

**REQUIRED COVERSHEET FOR SUBMISSION OF INFORMATION
FOR A STADIUM PROPOSAL**

Identify the Respondent by providing the names and addresses of each individual and/or entity participating in this submission:

A. Citizen
MINNESOTA

If the one of the entities listed above is a governmental entity formed under a joint powers agreement or an entity or organization which includes more than one public or private entity, please identify all of the entities or organizations which are members or participants of the Respondent:

This submission includes a proposal for a:

- Baseball Stadium
- Football Stadium
- Combined Facilities

CERTIFICATION AND WAIVER

The Respondent acknowledges that the submissions and the information contained therein are not confidential and all of the information contained in the submissions or provided to the stadium screening committee may be given to the public, to members of the Pawlenty Administration and/or to other persons or entities as deemed appropriate by the Screening Committee or the Administration. Respondent affirmatively states that it has the legal right to submit the enclosed information to the Screening Committee without any restriction on the Screening Committee's future disclosure or use of the information. Respondent waives any copyright or any other claim of propriety, right of control, or limitation of use in relation to the information submitted. Respondent further agrees to hold the members of the Screening Committee, the State of Minnesota, its agents and employees, harmless from any and all claims or lawsuits that may arise from the Respondent's activities related to its submission, including any claim for negligence, breach of contract, or any other claims alleging wrongful acts or omissions by Respondent, or the Respondent's independent contractors, agents, employees or officers.

A. Citizen
Respondent

By _____

Its _____

A Simple Stadium Proposal

Submitted by
A Citizen of Minnesota

Introduction

Professional and collegiate sports improve the quality of life for Minnesotans statewide. These entertainment activities are part of the social and cultural opportunities that enhance Minnesota's economic competitiveness and national reputation. However, Minnesota is a small state with limited financial resources. So while it is reasonable to expect the State to fund the cost of one stadium, it is unreasonable to expect the State to fund three stadiums.

This proposal calls for the State of Minnesota to invest a total of \$400 million in new stadiums for the Minnesota Twins, the Minnesota Vikings, and the University of Minnesota. The State would provide \$150 million to each professional team, and \$100 million to the University of Minnesota. The teams (and any local government and business partners) would be responsible for all other stadium construction costs. The teams would in turn be responsible for all aspects of operating their respective stadiums, keeping all stadium-derived revenues and incurring all operating expenses. The professional stadiums would be owned by the Metropolitan Sports Facilities Commission (MSFC), whose only purpose would now be to ensure, on an annual basis, that the facilities are being operated and maintained at a level comparable to other professional sports venues. When the revenue bonds issued by the State for the professional stadiums are retired the teams will have the option of buying their respective stadiums for a dollar. The University of Minnesota would own and operate its own stadium.

This proposal has the advantage of capping the State's financial contribution, placing the incentive to minimize cost on the teams, eliminating the need for the legislature to negotiate detailed and complex business deals, and limiting the likelihood that teams will leave Minnesota by maximizing their investment in the new facilities.

Section I: Site Selection, Design, and Construction

The Minnesota Twins, Minnesota Vikings, and the University of Minnesota are each responsible for selecting the site for their stadium, negotiating any required local government involvement, overseeing the design, and managing the construction. Teams are encouraged to make the location and design decisions that work best for their respective business models, minimize cost, and maximize potential revenues. Each team can select the design team, contractor, project delivery method, and stadium manager that work best for their business model. Teams are responsible for setting the project budget, and for funding any cost overruns.

Section II: Financing

The financing plan is based on an annual debt payment by the State of Minnesota of approximately \$28 million. This figure represents \$400 million of revenue bond supported debt at 5.5% interest for 30 years. The State of Minnesota will support this annual debt payment through a statewide 13% wholesale level gross receipts tax on licensed sports memorabilia (\$14.9 million), a 2% statewide tax on short-term automobile rentals (\$4.0 million), a lottery scratch-off game (\$1.8 million for three games), and a 1% statewide tax on on-sale liquor (\$9.8 million based on March 2002 Minnesota Department of Revenue estimate for the metropolitan area escalated 40% by this author to approximate statewide coverage). All revenue source estimates are taken from March 2002 Minnesota Department of Revenue estimates provided by Paul Wilson, House Fiscal Analyst, to Governor Ventura's Tri-partisan Stadium Task Force.

The State of Minnesota will provide \$300 million to the MSFC for use in constructing two professional stadiums, and \$100 million to the Regents of the University of Minnesota for constructing a new on-campus stadium.

The State of Minnesota will also provide a sales tax exemption on all stadium-construction related goods and services. This benefit would be estimated at approximately \$45 million for \$1.3 billion of total stadium construction per March 2002 Minnesota Department of Revenue estimates.

The proceeds from the sale of the Metrodome site will be used to demolish the building and promote the redevelopment of the site. Current MSFC balances will be placed into an endowment to fund the commission's future on-going operations. MSFC investments currently generate \$650 thousand per year.

Section III: Ownership and Management

The Metropolitan Sports Facilities Commission (MSFC) will own the two new professional stadiums. The MSFC membership will be changed to reflect its new role. The commission will have seven members: a chair and two members appointed by the Governor, one member from the county hosting the Vikings stadium, one member from the county hosting the Twin stadium, one member from the city hosting the Vikings stadium and one member from the city hosting the Twin stadium. If the same city or county hosts both stadiums, the Governor will fill the vacant seats. The MSFC will maintain the minimum staff necessary to facilitate any required construction activity and to ensure, through a third party annual physical conditions audit, that the facilities are being operated and maintained at a level comparable to other professional sports venues. The commission will have the authority to impose a rent on the teams and to perform necessary improvements if the audit concludes that the facility is not being adequately maintained or renewed. The MSFC will contract with the respective teams for all aspects of the construction and on-going operation of the new stadiums. The MSFC will contribute \$150 million to the construction of each professional stadium when, at its discretion, it has been presented with a viable construction plan including an approved Environmental Impact Study (EIS), preliminary site plan and design, cost estimate, and funding plan.

Teams will play in the stadium rent free, keeping all stadium-derived revenues and incurring all operating, maintenance and capital renewal expenses. When the revenue bonds issued by the State for the professional stadiums are retired the teams will have the option of buying the stadium for a dollar. The teams must sign an escape proof lease that commits them to playing in their respective stadiums until all public debt issued to support the stadium has been retired.

The Regents of the University of Minnesota will own and operate the new University of Minnesota stadium.