



Minnesota Ballpark Authority Board Meeting Minutes – July 7, 2016

Chair Margaret Anderson Kelliher called the board meeting of the Minnesota Ballpark Authority for July 7, 2016 to order at 1:00 p.m. The roll was taken. Commissioners Joan Campbell, Paul Williams and David Ybarra were present. Commissioner Barb Sykora was absent.

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

APPROVED

Commissioner Campbell moved approval of the April 7, 2016 meeting minutes seconded by Commissioner Williams and approved unanimously – 4 YEAS, 0 NAYS.

APPROVED

Chair's Report – Chair Margaret Anderson-Kelliher welcomed new MBA commissioner, David Ybarra. Commissioner Ybarra is replacing Commissioner Martin Sabo who passed away earlier this year. Chair Anderson-Kelliher reported that she and Executive Director Kenney recently met with Kip Elliott and Andy Weinstein in the Twins Finance department for an annual meeting to review and discuss Twins financials as outlined in the ballpark lease agreement.

Executive Director's Report – Executive Director Dan Kenney reported that the Target Center renovations are underway. The first phase of the 7th Street project which includes changes to the steam lines, should be completed by the end of July. Staff is also working with the Twins, Hennepin County, the City of Minneapolis and the Met Council on finalizing the utility easements.

Audit Committee Report – Commissioner Joan Campbell reported the audit meeting was held on June 27, 2016 to go over the proposed 2017 MBA Operating and Capital Budget, the 2017 budget will have a 9% decrease. Commissioner Campbell also noted that the 2015 Audit is nearing completion.

ACTION ITEMS

Resolution 16-MBA-120

Purpose:

To authorize submittal of the proposed 2017 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 2017. The MBA Audit Committee reviewed the proposed budget on Monday, June 27, 2016 and has recommended approval.

The total proposed General Fund budget represents a 9% decrease in expenditures from the 2016 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 June 2016, the County capital contribution is proposed to be \$1,224,622, about 1.1% 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 calculated for the period beginning January 2010 through June 2016 the Twin's rent amount is proposed to be \$967,975 for 2017.

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 \$725,000, and authorizes the Executive Director to submit the proposed 2017 MBA operating budget, attached as Schedule A, to Hennepin County, requesting a grant of \$725,000 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 \$2,242,000, attached as Schedule B.

APPROVED

**SCHEDULE A
PROPOSED OPERATING BUDGET
GENERAL FUND - 2017**

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

Budget Summary - Fund 82:

	2015 Actual	2016 Budget	2017 Proposed Budget
Beginning Fund Balance	\$ 1,096,572	\$ 1,066,703	\$ 1,066,703
Revenues:			
<i>County Grant</i>	600,000	790,000	725,000
<i>Interest Revenue</i>	7,201	-	-
Total Revenue	\$ 607,201	\$ 790,000	\$ 725,000
Expenditures:			
<i>Personal Services</i>	387,820	414,200	430,350
<i>Commodities</i>	9,641	17,500	6,900
<i>Contracted Services</i>	171,663	270,800	214,250
<i>Other</i>	67,946	87,500	73,500
Total Expenses	\$ 637,070	\$ 790,000	\$ 725,000
Ending Fund Balance	\$ 1,066,703	\$ 1,066,703	\$ 1,066,703

SCHEDULE B
PROPOSED BUDGET
TWINS BALLPARK CAPITAL RESERVE FUND - 2017

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 2017.

Budget Summary - Fund 83:

	2015 Actual	2016 Budget	2017 Proposed Budget
Beginning Fund Balance	\$ 10,532,155	\$ 12,783,674	\$ 14,991,674
Revenues:			
<i>Annual Rent</i>	959,965	960,000	968,000
<i>Hennepin County Contribution</i>	1,209,936	1,210,000	1,224,000
<i>Investment earnings</i>	81,618	38,000	50,000
Total Revenue	\$ 2,251,519	\$ 2,208,000	\$ 2,242,000
Expenditures:			
<i>Future Capital Projects</i>	-	2,208,000	2,242,000
Total Expenses	\$ -	\$ 2,208,000	\$ 2,242,000
Ending Fund Balance	\$ 12,783,674	\$ 14,991,674	\$ 17,233,674

DISCUSSION ITEMS

Target Field Operations Update – Matt Hoy, Minnesota Twins Senior V.P. of Operations. Mr. Hoy stated that general maintenance and upkeep of the facility continue and is going well as we are now in our seventh playing season. As Executive Director Kenney reported, Target Center renovations continue and two phases of construction should be complete by the end of the baseball season. Next year construction will begin on the 6th Street side of Target Center and a covered walkway will be constructed on the pedestrian path to the ballpark. Prior to the beginning of the playing season, there were a few concerns raised about the new safety netting but fans seem to have adjusted and it has become a non-issue since the season started. This seasons newest additions, Minnie and Paul's and Catch continue to draw a large amount of fans, as does Barrio which was added for the 2015 playing season. Mr. Hoy also reported that Hennepin County and the Downtown Council have scheduled various events this summer at Target Field Station. Delaware North and the Twins continue to work to increase staffing in concessions. Over the summer months, they have had success in increasing the number of people hired and as students who were hired this summer go back to school, staff will continue to work with and build on partnerships they have established with neighborhood groups, job placement groups and sponsorship groups for additional and future hiring. Zac Brown band came to Target Field for a concert in May. Attendance was good and the playing field held up very well keeping maintenance and repair to a minimum. Target Field also hosted its first pro soccer game between Minnesota United and Club Leon in June. It was a fun event and also well attended. The Twins are beginning to explore replacing the field lamps with more efficient LED lighting. LED fixtures offer more direct lighting to the playing field and will have less of an impact on the surrounding neighborhood.

Financial Report – Brenda Juneau, MBA Finance Coordinator. Ms. Juneau reported that there is just under \$13 million in the Capital Reserve Fund. The MBA will request payment from Hennepin County in November and from the Twins at the end of the year. The General Fund has been right in line with the past two years, and expenses should be at \$650,000 as we spend most of that in November and December.

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 7, 2016 was adjourned at 1:47 P.M.

Next Meeting: October 6, 2016 at Target Field Tour Theatre