METROPOLITAN SPORTS FACILITIES COMMISSION

RESOLUTION NO. 09-05

RELATING TO METRODOME REVENUE ENHANCEMENTS, VIKINGS’ COMMITMENTS, AND HARMONIZATION OF COMMISSION-VIKINGS RELATIONS

WHEREAS, the Commission is a party to a Football Use Agreement dated August 8, 1979, as subsequently amended pursuant to which the Minnesota Vikings Football Club, LLC (“Vikings, LLC”) has committed to play its “Minnesota Vikings” NFL games at the Metrodome for a thirty (30) year term, scheduled to expire at the conclusion of the 2011-12 NFL season (the “Football Use Agreement); and

WHEREAS, by Resolution dated July 15, 1998, the Commission found that changes in the economics of professional sports since 1979 and Vikings, LLC’s need to increase revenues to improve its ability to compete required a restructuring of stadium revenues favorable to Vikings, LLC and the other major users of the Metrodome; and

WHEREAS, by Resolution dated February 20, 2002, the Commission acted on the July 15, 1998 Resolution by forbearing from collecting rent required from Vikings, LLC by Sections 4.1 and 4.2 of the Football Use Agreement effective for the 1999 football season going forward; and

WHEREAS, on September 24, 2009, the Commission and Vikings, LLC amended the Football Use Agreement to assign to Vikings, LLC certain advertising, gate-naming, and field-naming rights at the Metrodome, it being contemplated that the marketing and packaging capabilities unique to Vikings, LLC would serve to maximize stadium advertising revenues for the benefit of Vikings, LLC; and

WHEREAS, the Commission enjoys the statutory power to enter into use agreements and to alter same so as to “provide athletic, educational, cultural, commercial or other entertainment, instruction, or activity for the citizens of the metropolitan area,” Minn. Stat. § 473.556 Subd. 12; and

WHEREAS, in altering the rentals, fees, and charges in such use agreements, the Commission must preserve rentals, fees, and charges that are “estimated by the commission to be necessary and feasible to produce so far as possible, with commission revenues from other sources, the amounts needed for current operation, maintenance, and debt service,” Minn. Stat. § 473.595 Subd. 2; and
WHEREAS, the greater-than-anticipated financial success of the Metrodome in being constructed on time and under budget and being managed in a fashion that has permitted the Commission to repay the entire cost of the facility and subsequent improvements, and to provide for adequate reserves has permitted the Commission to fund efforts to ensure and facilitate the continuation of major league football in Minnesota through the end of the 2011-12 NFL season and beyond; and

WHEREAS, the statute creating the Commission is a remedial statute which must be construed liberally to accomplish the legislature's broad underlying purposes; and

WHEREAS, for 30 years, the Minnesota courts have repeatedly recognized the valid public purpose served by stadiums for professional teams and have upheld a variety of measures taken by the Commission to serve this public purpose; and

WHEREAS, further revenue enhancements to the Vikings can be achieved by altering or forbearing from certain Football Use Agreement terms to facilitate and incentivize the continuation of major league football in Minnesota through the end of the 2011-12 NFL season and beyond; and

WHEREAS, changes in circumstances since February 20, 2002, the imminent expiration of the term of the Football Use Agreement approximately two years hence, and the public interest in the long term continuation of professional football in Minnesota impel the Commission to structure incentives for the Vikings to specifically perform the remaining term of the Football Use Agreement and to extend the term of same,

NOW, THEREFORE BE IT RESOLVED:

1. The Commission renews its Resolution of February 20, 2002 to forbear from collecting rent for seasons commencing with the 1999 NFL Season. The Commission finds that such forbearance is necessary (a) to improve the competitiveness of this venue and of the Vikings, LLC by forbearing from collecting rental charges of amounts that are not commonly charged to other NFL users of public facilities; (b) to incentivize Vikings, LLC to commit to usage of the Metrodome after the 2011-12 NFL Season by creating a class of obligations that will be permanently forgiven in the event of such subsequent usage; (c) to alter terms of the Football Use Agreement in a manner favorable to Vikings, LLC consistent with the Commission’s powers under Minn. Stat. § 473.595 Subd. 2 and to account for changed circumstances since 1979; and (d) to serve the larger purpose facilitating the continuation of major league football in Minnesota through the 2011-12 NFL Season and beyond. Such forbearance, and forbearance for previous years, is conditioned on Vikings, LLC specifically performing all obligations under the Football Use Agreement.
2. Subject to paragraph 6 below, the Commission will agree to amend the Football Use Agreement retroactive to the 2008-09 season to permit the Vikings to receive – for the postseasons played last year and for all subsequent postseasons – the Commission’s share of certain stadium revenues attributable to postseason play, which, for 2008-09, have been estimated at $675,000.

3. The Commission has already engaged HKS Architects and Mortenson Construction to plan, analyze, and facilitate the construction of stadium alternatives intended to ensure the long-term commitment of the Vikings and the NFL to continue NFL football in this community. The Commission will finalize the architectural and design work underway.

4. The Commission will commit a sum not to exceed $500,000 to the “Metrodome Next” project for 2010, subject to conditions acceptable to the Commission including the provision of matching funds by the Vikings and including agreements on a mutually acceptable course of conduct and funding.

5. The forbearance from collecting rent and other revenue enhancements referenced herein are made on the basis of the Commission’s annual finding that it can provide same consistent with its obligation to estimate and ensure revenues “necessary and feasible to produce so far as possible, with commission revenues from other sources, the amounts needed for current operation, maintenance, and debt service.” Minn. Stat. § 473.595 Subd. 2.

6. The forbearance from collecting rent and other revenue enhancements referenced herein are conditioned on the following agreement by Vikings, LLC: (a) no repudiation of its commitments to play NFL games in Minnesota; (b) no sale of the team absent written and informed consent of the Commission; (c) no relocation of the team outside of Minnesota; and (d) an extension of the term of the Football Use Agreement for at least a two-year term (with year to year options for extensions thereafter). All such consideration will be due and owing the Commission in the event any of these conditions are not satisfied.

7. The Chair and Executive Director are empowered to negotiate the terms of the extension of the Football Use Agreement in a manner consistent with this Resolution and submit same for review and ratification by the full Commission.
ADOPTED this 19th day of November, 2009, by the Metropolitan Sports Facilities Commission.

____________________________
Secretary

Moved by: ____________
Seconded by: __________

Deputy Secretary / Executive Director

Abstentions

Ayes

Nays