements for the Sixth Street pedestrian bridge, plaza, and connector are the cost responsibility of the MBA and may be funded from the Capital Projects Fund.

The MBA staff will work closely with the team and Mortenson on further refining the cost allocations between the funding sources as the project moves forward.

Action Requested:

BE IT RESOLVED that the Minnesota Ballpark Authority authorizes the expenditure of funds in an amount not-to-exceed \$4.2 million from the Ballpark Capital Reserve Fund and Ballpark Capital Projects Fund, as appropriate, to reimburse the Minnesota Twins for costs of the 2024 capital improvements on the plaza inside Gate 34 and capital improvements on the Sixth Street pedestrian bridge, plaza, and connector, all according to the requirements under the Lease.

BE IT FURTHER RESOLVED that MBA staff is authorized to finalize the cost allocation and funding details with the Minnesota Twins. The Chair and Executive Director are authorized to enter into any necessary agreements to provide for the expenditure of funds from the Ballpark Capital Reserve Fund and the Capital Projects Fund. The Executive Director is authorized to transfer and disburse funds as directed.

APPROVED

Purpose:

To approve the proposed agreement between the Minnesota Ballpark Authority and the Minnesota Twins acknowledging MLB Rules pertaining to Section 2.5 of the Baseball Playing and Use Agreement and the application of Minnesota Statutes, Section 473.763.

Background:

Section 2.5 of the Baseball Playing and Use Agreement, dated as of April 26, 2007 (the Use Agreement) between the Minnesota Ballpark Authority (the Authority) and the Minnesota Twins, LLC (the Minnesota Twins) includes a right of first refusal in connection with a sale of the Minnesota Twins. Under Minnesota Statutes, Section 473.763, this formation is “[s]ubject to the rules of Major League Baseball.”

After the statute was enacted in 2006 and the 2007 effective date of the Use Agreement, Major League Baseball (MLB) amended its rules to prohibit the controlling interest in a Major League Club from being held in the form of publicly traded shares or by a publicly traded entity.

Attached is a proposed agreement, which is recommended for approval by the Board, acknowledging these MLB rules.

BE IT RESOLVED that the Minnesota Ballpark Authority approves the agreement between the Minnesota Ballpark Authority and the Minnesota Twins regarding Section 2.5 of the Baseball Playing and Use Agreement and the application of Minnesota Statutes, Section 473.763.

BE IT FURTHER RESOLVED that the Board authorizes the Chair and the Executive Director to take such actions as are necessary or convenient to effectuate this Resolution.

APPROVED

DISCUSSION ITEMS

Target Field Operations Update – Matt Hoy, Senior VP, Operations, Minnesota Twins. Mr. Hoy reported that the Twins have played 45 games at Target Field so far this season and attendance is just under 1 million. The Upper Deck Golf event at Target Field begins on July 12th. July 28th is the Foo Fighters Concert and approximately 40,000 tickets have been sold so far. August 17th will be the Green Day/Smashing Pumpkins concert and on August 19th will be the Def Leppard, Journey, and Steve Miller concert. The repair of the promenade support planks near Gate 6 is complete. The Twins and Delaware North are exploring concession opportunities to establish more grab and go concessions as this concept has been successful and well-received by fans. There was an incident this season at the Milwaukee Brewers ballpark with an escalator malfunction during a game. Because of this, the Twins recently had an inspection of all escalators at the ballpark and they are in good working order.

Financial Report – Brenda Juneau, MBA Finance Coordinator. Ms. Juneau reported that the 2023 Financial Summary is included in the meeting packet. For the financials up to June 30th, the General Fund is typical for this time of year. A significant portion of MBA expenditures are at year end and are expected to be on budget.

There being no further business, Chair Margaret Anderson Kelliher adjourned the meeting at 11:40 a.m. Next meeting: October 10, 2024