



MINNESOTA SPORTS FACILITIES AUTHORITY REGULAR MEETING MINUTES

Friday, December 18, 2015, 9:00 A.M.

1010 Metrodome Square Building, Lower Level Conference Room

1010 South 7th Street, Minneapolis, MN 55415

1. CALL TO ORDER

Chair Kelm-Helgen called the meeting of the Minnesota Sports Facilities Authority (MSFA) to order at 9:01 AM.

2. ROLL CALL

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

Commissioners Absent: Commissioner McCarthy

3. ADOPTION OF AGENDA

Chair Kelm-Helgen presented the agenda. Commissioner Sertich moved approval of the agenda, seconded by Commissioner Butts Williams and approved unanimously – 4 YEAS, 0 NAYS.

APPROVED

4. APPROVAL OF MSFA MEETING MINUTES

Commissioner Butts Williams moved approval of the November 20, 2015 Regular Meeting Minutes and the December 15, 2015 Special Meeting Minutes, seconded by Commissioner Sertich and approved unanimously – 4 YEAS, 0 NAYS.

APPROVED

5. CHAIR'S REPORT

Chair Kelm-Helgen commented on the MSFA board's recent trip to Houston, TX. The MSFA board toured the Houston stadium and met with local stadium officials. Key takeaways from the trip emphasized that funds need to be allocated early on for capital improvements, unforeseen expenses and ever-evolving technologies. Over the coming months, the MSFA will be looking at forecasts for what will be needed in the capital plan and operating budget.

Chair Kelm-Helgen commented on the MSFA staff salary increases that are on the agenda. The salary increases reflect a 2.5% cost of living increase which is the first increase in 18 months.



Three positions will receive a 10% increase. These increases stem from two facts. After the operation of the Metrodome ceased, staff was reduced and remaining staff have taken on more responsibilities as they relate to the stadium project. Various job duties have been reassigned. The scope and level of responsibility has changed. These increases reflect those changes.

Chair Kelm-Helgen commented on the closed portion of the board meeting that would occur later in the meeting. The board will receive an update on the progress that is being made with settling cost disputes through the mediation process.

There will also be a construction update later in the meeting from Mortenson/Thor. The building is over 80% complete. Chair Kelm-Helgen also highlighted the development that continues to be spurred around the stadium. She mentioned that they would receive an update on the Wells Fargo development later in the meeting.

Chair Kelm-Helgen reported that there is nothing further to announce on the 3M film. Progress does continue though she reiterated that the film cannot be applied until the stadium opens. She assured everyone that they will report on any developments.

Chair Kelm-Helgen indicated that the 2016 MSFA board meeting schedule is laid out on the website, www.msfa.com.

6. BUSINESS

a. Action Items

i. Approve Team Funding Documents

Under the Development Agreement with the Minnesota Vikings Football Stadium, LLC, the Vikings have provided, and the MSFA has approved, various sources of funds in satisfaction of the Viking's financing commitment under the Development Agreement. These sources of funds include loan commitments provided under a Credit Agreement, dated as of November 22, 2013, by and among Minnesota Stadium Funding Trust, the Lenders party thereto from time to time, U.S. Bank National Association, Goldman Sachs Bank USA, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Sumitomo Mitsui Banking Corporation and Bank of America, N.A. The Vikings have secured the agreement of the Lenders to provide an additional \$50 million of loan commitments under the Credit Agreement pursuant to a Fifth Amendment to Credit Agreement and various agreements related thereto. The Vikings have requested the approval of such additional loan commitments as an approved source of funding under the Development Agreement.

Under the Development Agreement, the MSFA has the right to approve certain changes to the Vikings' sources of funding. This requirement is included so that the MSFA can ensure that funding is readily available as needed for Project funding. Staff and legal counsel to the MSFA have reviewed and approved the Fifth Amendment to Credit Agreement and the agreements related thereto.



Recommendation: The MSFA approves the request by Minnesota Vikings Football Stadium, LLC to include such additional \$50 million of loan commitments as an approved source of funding under the Development Agreement and authorizes the Chair and CEO/Executive Director to finalize the terms of and execute all documents required to do so. Commissioner Griffith moved to approve the recommendation. Commissioner Butts Williams seconded the motion.

APPROVED

ii. Approve Third Party Buildout & License Agreements

Staff is receiving requests for third parties to provide construction or installation services at U.S. Bank Stadium related to Team-controlled areas and other areas within the Stadium Site where the installation is provided outside the Project budget. This includes, but is not limited to, distribution lines for the soft drink provider, cabling for certain broadcast applications, and other third-party provided improvements. It is in the MSFA's best interest to maintain control over third party construction and installations and to facilitate coordination of this work with Mortenson, the MSFA's separate Trade Contractors, and other contractors and vendors on site. Staff also recommends a process to govern the ongoing maintenance of these items. Staff recommends that all such contractors, installers or operators enter into a license agreement (or similar agreement) outlining procedures for operating within the Stadium Site, including terms necessary to maintain labor harmony. A template has been developed to address these situations in a uniform manner and staff seeks approval to customize and execute these documents as the need arises.

Recommendation: The MSFA Chair and CEO/Executive Director be authorized to negotiate and execute all documents required to allow the installation of third party-provided improvements within U.S. Bank Stadium. Commissioner Sertich moved to approve the recommendation. Commissioner Butts Williams seconded the motion.

APPROVED

iii. Approve Stadium Project Budget Increase – NRG Reimbursement Items

The items identified that require adjustments to the Master Project Budget are summarized below:

- A) NRG Cost Reimbursement for Mortenson Cost Issues 128 and 425

Additional detail on the above adjustments is outlined below along with corresponding recommendations.



A) NRG Cost Reimbursement for Mortenson Cost Issues 128 and 425

The Contract between the MSFA and NRG for steam and chilled water services provided for certain reimbursement of project costs that were energy efficiency improvements.

The stadium design incorporated energy efficiency improvements within heating equipment by utilizing flooded heat exchangers and within the curtain wall by utilizing argon gas-filled glass. Costs for these improvements are included within Mortenson Cost Issues 128 and 425 which were included in Mortenson Contract Revisions 12 and 16 and were funded from the Project Contingency. Total costs for these two issues are \$232,345. NRG is contractually obligated to reimburse the MSFA for these costs and Board approval is required at this time to receive the reimbursement which will increase the sources and uses within the Stadium Master Project Budget.

Staff is requesting the Board authorize an increase in the project budget for this cost reimbursement and allow staff to receive the reimbursement.

Recommendation: The MSFA approves a new Source of Funding totaling \$232,345.00 to be described as NRG Cost Reimbursement within the Stadium Capital Budget. The Project Contingency within the Uses section of the Stadium Master Project Budget would be increased by the same amount. This increase is NRG's agreed upon reimbursement for Mortenson Issues 128 and 425. This adjustment would become effective after Master Application for Payment No. 38 is finalized. Commissioner Butts Williams moved to approve the recommendation. Commissioner Sertich seconded the motion.

APPROVED

Summary:

The proposed budget adjustments outlined in this memorandum would modify the Stadium Master Project Budget as outlined in Table 1 - Stadium Master Project Budget Summary.



**Table 1
Stadium Master Project Budget Summary**

Division	Description	Master Project Budget as of 12/15/2015	12/18/15 Adjustments	Adjusted Budget
SOURCES OF FUNDS				
00-25-005	Team Contribution	\$377,000,000.00	\$0.00	\$377,000,000.00
00-25-010	Private Contribution	\$100,000,000.00	\$0.00	\$100,000,000.00
00-25-015	Additional Team Contribution	\$101,430,246.94	\$0.00	\$101,430,246.94
00-30-005	State of Minnesota Contribution	\$498,000,000.00	\$0.00	\$498,000,000.00
00-90-005	Aramark Capital Investment	\$10,000,000.00	\$0.00	\$10,000,000.00
00-90-010	SMG Capital Investment	\$2,000,000.00	\$0.00	\$2,000,000.00
00-90-015	Verizon Capital Investment	\$2,506,313.00	\$0.00	\$2,506,313.00
00-90-020	NRG Cost Reimbursement	\$0.00	\$232,345.00	\$232,345.00
	Total Sources of Funds	\$1,090,936,559.94	\$232,345.00	\$1,091,168,904.94
USES OF FUNDS				
10-00-000	Site Acquisition & Improvements	\$54,677,539.35	\$0.00	\$54,677,539.35
20-00-000	Construction Costs	\$851,349,601.10	\$0.00	\$851,349,601.10
30-00-000	Furnishings, Fixtures & Equip.	\$56,407,430.10	\$0.00	\$56,407,430.10
40-00-000	Development Costs	\$88,781,410.18	\$0.00	\$88,781,410.18
50-00-000	Financing Costs	\$0.00	\$0.00	\$0.00
60-00-000	Other Project Costs			
	TCF Stadium Improvements	\$7,994,290.57	\$0.00	\$7,994,290.57
	SDC Group Contingency	\$8,000,000.00	\$0.00	\$8,000,000.00
	East Event Buildout	\$2,000,000.00	\$0.00	\$2,000,000.00
	Other Mutually Agreed Cost Issues	\$775,151.00	\$0.00	\$775,151.00
	IPTV Enhancement	\$4,244,090.69	\$0.00	\$4,244,090.69
90-00-000	Project Contingency	\$16,707,046.95	\$232,345.00	\$16,939,391.95
	Total Uses of Funds	\$1,090,936,559.94	\$232,345.00	\$1,091,168,904.94



**iv. Authorize Negotiations/Selection
- West Plaza Construction**

Under prior approval by the MSFA Board, HKS, Inc is in the process of developing plans and specifications for certain work to occur on the Downtown East (DTE) LRT block and the newly leased portion of the Hennepin County Medical Examiner block. The project development is under tight timelines for both design and development in order to be complete with U.S. Bank Stadium. Staff is seeking to negotiate a contract revision with Mortenson for the work. Because of the time critical nature of this work, staff is requesting the MSFA Board authorize an RFP for this scope of service.

In addition, staff is requesting the MSFA Board authorize the Chair & CEO/Executive Director to enter into contract for this work. Staff will return at the March 2016 MSFA Board meeting with a report on the outcome of this process.

Recommendation: The MSFA authorizes the Request for Proposals for the West Plaza Project outlined above. Furthermore, authorize the Chair & CEO/Executive Director to enter into contract with the successful respondent to that RFP. Staff will return at the March 2016 Board meeting with a report on this matter. Commissioner Sertich moved to approve the recommendation. Commissioner Butts Williams seconded the motion.

APPROVED

v. Authorize Negotiations/Selection – Artificial Turf

This Contract Award is for all labor, materials and equipment necessary to install a synthetic turf (infill system) playing field at the Stadium (as further described in the RFP) including, without limitation:

- Installation of a new artificial turf system/infill (sand/rubber) technology
- Samples/Shop Drawings/Maintenance Manuals
- Warranty-Guarantee (8 years) including G-Max guarantee for entire Warranty term
- Review, coordination, and certification of work including any subcontractors

The RFP, with Board approval, was posted on the MSFA web site on December 16, 2015, and proposals are due January 8, 2016. Vendor selection is expected in January 2016, prior to the next Board meeting.

Staff is requesting authorization to complete negotiations and enter into a contract for the Artificial Turf Playing Surface.

Recommendation: The MSFA authorizes the Chair and CEO/Executive Director to complete negotiations and enter into a contract for the Artificial Turf Playing Surface. Commissioner Butts Williams moved to approve the recommendation. Commissioner Sertich seconded the motion.

APPROVED



vi. Approve Government Relations Services Contract

The Minnesota Sports Facilities Authority (MSFA) awarded a one-year contract for Governmental Relations Services to Lockridge Grindal Nauen, P.L.L.P. (firm) at its January 18, 2013 monthly meeting. The MSFA then executed two one-year extensions to that contract.

The firm has provided professional intergovernmental relations services to the MSFA for the past three years. The firm's services included attending meetings of the MSFA, conveying information regarding proposed legislation and its potential impact on the MSFA to the Chair, and attending legislative meetings.

Staff recommends that a new contract be executed with Lockridge Grindal Nauen, P.L.L.P. for the same terms as the expiring contract which includes fees of \$9,000 per month.

Recommendation: The MSFA authorizes the Chair and CEO/Executive Director to execute a contract for Governmental Relations Services with Lockridge Grindal Nauen, P.L.L.P. Commissioner Sertich moved to approve the recommendation. Commissioner Butts Williams seconded the motion.

APPROVED

vii. Approve MSFA Affirmative Action Plan

It is the policy of the Minnesota Sports Facilities Authority (MSFA) to provide equal opportunity in all areas of employment and to take affirmative action to prevent employment discrimination. Minnesota Statute 473.143 requires the MSFA to develop and submit an affirmation action plan to Minnesota Management & Budget (MMB).

The attached Affirmative Action Plan is based on MMB's template and includes a statement of commitment, equal employment opportunity policy, procedures for implementing the plan, policy prohibiting discrimination and harassment, internal harassment/discrimination complaint procedure, reasonable accommodation policy and two attachments: Complaint of harassment/discrimination form and Employee/applicant request for ADA reasonable accommodation form.

The MSFA plans to demonstrate good faith efforts to comply with the State of Minnesota's affirmative action requirements and to provide an employment setting that is equally accessible and supportive to all employees. The MSFA's employment practices will reflect value and respect for diversity among its employees.

Recommendation: The MSFA approves the attached Affirmative Action Plan for 2015-2016. Commissioner Sertich moved to approve the recommendation. Commissioner Butts Williams seconded the motion.

APPROVED



viii. Approve 2016 MSFA Budget

Attached is the 2016 Budget for the Minnesota Sports Facilities Authority (MSFA) for the period from January 1, 2016 through December 31, 2016. Highlights of the 2016 budget and a budget summary are included. This budget includes the operating account and the capital reserve account.

Recommendation: The MSFA approves and adopts the Year 2016 Budget. Commissioner Sertich moved to approve the recommendation. Commissioner Butts Williams seconded the motion.

APPROVED

MINNESOTA SPORTS FACILITIES AUTHORITY

2016 OPERATING BUDGET

SUMMARY

Highlights of the 2016 Budget

For fiscal year 2016 the Minnesota Sports Facilities Authority will have an operating account and a capital reserve account. Highlights of each account are discussed below.

Operating Account

Revenues

The operating account revenue budget for 2016 consists of seven revenue sources: State of Minnesota operating payment of \$6.0 million, Minnesota Vikings Use fee-operating payment of \$5.4 million, SMG operating revenue and marketing fund payment of \$3.6 million, Taxes-State of Minnesota revenue of \$1.4 million, Contribution from the project for reimbursement of FF&E deposits of \$800,000, commemorative brick fundraising revenues of \$1.6 million, and investment earnings of \$40,000, for a combined total of \$18,827,785.

Expenses

The operating account total expense budget for 2016 is \$12,443,647 and includes personal services, professional services, audio-visual costs, travel and meetings, supplies, rent, insurance, communication, contractual commitments related to the stadium, miscellaneous costs, stadium project expenses, stadium management operator pre-opening expenses and commemorative brick fundraising expenses. The personal services budget of \$1.1 million includes salaries and benefits for employees. Professional services budget of \$1.9 million includes consulting services, legal and legislative representation services, and audit expenses. Rent budget of \$125,000 includes costs related to Authority offices, parking at the 511 building and moving expenses.



Operating expenses also include contractual commitments related to the stadium and stadium project related costs of \$5.8 million, stadium management operator pre-opening expenses of \$2.3 million, and commemorative brick fundraising expenses of \$850,000.

Account Balance

Budgeted net income for the operating account is \$6,384,138 and the operating account ending account balance is \$9,733,500.

Capital Reserve Account

Revenues

The capital reserve account revenue budget for 2016 consists of two revenue sources: State of Minnesota capital cost payment of \$1.5 million and the Minnesota Vikings capital cost payment of \$1.5 million, for a combined total of \$3.0 million.

Account Balance

Budgeted net income for the capital reserve account is \$3.0 million, therefore the capital reserve account ending account balance is \$3.0 million.

ix. Approve 2016 Salary Recommendations

Staff reviewed salary and wage rate information on the State of Minnesota's web site to assist in recommending an increase for 2016. The State of Minnesota has tentative agreements for some of its labor plans, and included in the agreements are salary increases of 2.5% effective July 2015 and salary increases of 2.5% effective July 2016.

The Commissioner of Minnesota Management & Budget approved the local government compensation limit of \$165,333 effective January 1, 2016. The Commissioner had approved a 1.7% increase in the compensation limit for 2015 and recently approved a .2% increase in the compensation limit for 2016 based on the change in the consumer price index for the 12 months ended October 2015.

The last salary and wage rate adjustment approved by the Authority was at the May 27, 2014 monthly meeting and was implemented on June 1, 2014.

It is recommended that the salary and wage rates be adjusted as follows:

1. Chair's salary increase from \$127,000 to \$130,275, 2.5% increase
2. CEO/Executive Director's salary increase from \$162,245 to \$165,333, 1.9% increase
3. Salaries for full-time employees increase 2.5%, except for, the three positions listed in item #4
4. Salaries or wage rates increase 10% for the Senior Executive Assistant/Office Administrator, Project Coordinator for MSFA board, and Finance Assistant



Recommendation: The MSFA approves the above recommended salary and wage rate increases effective January 1, 2016. Commissioner Sertich moved to approve the recommendation. Commissioner Butts Williams seconded the motion. Commissioner Griffith voted against the recommendation.

APPROVED

b. Report Items

i. Third Quarter Budget Report

Mary Fox-Stroman presented the third quarter budget report for the Minnesota Sports Facilities Authority (MSFA) for the period from January 1, 2015 through September 30, 2015.

The budgetary comparison report for the operating account includes the MSFA's adopted 2015 annual budget, actual revenues and expenses through September 30, 2015, the change in account balance, and the ending account balance as of September 30, 2015.

The MSFA's operating revenues for the fiscal year totaled \$438,158, operating expenses totaled \$3,346,714, and non-operating net expenses were \$873,139. As of September 30, 2015, the account balance decreased by \$3,781,695 and the ending account balance was \$4,885,271. The ending account balance at September 30, 2015 is below the MSFA's reserve policy of \$6 million due to the allocation from the project of \$2.0 million. It was initially included in the 2015 budget; however it has been determined that this funding should be deferred. It is anticipated that the operating account balance will be above the requirement by January 31, 2016 due to the receipt of various sources of revenues by that date.

The budgetary comparison report for the U.S. Bank Stadium project trust account includes the project budget, actual revenues and expenses for 2012, 2013, 2014, first, second and third quarter 2015, 2015 year-to-date, and a project-to-date column. For the period from January 1, 2015 through September 30, 2015 the stadium project trust account non-operating (non-capital) revenues totaled \$1,039,476, project expenses were \$339,167,371, capital contributions were \$338,127,895, and the ending account balance was \$3,101. Project-to-date non-operating (non-capital) revenues totaled \$8,789,591 project-to-date expenses totaled \$726,834,803, project-to-date capital contributions were \$718,058,108 and the net ending account balance was \$3,101.

For the period from January 1, 2015 through September 30, 2015, the Block 1 Parking Ramp expenses were \$23,957,604 and capital contributions were \$23,957,604. Project-to-date expenses were \$40,837,077 and capital contributions were \$40,837,077, (U.S. Bank Stadium project has contributed \$13,409,612 and the City of Minneapolis has contributed \$27,427,465), and the account balance was \$0. The U.S. Bank Stadium project expenses and capital contributions also include \$13,409,612 for the Block 1 Parking Ramp.



Also attached is the September 30, 2015 cash and investment summary.

Minnesota Sports Facilities Authority

Cash and Investment Summary

September 30, 2015

Cash and Investment Summary as of September 30, 2015:

SUMMARY OF CASH AND INVESTMENTS	
Cash and Cash Equivalents:	
U. S. Bank - operating account	\$692,982.54
U.S. Bank - payroll account	\$1,000.43
U.S. Bank - commercial paper account	\$140,000.15
Total Cash	\$833,983.12
Investments:	
U.S. Bank investment account	\$6,178,410.61
Total Cash and Investments	\$7,012,393.73

Recommendation: No action is required at this time. This is for informational purposes only.

ii. SMG Update

Patrick Talty, General Manager for U.S. Bank Stadium, presented an update on SMG’s activities over the past year. He highlighted the staffing structures and the various departments that have taken shape. Sales, Marketing, Event Services, and Stadium Operations departments are all in the process of developing plans, policies and procedures for U.S. Bank Stadium.



Recommendation: None. This report is for informational purposes only.

iii. Downtown East Commons Construction Update

Tony Barranco offered a construction update on behalf of Ryan Companies. He highlighted construction progress as well as future development plans in the surrounding area. These developments were shown through a fly-thru animation.

iv. Radisson Red East Downtown Development Report

Deane Bruder offered an update on behalf of Radisson Red. He highlighted the construction progress and future plans around the Radisson Red development that will connect with the Wells Fargo development.

v. U.S. Bank Stadium Equity Update

The project reports were assessed as of October 31, 2015. These reports are posted on the MSFA website for transparency purposes. *The next Stadium Equity Oversight Committee will be on January 24, 2016.*

- The **EAF** is currently conducting outreach and training for resource efforts in support of the project.
64 Trained and 74 Placements
 - 836 Workers identified;
 - 165 Workers are available for hire
- **Total WORKFORCE** on the U. S. Bank Stadium Project, *as of October 31, 2015*
 - **Minority Goal (32%) & Women Goal (6%)** *EXCEEDING*
 - 36% Minority (993,946 hours)
 - 9% Women (241,233 hours)
 - 4% Veteran (114,136 hours)
 - 312 Workers Hired from the TARGETED ZIP CODES in Minneapolis
- **Total TARGETED BUSINESS** Construction activity, as of *September 30, 2015*.
 - **MBE (9%) and WBE (11%) goals at; EXCEEDING**
 - MBE: \$104,848,858 (10%)
 - WBE: \$134,427,341 (11%)
 - VBE: \$11,992,348 (1%)
 - **Total Targeted Business: (\$251,268,547)**
- **US Bank Stadium Operations**
 - Equity Plan under development
 - Market Study underway w/the University of Minnesota (Goal Setting & Etc.)
 - Employment Assistance Firm "EAF" Interviews are in progress
 - Developing an Operations Business & Workforce Database
 - Concessionaire, Aramark has conducted a Procurement Fair
 - Stadium Operator, SMG is interviewing for Security Firm & other significant RFP's

Recommendation: None. This report is for informational purposes only.



vi. U.S. Bank Stadium Construction Project Update

Kevin Dalager offered a construction update on behalf of Mortenson/Thor. The stadium project is over 80% complete. Progress photos were shown.

7. PUBLIC COMMENT

No individuals came forward for public comment.

8. DISCUSSION

No discussion occurred at this time.

9. ANNOUNCE FUTURE MEETINGS

Friday, January 15, 2016 at 9:00 A.M MSFA Board Meeting, 1010 Metrodome Square Building

10. MOTION TO CLOSE MEETING

Commissioner Griffith moved to close the meeting pursuant to Minnesota Statute section 13D.05, subdivision 3(b) to discuss attorney-client privileged matters related to the demand filed by M.A. Mortenson Company. Commissioner Sertich seconded the motion.

APPROVED

The meeting was closed at 10:35 am.

Meeting Participants Present for Closed Portion:

Chair Kelm-Helgen
Commissioner Sertich
Commissioner Butts Williams
Commissioner Griffith
CEO/Executive Director Ted Mondale
Jay Lindgren, Dorsey & Whitney
Dean Thomson, Fabyanske, Westra, Hart & Thomson
Scott Stenman, Hammes Companies
William Robinson, Hammes Companies
Jenn Hathaway, MSFA
Craig Skiem, Skiem Consulting, LLC



11. DISCUSS ATTORNEY-CLIENT PRIVILEGED MATTERS

12. MOTION TO OPEN MEETING

Commissioner Sertich moved to open the meeting. Commissioner Butts Williams seconded the motion.

APPROVED

The meeting was opened at 11:15 am.

13. ADJOURNMENT

There being no further business to come before the MSFA, Commissioner Butts Williams moved to adjourn the meeting, seconded by Commissioner Sertich and approved unanimously – 4 YEAS, 0 NAYS.

APPROVED

The meeting was adjourned at 11:15 am.

ADOPTED this 15th day of January 2016 by the Minnesota Sports Facilities Authority

Secretary, Bill McCarthy

Ted Mondale, CEO/Executive Director