

Minnesota Twins/Hennepin County New Ballpark Summary

May 2005



Table of Contents

	<u>Page</u>
The Ballpark: Site and Design	2-10
We Are Where We Are (In the Metrodome)	11-15
Why Now is the Right Time	16-18
What's Different This Year?	19-23
The Funding Plan and Other Considerations	24-34

The Ballpark: Site and Design

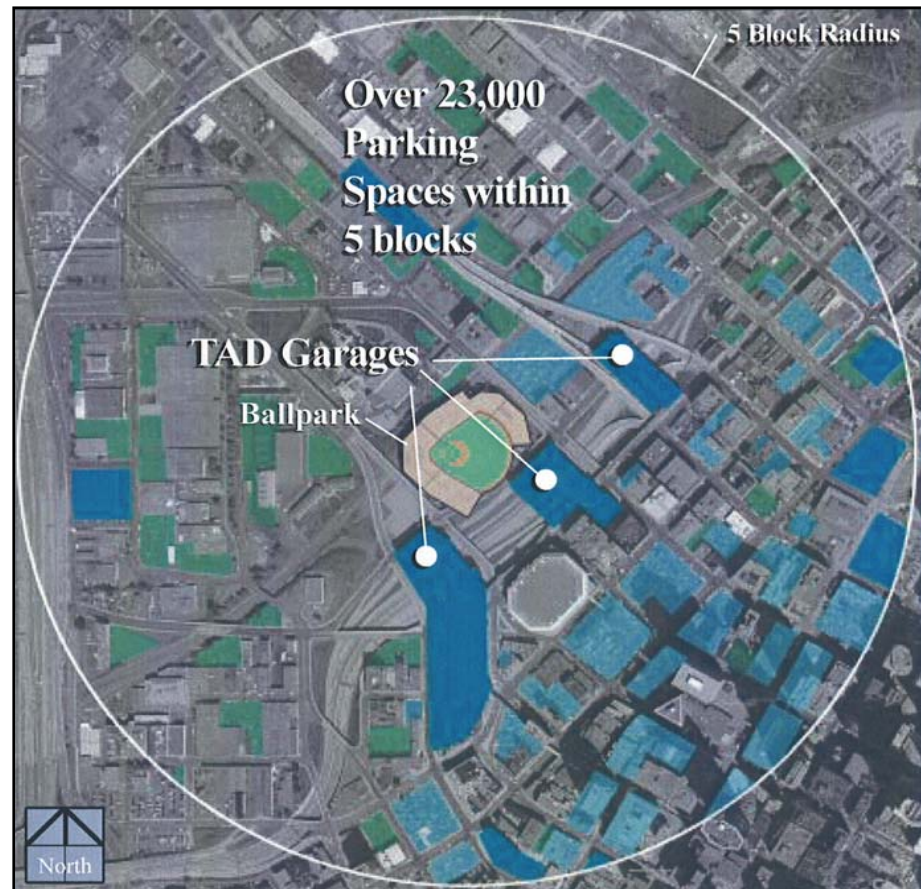
Ballpark

- ◆ 42,000-seat, open-air, natural grass baseball park with a view of the Minneapolis skyline.

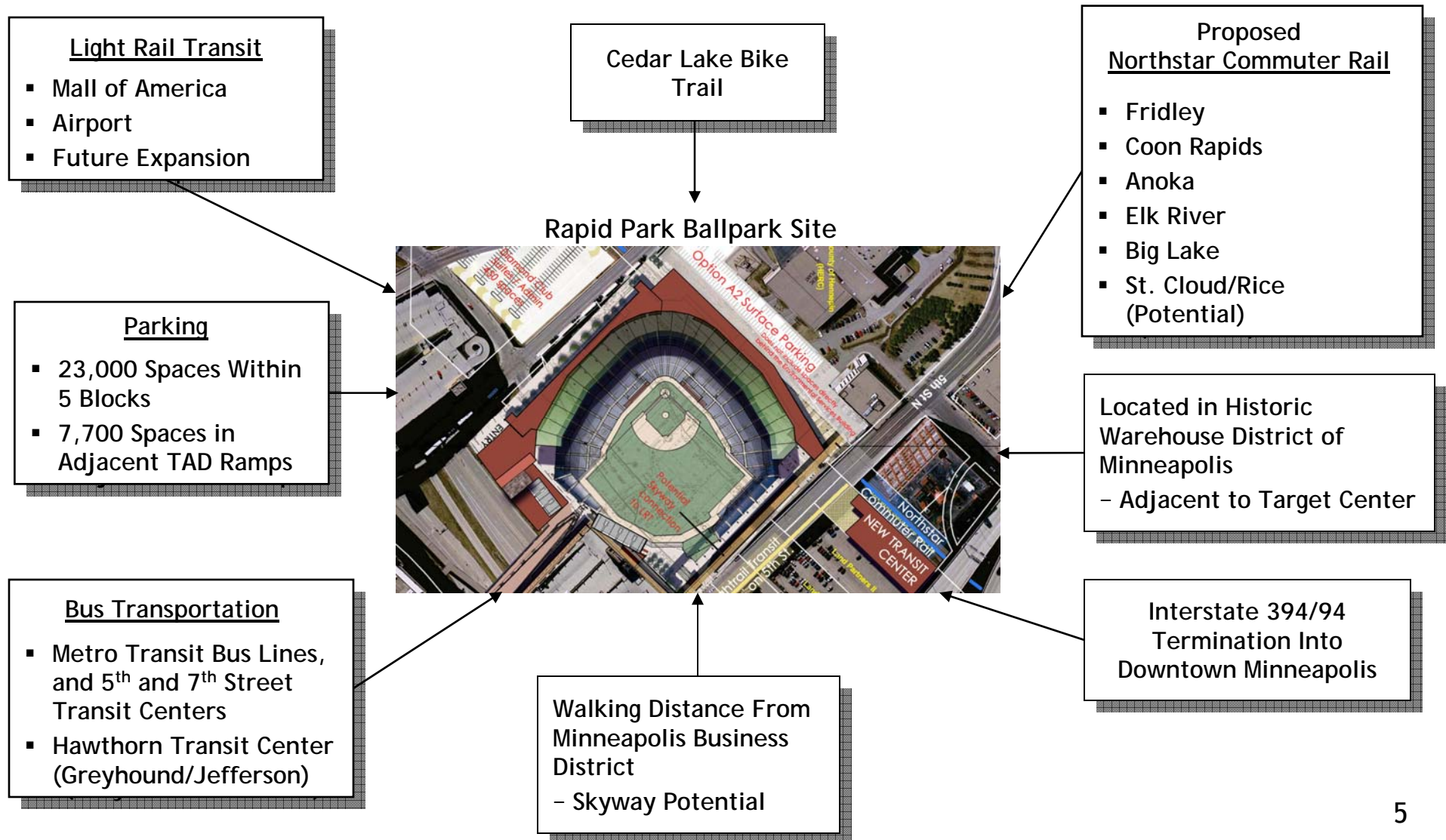


Site

- ◆ Historic Warehouse District of Minneapolis, adjacent to Target Center.
- ◆ Unprecedented accessibility with:
 - Light Rail Transit.
 - Proposed Northstar Commuter Rail.
 - Interstate 394/94.
 - Bus depot.
 - Cedar Lake Bike Trail.
 - Walking distance from downtown with skyway potential.
- ◆ Over 23,000 parking spaces within five blocks, including approximately 7,700 in the surrounding TAD ramps.

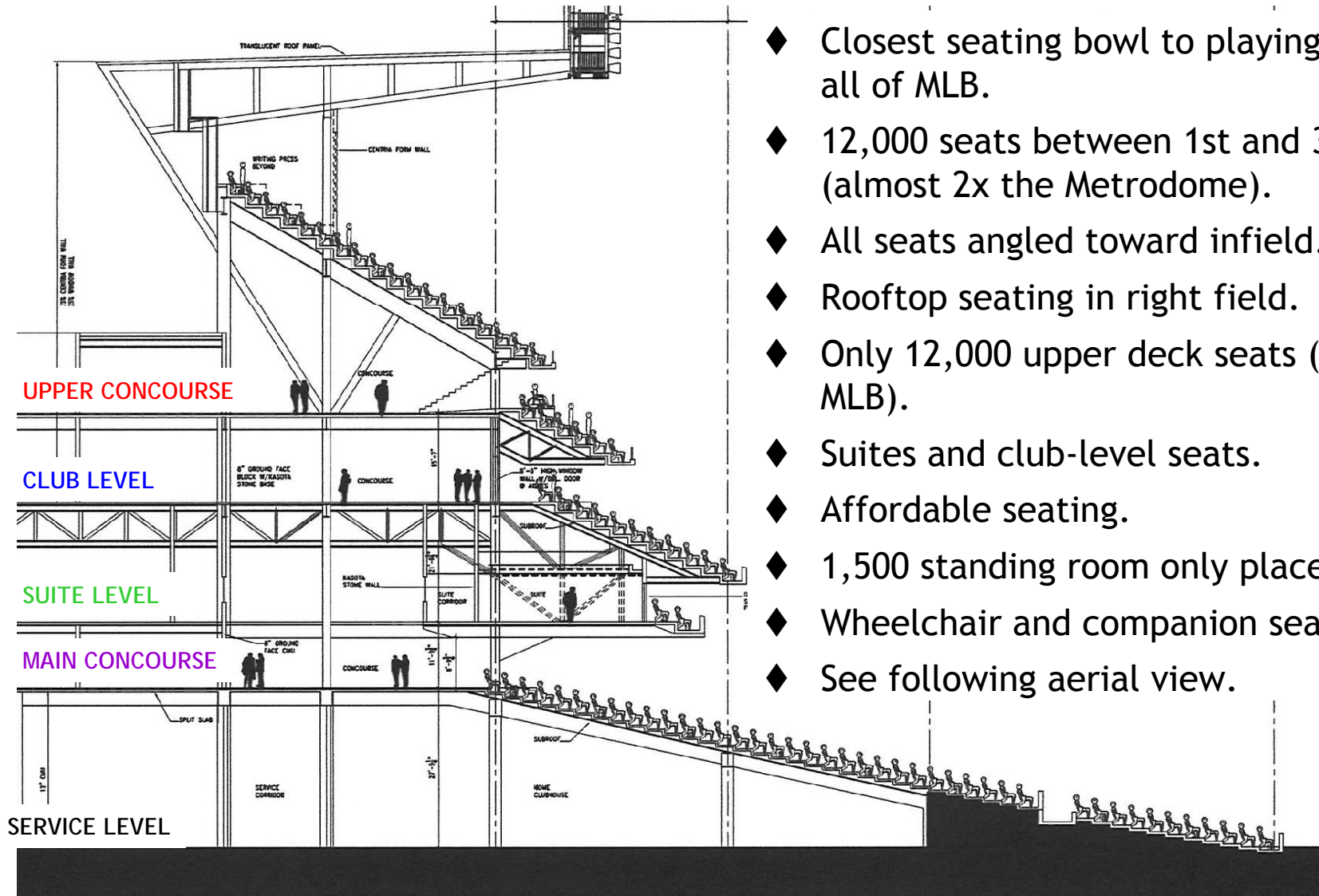


The Most Accessible Ballpark in America: A Regional Convergence Point—Not Just a Ballpark





Seating



- ◆ Closest seating bowl to playing field in all of MLB.
- ◆ 12,000 seats between 1st and 3rd base (almost 2x the Metrodome).
- ◆ All seats angled toward infield.
- ◆ Rooftop seating in right field.
- ◆ Only 12,000 upper deck seats (lowest in MLB).
- ◆ Suites and club-level seats.
- ◆ Affordable seating.
- ◆ 1,500 standing room only places.
- ◆ Wheelchair and companion seating—820.
- ◆ See following aerial view.



New Technologies and Designs Will Make This Open Air Ballpark More Comfortable Than the Metrodome or Metropolitan Stadium

1. Twice as many public restrooms for fan comfort and convenience.
 - 17 each for men and women.
2. Additional heating in concession, restroom and bar/lounge areas.
3. Main concourse provides for 360° covered walk area.
4. Concourses twice as wide as Metrodome.
5. Concourses open to playing field (like Xcel Energy Center).
 - Don't miss the action when standing at the concession stands.
6. Upper deck is wind protected by a back wall and sun roof.
 - Unlike Metropolitan Stadium.

New Technologies and Designs Will Make This Open Air Ballpark More Comfortable Than the Metrodome or Metropolitan Stadium (Continued)

7. Ballpark orientation and design will shelter prevailing winds.
8. Twice as many concession stands for fan convenience.
9. Fans will be able to watch baseball outside as it is meant to be played.
10. The Team and County are pursuing ways to use the HERC plant to provide additional heat and/or energy to the ballpark.
11. Accessibility upgrades:
 - Wheelchair and companion seating.
 - Fewer seats per row.
 - More aisles.

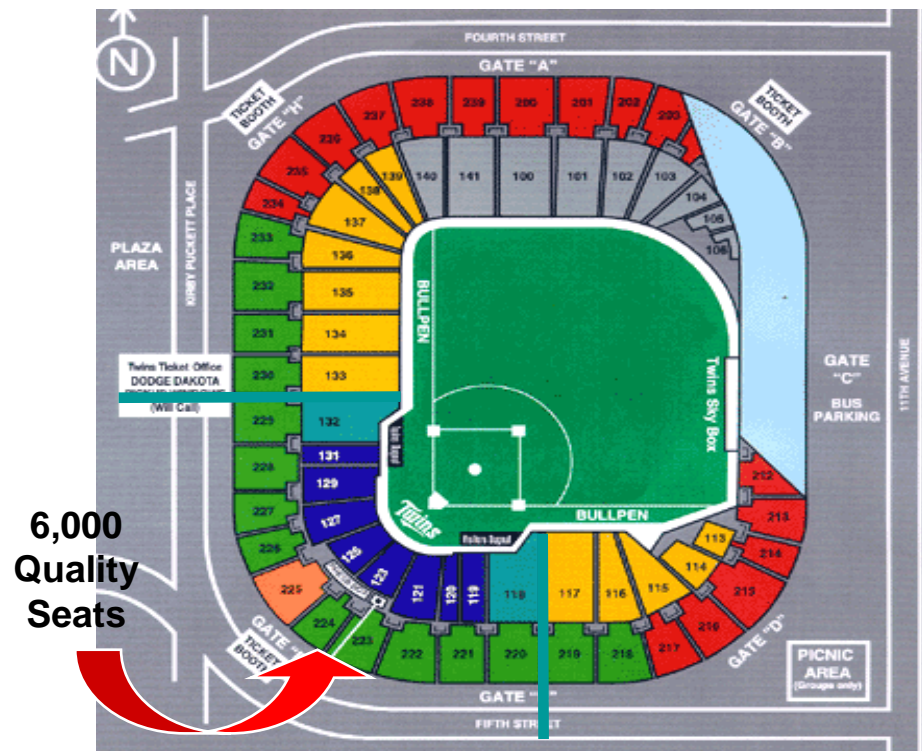
“We Are Where
We Are”
(In the Metrodome)

Despite Three Years of Winning Twins Rank Among the Lowest of the 30 MLB Teams (30 = Industry Low; Goal is Industry Average)

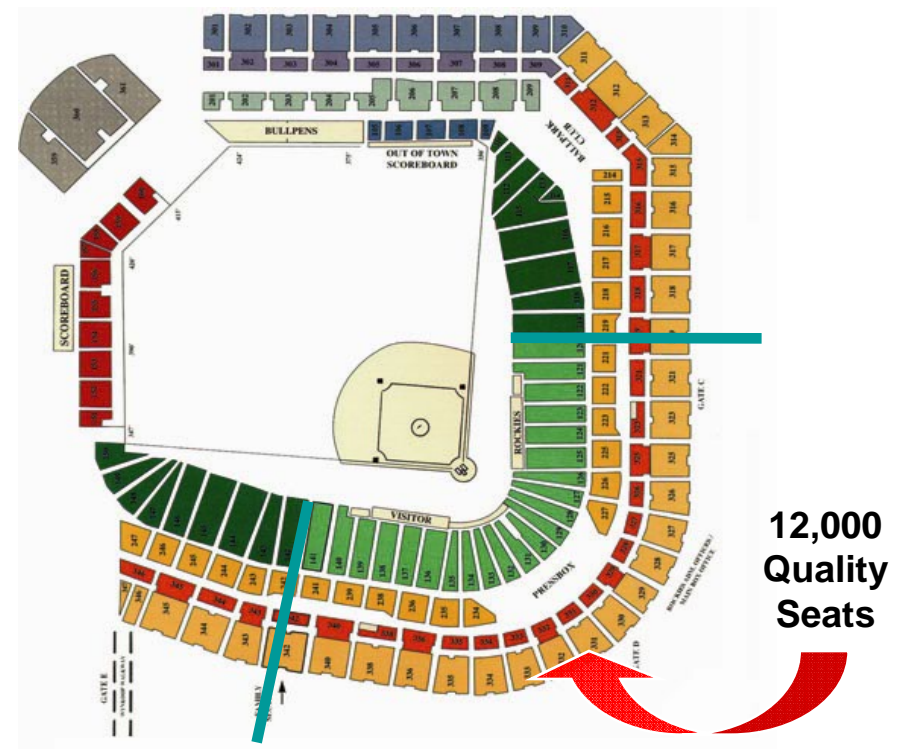
	<u>2002</u>	<u>2003</u>	<u>2004</u>
<u>On the Field:</u>			
Win/Loss Record	94-67	90-72	92-70
AL Central Division Finish	1st	1st	1st
<u>Off the Field Ranking, in Metrodome:</u>			
Paid Attendance	20	20	23
Local Revenue Sources:			
Gate Receipts	25	25	25
In-Park Concessions	22	24	26
Advertising and Publications	26	27	26
Parking Revenue	26	28	27
Stadium Suite Rentals	30	27	30

Why Are Revenues So Low?

- ◆ The Twins are playing baseball in the corner of a football field with few "quality" baseball seats.



Metrodome



Coors Field

Why Preserve Major League Baseball: Did You Know?

- ◆ Even with only 1.9 million fans during each of the past three years, the Twins attract more fans than the other professional sports COMBINED!
 - The MLB average is 2.5 million.
- ◆ The average Twins ticket price is less than ½ of the other professional sports (NFL, NBA and NHL).
 - As a result, the Twins market “affordable family entertainment.”
 - Affordable seating has been maintained in other new ballparks.

Why Preserve the Minnesota Twins? They Have Become a Model Franchise

◆ They're competitive:

- Back-to-back-to-back AL Central Championships.

◆ They're well managed:

- Baseball America Organization of the Year in 2002 and 2004.
- Ron Gardenhire named Co-Manager of the Year by Sporting News in 2004.
- Terry Ryan named MLB Executive of the Year in 2002 and 2004.
- Dave St. Peter named one of the 40 top sports executives under age 40 in both 2003 and 2004.

◆ They want to preserve their great young talent:

- Johan Santana wins 2004 AL Cy Young Award.
- Twins' 2004 amateur draft ranked best in MLB.
- Young stars are great role models: Morneau, Mauer, Santana (several others).

Why Now is the Right Time

Why Build a Ballpark Now?

- ◆ Twins cannot sustain recent success in the Metrodome.
- ◆ The Twins need to find a way to retain core players.
- ◆ Metrodome Use Agreement has expired.
- ◆ Take advantage of low but rising interest rates.
- ◆ Avoid future cost of inflation.
- ◆ We have a simple straightforward plan.

A New Ballpark for Minnesota: Investing in Our Future

- ◆ *A new Twins ballpark is the only way for Minnesotans to enjoy this competitive, affordable family entertainment for generations to come.*
- ◆ *The current business model is not sustainable.*
- ◆ *The next few weeks will determine the future of the Minnesota Twins franchise.*

**What's Different
This Year?**

What's Different?

- ◆ The Twins and Hennepin County have forged a site-specific, comprehensive plan which includes all elements to construct the ballpark.
 - Intensive negotiations addressed terms in detail.
 - Any alterations to the plan would breach the understanding of the parties' agreement.
- ◆ The funding plan is simple, straightforward, and based on a low, countywide sales tax of .0015, or 3¢ on \$20.

Why This New Approach?

- ◆ Both Hennepin County and the City of St. Paul requested exclusivity in 2005.
 - The Twins had to make a choice.
- ◆ We've heard you. We did not expect the State to provide significant project funding.
- ◆ A nominal, broad-based Hennepin County sales tax was the only plan not requiring state funding.
- ◆ The Warehouse District site has the existing infrastructure and the greatest accessibility and parking for the fans.

The Minnesota Twins/Hennepin County Partnership Brings Clarity

	Current Year (2005)	Last Year (2004)
Site	Minneapolis Warehouse District	<u>Unknown</u>
Ballpark	<u>No</u> Roof Required	Roof Required
Ballpark Funding Arrangement	<u>Completed Deal</u> —Intensive Negotiation With Hennepin County With Realistic Cost Estimates	<u>Unknown</u> —Negotiations Not Completed With Host Communities or Legislature
Team Contribution	\$125 Million, <u>Without</u> a Roof—Team Responsible for Ballpark Overruns	\$120 Million, <u>With</u> a Roof

The Minnesota Twins/Hennepin County Partnership Brings Clarity (Continued)

	Current Year (2005)	Last Year (2004)
Form of Team Payment	<u>Up-Front</u> , Prior to Opening	30-Year Rental Plan, <u>Uncertain</u> Funding Mechanism
Host Community Contribution	<ul style="list-style-type: none"> - Host Community Share Not to Exceed \$235 Million for Ballpark - \$84 Million for Development and Infrastructure—County Responsible for Overruns 	<u>Unknown</u> —Menu of Options Presented
State Construction Contribution	<u>None</u>	\$100 Million—Source Not Known

The Funding Plan and Other Considerations

The Partnership Between the Minnesota Twins and Hennepin County

- ◆ The Twins and Hennepin County have agreed on an integrated and comprehensive plan.
- ◆ The resulting integrated plan is the most complete and understandable of any plan presented to the legislature.
- ◆ Changes to the terms or conditions will likely place the plan in jeopardy.
- ◆ Creates a dynamic destination unmatched in America.

Team Commitments

- ◆ Cash contribution: \$125 million.
- ◆ Ironclad lease: 30-year use agreement requiring specific performance. No escape clause.
- ◆ Ballpark cost overruns: Team responsibility.
- ◆ Ballpark operating expenses: Team responsibility (\$10.0 million per year estimate).*
- ◆ Capital improvements: \$600,000 per year.*
- ◆ Contribution for youth activities and amateur sports: \$250,000 per year.*
- ◆ Sharing of franchise sale proceeds: 18%, declining through 2016.
- ◆ Affordable tickets: Continuation of existing family and student discount programs.

* Escalates over time.

County Commitments

- ◆ Ballpark, land and on- and off-site improvement costs: Pay for County share (see following table) by issuing tax-exempt County revenue bonds payable with a .0015 countywide sales tax.
 - 3¢ on every \$20 purchase.
 - Excludes clothing, food and medical supplies.
- ◆ Ballpark Authority: Annual operating budget.*
- ◆ Capital improvements: \$1.4 million per year.*
- ◆ Youth and library commitments (if available from excess bond revenues):
 - Up to \$2.0 million per year for youth activities and amateur sports.*
 - Up to \$2.0 million per year for additional library hours for both Minneapolis and Hennepin County library systems.

* Escalates over time.

Other Considerations

- ◆ State tax estimates: State will collect over \$10.0 million annually from ballpark-related sales and player income taxes.
- ◆ Mn/DOT land transfer: Five acres of land transfer plus air rights. Mn/DOT will receive over \$1 million per year, incrementally, from existing parking infrastructure.
- ◆ Jobs: Construction alone will generate approximately 500 full-time equivalent jobs for nearly three years.
- ◆ Roof: No roof unless a state funding source is determined by the legislature.
 - Roof ready is not a practical option from a cost or logistical standpoint.

Other Considerations (Continued)

- ◆ Referendum: The County and Team's plan will not proceed if a referendum is required.
 - The project financing would not be feasible due to related time delay, interest rate risk and project inflation.
- ◆ Provision for minority-owned and small business participation and a public sector project labor agreement.
- ◆ Provision for using environmentally friendly materials and procedures within the ballpark, including a district heating system using waste heat from HERC, etc.

Financing Summary

(Dollars in Millions)

	<u>Team Share</u>	<u>County Share</u>	<u>Total</u>
<u>Project Costs</u>			
Ballpark Construction Costs	\$ 125	\$ 235	\$ 360
On/Off Site Development Costs	-	84	84
<i>Total Project Costs</i>	<u>\$ 125</u> ¹	<u>\$ 319</u> ¹	<u>\$ 444</u>
<u>Sources and Uses Statement</u> ²			
Approximate Sources of Funds:			
Team Up-Front Cash Contribution	\$ 40		\$ 40
Team Second Cash Payment Before Completion	85		85
Net Proceeds From County Financing		\$ 319	319
<i>Total Sources</i>	<u>\$ 125</u>	<u>\$ 319</u>	<u>\$ 444</u>
Approximate Uses of Funds:			
Ballpark Construction			\$ 360
On/Off Site Development Costs			84
<i>Total Uses</i>			<u>\$ 444</u>

¹ The team share can increase to \$127.5; the County share can increase to \$321.5 based on cost sharing associated with surface parking.

² It is assumed current market rates plus 50 basis points.

Financing Summary (Continued)

(Dollars in Millions)

	<u>Team Share</u>	<u>County Share</u>	<u>Total</u>
<u>Estimated Sizing of County Debt</u>			
Net Proceeds from County Debt Issuance			\$ 319
Issuance Cost/Debt Service Reserve/Bond Insurance			34
<i>Total County Debt Issuance</i>			<u>\$ 353</u>
Estimated Annual County Debt Service Payment		\$ 21.5	
Estimated Annual Tax Revenue Required at 130% Coverage		28.0	
Estimated Annual Sales Tax Proceeds at .15%		28.0	
<u>County Debt Statistics</u>			
Estimated Average Interest Rate (Variable and Fixed Rate Debt)		4.75% ²	
Coupon Range		3.4%-5.15%	
Assumed Underlying Rating (Coverage Ratio 130%)		"A"	
Insured Rating		"AAA"	

² It is assumed current market rates plus 50 basis points.

What Are the Paybacks?

- ◆ Jobs: Over 500 FTE construction jobs during three-year construction period.
- ◆ Taxes: Player payroll and sales tax will generate over \$10 million per year (escalating over time) inside the ballpark.
 - Due to higher player payrolls and higher sales generated from higher attendance.
- ◆ Development: Significant ancillary developments are already being planned in “Twinsville” area.
 - Mixed use of housing, retail and office.

What Are the Paybacks?

- ◆ Expansion: New development will create additional jobs and expand the local tax base.
- ◆ Infrastructure: Creates a dynamic termination point for major transportation investments which will increase ridership.
- ◆ Intangibles: The quality of life which the Minnesota Twins brings to the state and region are immeasurable.
 - Twins' history and legacy.
 - Twins' commitment to the community.
 - Over 60 million TV and radio impressions each season.

Summary

- ◆ We've come a long way!
- ◆ The Team and Hennepin County have forged a historic plan to get the ballpark built.
- ◆ The nominal Hennepin County sales tax necessitates enabling legislation, leaving the final decision to Hennepin County.
- ◆ This is the right plan, in the right place, at the right time.
- ◆ Now is the time to preserve this important statewide asset, create additional jobs, stimulate development and create an unprecedented regional destination point.