



### **Minnesota Ballpark Authority Meeting Minutes – July 12, 2012**

Chair Steve Cramer called the meeting of the Minnesota Ballpark Authority for July 12, 2012 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. Kathleen Lamb, Legal Counsel, was also present.

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 6, 2012 meeting minutes, seconded by Commissioner Sabo and approved unanimously – 4 YEAS, 0 NAYS.

**APPROVED**

### **CHAIR REPORT**

- Chair Cramer reported that the Interchange Project held their groundbreaking ceremony on Monday, July 9th. There was a large crowd in attendance and a lot of excitement among the group. He stated that this project will be a great addition to Target Field, the neighborhood and to the region. Chair Cramer spoke at the ceremony on behalf of the Authority and Commissioner Campbell also attended on behalf of the MBA.

### **EXECUTIVE DIRECTOR REPORT**

- Executive Director Kenney agreed with Chair Cramer's comments regarding the Interchange Project. He noted that he has been part of the Selection Panel that recommended the Design Build team to the Hennepin County Board. Just a few months ago there was uncertainty about whether this project would have the funding necessary to move forward, so the fact that there is now a Design Build team on board and ground has been broken on the project is great progress. Mr. Kenney also stated that the MBA is finalizing easement agreements with the City of Minneapolis and Hennepin County, updating exhibits with MnDOT for the plaza over 394, working toward engaging a firm to assist us with bridge inspections, which are required as part of the Maintenance Agreement with MnDOT. The MBA is in the process of getting cost proposals for this work now and Ed Hunter will work with the Authority to make sure we get the best value. It is anticipated that these inspections will be inspected this fall.

### **AUDIT COMMITTEE REPORT**

- Commissioner Campbell reported that the MBA Audit Committee met on July 2. The Committee reviewed the draft 2013 MBA budget and will make a recommendation to the MBA Board today to approve an 8% decrease in the budget from last year. The MBA will be requesting \$950,000 from Hennepin County and will use \$135,000 from the Fund Balance. The Committee also had a

discussion about what the Fund Balance policy should be moving forward and Commissioner Williams made a motion to have the MBA fund balance equal to nine to twelve months of the previous year's expenditures. This was approved by the Audit Committee. The next Audit Committee meeting will likely be in October which will include an Exit Meeting with the State Auditor's office.

## **ACTION ITEMS**

### **07-12-12 Proposed Resolution 12-MBA-80**

#### **Purpose:**

To authorize submittal of the proposed 2013 MBA Operating and Capital Improvement Budget to Hennepin County.

#### **Background:**

Minnesota Laws 2006, Chapter 257, Section 12, subdivision 11 provides that the County may use certain revenues 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 2013. The total proposed budget represents \$95,000 less in expenditures than the 2012 budget, or about an 8% decrease. As the Authority moves into 2013 there is a significantly less need for legal services. This is related to closing out many land title, survey and related easement agreements around the ballpark.

The General Fund balance has grown the past two years to a 2011 year-end balance of \$1,069,196. For 2013 the MBA is requesting \$950,000 in revenue from Hennepin County, and staff is recommending the use of \$135,000 in fund balance, to fund a total budget of \$1,085,000.

Per the Grant Agreement, Hennepin County agrees to make annual payments for 30 years into a restricted fund for ballpark Capital Improvement Expenses. The required annual share was \$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 2012, the CPI increase is 6.06%. This calculates out to a County capital contribution of \$1,166,644.

To remain consistent with previous year budget practices, staff recommends using the CPI increase for the period beginning January 2010 through June 2012. However, the June CPI tables are not available yet, though 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 2012, the CPI increase is 6.06%. This calculates out to a proposed Twin's rent amount of \$936,351 for 2013. This too is expected to change slightly, when calculated for the period from January 2010 to June 2012.

**Action Requested:**

**BE IT RESOLVED** that the Minnesota Ballpark Authority Board hereby approves the Audit Committee recommendation for a Proposed MBA Operating Budget of \$1,085,000, and authorizes the Executive Director to submit the proposed 2013 MBA operating budget, attached as Exhibit A, to Hennepin County, requesting a grant of \$950,000 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 \$2,142,000, attached as Exhibit B, and authorizes the Executive Director to request an annual capital reserve contribution from Hennepin County Ballpark Sales Tax in the amount of \$1,100,000, as indexed for inflation, for the period from January 2010 through June 2012, as more clearly defined in the Development Agreement By and Among Hennepin County and Minnesota Ballpark Authority and Minnesota Twins, LLC

**APPROVED**

**07-12-12 Proposed Resolution 12-MBA-81**

**Purpose:**

To certify that completion of the Ballpark, Site Acquisition and Public Infrastructure Work has occurred; provide written certification to be delivered to Wells Fargo Bank, National Association (the "Trustee") under Section 5.2(b) of the Development Agreement and Article 8 of the Agreement and Declaration of Trust for Ballpark Construction Funds Trust (the "Construction Funds Trust Agreement"); establish a funding mechanism for continued Owner Controlled Insurance Program ("OCIP") reimbursement liabilities; and provide for final distribution of remaining funds in the Trust, as defined and designated in the Construction Funds Trust Agreement. Unless otherwise defined or attributed herein, all capitalized terms shall have the meaning given to them in the Development Agreement.

**Background:**

Section 5.2(b) of the Development Agreement and Article 8 of the Construction Funds Trust Agreement provide guidelines for the final distribution of remaining amounts in the Project Accounts and termination of the Trust. Termination of the Trust requires a written certification delivered by the Authority and the Team to the Trustee certifying that (i) Ballpark and Infrastructure Completion (as defined in the Construction Funds Trust Agreement) has occurred and (ii) all legally owing Ballpark Costs and Site and Infrastructure Costs (as defined in the Construction Funds Trust Agreement) have been fully paid. All Ballpark Costs and Site and Infrastructure Costs have been paid at this time, except for ongoing insurance related costs.

The Development Agreement also required the implementation of the OCIP for the Ballpark. The Authority and the Team are responsible for ongoing reimbursement obligations related to the OCIP. It is necessary to establish a funding mechanism for future OCIP obligations in order to issue a ballpark completion certification and approve final distribution of remaining funds.

Just over \$4.8 million remains in the Trust as of July 1, 2012. Per the Authority records, this is broken down into \$2.7 million in the infrastructure trust account and \$2.1 million in the ballpark trust account. Willis of Minnesota, Inc., the OCIP manager for the Project, has prepared an estimate of outstanding deductible liabilities under the OCIP, suggesting a reserve amount of \$1 million to fund such liabilities. Per the current allocation for insurance costs, the Authority is responsible for 18.75% of this amount.

**Action Requested:**

**BE IT RESOLVED** that the Minnesota Ballpark Authority acknowledges that Ballpark and Infrastructure Completion has occurred and that, except for ongoing insurance related costs which will be separately provided for, all legally owing Ballpark Costs and Site and Infrastructure Costs have been fully paid; and

**BE IT FURTHER RESOLVED** that the Minnesota Ballpark Authority acknowledges that no remaining account funds with the Trust are subject to the Ballpark Costs savings disposition requirements as set forth in Section 5.1(d) of the Development Agreement; and

**BE IT FURTHER RESOLVED** that the Chair and the Executive Director are authorized to negotiate and execute the necessary agreements for certification of Ballpark and Infrastructure Completion and disposition of Trust funds; and

**BE IT FURTHER RESOLVED** that the Minnesota Ballpark Authority acknowledges that the future OCIP reimbursement amounts are an ongoing responsibility subject to a cost allocation percentage of 81.25% to the Team and 18.75% to the Authority; and

**BE IT FURTHER RESOLVED** that the Authority shall require the Team to continually maintain a letter of credit during the OCIP wind-down period in an amount equal to the collateral obligation for expected and outstanding deductible liabilities under the OCIP, as estimated annually by Chartis (the “Letter of Credit”); and

**BE IT FURTHER RESOLVED** that the Minnesota Ballpark Authority authorizes the Team to arrange for the establishment of a joint custodial account with U.S. Bank, National Association, to be used exclusively for future OCIP reimbursement payments (the “OCIP Reimbursement Account”), and that all fees, expenses and accrued interest applicable to the establishment, maintenance and termination of the OCIP Reimbursement Account shall be shared equally between the Team and the Authority; and

**BE IT FURTHER RESOLVED** that the Minnesota Ballpark Authority authorizes the deposit of funds into the OCIP Reimbursement Account in an amount equal to 18.75% of the estimate of outstanding deductible liabilities under the OCIP, as estimated by Willis of Minnesota, Inc.; and

**BE IT FURTHER RESOLVED** that the Chair and Executive Director are authorized to execute necessary agreements and certifications in establishing and funding the OCIP Reimbursement Account; and

**BE IT FURTHER RESOLVED** that the Minnesota Ballpark Authority authorizes the Chair and Executive Director to establish procedures for the processing of OCIP reimbursement payments and for the final close-out and termination of the OCIP Reimbursement Account and release of the Team’s Letter of Credit.

**DISCUSSION ITEMS**

**Target Field Tours – Rick Olson, Coordinator, Target Field Tours**

Rick Olson thanked the Board for the invitation to present information on the Target Field tour program. He said that to date, the program has been very successful noting that just today about 450 kids will be touring the facility through various summer programs. He said that they have a highly professional group of tour guides from various backgrounds and with various specialties. One tour guide is a professor from Augsburg College who specializes in tours on LEED certification and also does a specialty tour on Women in Baseball. They also have a retired State Senator on staff. As well as being a former legislator, he is also a licensed mechanical engineer so has led tours of engineers.

Mr. Olson said that in 2010 when the ballpark opened, about 40,000 people participated in Target Field tours. Research of other ballparks showed that after the first year, interest in tour programs tends to decline but in 2011, only about 100 less people than the previous year toured Target Field. Demographics changed

slightly from the first to second year in that the first year was more Minnesotans coming on non-game days to see the facility and the second year was more people from out of state coming on game days to see the facility. In 2011, the Twins developed a youth educational program to enhance the tour program and to keep it going on a long-term basis. Because of this educational program, the number of tours in 2012 is about the same as last year but the largest percentage of people coming now are school aged children. This tour program is called "Learning through Baseball". There are different courses offered using Minnesota Education standard outlines so teachers can incorporate the tours into their curriculum. This program was put together by the Twins with input from retired principals and teachers and other Major League baseball teams educational tour programs. Barb Sykora asked what they charged for these tours. Mr. Olson said that a regular tour is \$7 per child for an hour and a half tour. The educational tours are \$10 for a two and a half hour tour. Making the tours affordable was a priority for the Twins and Target Corporation offers a grant program for those who need them.

### **Target Field Operations – Matt Hoy, Senior Vice President of Baseball Operations**

Matt Hoy said that yearly cleaning projects are underway. This includes window cleaning and roof cleaning. The air conditioning and chilling systems continue to have some issues particularly with the extreme heat so although some of the days have not been as comfortable in Club Level and Suite level, the Twins are working through those issues with Carrier and MMC. Overall the building is doing very well.

Some plants on the grounds of the facility have been a little challenged by the heat but overall they are doing well. With the recent concert at Target Field, the Twins expected to replace five to six truckloads of sod but in the end replaced about four truckloads or 13,000 square feet of turf. The sod that was ordered was slightly thicker than previous rolls have been to give it more stability. Mr. Hoy said that the groundskeeper and his grounds crew should be commended for the around the clock work that they did to get the grass back up to speed in the timeframe that they did.

The Brothers of the Sun concert went very well. The weather cooled enough to keep the number of first aid calls to less than what was expected. Security did a good job of managing the crowd and keeping the number of problems to a minimum. Concessions numbers were high and all in all it was a very successful event. He noted that they recycled 5.6 tons of material from the concert. Commissioner Campbell asked if there were any noise complaints from neighborhood residents or businesses. Mr. Hoy said that there were no complaints from neighborhood residents about anything related to the concert. Mr. Kenney said that the restaurants did well the day of the concert.

### **Interchange Project Update – Ed Hunter, Project Manager**

Ed Hunter gave an update and PowerPoint presentation on the Interchange Project. Last month the Design Build selection team made a recommendation to the Hennepin County Board to award the design build to the Knutson project team. The County Board voted in favor of the project team which includes Carl Bolander and Sons, EE&K, Lunda Construction, Michaud Cooley Erickson, OLIN, Palanisami & Associates, Parson Electric, SHE, SYSTRA and TKDA. Mr. Hunter showed schematic design renderings of what the Interchange will look like when it opens in 2014. The project will look to achieve LEED Certification and has received money from the Mississippi Watershed Management Organization for Innovative Storm Water Management practices to make this a showpiece and will look at a number of ways in the green spaces to do some real education about the storage, and filtering and reuse of storm water very much like Target Field has done with Pentair on this project.

As Chair Cramer and Executive Director mentioned, the Groundbreaking Ceremony was a great success with about 150 people in attendance and a good deal of excitement about the project.

### **Next Meeting: October 4, 2012 Target Field Tour Theatre**

*There being no further business, Chair Cramer moved to adjourn. The motion was approved unanimously - 4 YEAS, 0 NAYS. The meeting of the Minnesota Ballpark Authority for July 12, 2012 was adjourned at 2:00 P.M.*