



MINNESOTA SPORTS FACILITIES AUTHORITY
Meeting Minutes – July 19, 2019 at 9:00 A.M.
Hennepin County Central Library
300 Nicollet Mall, Minneapolis, MN 55401

1. CALL TO ORDER

Chair Vekich called the meeting of the Minnesota Sports Facilities Authority (“MSFA” or “Authority”) to order at 9:00 A.M.

2. ROLL CALL

Commissioners present: Chair Michael Vekich, Bill McCarthy, Tony Sertich and Barbara Butts Williams

3. APPROVAL OF MEETING MINUTES – June 21, 2019. See, Exhibit A.

4. BUSINESS

a. Action Items

i. Salary Recommendations for 2019-2020

Jim Farstad, MSFA’s Executive Director, stated Sara Noah, MSFA’s human resources consultant, researched salary data from various local units of government to assist in the recommendation for FY 2019-2020 salary increases for MSFA employees. Based on Ms. Noah’s research, she recommended that the MSFA consider a general increase of 2.5% in combination with a performance increase (with performance evaluations) of up to 3.5% for staff. Ms. Noah is assisting in the development of the performance evaluation system. See, Exhibit B.

Commissioner McCarthy requested that Chair Vekich and Mr. Farstad inform the board of the staff's final compensation increases. Chair Vekich stated that he would share that information with them.

Commissioner Sertich moved and Commissioner McCarthy seconded the motion to approve the following recommended motion, which was unanimously adopted:

The MSFA approves a salary increase of 2.5% in combination with an additional performance increase of up to 3.5% for the three employees, based on completed performance evaluations, effective August 1, 2019.

ii. Salary Increase for MSFA Executive Director

Chair Vekich stated that Mr. Farstad has demonstrated critical leadership in directing the day-to-day administration of the MSFA, creating and beginning to implement the MSFA's strategic plan, and overseeing management of the stadium operator, stadium concessionaire, and parking management company. Mr. Farstad has also developed a capital investment tracking process and implemented technology and energy savings enhancements in the stadium. Chair Vekich recommended that Mr. Farstad receive a 5.5% salary increase, increasing his salary from \$165,333 to \$174,500, effective August 1, 2019. See, Exhibit C.

Both Commissioner McCarthy and Commissioner Butts Williams thanked Mr. Farstad for his hard work this past year.

Commissioner McCarthy moved and Commissioner Butts Williams seconded the motion to approve the following recommended motion, which was unanimously adopted:

The MSFA approves a 5.5% increase in the annual salary of the Executive Director, increasing the Executive Director's salary to \$174,500, effective August 1, 2019.

b. Report Items

i. Final Four Close Out and Highlights of Upcoming Events

Chair Vekich stated that the MSFA is anticipating the final accounting from the Final Four Local Organizing Committee in late August or early September 2019. He is hoping that there will be an additional contribution to the MSFA from the Final Four Local Organizing Committee of at least \$1,000,000, but noted it would be great if the amount is higher. Chair Vekich stated that the NCAA's Final Four men's basketball events was a great success, and that the event ran smoothly.

Commissioner Butts Williams congratulated stadium staff on their hard work, and then asked how U.S. Bank Stadium financially compares to other venues who have hosted the event in the past. Mr. Talty stated that it is difficult to compare what each venue spends on the Final Four as expenses are different from one location to another. As an example, Mr. Talty stated that in Indianapolis, city funds are used to offset the stadium's expenses and that they also receive a portion of hotel and restaurant taxes. He also stated that in Arizona, the stadium receives all of the sales tax that is generated at the facility, which was used to offset their Final Four expenses. The cost of hosting the Final Four event at U.S. Bank Stadium was more expensive than other venues due to the complexity of the temporary seating, as it was more intricate and larger than other venues. Chair Vekich stated that the darkening solution was a capital improvement project that was accelerated for the Final Four. Chair Vekich asked Mr. Talty if the stadium was within the budget parameters, and Mr. Talty confirmed that it was.

Mr. Talty stated that U.S. Bank Stadium hosted the 2019 LCMS Youth Gathering event from July 11 through July 15, 2019. He noted that the groups began their day at the Minneapolis Convention Center, and that they would arrive later in the day to U.S. Bank stadium for entertainment acts, prayer, and a Sunday service.

The LCMS conference is held in a different location ever few years. The LCMS leaders stated that U.S. Bank Stadium's event day staff was the nicest staff they have encountered thus far. Mr. Talty complimented John Drum, Assistant General Manager of U.S. Bank Stadium, for spearheading a successful event without a hitch. He also noted that the LCMS event ended on Monday July 15th, and the X-Games load in process began on Tuesday July 16th. There are still many tickets left for the X-Games events, and he stated that this year, ESPN will be introducing e-gaming for fans.

After the X-Games, Mr. Talty stated that the stadium will host youth football games, charity walks, and then transition to Minnesota Vikings games.

Chair Vekich asked Mr. Talty if the X-Games will come back to Minneapolis permanently. Mr. Talty stated that he believes ESPN will take the games on the road, but is hopeful that Minneapolis will be able to host it for another year or two at U.S. Bank Stadium.

ii. Casualty Insurance Report

Mary Fox-Stroman, Director of Finance at the MSFA, gave a report on the 2019-2020 Casualty Insurance Program. See, Exhibit D.

Chair Vekich asked Ms. Fox-Stroman if the insurance rates (excluding terrorism insurance) increased from previous years, and Ms. Fox-Stroman stated that the rates increased slightly.

iii. Executive Director Report

Mr. Farstad stated that the MSFA is very pleased with our new equity advisors, Tempo Creative. He stated that the second quarter equity meeting date will be announced soon, and it will be held at Tapestry Restaurant on University Avenue.

Mr. Farstad noted that stadium officials are currently working on a new perimeter for events, which would shift lines south, instead of north, and will move crowds away from the light rail tracks.

The security in the Mills Fleet Farm Ramp has increased, and security cameras and emergency call boxes will be installed in the near future. Mr. Farstad stated that the stadium is also working on finalizing the storm water maintenance project and report, U.S. Bank Stadium will then be in compliance with the city of Minneapolis' standards. Lastly, Mr. Farstad reported that there are currently 64 capital improvement projects underway, and the MSFA has issued 31 purchase orders. He noted that many of these projects will help reduce the stadium's energy costs.

5. PUBLIC COMMENTS

There were no public comments.

6. DISCUSSION

There was no discussion.

7. ANNOUNCEMENT OF NEXT MEETING

Chair Vekich announced that the next MSFA meeting will be held on August 16, 2019, at U.S. Bank Stadium in Medtronic Club at 9:00 A.M. Chair Vekich stated that he would like to consider having some MSFA board meetings within greater Minnesota, and not solely in the Twin Cities. All Commissioners supported and liked Chair Vekich's idea.

8. ADJOURNMENT

There being no further business to come before the MSFA, the meeting was adjourned at 9:38 A.M.

Approved and adopted the 16th day of August 2019, by the Minnesota Sports Facilities Authority.



Tony Sertich, Secretary/Treasurer



James Farstad, Executive Director



Exhibit A

MINNESOTA SPORTS FACILITIES AUTHORITY
Meeting Minutes – June 21, 2019 at 9:00 A.M.
Medtronic Club – U.S. Bank Stadium
Minneapolis, MN 55415

1. CALL TO ORDER

Chair Vekich called the meeting of the Minnesota Sports Facilities Authority (“MSFA” or “Authority”) to order at 9:00 A.M.

2. ROLL CALL

Commissioners present: Chair Michael Vekich, Bill McCarthy, and Barbara Butts Williams
Commissioners absent: Tony Sertich

3. APPROVAL OF MEETING MINUTES – May 17, 2019. See, Exhibit A.

4. BUSINESS

a. Action Items

i. Approve MSFA 2019-2020 Budget

Mary Fox-Stroman, the MSFA’s Director of Finance, presented the MSFA board with the 2019-2020 budget. See, Exhibit B.

Commissioner Butts Williams asked Ms. Fox-Stroman who manages the MSFA’s investments, and Ms. Fox-Stroman stated that U.S. Bank is our investment manager.

Commissioner Butts Williams moved and Commissioner McCarthy seconded the motion to approve the following recommended motion, which was unanimously adopted:

The Minnesota Sports Facilities Authority adopts the attached 2019-2020 Budget for the fiscal period from July 1, 2019 through June 30, 2020 for the operating account, the capital reserve account, and the concession capital reserve account. The Authority authorizes the Chair and the Executive Director to make adjustments to the detailed revenue and expense budget lines within the operating account budget and to adjust the project budgets within the capital reserve project budget and concession capital project budget.

ii. Approve Albrecht Sign Company Contract

James Farstad, MSFA's Executive Director, stated that the MSFA posted a Request for Proposal (RFP) for Flex Stand Signage for the installation of televisions in seven concession stands located throughout the stadium. Each concession stand will require 12 televisions, and the televisions will be used to present menu options that can be changed to meet the needs of various events. See, Exhibit C.

Commissioner McCarthy moved and Commissioner Butts Williams seconded the motion to approve the following recommended motion, which was unanimously adopted:

The MSFA authorizes the Chair and Executive Director to execute a contract with Albrecht Sign Company for \$247,409 and a change order for \$51,365.

iii. Approve Contract with C.H. Skiem Consulting and Lockridge, Grindal, Nauen

Mr. Farstad stated that the MSFA anticipates that Lockridge Grindal Nauen, P.L.L.P. and C.H. Skiem Consulting, LLC services will be needed through the next fiscal year from July 1, 2019 through June 30, 2020. He noted that Lockridge Grindal Nauen's contract amount would not exceed \$99,000, and C.H. Skiem Consulting contract amount would not exceed \$75,000. See, Exhibit D.

Chair Vekich asked Mr. Vekich if these contracts are consistent with prior years, and Mr. Farstad confirmed that they are consistent.

Commissioner Butts Williams moved and Commissioner McCarthy seconded the motion to approve the following recommended motion, which was unanimously adopted:

The MSFA authorizes the Chair and Executive Director to execute a contract with Lockridge Grindal Nauen, P.L.L.P. for an amount not to exceed \$99,000 and a contract with C.H. Skiem Consulting, LLC, for an amount not to exceed \$75,000.

b. Report Items

i. Quarter 3 Budget Report

Mary Fox Stroman, Director of Finance at the MSFA, presented the Q3 Budget Report, March 31, 2019, to the MSFA Board. See, Exhibit E.

ii. Final Four Update

Patrick Talty, General Manager of U.S. Bank Stadium, provided the MSFA board with an update on the 2019 NCAA Men's Final Four. See, Exhibit F.

Chair Vekich stated that there was a \$6.9 million budget for the Final Four, and that the MFSA and SMG managed these expenses well. Chair Vekich then stated that U.S. Bank Stadium has the capability of hosting any type of national and international event, and Mr. Talty agreed and stated that the stadium was built for flexibility.

Chair Vekich asked Mr. Talty if U.S. Bank Stadium would host any future soccer events, and Mr. Talty said that it is a goal to bring back soccer events to the stadium.

Chair Vekich stated that the newly installed turf looks great. Mr. Talty stated that the most important goal is to protect players from injury. He also stated that additional padding was installed under the turf which add more protection more than the previous field. Chair Vekich expressed his concerns about the

disposing of the old turf, and Mr. Talty reassured him that the turf will be recycled, and that it would not go to a landfill. Mr. Farstad commented that the turf vendor donated a large portion of the field to a local church, and to the Minneapolis Montessori near the Basilica of St. Mary. He also noted that that the Minnesota Vikings purchased a portion of the turf from the turf vendor. Also, the Philadelphia Eagles purchased a part of the end zone as they were crowned Super Bowl champs on that field.

Commissioner Butts Williams asked about the lifespan of the new turf, and Mr. Talty stated that the original turf had a 5-6-year lifespan. However, the turf needed to be replaced after three years due to the large volume of events that were held on the field. The newly installed turf's life expectancy is between 3-4-years, and Mr. Talty stated that ActGlobal agreed to come and fix any issues with the turf free of cost. Mr. Talty stated that the turf may last longer than the 3-4-year lifespan, as there are fewer events scheduled than when the stadium opened in 2016.

5. **PUBLIC COMMENTS**

There were no public comments.

6. **DISCUSSION**

There was no discussion.

7. **ANNOUNCEMENT OF NEXT MEETING**

Chair Vekich announced that the next MSFA meeting will be held on July 19, 2019, at the Hennepin County Library in the RKMC meeting room at 9:00 A.M.

8. **ADJOURNMENT**

There being no further business to come before the MSFA, the meeting was adjourned at 9:42 A.M.

Approved and adopted the 19th day of July 2019, by the Minnesota Sports Facilities Authority.

Tony Sertich, Secretary/Treasurer

James Farstad, Executive Director



July 19, 2019

Exhibit B

MEMORANDUM

TO: MSFA Commissioners

FROM: James Farstad, Executive Director

SUBJECT: Salary Recommendation for 2019-2020

Sara Noah, MSFA's human resources consultant, researched salary data from various local units of government including the State of Minnesota, Metropolitan Council, Metropolitan Airports Commission, Hennepin County, and the City of Minneapolis to assist in the recommendation for FY 2019-2020 salary increases. She found that the overall average total increase for all agencies combined was 6.04%, overall average general increase was 2.4%, and the overall average step or performance increase was 3.14%.

Based on her research she recommended that the MSFA consider a general increase of 2.5% in combination with a performance increase (with performance evaluations) of up to 3.5% for staff.

Ms. Noah participated in working sessions during the development of the strategic plan and one of the plan's initiatives was implementation of a performance evaluation system for staff. Ms. Noah is assisting in the development of the performance evaluation system.

The last salary adjustment for staff was approved at the MSFA meeting held on June 28, 2018 and was implemented on July 1, 2018.

It is recommended that the salaries for the three employees increase by 2.5% in combination with an additional performance increase of up to 3.5%. The performance increase will be based on a completed performance evaluation for each employee.

Recommended Motion: The MSFA approves a salary increase of 2.5% in combination with an additional performance increase of up to 3.5% for the three employees, based on completed performance evaluations, effective August 1, 2019.



July 19, 2019

Exhibit C

MEMORANDUM

TO: MSFA Commissioners

FROM: Michael Vekich, Chair

SUBJECT: Request to Increase the MSFA Executive Director's Salary to \$174,500

Mr. Farstad has successfully served as the Executive Director since May 18, 2018. He has demonstrated critical leadership in directing the day-to-day administration of the MSFA, creating and beginning to implement the MSFA's strategic plan, and overseeing management of the stadium operator, stadium concessionaire, and parking management company. Mr. Farstad's many accomplishments also include development of a capital investment tracking process and implementation of several technology and energy savings enhancements in the stadium.

I would like to request the MSFA board increase the annual salary of the MSFA's Executive Director, Mr. James Farstad, from \$165,333 to \$174,500, effective August 1, 2019. This is an increase of \$9,167 (5.5%) in the Executive Director's compensation. I believe the compensation requested is commensurate with his responsibilities and our expectations for this position.

The 2019 salary limitation for local government employee salaries and certain benefits is \$175,621.

Recommended Motion: *The MSFA approves a 5.5% increase in the annual salary of the Executive Director, increasing the Executive Director's salary to \$174,500, effective August 1, 2019.*



July 19, 2019

Exhibit D

MEMORANDUM

TO: MSFA Commissioners

FROM: James Farstad, Executive Director
Mary Fox-Stroman, Director of Finance

SUBJECT: Report on 2019 – 2020 Casualty Insurance Program

This is a report on MSFA's comprehensive casualty insurance program which is separate from the property insurance program. The casualty insurance program includes the following policies: commercial general liability, excess liability, commercial automobile and garage keepers legal liability, crime, public officials and employment practices liability, workers compensation and employer liability, cyber/privacy liability, and terrorism liability. CBIZ is the broker/agent for the casualty insurance program and provides carrier marketing services, policy administration and management services, and claim advocacy services.

CBIZ marketed the MSFA's casualty insurance program this past spring to several carriers to obtain competitive pricing on the various lines of insurance for the policy period from June 17, 2019 through June 17, 2020. Not all markets contacted by CBIZ were willing to provide a quote, some markets had more restricted coverage terms than desired, and other markets had significantly higher pricing. After receiving the quotes CBIZ aggressively negotiated better pricing and improved terms for the various policies. Following is a summary of each insurance policy:

Commercial general liability. This policy was renewed with National Casualty (K&K) for a premium of \$39,812.00. This premium is flat and is not subject to audit. General liability limits are:

- \$1 million bodily injury/property damage per occurrence
- \$1 million products/completed operations per occurrence
- \$1 million personal injury/advertising injury per occurrence
- \$1 million liquor liability common cause/\$2 million liquor liability aggregate
- \$1 million employee benefits liability-each employee/\$2 million annual aggregate
- \$2 million products and completed operations annual aggregate

There is a \$1,000 per claim deductible for employee benefits, and \$0 deductible for all other claims.

Excess Liability. The excess liability program has a layered approach where each layer is in excess of the primary liability policies and the underlying excess layer. This program is structured to combine the layers to achieve the total required limits of liability and to minimize the cost parameters. The

three layers have a total limit of \$50 million per occurrence and in the aggregate. The policies were renewed with the following insurers:

<u>Carrier</u>	<u>Layer</u>	<u>Premium</u>
National Casualty (K&K)	Layer 1 - \$10 million lead excess-primary policies	\$16,513.00
National Casualty (K&K)	Layer 2 - \$15 million excess of \$10 million	\$77,280.00
Axis (Great American)	Layer 3 - \$25 million excess of \$25 million	\$45,000.00
	Total	<u>\$138,793.00</u>

Automobile/Garage Keepers Legal Liability. This policy was renewed with National Casualty (K&K) for a premium of \$3,095.00. The policy limits are:

Automobile liability:

- \$1 million liability for bodily injury and property damage, combined single limit for hired and non-owned automobiles
- \$50,000 hired automobile for physical damage per automobile, less deductible of \$1,000

Garage keepers legal liability:

- \$1 million per location:
 - Mills Fleet Farm Parking Ramp
 - DTE Parking Ramp
 - 511 Building Surface Lot and Parking Ramp
 - 1010 Metrodome Square Parking Ramp
 - Hennepin County Medical Center Parking Ramp

The comprehensive deductible is \$1,000 per auto with a \$5,000 maximum deductible for claims caused by theft, mischief or vandalism. The collision deductible is \$1,000 for each customer's automobile.

Crime. This policy was renewed with Travelers for a premium of \$1,339.00. Crime policy limits are:

- \$1 million employee dishonesty
- \$1 million depositors forgery
- \$1 million money and securities, inside and outside the premises
- \$1 million funds transfer fraud
- \$1 million computer fraud
- \$1 million credit card fraud

The policy has a \$10,000 deductible. There is a \$50,000 limit for expense coverage with \$0 deductible.

Cyber/privacy liability. This policy was placed with NAS for a premium of \$8,893.38. The cyber/privacy liability policy limits are:

- \$5 million security/privacy liability
- \$5 million website media liability and \$5 million multimedia liability
- \$5 million privacy regulation/crisis management
- \$5 million fraud response expense/extortion loss/ransom ware loss
- \$5 million business interruption/data recovery expense
- \$5 million combined aggregate limit

- \$5 million PCI DSS liability, \$5 million system failure and, \$1 million dependent system failure
- \$5 million cyber extortion
- \$1 million additional defense costs limit
- \$100,000 cyber crime
- \$50,000 reward expenses and \$50,000 TCPA

There is a \$15,000 deductible per claim and a 12-hour waiting period for business interruption losses. Breach event costs are paid in addition to the limit.

Public officials and employment practices liability. This policy was placed with Chubb for a premium of \$24,995.00. The public officials and employment practices liability policy limits are:

- \$5 million each wrongful act or series of continuous, repeated or interrelated wrongful acts per occurrence
- \$5 million annual aggregate each occurrence

There is a \$25,000 deductible per claim for each wrongful act or series of wrongful acts, employment practices, and defense/supplemental payments.

Workers Compensation. This policy was renewed with SFM for a premium of \$2,699.00. The policy limits are:

- \$1 million employers' liability-bodily injury by accident
- \$1 million employers' liability bodily injury by disease-each accident
- \$1 million employers' liability bodily injury by disease-policy limit

The premium for this policy is subject to an audit of payroll costs.

Terrorism Liability. This policy was placed with Lloyds of London for a premium of \$41,576.64. Coverage includes bodily injury or property damage to a third party, arising out of an act of terrorism. An act of terrorism means an act, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes. This policy includes the Terrorism Risk Insurance Act (TRIA). The terrorism liability policy limits are:

- \$50 million each occurrence/annual aggregate

Insurance Carrier Ratings

A. M. Best Company, Inc. publishes on an annual basis *Best's Insurance Reports* which provides in-depth reports on insurers, reinsurers and groups in the United States, Canada and around the world. The reports provide in-depth evaluation of insurers' balance sheet strength, operating performance, business profiles and enterprise risk management. Companies licensed to do business in the United States are assigned a rating which attempts to measure the comparative position of the company or association against industry averages.

The ratings for the insurance carriers for the MSFA’s casualty program are rated A+ (superior) or A (excellent) as shown below.

<u>Policy</u>	<u>Carrier</u>	<u>A.M. Best Rating</u>	<u>Premium</u>
Commercial General Liability	National Casualty (K&K)	A+ XV	\$39,812.00
Excess Liability	National Casualty (K&K) Great American	A+ XV A+ XIV	\$138,793.00
Commercial Automobile/Garage keepers Liability	National Casualty (K&K)	A+ XV	\$3,095.00
Crime	Travelers	A+ XV	\$1,339.00
Cyber/Privacy Liability*	NAS	A XV	\$8,893.38
Public Officials and Employment Liability	Chubb	A++ XV	\$24,995.00
Workers Compensation	SFM Mutual	Not rated	\$2,699.00
Terrorism Liability	Lloyds of London	A XV	\$41,576.64
CBIZ annual fee = \$30,000. Certain premiums included commissions of \$19,960.29, and this has been netted out of CBIZ's fee.	Broker fee		\$10,039.71
		Total	\$271,242.73

*Policy period is 7/27/19-7/27/20.

Recommended Motion: The MSFA approves the 2019-2020 Casualty Insurance Report. The property insurance program will be presented at a future board meeting.