



Presented to State Government
Finance Conference Committee 2005

MINNESOTA AMATEUR SPORTS COMMISSION

Land Lease Provision

2005

MINNESOTA AMATEUR SPORTS COMMISSION

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INTRODUCTION

“The Plan to Self-Sufficiency”

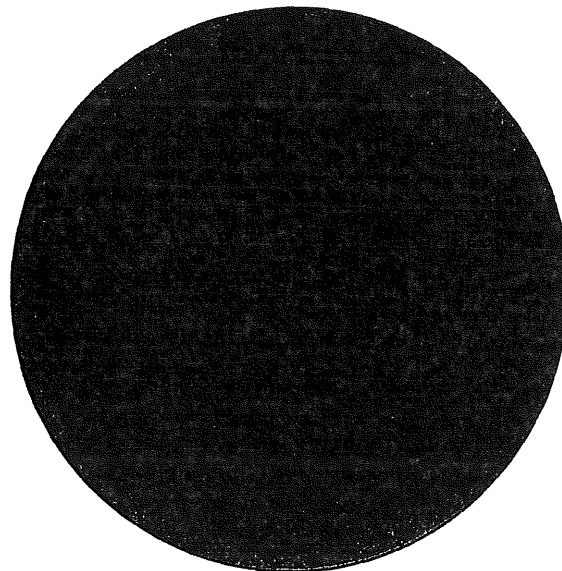
The MASC...

- In 1988, 70% of MASC activity was state funded.
- In 2004, 3% of MASC activity was state funded.
- The MASC budget has been reduced from \$1.2 million to \$300k.
- Since 1990, the MASC established a non-profit to operate the National Sports Center (NSC):
 - NSC operates without a state subsidy.
 - NSC operations have covered short term “CAPRA” costs.
- The MASC has accomplished the goal of the NSC being self-sufficient. Now, the goal of the Land Lease Provision is to create a revenue stream to enable the MASC to become self-sufficient by 2007. Land lease payments are intended to replace the \$300k annual appropriation to the MASC.
- Providing a stable funding source for the MASC Board and staff provides:
 - Ongoing policy oversight of the NSC.
 - Leadership for NSC sponsorship & management.
 - Leadership for statewide economic impact.

MASC Funding 1988

■ State Funding ■ Private \$ Activity

State Funding
\$453,000 75%

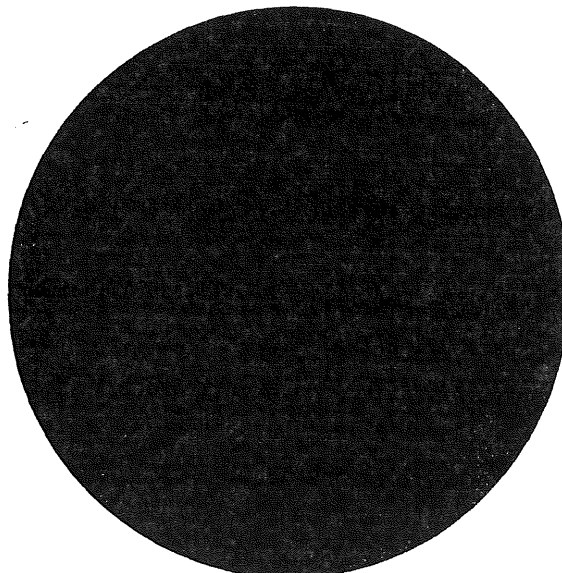


Private \$ Activity
\$150,000 25%

MASC Funding 2004

■ State Funding ■ Private \$ Activity

State Funding
\$300,000 3%



Private \$ Activity
\$9,137,000 97%

* Total includes state, National Sports Center Foundation, and State Games operations.

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I. Background

A. MASC Lease Resolution

B. Bonding Bill Language

C. Senate Amended Language

MINNESOTA AMATEUR SPORTS COMMISSION
(March 8, 2005)

MASC Lease Authority Resolution

WHEREAS, the Minnesota Amateur Sports Commission (MASC) desires to lease property to sport related businesses, in order to: 1) increase services to amateur sport participants, and 2) raise revenue for amateur sports programs and services, and

WHEREAS, the Laws of Minnesota 240A grant authority to the MASC to:

Subd. 3. **Property.** The commission may acquire by lease, purchase, gift or devise all necessary right, title, and interest in and to real or personal property or both necessary to the purposes of amateur sports facilities.

Subd. 10. **Use agreements.** The commission may lease, license, or enter into agreements and may lease, license, or enter into agreements and may fix, alter, charge, and collect rentals, fees, and charges to persons for the use, occupation, and availability of part or all of any premises, property, or facilities under its ownership, operation, or control. Fees charged by the commission are not subject to section 16A.1285. A use agreement may provide that the other contracting party has exclusive use of the premises at the times agreed upon.

WHEREAS, several MASC and NSC land acquisitions would be advantageous to secure sport related businesses in land-lease agreements.

THEREFORE, BE IT RESOLVED that the MASC Chair and Executive Director be authorized to implement a land lease program in consultation with the Attorney General's Office and Legislature.

THEREFORE, BE IT FURTHER RESOLVED that the MASC Chair and Executive Director be authorized to publish a NSC RFP and execute an RFP selection process to select a qualified developer for the land-lease program.

2005 Bonding Bill

14 The Minnesota Amateur Sports Commission
15 may lease up to 20 percent of the area
16 of the land purchased with money from
17 the general fund appropriations in this
18 subdivision for a term of up to 30
19 years to one or more governmental or
20 private entities for any use by the
21 lessee, whether public or private, so
22 long as the use provides some benefit
23 to amateur sports. Lease payments
24 received by the commission are
25 appropriated to the commission for the
26 purposes specified in Minnesota
27 Statutes, chapter 240A. The land
28 purchased from the general fund
29 appropriations may be used for any
30 amateur sport.

2005 Senate State Government Finance Bill

34.3 The Minnesota Amateur Sports Commission
34.4 may lease up to 20 percent of the area
34.5 of the land purchased with money from
34.6 the general fund appropriations in this
34.7 subdivision for a term of up to 30
34.8 years to one or more governmental or
34.9 private entities for any use by the
34.10 lessee, whether public or private, so
34.11 long as the use provides some benefit

34.12 to amateur sports. Up to \$300,000 of
34.13 lease payments received by the
34.14 commission are each fiscal year is
34.15 appropriated to the commission for the
34.16 purposes specified in Minnesota
34.17 Statutes, chapter 240A. The land
34.18 purchased from the general fund
34.19 appropriations may be used for any
34.20 amateur sport.
34.21 [EFFECTIVE DATE.] This section is effective retroactively
34.22 on the effective date of Laws 2005, chapter 20, article 1,
34.23 section 40.

II. Land Description

The proposed parcel for land lease would be 20% of the land (approximately 80 acres total) purchased by the 1998 Bonding Bill appropriations. The land lease parcel totals approximately 16 acres.

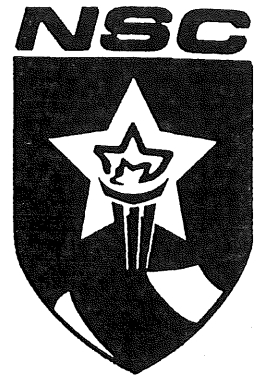
The proposed parcel is currently undeveloped and is located in the center of the National Sports Center campus on the north frontage of 105th Avenue NE, Blaine MN (see map).

The legal description of the 1998 purchased parcel is...

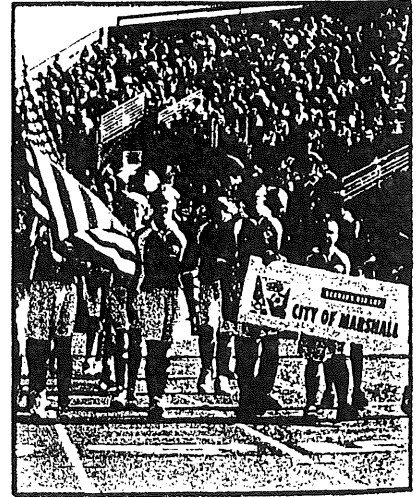
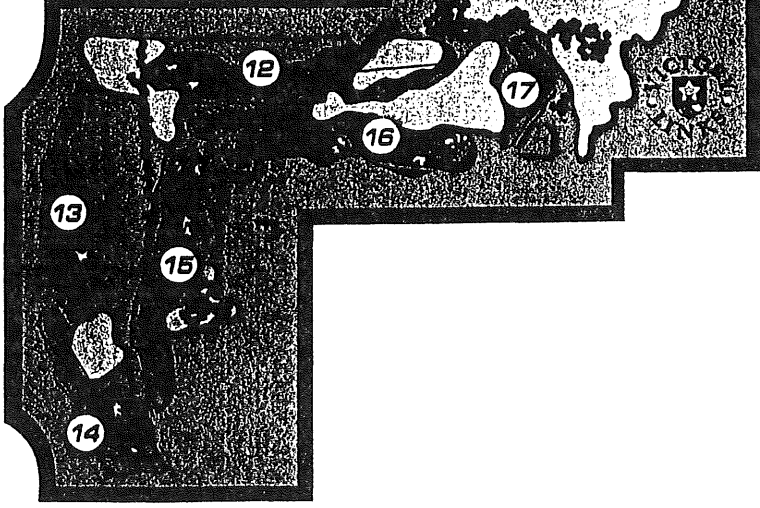
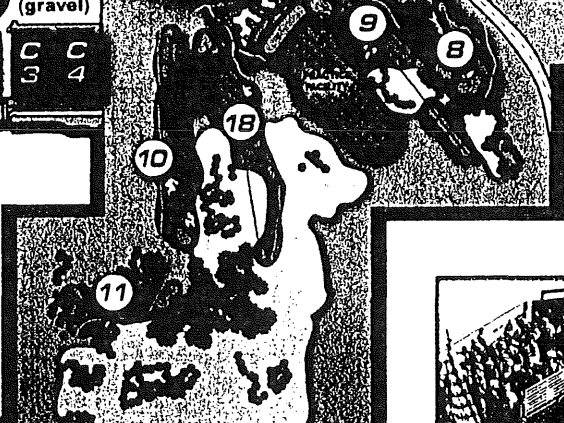
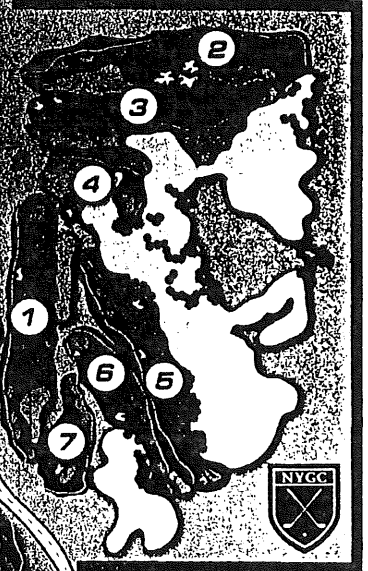
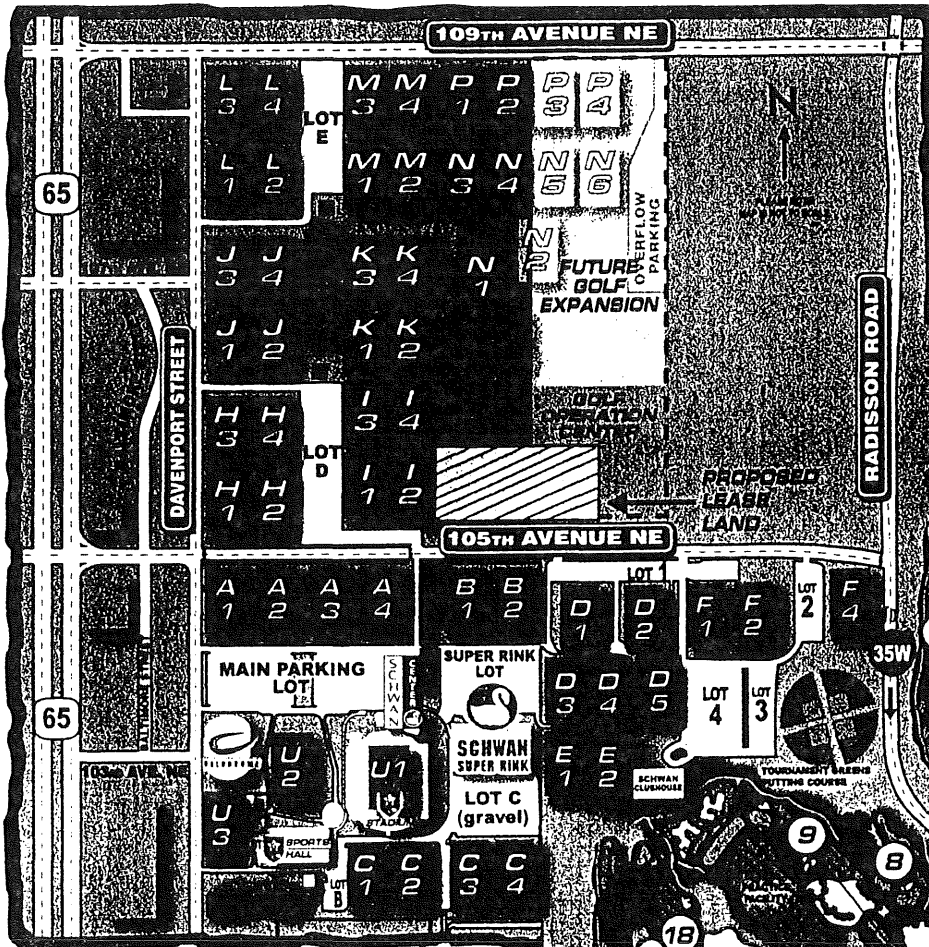
The West Half of the Northwest Quarter Section 21, Township 31, Range 23, Anoka County, Minnesota except the North 467.86 feet of the East 215 feet thereof.

Overall property: Area including right of way - 3,426,475 sq. ft. (78.66 acres)

NATIONALSPORTSCENTER



98 LAND



III. Recommended Businesses

The plan for this initiative is to attract businesses whose product and services will enhance the experience for participants and will make the NSC a greater sports destination.

The MASC Board has recommended that the businesses need to have a relationship to the National Sports Center programs and participants. Three general benefits to the MASC/NSC were identified:

1. Annual lease payments to MASC.
2. Services and/or products to enhance the experience of amateur sport participants.
3. Access to parking for NSC events.

The MASC Board and staff have suggested the following types of businesses would qualify:

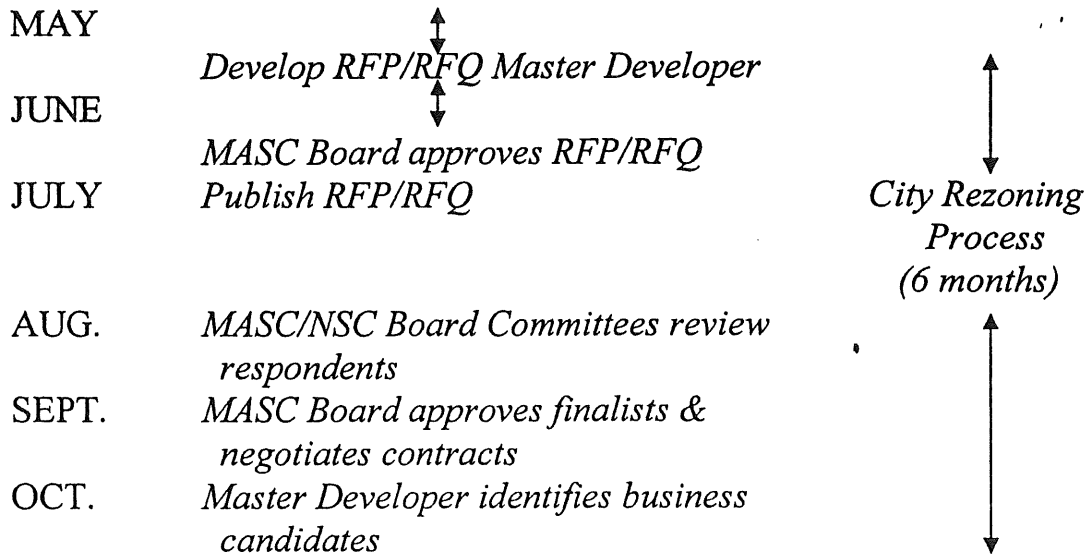
- sports medicine clinic
- sports conditioning service
- ice hockey training service
- sport & fitness center
- indoor snowboard & skateboard park

The land lease program is not intended for general business such as banks or gas stations.

IV. Preliminary Timetable

The process will take between 22 to 28 months to realize the first lease payment.

2005



*City Rezoning Process
(6 months)*

NOV.

DEC.

2006

JAN.

FEB. *Master Developer recommends candidates*

MAR. *MASC Board approves candidates & executes lease agreements*

APR.

Construction

MAY

JUNE

10

JULY

Construction

AUG.

SEPT.

OCT.

NOV.

DEC.

2007

JAN.

FEB.

MAR.

APR.

MAY

JUNE



Realization of first lease payments.

V. Proposed Selection Process

- I. MASC Board approves RFP and Process

- II. MASC Board would select Master Developer with NSC Board input

- III. MASC Board would select individual businesses:
 - A. Master Developer would publish a public RFP.
 - B. Developer would identify and recommend most qualified businesses in a master site plan.
 - C. MASC Board would review and approve finalists.
 - D. MASC Board would approve final lease agreements.

VI. Establishing the Lease Value

The MASC intends to achieve a fair market value for the lease payments. The MASC Board will perform the following due diligence in order to determine the market value of the land leases.

1. Perform an appraisal.
2. Survey local businesses and developers.
3. Consult with City of Blaine Economic Development Department.
4. Consult with the Department of Administration.

The goal is to conduct a public competitive process to attract the most qualified businesses at a fair market rate.

The ultimate test to establish the lease value will be what business respondents are willing to pay via their proposals.

VII. Future Plans

Land Lease

There are no plans to lease additional acres of land.

Land

There are no plans for the MASC to acquire additional land for the National Sports Center in Blaine.