Introduction

(Jerry Bell)
Why now is the right time for a new ballpark.

Industry and team improvements since 2002 legislation.

Characteristics of a workable proposal.

Twins/MLB importance to Minnesota.

Our vision for a new ballpark.
Two Types of Ballpark Proposals
According to Pat McCormack

- **Type I—Workable**
  - Leads to building a ballpark.

- **Type II—Impractical**
  - Politically "saleable" but would not build a ballpark.
"Top Ten List"
Past Reasons Not to Build a Ballpark

10. There's nothing wrong with the Dome.
9. Sports facilities don't have a significant economic impact.
8. Pay for it yourself. If San Francisco can do it, so can the Twins.
7. Come back when the Twins are more competitive.
6. Come back when your lease is up.
"Top Ten List"
Past Reasons Not to Build a Ballpark (Cont'd.)

5. Come back when MLB has its financial house in order.
4. Come back after MLB's owners agree to more revenue sharing.
3. Come back after baseball solves its competitive balance issues.
2. Come back after you achieve peace with the players.
1. The timing isn't quite right. Come back next year.
Why Now is the Right Time for a New Ballpark

(Jerry Bell)
Why Build a Ballpark Now?

- Prior obstacles have been eliminated.
- Twins cannot sustain recent success in the Metrodome.
- Use agreement has expired.
- MSFC agrees that a new facility is needed.
- Take advantage of low interest rates.
- Avoid future cost of inflation.
A new Twins ballpark is the only way for Minnesotans to continue enjoying this competitive and affordable family entertainment for generations to come.
Industry and Team Improvements Since 2002 Legislation

(Bob Starkey)
The objectives of the CBA were to:
- Enhance competitive balance.
- Increase the financial stability of the industry.

These objectives were addressed with the following economic mechanisms:
- Revenue Sharing.
- Competitive Balance Tax.
- Debt Service Rule.
Enhanced Revenue Sharing

- Clubs now share 34% of all locally revenues.
- Lower revenue clubs now receive more national revenues.
- In 2003:
  - Highest revenue club will pay over $50 million.
  - Twins will receive over $17 million.
  - Lowest revenue club will receive over $29 million.
  - *The industry will transfer over $220 million.*
The league is providing *revenue sharing credits* for clubs investing in new facilities by allowing club deductions against shared revenues:

- Accelerated depreciation.
- Rent payments.
- Stadium operating expenses.

The greatest credits are realized with a rent payment structure.
Competitive Balance Tax

- Beginning in 2003, clubs whose payroll exceed the $117 million threshold will be assessed a Competitive Balance Tax at a rate of 17.5%.
- The tax rate can escalate to as high as 40% by 2005 and 2006.
- The threshold increases, on average, approximately 5% per year over the term of the CBA.
- Tax proceeds are used to fund pension costs and promote the game of baseball.
The CBA now mandates that clubs generate enough *positive cash flow* to service their debt payments.

This covenant will *reduce industry losses* and indebtedness.

This rule must be considered when structuring new ballpark investments.

- Otherwise operating flexibility and competitiveness could be diminished.
16 New Ballparks Built Since 1990
Twins Baseball Awards

- Voted the "Best Baseball Organization" by both *Baseball America* and *USA Today*.
- Rated the fourth best baseball operation in 2003 and the best in the American League by *Baseball America*.
- Terry Ryan has been named best general manager in Major League Baseball.
- Dave St. Peter has been cited as one of the 40 people under age 40 to watch in all of sports management.
The structure must MINIMIZE the Twins’ revenue-sharing burden and MAXIMISE their operating flexibility.
Characteristics of a Workable Proposal

(Ralph Strangis)
Two Types of Ballpark Proposals
According to Pat McCormack

- **Type I—Workable**
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- **Type II—Impractical**
  - Politically "saleable" but would not build a ballpark…"even if passed, even if signed by the Governor"
Characteristics of "Type I" Proposal

1. Financially efficient structure.
2. Private sector participation must consider several variables.
3. Detailed negotiations should be left to the team and host community.
4. Should allow for prompt construction.
5. Legislation should not contain unachievable conditions.
Twins/MLB Importance to Minnesota

(Dave St. Peter)
Minnesota and Twins Baseball

- Affordable family entertainment.
- Baseball/softball top youth sports.
- Twins game attendance *three times greater* than all other pro sports.
- Statewide/regional appeal for all ages.
The Twins Are the Most Affordable Family Entertainment Among Professional Sports

<table>
<thead>
<tr>
<th>Team</th>
<th>Average Ticket Price</th>
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<tbody>
<tr>
<td><strong>Twins</strong></td>
<td>$14.40</td>
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<tr>
<td>Vikings</td>
<td>59.00</td>
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<tr>
<td>Timberwolves</td>
<td>37.01</td>
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<tr>
<td>Wild</td>
<td>49.72</td>
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Source: *Team Marketing Report*
Kids and Baseball

- 7 of 10 Kids Ages 6-17 are MLB fans.
- 28.4 million kids play baseball/softball
  - 61% more than soccer.
  - Five times than tackle football.

Source: MLB / American Sports Data, Inc.
Baseball Attendance Versus Other Sports

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<tbody>
<tr>
<td>Attendance (in Millions)</td>
<td>1.9</td>
<td>.5</td>
<td>.6</td>
<td>.8</td>
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</tbody>
</table>
Statewide Appeal of Twins Baseball

- 61 Million total fan impressions in 2003
  - Twins Radio Network
  - Twins Television

Source: Arbitron / Nielsen Media Research
Twins Charitable Activities

- Pohlad Family Foundation
- Twins Community Fund
- Tickets for Kids
- Players Giving Back
Twins Community Fund Contributions

- $2.2 million in 2003 charitable contributions.
- 2,500 organizations receive in-kind support (autographs, tickets, memorabilia).
- Over $700,000 to renovate ball fields in 159 Upper Midwest communities since 1999.
- $155,000 in 2003 to Minneapolis and St. Paul Parks and Recreation for inner city youth leagues.
- Over 150,000 Twins tickets given to underprivileged families and youth in 2003 alone.
Our Vision for a New Ballpark

(Dave St. Peter)
New Ballpark Vision

- Tradition: Baseball and the great outdoors.
- Express Minnesota's natural beauty.
- Environmentally sensitive.
- Like Xcel Energy Center: Fans' dream.
- Twins Walk of Fame and Museum.
- Fan-friendly amenities.
- Retractable roof.
Questions and Answers