

MINNESOTA SPORTS FACILITIES AUTHORITY

2019-2020 BUDGET

SUMMARY

U.S. Bank Stadium will begin its fourth year of operations on July 1, 2019. Attached is the Fiscal Year 2019-2020 Budget for the period from July 1, 2019 through June 30, 2020. The budget includes three accounts, the operating account, capital reserve account, and concession capital account. Highlights of each account are discussed below.

OPERATING ACCOUNT

Operating Revenues

Budgeted revenues for the operating account consist of the following four revenue sources:

State of Minnesota operating revenues	\$ 6,672,378
Minnesota Vikings operating revenues	\$ 9,288,180
Stadium operating revenues-SMG	\$ 25,663,719
Miscellaneous revenues	\$ 64,200
Total budgeted operating revenues	<u>\$ 41,688,477</u>

Operating Expenses

Budgeted expenses for the operating account include the following uses:

Personal services	\$ 712,866
Professional services	\$ 1,609,725
Supplies, network support costs	\$ 221,000
Stadium contractual commitments	\$ 957,569
Insurance	\$ 322,118
Miscellaneous expense	\$ 186,220
Event cabin license fee	\$ 300,000
Stadium operating expenses-SMG	<u>\$34,630,201</u>
Total budgeted operating expenses	<u>\$38,939,699</u>

Personal Services

The personal services budget includes the Chair's salary and the salaries and benefits for the four full-time MSFA employees:

Executive Director	1.0
Director of Finance	1.0
Accountant	1.0
Project Coordinator	<u>1.0</u>
Total full-time positions	<u>4.0</u>

Employee benefits include: health insurance, dental insurance, long-term disability insurance, life insurance, and retirement benefits from Minnesota State Retirement System.

Professional Services

Professional services includes a variety of professional consulting services. The MSFA will continue to utilize the services of professional consultants for the following services:

- Legal services and Legislative Representation
- Document Management Consulting
- Employment Assistance Services
- Environmental and Engineering Services
- Financial Accounting, Auditing and Consulting Services
- Human Resources Consulting
- Investment Management Services
- Planning Services

Stadium Contractual Commitments

The stadium contractual commitments and leases includes costs related to securing parking as required in the Stadium Act. The MSFA also has a long-term lease with Hennepin County for use of the Hennepin County Medical Examiner space for the U.S. Bank Stadium plaza area.

Insurance

Insurance includes commercial general liability, excess liability, public officials and employment practices liability, crime insurance, cyber liability, and terrorism insurance. It also includes garage keepers' liability insurance for the leased parking areas.

Miscellaneous

Miscellaneous expenses includes a variety of smaller expenses including: travel, meetings and training expenses, postage expenses, communication expenses, MSFA board member expenses, license and inspection fees, and bank fees.

Nonoperating revenues

Nonoperating revenues include the following:

Revenues - Investment income	\$ 84,000
Revenues - Taxes - State of Minnesota	<u>\$2,430,018</u>
Nonoperating revenues	<u>\$2,514,018</u>

Transfer

Budgeted transfers include a transfer to the capital reserve account of \$4,500,000 to fund various capital projects for improvements and/or upgrades to U.S. Bank Stadium.

Transfer to the capital reserve account	<u>\$4,500,000</u>
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Account Balance

Beginning account balance	\$ 6,252,618
Change in account balance	<u>762,796</u>
Ending account balance	<u>\$ 7,015,414</u>

CAPITAL RESERVE ACCOUNT

Capital Reserve Revenues:

The capital reserve account has the following budgeted revenues:

Minnesota Vikings capital cost payment	\$1,688,263
State of Minnesota capital payment	<u>\$1,668,095</u>
Total capital reserve revenues	<u>\$3,356,358</u>

- Per the terms of the Stadium Use Agreement between the MSFA and the Minnesota Vikings Football Stadium, LLC (Stadco), Stadco was required to contribute \$1,500,000 to the MSFA beginning in 2016, this amount increases annually by an adjustment factor of 3%. The MSFA received \$1,500,000 in 2016, \$1,545,000 in 2017, \$1,591,350 in 2018, and \$1,639,091 in 2019, and the estimated amount for 2020 is \$1,688,263.
- Per Minnesota Statute, 473J.12, subd.4 the state was required to contribute \$1,500,000 to the MSFA beginning in 2016 and this amount increases annually by an adjustment factor. The MSFA received \$1,500,000 in 2016, \$1,524,597 in 2017, \$1,589,310 in 2018, \$1,635,387 in 2019, and the estimated amount for 2020 from the State of Minnesota is \$1,668,095.

Capital Reserve Expenses:

The 2018-2019 capital reserve account budget of \$8,912,063 included 60 projects, however, not all of the budgeted project funds will be expended by June 30, 2019. Therefore, the budget for capital project commitments of \$1,194,721 at June 30, 2019 need to be rolled forward.

In addition, the 2019-2020 budget has a capital plan of \$1,500,000 for new capital projects and \$750,000 for Team designated projects. Staff will present a project budget request for these projects and the Team Designated projects at a subsequent MSFA board meeting.

Capital Budget Roll Forward	\$1,194,721
New Capital Projects	\$1,500,000
Team Designated Projects	<u>\$ 750,000</u>
Total 2019-2020 Capital Expenses	<u>\$3,444,721</u>

Transfer

Transfer from the operating account	<u>\$4,500,000</u>
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Account Balance

Beginning account balance	\$3,380,340
Change in account balance	<u>4,411,637</u>
Ending account balance	<u>\$7,791,977</u>

CONCESSION CAPITAL RESERVE ACCOUNT**Concession Capital Reserve Revenues:**

Aramark Sports and Entertainment (Aramark), is the catering and concessionaire at U.S. Bank Stadium, and they are obligated to pay 2.5% of gross sales to the MSFA on a monthly basis for the concession capital reserve account. These funds are designated for concession related capital projects as described below.

Concession Capital Reserve Revenues	<u>\$ 800,000</u>
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Concession Capital Reserve Expenses

The 2018-2019 concession capital reserve account budget included 30 projects, however, not all of the budgeted project funds will be expended by June 30, 2019. Therefore, the budget for concession capital project commitments of \$455,080 at June 30, 2019 need to be rolled forward.

In addition, the 2019-2020 budget has a concession capital plan of \$250,000 for 10 new projects. Staff will present a project budget request for the unspecified concession capital projects at a subsequent MSFA board meeting.

Capital Budget Roll Forward	\$ 455,080
New Concession Capital Projects – unspecified	<u>\$ 250,000</u>
Total Concession Capital Reserve Expenses	<u>\$ 705,080</u>

Account Balance

Beginning account balance	\$ 1,724,835
Change in account balance	<u>94,920</u>
Ending account balance	<u>\$ 1,819,755</u>

Budget Change Authority

The MSFA funds the cost of operations, capital improvements and concession capital improvements from current resources and the reserve account balances.

The Chair and Executive Director have the authority to make line item budget adjustments within an account and to establish and adjust budget line items.