

Executive Summary of Grant Agreement*

Purpose of the Grant Agreement

The Grant Agreement between Hennepin County and the Minnesota Ballpark Authority specifies the terms and conditions upon which the County will make grants of property interests and funds and other assistance to the Ballpark Authority for the financing and construction of the new Minnesota Twins Ballpark and related public infrastructure, and for the operations of the Ballpark Authority.

Legal Basis for the Grant Agreement

Laws 2006, Chapter 257 provides in section 12, subdivision 1 that the County may authorize, by resolution, and make one or more grants to the Authority for the ballpark development and construction, public infrastructure, reserves for capital improvements, and other purposes related to the Ballpark Project on the terms and conditions agreed to by the County and the Authority.

Section-By-Section-Summary

Section 1. Definitions. This section states the definitions for various terms used in the document.

Section 2. Compliance with applicable laws. In this section, the parties agree to comply with all applicable laws, and more specifically agree to conform their actions and this document to all applicable tax compliance rules.

Section 3. Cooperation to achieve goals of Ballpark Project. In this section, the parties agree to assist each other to achieve the goals of the project. If requested by the Authority, the County agrees to share employees or consultants or County facilities, equipment, technology or systems with the Authority and to be the Authority's fiscal agent. The Authority is not required to reimburse the County unless otherwise agreed to.

Section 4. Grant of funds for Ballpark construction costs and for Public Infrastructure. In this section, the County agrees to grant certain funds to the Authority for ballpark construction costs; for public infrastructure costs incurred for the acquisition of property interests not acquired by the County and granted to the Authority; and for the public infrastructure improvements not constructed by the County and granted to the Authority. These funds may be from the proceeds of County sales tax revenue bonds. The Authority is allowed to retain and use for any lawful purpose any interest earnings on proceeds of any funds granted by the County. The County is entitled to recoup unspent and unencumbered granted funds should the project not go forward. Construction funds from the County and the Twins will be deposited into a construction fund in which the

* This executive summary is for background purposes only. It is not a legally binding document, and it is not intended to be used, nor may it properly be used, to ascertain or represent the legal intent of any of the respective parties with respect to the agreement it summarizes.

County will have a contingent beneficial interest for repayment should the project not go forward.

Section 5. Grant of Property Interests or Acquisition of Property Interests with Granted Funds for Ballpark Project. In this section, the County and the Authority agree to cooperate in the acquisition of property interests as needed for the project. The County agrees to convey to the Authority real property interests acquired by the County and infrastructure improvements funded by the County. The Authority agrees to assist the County in the acquisition of property interests and to use granted funds to acquire remaining property interests or construct remaining infrastructure. To the extent of granted funds, the Authority agrees to assume the County's obligation to make payments, if any, for the ballpark site being acquired through condemnation, to the extent the County's condemnation deposit is not sufficient.

Section 6. County's grants for certain costs of the Authority. In this section, the County agrees to make grants for certain costs of the Authority from sales tax revenues. The County agrees to make annual grants to pay the Authority's operating costs and for the maintenance, repairs, improvement and replacement of public infrastructure; a procedure is set forth for determining the appropriate amounts. The County's grants may be pre-paid, and the County may establish a reserve for payment of grants once the County no longer has authority to collect sales taxes for these purposes. The County may also make other grants to the Authority, in the County's sole discretion, for other lawful purposes of the Authority. This section specifies that the County is not an obligor or guarantor of the debts or obligations of the Authority.

Section 7. Accounting and Records. In this section, the Authority agrees to provide relevant and necessary information to the County relating to all funds granted. The Authority will also provide ongoing financial and managerial reports to the County during construction of the project, and annual financial reports to the County once the ballpark is operational. The Authority will also conduct or cause to be conducted an annual external audit and provide such audit to the County.

Section 8. County to pay certain capital improvement costs. In this section, the County agrees to make annual grants beginning at \$1.1 million and adjusting annually for inflation for a capital improvement reserve for the ballpark.

Section 9. Estimation of Remaining Obligations Date. In this section, the parties agree that at least one year prior to the expiration of the County's authority to levy the sales tax for ballpark purposes, the parties will meet and agree on an accounting of all outstanding or estimated remaining obligations of the County to make grants or payments to the Authority. The County will then pre-pay all such remaining obligations prior to the Estimation of Remaining Obligations Date and/or fund a reserve fund sufficient to pay all such remaining obligations. Excess pre-paid amounts, if any, will be refunded to the County less a reasonable amount for Authority reserves.

Section 10. Agreement subject to execution of other agreements. This section provides that the grant agreement does not take effect until the Authority executes the use and lease agreements in a form acceptable to the County and the Authority and the County execute the Development Agreement with the Twins.

Section 11. Authority to Require Certain Terms and Provisions. In this section, County requires that the Authority include a number of provisions in its lease or use agreement with the Twins, including: the statutory requirements for workforce inclusion during construction and operation; the Twins must pay all ballpark operating costs; the Twins must agree to a no-escape lease or use agreement for at least 30 years enforceable by specific performance; the Twins must comply with the statutory requirement for potential public ownership in the event of a planned sale of the team; the Twins must comply with the statutory requirement for payment to the Authority of a percentage of an sale proceeds if the team is sold within the first 10 years after commencement of ballpark construction; the Twins must provide for affordable access; there must a public sector labor agreement during construction of the ballpark; the Twins must provide an additional \$250,000 each year, adjusted for inflation, for youth and amateur sports; the ballpark must meet LEED certification under the conditions provided in the ballpark legislation and, to the extent practicable, the ballpark design must be architecturally significant; the ballpark design must, to the extent feasible, follow sustainable building guidelines established under state law; and the ballpark must, to the extent practicable, be constructed with American-made steel.

Section 12. Frustration of Public Purposes. In this section, the parties agree on mechanisms for the County to recover the value of any property interests or funds granted should the project not proceed or should there not be a major league baseball franchise in the ballpark for the 30-year term of the lease or use agreement.

Section 13. Amendment. This section provides that the grant agreement can only be amended as the parties may mutually agree in writing.

Section 14. Termination. This section defines breaches of the agreement that permit termination

Section 15. Data Practices. In this section, the parties agree to consult with each other to the extent practicable prior to responding to a request under the Minnesota Government Data Practices Act or similar laws or rules for data arising out of the agreement.

Section 16. Liability. This section provides that both parties are responsible for their own acts or omissions relating to the agreement. The Authority is required to procure sufficient insurance. Both parties retain their maximum rights under the state tort cap (Chapter 466).

Section 17. Remedies. This section sets forth the remedies available to both parties.

Section 18. Warranty of Legal Capacity. In this section, both parties warrant that the person(s) signing the agreement for the party are authorized to do so.

Section 19. Miscellaneous. This section contains miscellaneous legal provisions that are common boilerplate in contract documents.