



Financing for U.S. Bank Stadium

Myron Frans, Commissioner

March 9, 2020 | mn.gov/mmb

Financing for US Bank Stadium

The 2012 Legislature passed a complicated bill related to financing for a new professional football stadium

- Authorized state appropriation bonds to finance \$498 million in stadium construction costs
- Expanded lawful gambling to increase general fund revenues supporting the stadium
- Created the Minnesota Sports Facilities Authority to over see the stadium
- Provided for a stadium reserve and ongoing operating and capital reserve expenditure funding
- Back-up revenues, if needed

- Expanded lawful gambling revenues from:
 - New games (electronic linked bingo and electronic pull-tabs)
 - Increased tax rates paid by organizations that offer lawful gambling
- Initial gambling revenues fell short, and 2013 Legislature provided additional revenues:
 - One-time tax of \$26.5 million on cigarette floor stocks
 - Up to \$20 million in corporate tax revenue annually

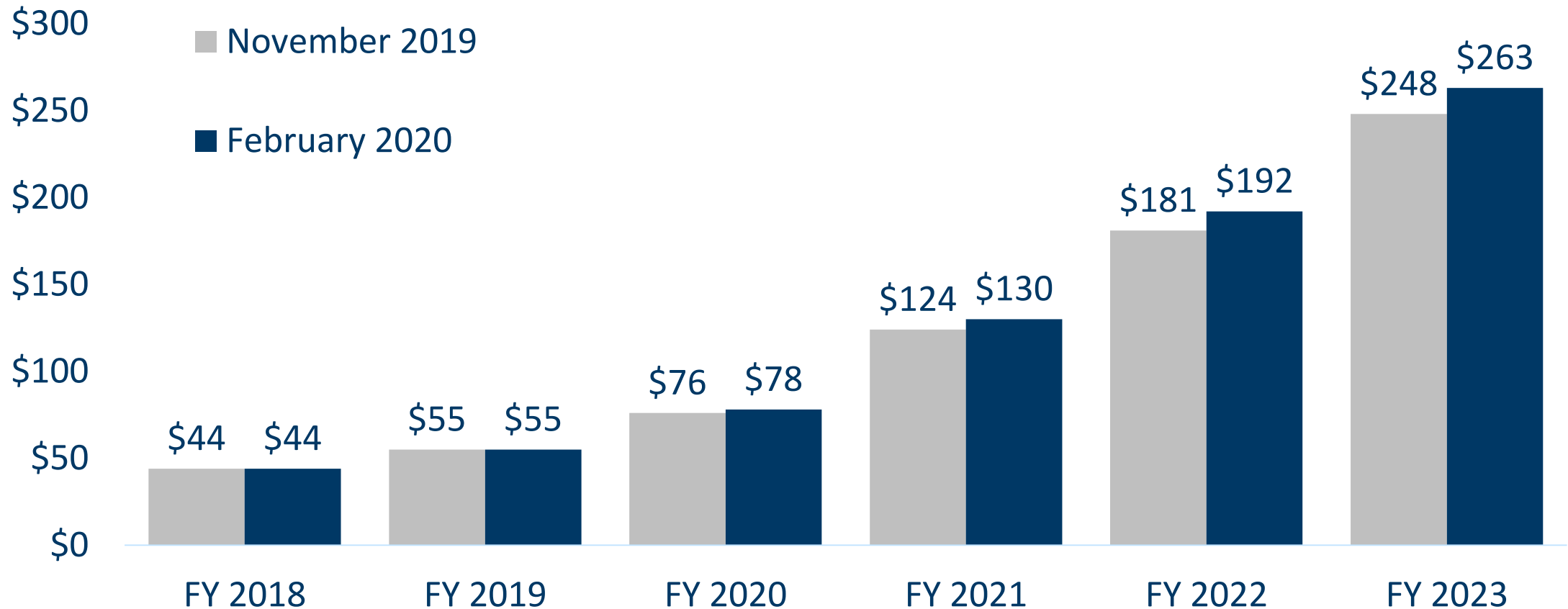
Stadium Reserve

- Stadium reserve created to account for excess gambling revenues after stadium-related expenses are paid
 - Expenditures are approximately \$42 million annually
 - Reserve projected to have \$78 million at end of FY20 and \$263 million at end of FY23
- Commissioner of MMB may use stadium reserve for any shortfall in gambling revenues to cover expenditures, or for other uses related to the stadium deemed financially prudent
 - Consult with the Legislative Commission on Planning and Fiscal Policy

Projected Reserve Growth FY 2018-23

Stadium Reserve Balance: February 2020 vs. November 2019

\$ in millions



Legislative Auditor Report

Legal Compliance



“MMB complied with significant finance-related legal requirements over the US Bank Stadium Reserve Account...that outline the sources and amounts of revenue that must go into the US Bank Stadium Reserve Account...[and] with legal provisions that govern debt service payments and other uses of stadium-related funds.”

State Appropriation Bonds for the Stadium

- In January 2014, MMB sold \$462 million in state appropriation bonds to provide \$498 million in public construction funds
 - State's share of construction costs = \$348 million (69.9%)
 - City of Minneapolis' share of construction costs = \$150 million (30.1%)
- Annual general fund debt service costs = \$30.2 million
 - Paid through 2043 – matches the term of the Vikings' lease of the stadium
- 10-year optional call date – can refinance on tax-exempt basis on or after June 1, 2023

- State is required to withhold portion of Minneapolis sales tax starting in 2021.
- Withholding will be used for debt service support and to reimburse state for annual operating and capital reserve expenditure advances.
- These withholdings will continue until 2046.

Bond Refinancing Options

- Refinancing allows the state to realize general fund savings. There are two options:
- **Option 1: Refinance on a tax-exempt basis beginning 2023**
 - Maximizes overall savings
 - Tax-exempt rates will need to rise by more than 150 bps to breakeven on a taxable refunding now
- **Option 2: Refinance on a taxable basis now**
 - Realizes savings sooner
 - Overall savings would be lower than if we wait until 2023

Thank you