

CHAPTER 473I

BASEBALL PARK

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473I.01 DEFINITIONS.

Subdivision 1. **Application.** The definitions in this section apply to sections 473I.01 to 473I.13.

Subd. 2. **Municipality.** "Municipality" means a statutory or home rule charter city in the metropolitan area, as defined in section 473.121, subdivision 2.

Subd. 3. **Commission.** "Commission" means the Metropolitan Sports Facilities Commission as defined in section 473.551.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of finance.

History: 2002 c 397 s 5

473I.02 SITE SELECTION FOR BASEBALL PARK.

In selecting a site to be proposed to the team for the new baseball park, the municipality shall consider at least the following:

- (1) the adequacy of the size of the site relative to the preferred design for the baseball park;
- (2) the adequacy of existing public infrastructure serving the site, including parking and highway, road, and transit access, to meet the demands created by events at the baseball park in combination with other uses or events in the area that create traffic, transit, or parking demands;
- (3) the costs of any likely infrastructure improvements for the facility;
- (4) potential development advantages, including development of compatible mixed use, commercial, and housing developments, in the area surrounding the baseball park;
- (5) compatibility of surrounding uses with the baseball park; and
- (6) appropriate aesthetic considerations.

History: 2002 c 397 s 6

473I.03 PRECONDITIONS TO ISSUING BONDS.

Subdivision 1. **Money available.** Before issuing bonds under section 473I.06, the commissioner must determine that:

- (1) \$120,000,000 in cash from the team or other private sources has been paid to the commissioner for deposit in a construction account for leasehold improvement of the baseball park;
- (2) the municipality and the team have agreed to make payments on the ballpark loan, to be credited to the baseball park debt service account under section 473I.04, at the times and in the amounts provided in the loan agreement, but not less than \$12,000,000 per year unless the commissioner of finance determines otherwise;
- (3) the revenues pledged to pay principal and interest on the bonds will be sufficient to make all debt service payments as they come due and make the bonds marketable;
- (4) the bid demonstrates the financial capacity of the municipality to make the annual payments under and satisfy any other conditions of the loan under section 473I.05; and
- (5) the other conditions required in this section have been met.

Subd. 2. **Major league baseball guaranty.** The commissioner of finance determines that the major league of which the baseball team is a member and major league baseball have both executed an agreement with the city that guarantees the continuance of a major league franchise in the metropolitan area for the greater of (1) 30 years from the date of the agreement or (2) the term of the bonds under sections 473I.06 and 473I.11.

Subd. 3. **Baseball economic reform.** (a) The executive council shall review information from major league baseball and assess:

(1) whether major league baseball and the major league baseball players' association are making a good faith effort to agree upon a new economic system for major league baseball to enhance the competitiveness of small market teams; and

(2) the prospects for adoption of changes to major league baseball providing increased revenues for small market teams and enhancing the viability of a new baseball park.

(b) The executive council shall assess whether, in its opinion, there is reasonable basis for concluding that major league baseball and the major league baseball players' association will agree to a system in the foreseeable future, which, after full implementation and considering all of its elements, will reduce the disparity in team revenues.

(c) The commissioner may issue bonds under section 473I.06 only after the executive council determines that there are reasonable prospects for changes in the revenue sharing structure of major league baseball that will provide sufficient revenues for the major league baseball team to make the proposed baseball park a financially viable facility for the term of the bonds to be issued under sections 473I.06 and 473I.11. The executive council must make the determination within 30 days after a referendum conducted under section 473I.07, subdivision 2, has passed, but no later than September 30, 2002. The determination of the executive council under this paragraph is conclusive and is not subject to judicial review.

Subd. 4. **Construction of baseball park; maximum price.** The municipality must have executed agreements that provide for the construction of a roof-ready baseball park to be owned by the municipality for a guaranteed maximum price not to exceed \$330,000,000, and that require performance bonds in an amount at least equal to 100 percent of the guaranteed maximum price to cover any costs incurred over and above the guaranteed maximum price, including, but not limited to, costs incurred by the municipality and loss of revenues resulting from incomplete construction on the substantial completion date. The major league baseball team is responsible for and must pay all cost overruns.

Subd. 5. **Construction of baseball park; labor and materials.** The municipality must have entered into an agreement with the major league baseball team that the major league baseball team has the following obligations during the period of construction of the baseball park:

(1) the payment of the prevailing wage rate as defined in section 177.42 to all construction workers;

(2) the provision to the municipality of a signed agreement between the major league baseball team and the construction unions that will work on the baseball park that mandates a no-strike and no-lockout period during construction of the baseball park; and

(3) all construction materials for the baseball park produced from or containing steel, so far as practicable, must use steel produced in the United States from taconite produced in Minnesota.

Subd. 6. **Socially disadvantaged persons.** The major league baseball team must have entered into an agreement with the municipality to make all reasonable efforts to ensure that businesses owned by socially disadvantaged persons are awarded contracts for construction and operation of the baseball park in proportion to the number of qualified businesses owned by socially disadvantaged persons in the metropolitan area. The agreement must provide that the team will make all reasonable efforts to ensure that employment of socially disadvantaged persons for the construction or operation of

the baseball park will be proportionate to the number of qualified workers who are socially disadvantaged persons in the metropolitan area. For the purposes of this subdivision, "socially disadvantaged persons" is as defined in Minnesota Rules, part 1230.0150, subpart 24. The municipality must report to the legislature annually on the implementation of this subdivision.

Subd. 7. Use agreement; team. The municipality must have entered into a use agreement with the major league baseball team that provides:

(1) the major league baseball team will use the baseball park for all scheduled home preseason, regular season, and postseason games that the major league baseball team is entitled to play at home for not less than 30 years without an escape clause for the major league baseball team;

(2) the baseball park will be available on nongame days for potential use by the University of Minnesota, Minnesota State Colleges and Universities, private colleges and universities, the State High School League, the municipality for community events, and the Minnesota Amateur Sports Commission;

(3) the major league baseball team will ensure that a portion of the tickets for its games are accessible and affordable;

(4) the major league baseball team and the municipality will cooperate in maintaining the facility as a smoke-free facility;

(5) an American flag manufactured in the United States will be publicly displayed at all baseball games and other events conducted at the baseball park;

(6) the major league baseball team will receive all revenue generated at the stadium, except as otherwise specifically provided in this section;

(7) a listing of all revenue streams generated from use of the baseball park with a specification of what revenues are available to cover the major league baseball team operations, what revenues accrue to the municipality, and what revenues are available to repay the bonds;

(8) the major league baseball team is responsible for repair, maintenance, and replacement of equipment or property in the baseball park, including inspections by the municipality and a representative of the state, as rent;

(9) the agreement must afford to the municipality the rights and remedies at law and equity that are deemed necessary and appropriate to provide reasonable assurance that the baseball team and the owner will comply with the agreements through the 30-year term. The remedies must include specific performance and injunctive relief and may include any other equitable remedies, and any additional remedies or ownership, voting, or other security arrangements the municipality reasonably determines to be effective in ensuring the baseball team will play the required games in the baseball park throughout the 30-year term. The legislature finds that a material breach of an agreement between a municipality and a professional athletic team that commits to the long-term playing of major league games at public facilities causes irreparable harm for which no adequate remedy at law is available and that the grant of equitable relief to remedy the breach is in the public interest and shall be liberally so construed;

(10) that transfer of any portion of ownership or equity in the major league baseball team does not change any obligations, responsibilities, or privileges under the agreement, this section, or section 473I.07; and

(11) if there is a sale or transfer of ownership of the major league baseball team, the owner of the team will pay to the state an amount equal to the state's share of the appreciated value of the team. The state's share must be based on the value of the state investment in the baseball park and must be determined according to a formula included in the use agreement.

Subd. 8. Community ownership of team. The owner of the team must attempt to reach an agreement on the sale of a majority interest in the team to one or more buyers who will keep the team in this state before attempting to sell the majority interest to others.

Subd. 9. **Use of team name and logo.** The major league baseball team must have entered into an agreement with the municipality under which the municipality will obtain from the team the rights to the control and use of the team name and logo if the team relocates to another state. Under the agreement, the team must notify the municipality within 24 hours of signing an agreement to relocate, and at midnight immediately following notification, all income from existing contracts for the use of the team name and logo and all team property with the team name and logo, other than personal property of team members and principals, will become the property of the municipality. This agreement and the requirement that it be entered into may not be construed as authorizing or permitting the team to relocate before the end of the lease and use agreements with the municipality.

Subd. 10. **Compliance with discovery orders.** The commissioner of finance determines with regard to a case in Hennepin County District Court, entitled Metropolitan Sports Facilities Commission v. Minnesota Twins Partnership and Major League Baseball, No. 0116998 (Hennepin County District Court), that one of the following has occurred:

(1) disclosure to the Metropolitan Sports Facilities Commission by the Minnesota Twins and the office of the commissioner of major league baseball of all documents relating to the Twins' finances, including tax records of the team and its owners, deals between the commissioner and the Twins' owner, contraction plans developed by team owners, and all other documents covered by all applicable discovery orders issued by the Hennepin County District Court;

(2) the Hennepin County District Court approves a settlement agreement signed by the metropolitan sports facilities commission and the Minnesota Twins; or

(3) the court has dismissed the case.

History: 2002 c 397 s 7

473I.04 SPORTS FACILITIES FUND.

Subdivision 1. **Creation.** The sports facilities fund is established as a special account in the state treasury.

Subd. 2. **Baseball park revenue bond proceeds account.** A baseball park revenue bond proceeds account is established in the sports facilities fund. The proceeds of any bonds issued under section 473I.06 must be credited to the account. The amount necessary to make the loan under section 473I.05 is appropriated from the account to the commissioner.

Subd. 3. **Baseball park debt service account.** (a) A baseball park debt service account is established in the sports facilities fund. The assets of the account and its investment earnings are pledged to and may only be used to pay principal and interest on bonds issued under section 473I.06.

(b) The State Board of Investment shall contract with the investment advisors specified by the team to invest money in the endowment account. The account must be invested in authorized investments under section 11A.24, except (1) corporate obligations described in section 11A.24, subdivision 3, paragraph (b), and (2) investments described in section 11A.24, subdivision 6, paragraph (a), clauses (1) to (4).

(c) The commissioner shall review the investment performance of the account at the end of the second year after the baseball park begins operations and every four years thereafter. The commissioner shall require the owner of the baseball park to impose a surcharge on admissions to events at the baseball park, in one-half of one percent increments, not to exceed five percent, in an amount sufficient to equal the money that would be in the fund, if an 8.5 percent annual rate of return had been earned. Notwithstanding the preceding sentence, the commissioner shall set the required rate of return for the first four years after the account is established. If the rate of return on the fund during the period exceeded 8.5 percent, the commissioner may use the excess to retire or defease the bonds. In making the determination under this paragraph, the commissioner must assume that the municipality has timely made

all payments required under the loan agreement, regardless of whether the payments were made.

(d) In addition, the commissioner may require, as part of the loan agreement, that the municipality exercise its authority under section 473I.07 to provide money to the commissioner to make up any deficiency that is not eliminated under paragraph (c). The municipality may recover from the team any payments made under this paragraph.

(e) Money in the debt service account is appropriated to the commissioner to pay principal and interest on bonds issued under section 473I.06.

History: 2002 c 397 s 8

473I.05 LOAN AGREEMENT.

After making the determinations required by section 473I.03, the commissioner shall provide a loan to the municipality from money in the baseball park bond proceeds account, in an amount up to \$330,000,000. The proceeds of the loan must be used by the municipality to acquire and prepare a site for and to design, construct, furnish, and equip the baseball park. The commissioner shall specify the terms of the loan agreement.

History: 2002 c 397 s 9

473I.06 BASEBALL PARK REVENUE BONDS.

Subdivision 1. **Purposes.** After making the determinations required by section 473I.03, the commissioner may sell and issue revenue bonds to make the loan to the municipality, to establish a reserve fund or funds, and to pay the cost of issuance of the bonds.

Subd. 2. **Amount.** The principal amount of the bonds issued for the purposes specified in subdivision 1 must not exceed \$330,000,000. The commissioner shall deposit an amount of the proceeds equal to the contributions under section 473I.03, subdivision 1, clause (1), from the team and other private sources, in the baseball debt service account.

Subd. 3. **Procedure.** The commissioner may sell and issue the bonds on the terms and conditions the commissioner determines to be in the best interests of the state. The bonds may be sold at public or private sale. The commissioner may enter any agreements or pledges the commissioner determines necessary or useful to sell the bonds that are not inconsistent with sections 473I.01 to 473I.07. Sections 16A.672 to 16A.675 apply to the bonds. The metropolitan sports facilities commission shall transfer an amount, not to exceed one percent of the principal amount of the bonds, from its accumulated reserves to the commissioner to pay for the cost of issuance of the bonds.

Subd. 4. **Revenue sources.** The bonds are payable only from the following sources:

- (1) the principal and any investment earnings on the assets of the debt service account;
- (2) payments of the municipality and team under the loan made by the commissioner; and
- (3) other revenues pledged to the payment of the bonds.

Subd. 5. **Refunding bonds.** The commissioner may issue bonds to refund outstanding bonds issued under subdivision 1, including the payment of any redemption premiums on the bonds and any interest accrued or to accrue to the first redemption date after delivery of the refunding bonds. The proceeds of the refunding bonds may, in the discretion of the commissioner, be applied to the purchases or payment at maturity of the bonds to be refunded, or the redemption of the outstanding bonds on the first redemption date after delivery of the refunding bonds and may, until so used, be placed in escrow to be applied to the purchase, retirement, or redemption. Refunding bonds issued under this subdivision must be issued and secured in the manner provided by the commissioner.

Subd. 6. **Not a general or moral obligation.** Bonds issued under this section are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for

their payment. The bonds may not be paid, directly in whole or part from a tax of statewide application on any class of property, income, transaction, or privilege. Payment of the bonds is limited to the revenues explicitly authorized to be pledged under this section and section 4731.07 and the legislature intends that no state money will be used to pay the bonds. The state neither makes nor has a moral obligation to pay the bonds, if the pledged revenues and other legal security for them is insufficient.

Subd. 7. **Trustee.** The commissioner may contract with and appoint a trustee for bond holders. The trustee has the powers and authority vested in it by the commissioner under the bond and trust indentures.

Subd. 8. **Pledges.** Any pledge made by the commissioner is valid and binding from the time the pledge is made. The money or property pledged and later received by the commissioner is immediately subject to the lien of the pledge without any physical delivery of the property or money or further act, and the lien of any pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the commissioner, whether or not those parties have notice of the lien or pledge. Neither the order nor any other instrument by which a pledge is created need be recorded.

Subd. 9. **Bonds; purchase and cancellation.** The commissioner, subject to agreements with bondholders that may then exist, may, out of any money available for the purpose, purchase bonds of the commissioner at a price not exceeding (1) if the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon, or (2) if the bonds are not redeemable, the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption plus accrued interest to that date.

Subd. 10. **State pledge against impairment of contracts.** The state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the commissioner to fulfill the terms of any agreements made with the bondholders, or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged. The commissioner may include this pledge and agreement of the state in any agreement with the holders of bonds issued under this section.

History: 2002 c 397 s 10

4731.07 LOCAL TAXING AUTHORITY.

Subdivision 1. **Use of proceeds.** (a) Subject to the restrictions in this section, the municipality may impose one or more of the taxes under this section to make the payments or meet other obligations under the loan agreement under section 4731.05. The taxes authorized in this section are in addition to taxes authorized under other law. The municipality may repay the state ballpark loan using only revenues from the ballpark and the taxes imposed under this section.

(b) The municipality may not use property taxes or other money, other than ballpark revenues and taxes imposed under this section, to pay for the cost of acquiring, improving, or operating the ballpark. The municipality may not expend more than \$50,000,000 for the cost of public infrastructure related to the ballpark. Public infrastructure related to the ballpark means parking, street improvements, interstate highway connections, sewer, water, and other utilities that are required under an agreement with the major league baseball team or as condition for financing of the baseball park.

(c) If the commissioner determines the money in the debt service accounts is sufficient to pay the bonds in full, the commissioner shall order a temporary or permanent reduction in the taxes imposed under subdivisions 5, 6, and 7 in the order of priority and as the commissioner determines appropriate.

Subd. 2. **Referendum.** (a) Before the municipality imposes a tax under subdivision 5 or 6, the imposition of the tax must be approved by the voters of the municipality at an election held on a Tuesday before September 30, 2002.

(b) Notwithstanding any statute, charter provision, or other law to the contrary, if the tax is approved in a referendum under this subdivision, an ordinance enacting the tax or authorizing expenditures of the proceeds of the tax is not subject to another vote of the electorate by referendum, initiative, charter amendment, or in any other manner.

Subd. 3. **Expiration; local option taxes.** When the bonds issued under section 4731.06 have been defeased or retired, subdivisions 4 to 7 and the taxes authorized by them expire.

Subd. 4. **Baseball park admission tax.** Notwithstanding any other law and only upon the request of the commissioner under section 4731.04, subdivision 3, paragraph (c), the city shall impose an admission tax of up to five percent of the sale price upon the granting, issuance, sale, or distribution, by any private or public person, association, or corporation, of the privilege of admission to activities at the baseball park. No other tax, surcharge, or governmental imposition, except the taxes collected under chapter 297A, may be levied by any other unit of government upon the sale or distribution.

The admission tax must be stated and charged separately from the sales price so far as practicable and must be collected by the grantor, seller, or distributor from the person admitted. The admission tax collected must be used for repayment of the bonds issued under section 4731.06 or to pay for improvements to the baseball park. The tax is a debt from that person to the grantor, issuer, seller, or distributor, and the tax required to be collected is a debt owed by the grantor, issuer, seller, or distributor to the municipality, recoverable at law in the same manner as other debts. Every person granting, issuing, selling, or distributing tickets for admissions to the ballpark may be required to secure a permit, to file returns, to deposit security for the payment of the tax, and to pay the penalties for nonpayment and interest on late payments, as deemed necessary or expedient to ensure the prompt and uniform collection of the tax.

Subd. 5. **Food and beverage taxes.** Notwithstanding section 477A.016, or any other limitation of law or charter, the municipality may by ordinance impose taxes on sales of food, as defined in section 297A.61, subdivision 31, and alcoholic beverages, as defined in section 297G.01, not to exceed five percent at a retail level on any business within the municipality. The municipality may impose this tax on all or part of the municipality, as provided in the ordinance. The ordinance must provide for dedication of the taxes or fees, after payment of collection and administrative expenses and refunds, to payment of principal and interest on bonds issued for the baseball park.

Subd. 6. **Lodging tax.** Notwithstanding section 477A.016, or any other limitation of law or charter to the contrary, the municipality may impose, by ordinance, a lodging tax at a rate of no more than five percent on the gross receipts from the furnishing for consideration of lodging as described in section 469.190, subdivision 1. The municipality may impose this tax on all or part of the municipality, as provided in the ordinance and may provide for exempting hotels or motels based on the number of rooms they have available. The ordinance must provide for dedication of the taxes and other income from the tax, after payment of collection and administrative expenses and refunds, to payment of the principal and interest on bonds issued for the baseball park.

Subd. 7. **Parking tax, surcharge, or both.** The municipality may, by ordinance, impose a parking tax or surcharge or both of not less than \$2 per vehicle per event at the baseball park. The parking tax and surcharge apply to public and privately owned parking facilities in the area that the municipality determines in its ordinance provide event parking for the baseball park. The ordinance must provide for dedication of the taxes and other income from the tax, after payment of collection and administrative expenses and refunds, to payment of the principal and interest on bonds issued for the baseball park.

History: 2002 c 397 s 11

473I.08 DESIGN AND CONSTRUCTION.

The major league professional baseball team shall design and construct the baseball park. Before the design process is complete and construction begins, the municipality and the team must hold at least one public hearing on the proposed design. All money paid to the municipality under section 473I.05 must be managed by the municipality and made available to the team as the team deems necessary for construction purposes.

History: 2002 c 397 s 12

473I.09 BASEBALL PARK; LIQUOR LICENSE.

The city in which the baseball park is located may issue an intoxicating liquor license for the premises of the baseball park. This license is in addition to the number authorized by law. All provisions of chapter 340A not inconsistent with this section apply to the license authorized under this section.

History: 2002 c 397 s 13

473I.10 CONDOMINIUM.

The municipality selected to be the location of the baseball park may, by itself or together with another owner, and any other public or private person or entity, as to real or personal property comprising or appurtenant or ancillary to the baseball park, act as a declarant and establish a condominium or leasehold condominium under chapter 515A or as a common interest community or leasehold common interest community under chapter 515B, and may grant, establish, create, or join in other or related easements, agreements, and similar benefits and burdens that the municipality may deem necessary or appropriate, and may exercise any and all rights and privileges, and assume obligations under them as a declarant, unit owner, or otherwise, insofar as practical and consistent with this section. The municipality may be a member of an association and the chair, any members of its governing body, and any officers and employees of the municipality may serve on the board of an association under chapter 515A or 515B.

History: 2002 c 397 s 14

473I.11 ALTERNATIVE BONDING AUTHORITY.

Subdivision 1. Commissioner determination. If the commissioner determines that all or a portion of the bonds could be issued by the municipality at a lower rate of interest than the bonds under section 473I.06, the municipality that is the site for the baseball park may issue a portion of the bonds under this section and chapter 475. The commissioner shall file the determination, in writing, with the secretary of state and the provisions of section 473.553, subdivision 14, take effect.

Subd. 2. Alternative ownership of ballpark. (a) If the commissioner determines to authorize the municipality to issue bonds under this section:

(1) the ownership of the baseball park must be in the commission; and

(2) the commission has all of the powers and responsibilities of the municipality under the provisions of sections 473I.03; 473I.04; 473I.05; 473I.06; 473I.07, subdivision 4; 473I.08; and 473I.10.

(b) The commission shall segregate and maintain separate accounts and records of the revenue and expenditures for the baseball park and may not use baseball park money for its operations and costs related to other sports facilities.

Subd. 3. Authorization reduction. The principal amount of any bonds issued under this section must be deducted from the principal amount of the bonds authorized under section 473I.06.

Subd. 4. Taxability. The bonds must be issued as tax-exempt revenue bonds.

Subd. 5. Procedure. If the municipality issues bonds under this section, the bonds must be sold, issued, and secured in the manner provided in chapter 475 for bonds payable solely from revenues and the municipality has the same powers and duties as a

municipality and its governing body in issuing bonds under that chapter. The bonds may be sold at any price and at public or private sale as determined by the municipality. The bonds may be sold in one or more series. Different series may be backed by different revenue sources. An election is not required. The municipality may enter any agreements or arrangements it deems necessary or useful to issue the bonds. The municipality must give the proceeds of the bonds, less the cost of issuance, to the commission to be used for the purposes of acquiring and constructing the ballpark.

Subd. 6. Security. The municipality may pledge to the payment of and the bonds are payable from the taxes imposed by the municipality under section 473I.07, except subdivision 4.

History: 2002 c 397 s 15

473I.12 BASEBALL PARK DISTRICT.

The municipality may establish a baseball park district to foster the development and continuing growth of compact, pedestrian-oriented, compatible mixed uses within buildings and blocks around the baseball park. Before establishing the district, the municipality must:

- (1) give public notice of the creation and boundaries of the district, including reasons that support the boundaries set by the municipality; and
- (2) hold at least one public hearing on the proposed establishment of the district.

History: 2002 c 397 s 16

473I.13 JOINT POWERS AGREEMENT.

Two or more cities may enter a joint powers agreement under section 471.59 to serve as a municipality for purposes of sections 473I.01 to 473I.12. If a joint powers agreement is entered for this purpose, the obligations and powers of and the limitations on a municipality under sections 473I.01 to 473I.12 apply to each of the cities.

History: 2002 c 397 s 17