



**MINNESOTA SPORTS FACILITIES AUTHORITY “COMMITTEE OF THE WHOLE” WORK SESSION MINUTES**

**Friday, April 18, 2014, 10:00 A.M. or immediately following 9:00 am board meeting adjournment.**

**1010 Metrodome Square Building, Lower Level Conference Room**

**1010 South 7<sup>th</sup> Street, Minneapolis, MN 55415**

**1. CALL TO ORDER**

Chair Kelm-Helgen called the “committee of the whole” work session of the Minnesota Sports Facilities Authority to order at 9:48 AM.

**2. ROLL CALL**

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

Commissioners Absent: None

**3. MONTHLY CONSTRUCTION PROJECT OVERVIEW – HAMMES COMPANIES**

Scott Stenman offered a report on behalf of Hammes Companies (the Authority’s owner’s representative). He indicated he was going to offer a fairly high-level presentation.

*Design Overview:*

Mr. Stenman displayed various renderings highlighting the stadium design. Starting from the west exterior plaza, he described the signature prow that is one of the defining characteristics of the building. He then showed a perspective surrounding the site moving towards the east gate. He went on to describe the interior seating bowl through a north-south perspective and the east-west perspective. These images highlight the clear roof and natural light that is brought into the stadium. Mr. Stenman displayed images of the main and upper concourses. He then showed renderings of the new Ryan development. Commissioner Griffith asked about the Armory and its role within the Ryan development. Chair Kelm-Helgen responded that the owner of the Armory is actively looking at turning it into an event center. The Super Bowl bid committee sees the Armory as tying in with the tailgate area as a key component. Mr. Stenman also showed a rendering of the hotel that will be a part of the overall Ryan development. Commissioner Griffith asked for clarification on the hotel’s location and development. Chair Kelm-Helgen responded that the hotel will be located above the McClellan ramp and will include a mix of apartments as well. She indicated that people are interested in having hotel rooms connected by skyway to the stadium, which this hotel will be able to provide.



*Schedule:*

Mr. Stenman provided a high-level one-page summary of the schedule while noting that the actual project schedule contains upwards of 10,000 tasks. This high-level summary does not reflect the building demolition activities that concluded yesterday. This schedule shows that going into April, May and June 2014, event level foundation walls and columns will be erected with massive concrete work occurring during these tasks. Concrete activities will occur throughout 2014 as pre-cast stadia (part of the lower bowl concrete work) are formed. The exterior façade construction will begin this fall on the east side of the project. Steel erection will begin in July or August 2014. A new tower crane will show up in June 2014 that will make all the other cranes look quite small. Interior finishes will begin at the end of the year. This will include stairs, rails, doors, etc. Elevators and escalators will be installed in 2015. The playing field will be added in 2016 once the frame is up. The plaza will be developed in 2015-2016.

Mr. Stenman showed an area map created by Mortenson. As the architect has drawn the building in 15 sectors, the map shows these sectors corresponding to Mortenson's schedule.

*Summary of Progress:*

Mr. Stenman reported that the overall project work is 7% complete as of March 31, 2014. Demolition activities are complete and excavation has been completed in Areas A & F and continues into Areas B & E as shown on the sector map. The Earth Retention System was installed in Area F and continues into Area E. Concrete has been poured for the deep foundations and footings in Areas A-F and is continuing into Areas B & E. 22 columns have been poured with 16 piers for additional columns in place. Waterproofing began on the walls and the loading dock ramp. Underground MEP work has continued into Area A and is working into Areas B & E.

*Upcoming Activities:*

Mr. Stenman reported that Tower Crane #2 is up to full height. Tower Crane #3 in Area E is currently being erected. Tower Crane #1 will reach full height in the first week of May 2014 and Tower Crane #4 will go up in May 2014. Shoring will continue for the elevated decks in Area A and will begin for elevated decks in Area F. Rebar work will also begin with penetrations and pours occurring on the elevated decks.

*Construction Progress Photos:*

Mr. Stenman displayed photos depicting the progress of the construction. Aerial views show the progress over time beginning on February 28, 2014 when most of it was still there and then showing it on March 28, 2014 when most of it was gone. On February 4, 2014, it was still intact, On March 3, 2014, 25% of the building was still there. On April 1, 2014, it was completely demolished. The next photos showed the progress of the foundation and column work from February – April 2014.



*Project Controls and Reporting:*

The Development Agreement, Trustee Agreement, Disbursing Agreement, Construction Services Agreement and the MSFA Procurement Policy all provide direction for contract administration, payment processing and approvals. Hammes has been working with the Authority to establish workflows that comply with these agreements. The various parties named in these processes include the MSFA Board, Construction Monitor, StadCo, Trustee, Disbursing Agent and lenders. The Authority, Jim Farstad and McGladrey are currently reviewing the Internal Control Document recently updated by Hammes. This document outlines various workflows and includes such items as budget amendments, Mortenson subcontractor awards, contract revisions applications for the paying process, etc. It details flow charts with all of the individuals and their various steps. Once this document is finalized with who needs to do what and when outlined, the project can move along in accordance with all the agreements.

*Budget Overview:*

There are 3 primary sources of funds from the Team, private contributions, and the State of Minnesota/City of Minneapolis. The State and City are capped at \$498 million. The Team contribution consists of \$377 million and the private contribution consists of \$100 million. The budget shown today does not reflect the \$1.2 million approved at today's board meeting. Funds will be used for various costs such as expenses associated with DTE and site acquisition, the Furniture, Finishings and Interiors budget, vendor contract technology, the computer systems and scoreboard, and development costs that include design and legal expenses. Other costs are allocated in the project contingency and Team-financed contingency funds.

*Construction Procurement:*

Mr. Stenman reported that \$523 million worth of subcontracts have been approved. Currently, 7 items are pending approval. \$582 million has been committed to subcontractors, representing 78% of the budget. Commissioner Griffith asked if it is fair to say that 75% of the project has been bought out and that the budget risk associated with that has been moved. Mr. Stenman responded that his assessment is accurate and that the risk is on Mortenson. The key will be to incorporate contracts into the agreements

*Upcoming Procurement Packages:*

Mr. Stenman detailed the various procurement packages that will be released in the coming months. By the end of the year, everything should be procured. Commissioner McCarthy asked if the procurement packages go through Mortenson or Authority staff. Mr. Stenman responded that they go through both entities. Both the Authority and the Team review procurement packages before they are released. Mortenson issues them to the marketplace to receive pricing, and then the Authority and Team jointly review the bids. Commissioner Griffith asked that when formal board action is necessary for some elements of the procurement packages, he should recuse himself from approval of interiors. Target Corporation (Commissioner Griffith is employed by Target) will be interested in bidding on the commercial interiors. Jay Lindgren (the Authority's general counsel) responded that this is a typical occurrence for citizens serving on public boards and that processes are in place for recusal.



Commissioner Benson asked if the glass for the exterior has been awarded. Mr. Stenman responded that it has been awarded to Interclad. Commissioner Benson also asked if the interior signage of the building would primarily consist of commercial items. Mr. Stenman responded that right now, all signage is primarily way finding in nature and that at some point, sponsorship signage will also be added.

*MBE/WBE Business Participation:*

Mr. Stenman stated that Mr. Tittle had already provided an update to this subject matter at the board meeting.

*Q & A:*

No questions were asked.

Commissioner Butts Williams stated that this has been a good update. She looks forward to periodic updates.

**4. MSFA ORGANIZATIONAL TRANSITION – JAMES FARSTAD**

Mr. James Farstad (Technology & HR Consultant for the Authority) offered a presentation on the Authority's organizational transition. As the Metrodome was demolished, the new phase in the project added new partners focused on the design and construction processes. The Authority is also beginning to already plan for new operations in the new stadium. The organization is going to change. There will be a new third-party operator coming on board. This will be a new environment in the new stadium. All of these changes will need to be fleshed out over the coming years.

Mr. Farstad described how the Authority's role has shifted from Metrodome operations to new stadium design and construction. As the Authority continues to take in a number of entities, one of the underlying challenges is that staff roles must be clear on how they relate to this extended team. Complex workflows such as payment processing require very multi-layered communications. There are millions of pages of documentation associated with the Metrodome and its workflows. The Authority must work together with its project partners to integrate workflows. There are a number of components with start/stop opportunities. The workflows must be aligned so that the extended team operates as an efficient, high-performing team.

In reviewing current documentation, the Authority wasn't designed to accommodate this extended team. Mr. Farstad reported that he has been talking with all of the members of this extended team to gain their insights. He is working to smooth out any separation of historical organizations and encourage individuals to act as a unified group. After taking in everyone's input, a number of team working sessions commenced. Staff and consultants sat down and looked at the problems in front of them, and examined solutions. These solutions involve refining workflow systems.



There are also big challenges with enormous documents to transfer across a number of organizations. Mr. Farstad has worked to change the system technology to make it much smoother for everyone's systems to accommodate these documents.

The evolution of the state of the organization over the next several years will involve different packets going through organizational design. The Authority itself and its 3 key partners, Hammes Companies, Mortenson/Thor, and HKS, Inc. will work through a number of detailed processes designed to enhance each organization's capability and competency in relation to each other.

As the Authority looks ahead, one of the key next steps will be to streamline financial reporting. McGladrey is looking at this from an audit perspective. The Authority will also be looking at how it can standardize tools for document management. It will be reviewing organizations and agreements and analyzing what should be put into an electronic format. Going forward, the Authority will also be looking at how it can organize all of the different design and contractor vendor information.

Commissioner Griffith asked if these electronic formats would allow for search criteria throughout reams of documents or if they would be simple scans. Mr. Farstad responded that they are looking at the scope and cost of making this happen. There are some historical documents that go back 30 years where there is simply an image. They are looking at the documentation ability of files to search and have them correlate with other documentation as Commissioner Griffith suggested. He is examining at how they can electronically interact which is closer to interactive storage. Commissioner Griffith asked how the Authority could protect and secure its operations from outside interference. Mr. Mondale responded that the Authority has moved to Atomic as an IT provider. They operate at the Fortune 500 level. They are moving as much as possible to the Cloud. Firewalls have been updated with state of the art security protection. It is more expensive but especially with this transition and the documentation needed, it was definitely necessary to retain Atomic. Mr. Mondale commented on how the Authority operated for the same way with pencil and paper for the past 25-30 years. As sometimes happens with government agencies, significant change doesn't always go smoothly. He commended the lead Authority staff for embracing this change and new leadership. They have been leaders on this project. Each of the staff have been involved in looking at the application workflows. If they didn't do this work, everything would have been a nightmare. The lead staff has been involved in creating efficient, transparent processes. Commissioner Griffith commented on how the private sector has also had to accommodate quantum leaps in technology, and he congratulated the staff and project team on handling these changes well. A 360-degree review of each other and the team is critical for future successes.

Commissioner Butts Williams asked about document management occurring on the back end of the project and how future decisions will be made. She asked if reporting and accountability are a part of the process and if that is built into the workflows. She commented on how with the different partners, there will need to be a data analytics piece tied to this that will result in a dashboard with the information and results the Authority needs to measure progress. She asked how that piece fits into the roles and responsibilities down the road. Mr. Farstad answered that yes, they have put together a framework for how the Authority gets from where it is to where it needs to be over a 9-15 month process. There are budgets involved in that. As the scope changes, a number of different choices need to be made on both the front end and the back end.



This is all a part of the conversation. In the internal team work sessions, they will be going through a demonstration of the different systems and will be forming ideas they want to pursue. As the Authority moves toward this new building, it is putting major dollars into automation of processes.

Mr. Farstad believes this will set the stadium apart as a sports venue. He reminded everyone to be mindful that they are going to be implementing all kinds of automation. New system management will be in place so it is not a burden to put into action. Staff will be able to effectively leverage these resources and be successful operators of the new facility.

Commissioner Benson stated that it would be helpful as a public entity, to view the communications piece of all these efforts. He raised the question of who the partners are and who the customers are within this project. If you have a strong communications function, that tends to hold organizations accountable. He sees that as a value. Mr. Farstad responded that yes, the communications element is a tremendous piece. Chair Kelm-Helgen and Jenn Hathaway (Communications Director for the Authority) are focused on the internal and external communications. Internal communications cover the extended team. They have recognized hard improvements that can be made there. They are looking at how they communicate effectively with the Vikings throughout the design and construction process and the design process. On a technology level, systems alignment is considered on a daily basis. Extended team communications are improving dramatically. There is a diligent focus on using the website for media communications. There is always room for improvement, but they are looking at it on a continual basis to specifically address areas of improvement. Chair Kelm-Helgen added that literally on a daily basis, they are working on ways to better the communications plan. They are looking at providing dashboards and updates to be as transparent as possible. Internal systems and controls are important. She is also examining the disbursement process as they move forward to make sure everything is accounted for in transparent records. When the state issued bonds for the stadium financing, stringent requirements were included that would allow for the legislative auditors to conduct detailed audits. The Authority is looking at having Hammes come to a future board work session with a presentation on the pay application process. It is so important to know that every payment that's made is signed off and approved at multiple levels. The Team, board, bondholders and ultimately the public will hold us accountable. As overseers of such a large project with a lot of money flowing through, public accountability and communication is essential. Chair Kelm-Helgen stated that she hopes these meetings and sessions will be helpful to the board and the public.

Mr. Mondale recalled that when they had to run a baseball game in the Metrodome, they didn't know how much it cost to run a baseball game. With air-conditioning costs, amplifiers, lighting, etc., they were not able to know the costs at any given point. There was no automation. The Metrodome was not set up for that. The new building will be metered. They will know the costs. They will be able to run simultaneous events and track down to the penny what each individual cost is for each event. Having all of this information will allow the Authority to make more informed decisions on how to price events and what types of use contracts should be utilized for different events. Commissioner Griffith mentioned that a struggle exists at the board level to provide a state of the art NFL stadium while also seeking out and booking events that have traditionally been at the Metrodome. These events must occur under the same type and terms as they were at the Metrodome. But at the same time, the Authority has to make the building profitable.



The third-party operator will have to contend with these dual issues. They will be responsible for locking these things down and tracking them. They will have good data to do so. Commissioner Griffith went on to say that whether it is in the football business, public service business or the for-profit business, there is no way that high school and college baseball will cover the cost of operating within the stadium but that's ok. If Shakira comes to town, the Authority can charge her as much as the market will bear. But, understanding the costs is critical. The Metrodome had to be on all of the time to keep the roof inflated. Here, the Authority has the opportunity to allocate costs more appropriately. Chair Kelm-Helgen responded that it is essential to provide public events. Commissioner Benson commented on how the public understanding must be that it is subsidizing a big public park.

Mr. Mondale asked Mr. Farstad to relay his background to the board. He has worked with Mr. Farstad on a number of projects in the past.

Mr. Farstad described how over the past 30 years, his main areas of focus were working with organizations as they have been preparing new facilities, new corporate headquarters, and new public facilities such as Target Center. Whenever a new major facility is being formed, he focuses on what that organization is, how they are organizing themselves and how they relate to each other. He looks at what kinds of workflows are involved and how to design a facility that is responsive to those organizational needs. Organizations will be in a much better situation if they design facilities with an understanding of how they will use that space for workflows. This new stadium must be designed in accordance with who it is for and how the organization will operate. Whether it's in the seating bowl, the club spaces, security operations or concessions, the Authority must understand and design a building that accommodates those workflows. It must be designed in a way that can effectively track and manage workflows. Once these understandings are reached, the technology solutions can be more properly aligned. That is the background and expertise Mr. Farstad brings to the table.

## 5. ADJOURNMENT

There being no further business to come before the Authority, the MSFA "committee of the whole" work session was adjourned at 10:46 am.

ADOPTED this 27<sup>th</sup> day of May 2014 by the Minnesota Sports Facilities Authority

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Duane Benson, Secretary

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Ted Mondale, CEO/Executive Director