



MINNESOTA SPORTS FACILITIES AUTHORITY REGULAR MEETING MINUTES
FRIDAY, OCTOBER 25, 2013, 9:00 A.M.

Hubert H. Humphrey Metrodome, Halsey Hall Room
900 South 5th Street, Minneapolis, MN 55415

1. CALL TO ORDER

Chair Michele Kelm-Helgen called the meeting of the Minnesota Sports Facilities Authority to order at 9:00 AM.

2. ROLL CALL

Commissioners Present: Chair Kelm-Helgen, Commissioner Butts Williams and Commissioner Griffith.

Commissioners Absent: Commissioner Benson and Commission McCarthy.

3. ADOPTION OF AGENDA

Chair Kelm-Helgen presented the agenda. Commissioner Butts Williams moved approval of the agenda, seconded by Commissioner Griffith and approved unanimously – 3 YEAS, 0 NAYS.

APPROVED

4. APPROVAL OF AUTHORITY MEETING MINUTES

Approval of Authority Minutes for Regular Meeting of October 3, 2013. Commissioner Griffith moved approval of the October 3, 2013 Regular Meeting Minutes, seconded by Commissioner Butts Williams and approved unanimously – 3 YEAS, 0 NAYS.

APPROVED



5. CHAIR'S REPORT

Chair Kelm-Helgen reported that an agreement has been reached with Minneapolis Ventures, LLC regarding the Downtown East property (where the new stadium's park plaza will hopefully reside). \$17.1 million was the purchase price. This agreement ended up being a fair deal for both sides. There will be 450 underground parking spaces per the stadium legislation. With this agreement, there will be many opportunities for use of the park plaza space, which is contiguous to the 2-block park that the city is developing with Ryan Companies. This will be a great addition for stadium events as well as for neighborhoods and the city. It was important that a public authority control this property as it contains the light-rail station. The Authority will need to ensure that there is plenty of queuing space for event days as well as ensure that the plaza is ready and available.

Chair Kelm-Helgen proceeded to give a project schedule update. Mortenson Construction has been working really hard with HKS and all of the staff and consultants to bring the project budget in line. The Guaranteed Maximum Price (GMP) is expected to be received soon. Once it is received, the Team will have their financing move forward. This is targeted for the first week in November 2013. This will then allow the state to move ahead with its bond sale that is projected for mid-November 2013. A groundbreaking event will then follow. The MSFA board will approve the GMP at an upcoming meeting.

b. Report Items –iv. Receipt of AIM Communication

At this time, Chair Kelm-Helgen welcomed representatives from the American Indian Movement (AIM) to come and address the board. The upcoming Washington Football game at the Metrodome has raised some issues concerning the team's use of the name "redskins." Chair Kelm-Helgen relayed that the Authority and Vikings met yesterday afternoon with AIM representatives to hear their concerns. The Authority is following up and would like to welcome the AIM representatives at today's meeting to give a presentation.

Alan Yelsey (AIM representative), Clyde Bellecourt (AIM representative) and Larry Leventhal (AIM counsel) came forward to address the Authority. They requested that the Authority act by vote to prohibit the use of the name "redskins" in the Metrodome. They referred to the American Civil Liberties Union (ACLU) statement, which encourages all public authorities to do the right thing and restrict the use of discriminatory terms and names. AIM is calling upon the Authority to not use the name "redskins", and to instead refer to the team as "Washington Football." AIM requested that this be acted upon today and put in place in time for the November 7th game. AIM appealed to the Authority to act as best it can, given the circumstances it faces. It incurs damage to indigenous children and depicts people inappropriately. Mr. Yelsey cited that there are protections from federal, state and local laws against discriminatory practices.



Larry Leventhal continued the presentation by stating that the term “redskin” is deeply offensive and quite derogatory. It has no place in a public building. A public entity should serve no function of carrying out a discriminatory policy. The main reason is that it degrades to a symbol our first citizens. Another major reason is that it is against federal laws, state laws, and international laws. The Authority’s own policies would forbid the propagation of such a name in the stadium, while young people and elderly people are being offended.

Mr. Leventhal further stated that the NCAA on a college level has prohibited the use of discriminatory names, as have most high schools in Minnesota. The President of the United States has stated that if he were the owner of the Washington Football team, he would reconsider the use of the name. Bob Costas editorialized against the use of hateful names. Congresswoman Betty McCollum has legislation pending before Congress. The ACLU has written to the Authority. The Authority should take a leadership position and prohibit the printing of the name on programs, displaying the name on scoreboards, speaking the name over the public address system, and displaying the name on uniforms. Mr. Bellecourt proceeded to describe the history and origins of the AIM movement.

Chair Kelm-Helgen reported that the Authority had asked its legal counsel to explore its options. Jay Lindgren (Authority Counsel) discussed the important moral and ethical issues surrounding the use of the name “redskins.” He stated that the Authority is not a law-making body. It has a very limited purpose as a political subdivision of the state. That purpose is to own and operate the facility while providing public accommodations. It is renting this building to a professional football team. Under the use agreement, the use of this facility must be consistent with NFL rules and regulations. As a public body, the Authority cannot prohibit or control free speech in a public building. The term “redskin” does not fall under recognized exceptions to the First Amendment. Until the rules are changed, the Authority must follow them.

Chair Kelm-Helgen reported that a lot of time has been spent exploring this issue. The Authority will make sure to provide accommodations for a peaceful protest to take place at the November 7th game. There are efforts underway to change current policies. Until the policies are changed, the Authority must comply with the rules. The board decided to take no action at this time.

Chair Kelm-Helgen continued her general report. Now that the building design is out and the schedule is clear, there are some major events that are being considered for the new stadium. The new stadium is a finalist for a Superbowl game in either 2018, 2019, or 2020 (bids must be made for 3 year periods). The new stadium is also being considered to host the Bowl Championship Series in 2017. Before groundbreaking has even occurred, the new stadium is already being considered for major events. There is much interest in this facility, and it is hoped that it ends up being a strong economic driver for the region.

6. **BUSINESS**

a. Action Items

i. Approve & Authorize Mortenson Construction Services Agreement Contract Revision No. 4



Mortenson Construction, on behalf of the Minnesota Vikings, has solicited bidders to construct a Sales and Marketing Center in the 1010 Building across 5th/6th Street from the Metrodome. The low bidder is Yaw Construction with use of subcontractors Mag Mechanical and Elliot Contracting. Alex Tittle has reviewed and approved the equity component of the work. The cost of this work is \$1,488,419.00 (Contract - Add Amount). The cost of Construction Services Agreement Revision No. 4 is a project-related cost under the Development Agreement with the Minnesota Vikings.

Recommendation: The Authority approves Construction Services Agreement Revision No. 4 to Mortenson Construction in the Add Amount of \$1,488,419. This brings the contract cost for the Mortenson Construction work to \$2,354,636.00. Furthermore, authorize the Chair and CEO/Executive Director to execute Construction Services Agreement Revision No. 4 with Mortenson Construction as outlined above. Commissioner Butts Williams moved to approve the recommendation. Commissioner Griffith seconded the motion.

APPROVED

ii. Authorize Change in New Stadium Procurement Policy

The Minnesota Sports Facilities Authority (Authority) approved a procurement policy for goods and services with its inception of August 1, 2012. That policy is adequate for the normal operations of the stadium. Staff is requesting changes to the policy to allow the CEO/Executive Director greater authority to expend project monies during the construction of the new stadium. The reason for the procurement change is to streamline the approval process during construction. Spending decisions on the new stadium construction related to change orders that are within the Guaranteed Maximum Price (GMP), change orders that involve use of Owner contingency that increase the GMP, furniture/fixtures/equipment procurement, and use of Owner contingency for non-Mortenson Construction related project expenses are specific examples.

Currently, the CEO/Executive Director is authorized to expend up to \$100,000 without seeking board approval. No policy exists for construction project change orders.

The Metropolitan Council recently modified its procurement policies as follows for comparison:

- Regional Administrator approval authorization; from \$250,000 to \$500,000
- Executive Team approval authorization; from \$125,000 to \$250,000
- Construction Project Change Order (PCO) approval; 5% up to \$50,000 of original value is increased from 5% up to \$500,000 of original value
- Contract change order approvals up to \$250,000 at Executive Team level.

Procurement items beyond these guidelines require Council action.



Staff is requesting the board approve the following changes to the Authority's procurement policies specifically for the project and longer term:

- Authorize the CEO/Executive Director contract approval authorization from \$100,000 to \$250,000
- Authorize Construction contract PCO from 10% up to \$500,000 (whichever is greater) of original value per each PCO
- Authorize Contract change orders up to \$250,000

In addition, the Construction Services Agreement (CSA) with Mortenson Construction requires certain approvals of the Authority as the Stadium Developer. For example, the CSA requires the Authority to approve subcontractors to Mortenson Construction as part of the project as well as the use of construction contingency. Staff requests the board authorize the Chair and CEO/Executive Director to make any necessary approvals that are required by the CSA.

Staff will seek Board approval for items that are outside of these procurement guidelines.

Recommendation: The Authority approves changes to its procurement policies as outlined above. Furthermore, authorize the Chair and CEO/Executive Director to make any necessary approvals required by the Construction Services Agreement. Commissioner Butts Williams moved to approve the recommendation. Commissioner Griffith seconded the motion.

APPROVED

iii. Authorize Negotiations/Contract for Amendment to Initial Trust Agreement & Initial Capital Budget

The Minnesota Sports Facilities Authority (Authority) entered into a Trust and Disbursement Agreement, dated December 14, 2012, with U.S. Bank National Association for the disbursement of project funds governed by the Preliminary Development Agreement (PDA). The term of this Agreement was to expire when the PDA expired and notice of its termination is given. That termination notice has not been given. The PDA was replaced by the Development Agreement between the Authority and the Minnesota Vikings on October 3, 2013. On October 14, 2013, a Request for Proposals (RFP) for Trustee Services was issued for additional trust and disbursement services for the remainder of the project, which will be governed by the Development Agreement.

The Authority anticipates selecting a vendor under that RFP in the near future. During the interim, the initial Trust and Disbursement Agreement needs to be extended.

On December 7, 2012, the Authority established an initial capital budget of \$20,000,000 to allow for the expenditure of funds for project costs that are related to stadium design and construction as authorized in the PDA. As of September 30, 2013, the project had expended \$18,793,326.73 including retainages. The initial funding commitment for the project is \$50,000,000 from the Minnesota Vikings.



Recommendation: The Authority authorize the Chair and CEO/Executive Director to negotiate and execute an Amendment to the Trust and Disbursement Agreement as outlined above. And that the Authority approve and increase the initial capital budget to be paid for by the Minnesota Vikings for the new stadium project by \$30,000,000 for a project-to-date budget of \$50,000,000. Commissioner Butts Williams moved to approve the recommendation. Commissioner Griffith seconded the motion.

APPROVED

iv. Authorize Negotiations/Contract for Trustee Services

The Minnesota Sports Facilities Authority (Authority) in collaboration with the Minnesota Vikings (Team) solicited proposals for trustee services. The Request for Proposals was issued on October 14, 2013 and the proposals are due by noon on October 25, 2013. The Authority and the Team will name a selection committee to review the proposals and determine if interviews are necessary. The selection criteria include: capacity to handle a project of this magnitude, defined processing and reporting systems, experience and location of staff, and cost.

In order for the Minnesota Vikings to complete their financing for the stadium project by November 1, 2013 this selection needs to be completed on or before October 28, 2013. The selection will be contingent upon negotiation of a final contract. Based on successful conclusion of these negotiations, the authority to execute the contract is placed with the Authority's Chair and CEO/Executive Director.

Recommendation: The Authority delegates to the Chair and CEO/Executive Director its authorization to award the contract for trustee services. A report on the award of this contract will be provided at the next board meeting. Commissioner Butts Williams moved to approve the recommendation. Commissioner Griffith seconded the motion.

APPROVED

v. Authorize Issuance of a Request for Proposal – 3rd Party Operator/Back of House Operator

The Stadium Legislation 473J.13 Sec. 18 provides that the Minnesota Sports Facilities Authority (Authority) and Minnesota Vikings will mutually agree upon a third party management firm or individual to manage/operate the new stadium. Staff is requesting the Authority approve issuing a Request for Proposal (RFP) for those services. Because these services may take multiple forms and responsibilities, staff with Authority agreement will issue an RFP that encompasses a number of managerial functions including overall stadium management, stadium marketing services, back of house hvac maintenance as well as any other related stadium management services. This RFP will follow in process the other significant RFPs that have been conducted to date. Staff expects to bring a recommendation back before the board at its January or February 2014 meeting.

Recommendation: The Authority issue a Request for Proposals for a 3rd Party Operator/3rd Party Back of House Operator as outlined above. Commissioner Butts Williams moved to approve the recommendation. Commissioner Griffith seconded the motion.

APPROVED



vi. Authorize Issuance of a Request for Proposal – Quality Control & Special Inspections

The Authority as the Stadium Developer will require a firm to perform a variety of services related to quality control (concrete testing for example) and special inspections. Project monies have been budgeted for this purpose.

Staff requests approval to issue a Request for Proposals for these services. Staff will return at the December meeting with a recommendation.

Recommendation: The Authority issue a Request for Proposals for Quality Control and Special Inspections as outlined above. Commissioner Butts Williams moved to approve the recommendation. Commissioner Griffith seconded the motion.

APPROVED

vii. Authorize Issuance of a Request for Proposal – Cast-in-Place Concrete Monitoring Services

Mortenson Construction, under the Construction Services Agreement, is able to self perform the cast in place concrete component of work for the new stadium construction. The estimated value of this work is about \$110M. Staff requests the Minnesota Sports Facilities Authority (Authority) approve the issuance of a Request for Proposal for the validation of quantities and costs for Mortenson Construction’s performance of the work. Project monies are available for this service.

Staff requests approval to issue a Request for Proposals for these services. Staff will return at the December meeting with a recommendation.

Recommendation: The Authority issues a Request for Proposals for Concrete Monitoring Services as outlined above. Commissioner Butts Williams moved to approve the recommendation. Commissioner Griffith seconded the motion.

APPROVED

b. Report Items

i. Equity Update

On October 22, 2013, the Minnesota Sports Facilities Authority (Authority) conducted its second Stadium Equity Oversight Committee Meeting, pursuant to the Equity Plan, Section 3. The meeting was well attended by a minimum of the required participants identified in the Equity Plan. In fact, over twenty-five people were present.

The agenda was aggressive and addressed several important topics. The agenda topics and reports are summarized as follows:



- Michele Kelm-Helgen welcomed everyone to the meeting.
- Alex Tittle provided an overview of the purpose, role of the committee and introduced the Equity Program's webpage.
- Summit Academy summarized the Employment Assistance Firm's process and method of engagement.
- Mortenson/THOR Construction provided a workforce report on the Xcel Energy Relocation project, **to date**.
 - Exceeding both minority (32%) and women (6%) goals at;
 - 39% minority and 13% women
- HKS provided a targeted business report on the design services activity, **to date**.
 - Exceeding both MBE (8%) and WBE (11%) goals at;
 - 8.89% MBE and 11.11% WBE
 - 18 MBE firms and 19 WBE firms committed to project
- Mortenson/THOR Construction provided a targeted business report on the Xcel Energy Relocation project, **to date**.
 - Exceeding both MBE (9%) and WBE (11%) goals at;
 - 2 MBE firms totaling 9%
 - 3 WBE firms totaling 16%

During the meeting, we also discussed the various events that have and are anticipated to occur to educate the public, encourage small businesses and locate our workforce for the project. It was also noted that the manner in which the team (Mortenson/Thor/HKS/MSFA/Vikings) are monitoring and conducting outreach on the project is exceptional.

Recommendation: None. This is for informational purposes. No action is required at this time.

ii. Report on Award of Real Estate Title Insurance & Related Services

The Minnesota Sports Facilities Authority (Authority) in collaboration with the Minnesota Vikings (Team) solicited proposals for real estate title insurance and related services. Three excellent proposals from three exceptional firms were received and reviewed by the selection committee comprised of Authority and Team representatives. All three firms were interviewed for the purpose of clarifying points that were contained in their proposals. Following the interviews, the selection committee discussed the submissions, the firms' credentials as compared to the selection criteria, and cost. The cost profile is multi-layered, but the primary costs are centered in the Owner's Policy and the Leasehold Policy. The committee determined on a preliminary basis that the Owner's Policy should be for \$750 million and the Team determined that the Leasehold policy should be for \$375 million. Based on the criteria, Chicago Title Insurance Company was selected by unanimous decision of the selection committee. Chicago Title Insurance Company's proposal states that they will award more than 50% of their non-premium revenue associated with the project to two minority and women-owned business enterprises: ABA Tax Accounting and Vargas Co., Inc.

Chicago Title Insurance Company fees will be \$301,875 for the two levels of insurance previously mentioned. There will be additional fees including: loan policy fees of \$1,000, closing fees of \$5,000, and disbursing fees of \$1,000 per draw.



Recommendation: None. This report is for informational purposes. No action is required at this time.

iii. 2012 Comprehensive Annual Financial Report

Attached is the Minnesota Sports Facilities Authority's (Authority) Comprehensive Annual Financial Report (CAFR) for the five month fiscal period ending December 31, 2012. The report has three major sections: introductory section, financial section, and statistical section. The Introductory section includes a letter of transmittal, a list of commissioners and administrative staff, and an organization chart. The financial section includes the Legislative Auditor's opinion, management's discussion and analysis and the basic financial statements including the notes to the financial statements. The three financial statements that are presented are: Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows. The notes include a summary of significant accounting policies and other disclosures of matters relating to the financial position of the Authority. The statistical section includes trend and nonfinancial information useful in assessing the Authority's financial condition.

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to a governmental unit whose financial report meets the program requirements. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. We believe our current CAFR will meet the Certificate of Achievement Program's Requirements, and we submitted it to the GFOA to determine its eligibility for a certificate. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

The Office of the Legislative Auditor issued its independent auditor's report on June 27, 2013. The report included an unqualified opinion, which is the best audit opinion that can be obtained, and which stated that "the financial statements referred to above present fairly, in all material respects, the financial position of the Minnesota Sports Facilities Authority as of December 31, 2012, and the changes in its financial position and its cash flows for the five-month period then ended in conformity with accounting principles generally accepted in the United States of America."

In addition to issuing an independent auditor's report, the Office of the Legislative Auditor issued a report on internal controls and compliance. This report was mailed to each commissioner and the CEO/Executive Director and is available on their web site.

At December 31, 2012, total assets were \$32,940,438, total liabilities were \$5,362,371, and net position was \$27,578,067. Of this amount, \$12,080,223 represents unrestricted net position that may be used to meet the Authority's ongoing obligations, and \$15,497,844 represents its investment in capital assets. For the five-month fiscal period ending December 31, 2012 operating revenues were \$17,891,861, operating expenses



were \$17,124,797, operating income was \$767,064, total non-operating revenues were \$70,645, capital contributions were \$2,546,938, thus the change in net position for that period was \$3,384,647.

Recommendation: None. This report is for informational purposes. No action is required at this time.

iv. Receipt of AIM Communication

See Chair's Report

7. PUBLIC COMMENT

One individual came forward to address the MSFA Board.

1. Barb Lau, Association of Women Contractors, Topic: Ms. Lau highlighted the many positive outcomes that have occurred as a result of this project's focus on equity efforts, both within targeted businesses for design services, and for workforce and targeted business participation on the construction.

8. DISCUSSION

None

9. ANNOUNCE FUTURE MEETINGS

Friday, November 22, 2013 at 9:00 am – MSFA Board Meeting, Halsey Hall.

10. ADJOURNMENT

There being no further business to come before the Authority, Commissioner Griffith moved to adjourn the meeting, seconded by Commissioner Butts Williams and approved unanimously – 3 YEAS, 0 NAYS. Chair Kelm-Helgen adjourned the meeting at 10:01 am.



ADOPTED this 22nd day of November, 2013 by the Minnesota Sports Facilities Authority

Duane Benson, Secretary

Ted Mondale, CEO/Executive Director