Stadium Reserve Fund Refinancing Opportunity – March 2021

- In May of 2012 the Legislature approved the expansion of statewide charitable gambling including the use of Electronic Pull-tabs for the primary purpose of financing the public portion of the Minnesota Vikings Stadium Project.
- The proceeds of expanded charitable gambling were expected to cover the State's portion of the $30.2 million of annual debt service on the State of Minnesota 2014 Series AB General Fund Appropriation Bonds.
- In 2013, initial Electronic Pull-tab revenues were less than expected and the Legislature took action to modify the corporate franchise tax that resulted in an additional $20 million of corporate franchise tax receipts becoming available for debt service.
- As the sale of Electronic Pull-tabs began to generate a significant amount of revenue, MMB removed the $20 million from the reserve fund starting in FY '19. Those funds would have otherwise been available to pay the debt service on the 2014 Series AB Bonds.
- Based on the February 2021 State Budget Forecast, the stadium reserve account is now expected to have a $200.7 million balance in 2023. There is an opportunity to use these excess reserves to refinance the 2014 Series AB Bonds and pass in excess of $200 million of net interest cost savings onto State of MN taxpayers. The balance in the stadium reserve account is expected to grow to $200.7 million despite MMB removing the $20 million annual corporate franchise tax receipt contribution for FY 2019-2023, as noted above.
- **The 2014 Series AB Bonds are callable at par on June 1, 2023, 9.5 years after they were issued.**
    - **Based on current market conditions, a taxable and tax-exempt refunding in 2023 could achieve PV debt service savings of $96.5 million, or 25% of the refunded amount.**
    - **Based on current market conditions, a refunding in 2023 using $156.7 million of the projected stadium reserves would achieve debt service savings of $368.1 million (or $211.4 million net of the reserve contribution)**
    - **Under this scenario, the State would be in position to pay off the Bonds more than 10 years earlier than the stated final maturity of 2043. As a result, the State of MN would have an additional $6 million of revenue in the General Fund from 2024-2033 and an additional $30 million of revenue in 2034-2043.**
- Hennepin County refinanced the Minnesota Twins Stadium Bonds after 9.5 years and has used excess sales tax revenues to save more than $130 million in debt service, while shortening the final maturity by more than 5 yrs. At the current pace it is expected that the County will pay-off the Bonds 10 years early.

Stadium Reserve Fund Refinancing Opportunity – March 2021

Tax-Exempt and Taxable Refunding in 2023 – Shorten Term with $156.7MM Contribution from the Stadium Reserve

- The State could shorten the term of the debt by 10 years by structuring the bonds for a lower level of savings through 2033
- If $156.7 million of the stadium reserve were contributed to reduce the size of the refunding issue, a tax-exempt and taxable current refunding in early 2023 structured to shorten the term of the debt by 10 years would achieve:
  - PV savings of approximately $96.5 million or 25.6% of the refunded principal amount
  - Annual cashflow savings of $6.4 million in FY 2024-2033 and annual cashflow savings of $30.2 million in FY 2034-2043. Total cashflow savings would be $368.1 million over the life of the bonds, or $211.4 million net of the stadium reserve contribution
- Annual cashflow savings of $6.4 million and $30.2 million would support an additional $193 million of bond proceeds

Stadium Reserve

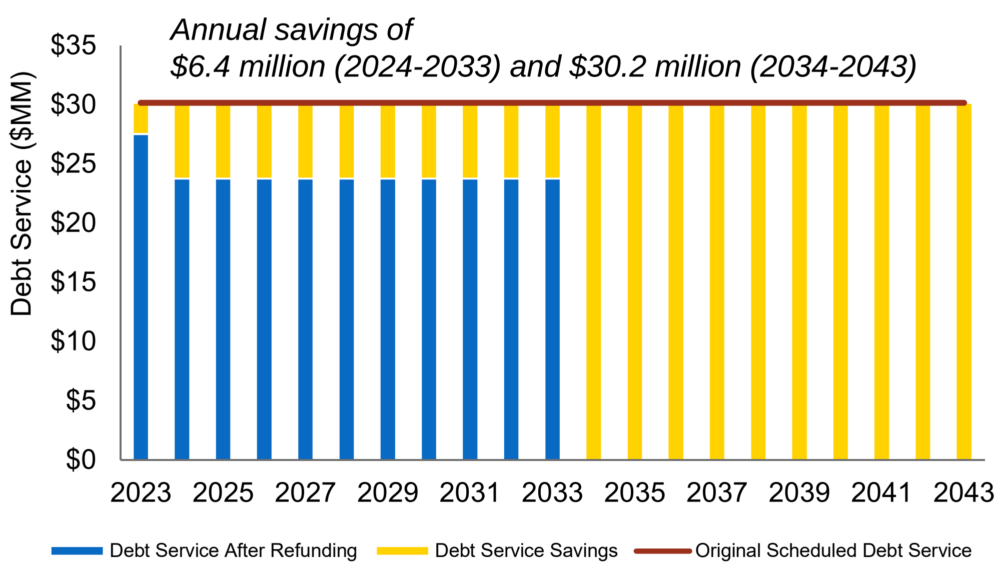
FYE 6/30	Forecasted Balance ($mil)[1]
2021	80.7
2022	135.8
2023	200.7
2024	275.2
2025	359.4

[1] MMB Budget and Economic Forecast, February 2021

Key Statistics and Results

Refunding Dated Date	03/03/2023
Refunded Par Amount	$376,980,000
Refunded Average Coupon	4.96%
Refunded Bonds Redemption Date	06/01/2023
Refunding True Interest Cost ("TIC")	1.06%
Escrow Yield	0.03%
Negative Arbitrage	$962,677
Net PV Savings ($)	$96,463,516
Net PV Savings (%)	25.6%
Negative Arbitrage as % of PV Savings	1.0%

Annual Debt Service and Savings



Market conditions as of March 5, 2021
PV savings of a current refunding in 2023 are discounted to 6/1/2021 at the TIC of the 2021 taxable advance refunding
Assumes stadium reserve contribution is applied proportionally to 2014A tax-exempt and 2014B taxable bonds

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