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From: KENNETH STEINER [mailto:kennethasteiner@msn.com]
Sent: Thursday, January 15, 2004 2:38 PM
To: stadium@state.mn.us
Subject: Stadium Funding Proposal

Minnesota Stadium Committee:

Thank you for the opportunity to contribute to the possibility of building a new professional sports facility in the State of Minnesota.

First, let me explain that I work in the public sector in County government. Although I believe a private-public partnership would be the most viable way to achieve the objective of building a new stadium, I do not believe the current budget status of the State of Minnesota is conducive to this type of public financing.

I have researched several different options related to funding of a new stadium, including how other stadiums have been built, private financing, venture capital, and investment funding.

Find attached my financing proposal. I understand the details of this effort would need to be negotiated among the many vested parties, but believe my proposal is a viable way to finance the building of a new stadium. Thank you for your consideration of my proposal and your time and effort in exploring this issue for the State of Minnesota, its citizens, and the fans of the Vikings and the Twins.

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Minnesota Stadium Funding Proposal
January 13, 2004

NARRATIVE:
A number of decisions related to building a stadium in the State of Minnesota that have yet to be made will further clarify and/or complicate the decision moving forward to reality. A critical issue involves use. The Minnesota Twins and the Minnesota Vikings want slightly different versions of a stadium. The University of Minnesota has indicated that it will work on building its owns stadium facility through other funding sources. Two or three separate facilities could be built, but at what expense and to who? The possible savings and benefit of building a dual or multiple use facility seems to make more sense.

The issue of location may be a critical factor in determining whether or not one or multiple facilities are built. If a stadium is built in either of the downtown areas of Minneapolis or St. Paul, the possibility of building a dual or multiple use facility is probably diminished. In addition, the cost and availability of parking in the downtown areas can impact citizens choices to attend events held at those facilities.

Whether or not a true private-public partnership can be developed to build a stadium probably partly depends on the political power and realities of the State of Minnesota, as well as the short and long-term budget outlook for the State of Minnesota. In 2003, the State of Minnesota and other local governments' budgets were reduced significantly. In addition, a substantial amount of cost shifts occurred from the State of Minnesota to local governments. Accordingly, the likelihood that the citizens of the State of Minnesota will fully support a private-public partnership that benefits corporations as large as professional sports teams seems doubtful.

The funding to build a new stadium will need to come from sources that will not significantly impact the quality of life of the people of Minnesota. Considering the current economy, a significant tax increase to finance a substantial portion of building a new stadium seems to be counter-intuitive. Granted, having the Minnesota Vikings and the Minnesota Twins does contribute to the qualify of life for citizens in Minnesota, but does that contribution outweigh the perception people may have about being taxed for the benefit of a large corporation? Although the funding for a stadium would likely not have a direct impact on the funding available to operate schools and city and county services, the perception of citizens that dedicating substantial resources, financial or otherwise, from the State of Minnesota to the building of a stadium while reducing budgets in other critical areas will likely meet with public resistance.

Financing the building of a stadium completely with private financing is difficult at best. The resources needed to finance such a project could significantly impact everyone involved. However, building a stadium in the State of Minnesota could do a lot to revitalize different local economies. The threat of losing the Minnesota Vikings or the Minnesota Twins, real or not, needs to be weighed against the benefit of having them here and the necessity of either or both teams needing new playing facilities.

The best way to keep both the Minnesota Vikings and the Minnesota Twins in Minnesota long-term is to commit to building a new stadium that meets their needs financially, as well as operationally. The best way to keep the citizens of the State of Minnesota happy is to finance the building of a stadium in ways that permit them to have a voice in the decision. Since a positive vote to dedicate public resources to building a stadium is not assured, passing legislation for such a vote is probably not in the best interest of bringing the vision of a new stadium to reality. However, eliminating the wishes of the citizens of the State of Minnesota and letting the politics of the State of Minnesota determine the process is counter-indicated.

THE STADIUM:

Although the Minnesota Vikings and the Minnesota Twins seem to believe they need separate stadiums, the option of a dual, or multiple-use, stadium is still a viable option. In Minnesota, the idea of a stadium naturally brings up thoughts about the Metrodome. Although the Metrodome has served its purpose for the Minnesota Vikings, the Minnesota Twins, and many other events and groups for several years, a new stadium needs to built with the intent of serving multiple groups and multiple needs. The two primary groups are obviously the Minnesota Vikings and the Minnesota Twins. The primary need the stadium would serve for the Vikings would be a playing field that adds a new dimension to Vikings' football that many other new facilities within the NFL have done. That dimension could include a retractable roof option, a stronger open, community-type feel to the facility, and more of a city-within-a-city arrangement that would directly connect a new stadium to food and lodging and retail space. The primary need the stadium would serve for the Vikings would be a playing field that includes a smaller facility-feel like many baseball-only facilities have in Major League Baseball.

Beyond the Minnesota Vikings and the Minnesota Twins, other groups and events that have used the Metrodome and other large Metro facilities need to be considered, including, but not limited to large scale conventions, minor league sports teams, the University of Minnesota, and other collegiate sports, such as Final Four basketball.

A new stadium is being considered in Florida where a baseball field would be "added-on" to the current Orange Bowl football stadium. With today's technology and engineering standards, a dual or multiple-use stadium with a retractable roof and rotating wall between playing fields is a viable option. Without providing a professional diagram of the idea, the end zone of the football stadium could rotate, sink below ground level, or simply be built with two functional sides, as shown in the freehand sketch at the end of the proposal. The other side of that wall could frame home plate of the baseball stadium. The baseball stadium could be open-air grass or retractable roof with a smaller field feel to it. The football stadium would have a retractable roof and could either be grass or turf. Obviously the space to build such a facility would be needed, which is why a downtown area is probably not conducive to the best possible solution.

FINANCING THE FACILITY:
The financing of a new stadium facility is not going to come from one source. Neither of the owners of the Minnesota Vikings or the Minnesota Twins will fully fund the facility, but should be expected to contribute. Proximity and beneficiary taxes may contribute to future operational expenses, but considering the current economy, will doubtfully be a major source of funding to build the facility. Across the country, corporations have committed substantial financial resources to having their company's name put on the facility. Revenue from naming rights should be considered a very viable option in building and operating the facility. The possibility of having multiple corporations involved with different sections of the facility is reasonable. The citizens of the State of Minnesota are committed to keeping both the Minnesota Vikings and the Minnesota Twins in Minnesota. Selling Personal Seat Licenses is a viable revenue option that will contribute to building it, as well as maintaining and operating the facility. Every major sporting facility has some version of club seats and/or suites. Revenue from these sources can also be considered viable long-term options.

The final critical issue to consider is ownership. Both of the owners of the Minnesota Vikings and the Minnesota Twins have expressed some level of desire to sell their respective teams. Neither the NFL or Major League Baseball permit community ownership of their teams. The Green Bay Packer method of financing the purchase of either team is not a viable option. However, neither professional sports league has any rules about ownership of stadium facilities making a public or community ownership of the stadium to be a viable option. This option would permit the average citizen to be heard on the financing of the stadium, as well as to contribute to the future of professional sports in Minnesota

A public offering to generate enough revenue to build a stadium can be a very complicated process with the Securities Exchange Commission (SEC). However, Rule 147 (See end of proposal) was promulgated in 1974 as a safe harbor for use in complying with Section 3(a)(11) of the Securities Exchange Act. This rule was intended to relieve small, local businesses of the extensive reporting and filing requirements needed to generate investment revenue in their company. The primary concern in meeting this rule is that all securities be sold within the borders of one state. Building a stadium in the State of Minnesota is for the primary benefit of the citizens of Minnesota. Strict rules about selling to even one person outside of the State make the process a bit demanding, but with proper procedures, would be relatively easy to meet. The other critical area of this rule involves the reselling of the securities. No resale of the securities to anyone outside the State of Minnesota can occur for a minimum of nine months. All security certificates would have to clearly state residency and resale restrictions on them. The rule does not contain any limitations on the amount of investment funding that can be generated. Rule 147 will permit the financing of a stadium without directly tapping public tax dollars, will allow for a dual or multiple-use facility to be built, will actively involve the fans of the Minnesota Vikings and the Minnesota Twins to contribute to the future of both teams in the State of Minnesota, and will permit the building of a stadium to happen much faster, as an offering of this sort could be facilitated over a maximum of a 12 month period.

JUST THE NUMBERS:
The numbers below are strictly an example of how it would work. The numbers can be adjusted accordingly up or down by the number of shares sold. $600,000,000 is proposed strictly based on the Question and Answer link provided on the Stadium Committee's home page.

$600,000,000	Cost to build stadium (operations not assumed)
$325,000,000	Cost to build football stadium
$275,000,000	Cost to build baseball stadium
6,000,000	Number of shares to be sold
$100	Cost per share
5%	Maximum percent of shares any single person or entity can own
250,000	Maximum percent of shares any single person or entity can own

$5,000,000/yr	Cost of Corporate Naming Rights per facility area (3 areas – see below)
$15,000,000/yr	Total Annual Revenue for Corporate Naming Rights
$70,000,000/yr	Total Annual Personal Seat Licenses for both facilities combined
$25,000,000	Contribution from Minnesota Vikings' ownership
$25,000,000	Contribution from Minnesota Twins' ownership
$10,000,000	G-3 Funding from the NFL
$150,000,000	Total of Other Sources of Revenue

$750,000,000 in available revenue is documented above. This revenue would be used to build the dual-use sporting facilities. The $150,000,000 of revenue from other sources could be used to offset the revenue from the sale of shares to contribute to building the infrastructure around the facility, including parking, retail space, and food and lodging options, as well as the physical infrastructure that any city would need to establish such as water and electricity.

The three areas mentioned above for corporate naming rights would include the baseball field, the football field, and the retail/lodging/food area. The retail/lodging/food aspect of the facility could be jointly financed through development rights, tax increment financing, and proximity and benefit taxes.

This financing structure would allow for easier operating and lease terms with both professional sporting teams giving them primary access to each facility respectively with a long-term lease agreement. With easier operating and lease terms for both teams, reasonable ticket prices can be maintained over a long-term basis making professional sports accessible to the general public on an ongoing basis. In addition, this version of "public ownership" would permit easier access to other groups making the new facilities much more beneficial to a greater number of people.

Operating and governance responsibilities would need to be decided. Either using the Metropolitan Sports Facilities Commission or some version of that structure elected from shareholders across the State of Minnesota allowing for appropriate representation of the different areas of Metro and Greater Minnesota. Neither team would have ownership rights to the facilities, but also would not be substantially impacted by the upfront contribution or the long-term lease agreements.

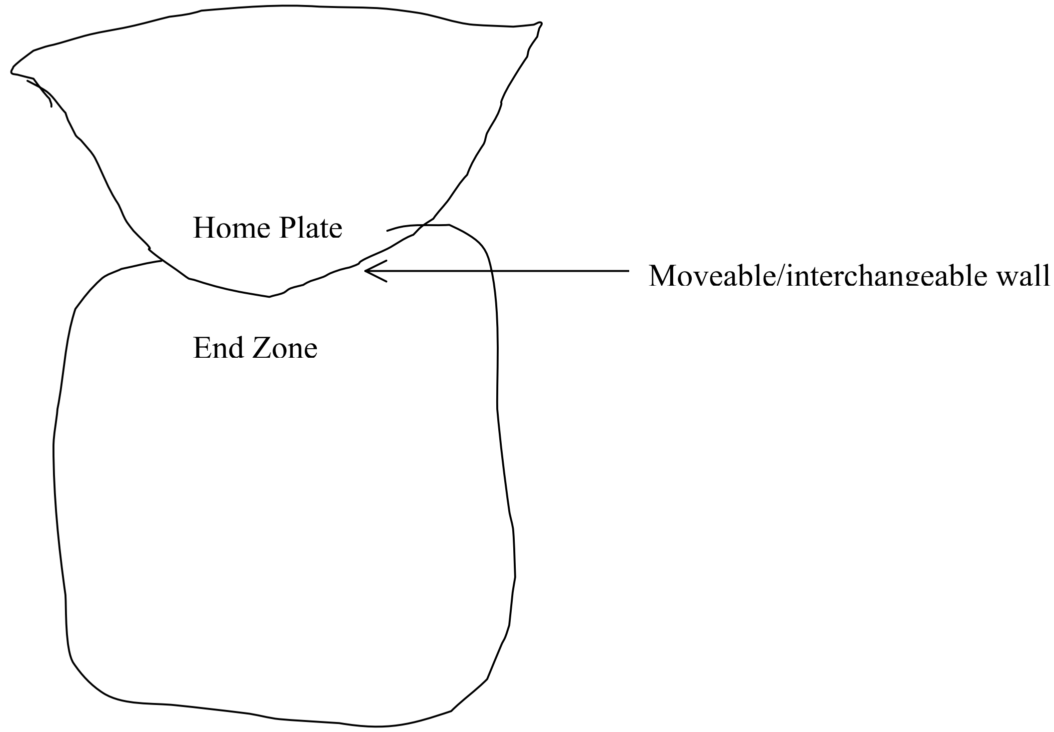
The shares are priced at $100 to permit Average Citizen to participate. Higher amounts would work, but may significantly limit full participation from the average citizen. The cost to build either part is simply estimates based on the numbers provided on the Stadium Committee's home page. The benefit of a dual use facility is the possibility of realizing cost savings in not having to create two different infrastructures in two different places in the Twin Cities.

FINAL THOUGHTS:

No single proposal will probably provide the answer to this complicated issue. However, the structure presented above does account for fully funding the new facilities without a substantial investment of public tax dollars. The return on investment for any shareholder could be negotiated as part of the revenue generated from such things as concessions, tickets, parking (if any charges), rent from retail, food, and lodging partners, and other sources that could be realized in the operations of the facility. The biggest return may simply be the availability of the facility, the continued presence of the Minnesota Vikings and Minnesota Twins in the State of Minnesota, and the accessibility of the facilities to attend professional sporting events, as well as for other purposes such as conferences.

The State of Minnesota is facing a continued difficult budget situation. Attempting to finance a new stadium facility with a substantial portion of public tax dollars does not seem to be a viable option. However, the citizens of the State of Minnesota value the Minnesota Vikings and the Minnesota Twins and are likely willing to finance the creation of a new stadium under different parameters that give them more control and a stronger voice in the building of a stadium.

Example of facility layout – would include retail/lodging/food/parking on either side depending on location.



SECTION 3(a)(11): Rule 147

Intrastate Offering Exemption

Section 3(a)(11) of the Securities Exchange Act is generally known as the "intrastate offering exemption." This exemption facilitates the financing of local business operations. To qualify for the intrastate offering exemption, a company must:

- be incorporated in the state where it is offering the securities;
- carry out a significant amount of its business in that state; and
- make offers and sales only to residents of that state.

The act does not limit the size of the offering or the number of purchasers. The company must determine the residence of each purchaser. If any of the securities are offered or sold to even one out-of-state person, the exemption may be lost. Without the exemption, the company could be in violation of the Securities Exchange Act registration requirements. If a purchaser resells any of the securities to a person who resides outside the state within a short period of time after the company's offering is complete (the usual test is nine months), the entire transaction, including the original sales, might violate the Securities Exchange Act. Since secondary markets for these securities rarely develop, companies often must sell securities in these offerings at a discount.

It will be difficult for a company to rely on the intrastate exemption unless it knows the purchasers and the sale is directly negotiated with them. If a company holds some of its assets outside the state, or derives a substantial portion of its revenues outside the state where it proposes to offer its securities, it will probably have a difficult time qualifying for the exemption.

A company may follow Rule 147, a "safe harbor" rule, to ensure that it meets the requirements for this exemption. It is possible, however, that transactions not meeting all requirements of Rule 147 may still qualify for the exemption.