



May 8, 2018

Representative Sarah Anderson
Chair, House State Government Finance
583 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Dear Chair Anderson,

I apologize for being unable to attend Wednesday's hearing of the House State Government Finance and Veteran's Affairs Committee. Thank you very much for allowing me to provide written testimony regarding our organization's perspective on the stadium reserve fund included in the 2012 legislation that helped create U.S. Bank Stadium.

Let me first say the Minnesota Vikings have a long tradition of partnering with and supporting Minnesota veterans and veterans' organizations. We believe funding veterans' homes is an important cause and a worthy priority for consideration by the Legislature. We also believe U.S. Bank Stadium is an asset that needs to be protected and supported by a fiscally prudent approach to the stadium reserve fund.

The Vikings support a broader focus and a more global analysis by all stakeholders of the impacts of any proposal to direct dollars from the stadium reserve fund to any area or purpose other than for the fund's original purpose. After significant negotiation between the team, State, and City of Minneapolis, legislation was passed in 2012 that provided for the financing and construction of U.S. Bank Stadium. That legislation also established a stadium reserve account for revenues in excess of the amounts needed to pay debt service and other costs required by the legislation. Funds in the stadium reserve were authorized to be used, as necessary, for application against any shortfall in the general fund. The stadium reserve may also be used for other stadium related purposes including refunding and prepayment of the stadium debt.

The forecasted growth in the stadium reserve account over the next three years shows more revenue than needed to fund the state's annual general fund appropriation. While this projection is cause for optimism, we hope the Legislature will use caution and evaluate all options before moving forward with reallocating stadium reserve funds to other state funding or tax priorities. The stadium reserve is intended to buffer the general fund against an economic downturn, a fall-off in charitable gaming revenues, or any other unforeseen event. In the short time since the stadium legislation was passed there were times revenues came in under projections, and though they are currently outperforming estimates, we believe it is too early to make long-term assumptions about the fund. In addition, given the state bonds were issued less than four years ago, reopening the stadium financing mechanism to reallocate the stadium reserves at this point seems premature.



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It is also important to note that reallocating the stadium reserve funds now may also inadvertently limit the available options to refinance the State's Series 2014A and 2014B General Fund Appropriation Bonds as we approach the call date in 2023. As you may be aware, Hennepin County has used excess revenues to accelerate the repayment of the Hennepin County Sales Tax Revenue Bonds that were used to fund the Twins ballpark. As a result, they have already shortened the final maturity by 6 years, resulting in savings to County taxpayers of more than \$130 million. Preserving all available refinance options by only using the dedicated U.S. Bank Stadium revenues for their intended purpose could shorten the amortization of the existing bonds, provide more than \$100 million of future savings to state taxpayers, and preserve the facility for public use well beyond the term of the bonds.

We recognize the decision to reallocate the stadium reserve to other tax and/or general fund budget priorities is the Legislature's and Governor's to make. However, we urge you to take a more global view of the issue and seek more information and input over the Legislative interim.

Again, thank you for the opportunity to provide comments.

Best,

A handwritten signature in black ink, appearing to read "Lester Bagley". The signature is written in a cursive style with a large initial "L".

Lester Bagley
Executive Vice President – Public Affairs