

Minnetonka Youth Hockey Association
Special Meeting to Ratify Pagel Sale/Lease Minutes (Final)
July 31st, 2012 Pagel Activity Center, Minnetonka, MN

Board Members Present: Doug Howe, Andy Hill, Nancy Hauser, TJ Worrell, Chris Hentz, Scott Bowman, Jim van Bergen, Robby Martin, Bret Johnson, Anne Madson, Scott Gunderson, Marc Schubbe, Brian Wilson, Sharon Morgan

Board Members Not Present: Chris Evans, Matt Koonce

Also in Attendance:

Call to Order

The meeting was called to order at 7:00 PM by President Doug Howe.

Voting open to MYHA Members:

In addition to the members of the MYHA Board, a total of 19 MYHA families voted to ratify the proposed Sale/Leaseback of Pagel Activity Center to Mtka School District 276.

Andy Hill moved that the Board accept the vote of the members to approve the sale of Pagel to the Mtka School District in accordance to the Resolution (included below). Anne Madson seconded. Motion approved.

Reports

President:

Doug Howe gave an overview of the AA/A discussion at the D6 Presidents meeting. Our decision on how to proceed on team declarations for the upcoming season is still pending.

Fundraising:

Doug also noted that a decision on the first Annual Fall Fundraising Event had been reached. The event will be held at Bayview on Friday evening Sept 21st. This year it is an optional event, and will not replace the gift card fundraiser. Tentative pricing is \$150/couple. There will be announcements on the website and email blast will be sent once details are finalized. A "hold the date" email will be sent shortly to announce the event.

Old Business:

New Business:

There being no further business to come before the Board, a motion to adjourn was made by Andy Hill; seconded by Nancy Hauser; adopted. The meeting was adjourned at 7:50 PM.

Submitted:
TJ Worrell, Secretary

Minutes Approved: _____

Motion to Approve: _____ Second: _____



Notice sent to MYHA Members 07.23.12 via email:

IN ACCORDANCE WITH MINNESOTA STATUTE §317A.435(2) AND ARTICLE 4.4 OF THE ASSOCIATION'S BYLAWS, NOTICE IS HEREBY GIVEN TO THE MEMBERS OF MINNETONKA YOUTH HOCKEY ASSOCIATION THAT:

Minnetonka Youth Hockey Association (the "Association") will hold a meeting ("Meeting") as follows:

DATE: Tuesday, July 31, 2012

TIME: 7:00 PM

PLACE: Pagel Activity Center
18313 Highway 7
Minnetonka, MN 55345

The order of business at the Meeting will be as follows:

1. Ratification of the actions of the Board of Directors of the Association and authorization for the Board of Directors to take all necessary actions as set forth in the Unanimous Written Action of the Board of the Association dated July 19, 2012, including, without limitation: (i) the sale ("Sale") of the Pagel Activity Center to Independent School District No. 276 (Minnetonka), Minnesota, which Sale will be substantially consistent with the terms of the Lease Termination and Purchase Agreement dated September 17, 2012 ("Purchase Agreement"); and (ii) the subsequent leaseback ("Lease") of the Pagel Activity Center by the Association, which Lease will be substantially consistent with the terms of the Operating Agreement dated September 17, 2012 ("Operating Agreement"). Copies of: (i) the Purchase Agreement, (ii) the Operating Agreement, and (iii) the Written Action of the Board of the Association dated July 19, 2012 are posted on the Association's website and are accessible by using your member login code.

2. Transaction of other business of the Association, if any.

Documents pertaining to the meeting are posted on the Special Meeting 7/31 page. YOU NEED TO BE LOGGED ONTO THE WEBSITE TO VIEW THE PAGE!

<http://www.tonkahockey.org/page/show/550307-myha-special-meeting-documents>

A copy of the notice sent to MYHA families Thursday July 19th, 2012 via US Mail is attached to this document (after page 4).



**WRITTEN ACTION OF A MAJORITY AND QUORUM OF
THE MEMBERS OF
MINNETONKA YOUTH HOCKEY ASSOCIATION**

Minnetonka Youth Hockey Association, a Minnesota non-profit corporation (the "Corporation"), through the undersigned, being a majority and quorum constituting two percent (2%) or more of the members ("Members") of the Corporation, which Members are set forth on the signature page(s) attached hereto and made a part hereof, hereby: (i) takes written action for the purpose of transacting business of the Corporation at a meeting held pursuant to Minnesota Statute §317A.431; and (ii) adopts the following resolutions effective as of July 31, 2012 (collectively, the "Written Action").

MEETING

RESOLVED, that the undersigned Members hereby resolve to act at a meeting of the Members of the Corporation held pursuant to Minnesota Statute §317A.431 and acknowledge that notice for such meeting was properly given in accordance with Minnesota Statute §317A.435(2) and Article 4.4 of the Bylaws of the Corporation.

SALE AND LEASE OF PAGEL ACTIVITY CENTER

WHEREAS, Independent School District No. 276 (Minnetonka), Minnesota, a political subdivision of the State of Minnesota (the "Minnetonka School District"), owns certain real property located at 18301 Highway 7, Minnetonka, Minnesota 55345 ("Property"); and

WHEREAS, the Corporation currently owns the physical education and athletic facility building and ice arena, commonly known as Pagel Activity Center ("Building"), that is located on the Property; and

WHEREAS, the undersigned Members have: (i) ratified the actions of the Board of Directors of the Corporation that are contained in the Unanimous Written Action of the Board of Directors of the Corporation dated July 19, 2012, a copy of which is attached hereto as Exhibit A and made a part hereof (the "Board Written Action"); and (ii) approved: (a) the sale of the Building to the Minnetonka School District pursuant to the terms of the Lease Termination and Purchase Agreement dated September 17, 2012, by and between the Corporation and the Minnetonka School District ("Purchase Agreement"); and (b) the operation of the Building following the sale pursuant to the terms of the Operating Agreement dated September 17, 2012 ("Operating Agreement") by and between the Corporation and the Minnetonka School District; and

WHEREAS, Doug Howe, as President of the Corporation, is authorized to sign and deliver all documents, including, but not limited to, the Purchase Agreement and the Operating Agreement, that are necessary to effectuate the sale and leaseback of the Building on behalf of the Corporation and its Members; and

WHEREAS, Doug Howe, as President of the Corporation, is authorized to review and approve any "Trust Agreement," as such term is defined in the Operating Agreement, that may be entered into by the Minnetonka School District on or before September 17, 2012; and



WHEREAS, any future Presidents of the Corporation will be authorized, pursuant to the terms of the Operating Agreement, to review and approve any future Trust Agreements under the Operating Agreement that may be entered into by the Minnetonka School District after September 17, 2012; and

WHEREAS, the Board of Directors of the Corporation has approved, among other matters, the sale of the Building to the Minnetonka School District pursuant to the terms of the Purchase Agreement and the leaseback of the Building pursuant to the Operating Agreement, all as set forth in the Board Written Action.

RESOLVED, that the undersigned Members hereby ratify the actions of the Board of Directors of the Corporation that are contained in the Board Written Action.

FURTHER RESOLVED, that the undersigned Members hereby approve the sale of the Building to the Minnetonka School District pursuant to the terms of the Purchase Agreement and agree that the Corporation is authorized to execute and deliver all documents necessary to effectuate the sale of the Building, upon receiving all necessary approvals from the Minnesota Attorney General's Office.

FURTHER RESOLVED, that the undersigned Members hereby approve the leaseback of the Building pursuant to the Operating Agreement and agree that the Corporation is authorized to execute and deliver all documents necessary to effectuate the leaseback and operation of the Building following the sale to the Minnetonka School District, upon receiving all necessary approvals from the Minnesota Attorney General's Office

FURTHER RESOLVED, that the undersigned Members hereby authorize Doug Howe, as President of the Corporation, to: (i) sign and deliver the Purchase Agreement, the Operating Agreement, and all documents necessary to effectuate the sale and leaseback of the Building on behalf of the Corporation and the Members, and to take further action with respect to such documents, if such actions are required to complete the transactions contemplated by such documents; and (ii) review and approve any Trust Agreement that may be entered into by the Minnetonka School District on or before September 17, 2012.

MISCELLANEOUS

RESOLVED, that this Written Action may be executed in one or more counterparts which constitute one and the same Written Action.

FURTHER RESOLVED, that a facsimile copy of this Written Action shall be deemed effective to operate as an original signed Written Action.

(Remainder of page left intentionally blank. Signature page(s) followed in original document.)



**NOTICE OF MEETING OF THE MEMBERS OF
MINNETONKA YOUTH HOCKEY ASSOCIATION**

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2. Transaction of other business of the Association, if any.



Doug Howe, President

Pagel History and Proposed Transaction Summary

In May 2001, the Minnetonka Youth Hockey Association (MYHA) entered into a Ground Lease and Operating and Use Agreement with Minnetonka Independent School District No. 276 (ISD 276) pertaining to Pagel Activity Center (PAC). PAC is currently owned and operated by MYHA, but the land is owned by ISD 276. The land is leased to MYHA for \$5,000 per year until March 2022 when the mortgage will be paid in full.

PAC cost approximately \$6,000,000 to build. MYHA membership raised \$1,500,000 and financed \$4,500,000 (at 5.48%) for 20 years. The current debt service is \$371,266 annually. MYHA is responsible for all the revenue, daily operational cost and debt service. MYHA pays \$5,000 per year into a rent escrow account in the name of ISD 276 for use of the land. ISD 276 pays MYHA \$295,000 per year for use of the facility.

The ground lease on the land terminates at the time the mortgage is paid in full (March 2022). At that time MYHA has to turn over the building, equipment and all operations to ISD 276.

However, ISD 276 is interested in purchasing PAC from MYHA sooner. They would like to do this because the purchase would be financially advantageous to both MYHA and ISD 276. ISD 276 can save Minnetonka families money due to their Aaa bond rating and access to capital at significantly lower interest rates than MYHA is currently paying.

Proposal:

1. ISD 276 will issue sufficient Certificates of Participation to pay off the existing debt that MYHA holds on PAC (approx. \$2,750,000) and become owner of PAC.
 - a. This will eliminate the need for ISD 276 to pay \$295,000 to MYHA annually.
 - b. ISD 276 will pay for all transfer and transaction costs.
2. ISD 276 will be responsible for all payment of debt service.
3. ISD 276 will be responsible for replacement of all capital assets e.g. roof, air handling equipment, etc., including the ice resurfacing equipment.
4. ISD 276 will keep the approximately \$55,000 in the rent escrow account upon transaction closing. MYHA will no longer have to contribute to the rent escrow.
5. MYHA will contribute a fixed \$60,000 annually for rent of PAC through FY 2022.

PAGEL ACTIVITY CENTER
ANALYSIS OF PROPOSED OPERATING AGREEMENT
*****FOR INTERNAL USE ONLY*****

INCOME STATEMENT SUMMARY	Estimated FY 2011-2012	Proposed FY 2011-2012	Change
INCOME	\$822,492.72	\$527,492.72	(\$295,000.00)
COGS	\$48,004.12	\$48,004.12	\$0.00
GROSS PROFIT	<u>\$774,488.60</u>	<u>\$479,488.60</u>	<u>(\$295,000.00)</u>
EXPENSES:			
TOTAL EXPENSES BEFORE: (1) LAND LEASE / RENT ESCROW, (2) UTILITY PAYMENTS, (3) INTEREST EXPENSE AND (4) DEPRECIATION EXPENSE	\$269,172.19	\$269,172.19	\$0.00
(1) LAND LEASE / RENT ESCROW	\$5,000.00	\$0.00	(\$5,000.00)
(2) UTILITY PAYMENTS	\$154,223.60	\$100,000.00	(\$54,223.60)
(3) INTEREST EXPENSE	\$158,000.00	\$0.00	(\$158,000.00)
(4) DEPRECIATION EXPENSE	\$158,000.00	\$8,000.00	(\$150,000.00)
RENT PAYMENT TO ISD 276	\$0.00	\$60,000.00	\$60,000.00
TOTAL EXPENSES	<u>\$744,395.79</u>	<u>\$437,172.19</u>	<u>(\$307,223.60)</u>
NET INCOME	<u>\$30,092.81</u>	<u>\$42,316.41</u>	<u>\$12,223.60</u>

SUMMARY OF CHANGES TO CASH FLOW			
PAC USAGE FEE FROM MHS	\$295,000.00	\$0.00	(\$295,000.00)
LAND LEASE / RENT ESCROW	(\$5,000.00)	\$0.00	\$5,000.00
UTILITY PAYMENTS	(\$154,223.60)	(\$100,000.00)	\$54,223.60
DEBT PAYMENTS FOR PAC	(\$371,265.58) (a)	\$0.00	\$371,265.58
RENT PAYMENT TO ISD 276	\$0.00	(\$60,000.00)	(\$60,000.00)
CAPITAL EXPENDITURES	(\$25,934.00) (b)	\$0.00	\$25,934.00
TOTALS	<u>(\$261,423.18)</u>	<u>(\$160,000.00)</u>	<u>\$101,423.18</u>

NOTES REGARDING NON-INCOME STATEMENT CHANGES:

DEBT PAYMENTS FOR PAC	
PRINCIPAL	\$207,626.25
INTEREST (INCLUDED IN INTEREST EXPENSE ABOVE)	\$163,639.33
	<u>\$371,265.58 (a)</u>

CAPITAL EXPENDITURES	
COST (THIS FIGURE WILL VARY FROM YEAR TO YEAR)	\$25,934.00 (b)