

**Minnesota Sports Facilities Authority
2017 Legislative Report
January 15, 2018**



**For more information contact:
Michael Vekich
Chair
Minnesota Sports Facilities Authority
1005 Four Street South
Minneapolis, MN 55415
(612) 335-3319
vekich@msfa.com**



Minnesota Sports Facilities Authority Commissioners

Michael Vekich, Chair
Barbara Butts Williams, Vice Chair
Tony Sertich, Secretary/Treasurer
Laura Bishop
Bill McCarthy





January 15, 2018

To: Senator Paul Gazelka
Representative Kurt Daudt
Senator Tom Bakk
Representative Melissa Hortman
Senator Mary Kiffmeyer
Senator Jim Carlson
Representative Sarah Anderson
Representative Sheldon Johnson
Representative Tim O'Driscoll
Representative Michael Nelson
Senator Bobby Joe Champion
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Senator Julie Rosen
Senator David Tomassoni
Senator Melissa Wiklund
Representative Jack Considine
Representative Raymond Dehn
Representative Bob Loonan
Representative Paul Rosenthal
Representative Chris Swedzinski

Section 1. Legislative Report Requirements

As required by 2012 Minnesota Statutes Chapter 299, Section 13, Subdivision 13, the Minnesota Sports Facilities Authority (Authority) must report to the chairs and ranking minority members of the legislative committees with jurisdiction over state government finance by January 15 of each year on the following:

- Any recommended increases in the rate or dollar amount of tax: **Nothing Recommended**
- Any recommended increases in the debt of the Authority: **Nothing Recommended**
- Overall work and role of the Authority: **Detailed in Section 3 below**
- The Authority's proposed operating and capital budgets and the Authority's implementation of these budgets: **Detailed in Section 4 below**



2017 Minnesota Statutes 3.197: REQUIRED REPORTS.

A report to the legislature must contain, at the beginning of the report, the cost of preparing the report, including any costs incurred by another agency or another level of government.

No costs were incurred in preparing this report.

Section 2. About U.S. Bank Stadium

The visually impressive U.S. Bank Stadium opened in July 2016. The large and expansive stadium has 1.75 million square feet space that provides fans with an outdoor feeling in a climate-controlled environment. The outdoor feeling is provided by the largest transparent ethylene-tetrafluoroethylene (ETFE) roof in the world that enables light to flow into the roof and through west and east glass walls. The clerestory windows wrapping the perimeter of the stadium, and the five 75 to 95-foot high pivoting glass doors that open to a three-acre plaza, two block Commons Park and the iconic Minneapolis downtown skyline contribute to the stadium's unique outdoor feeling.

Seven levels in the stadium, including two general admission concourses with 360-degree circulation and clear expansive views into the bowl, are connected via easily accessible escalators, elevators, stairs and an expansive continuous ramp. The stadium's seven levels feature a world-class portfolio of clubs and individualized luxury suites that include one-of-a kind field level suites and seating. Elevators, escalators, and ramps smoothly transport a capacity crowd of energized fans from the gates to the various seating selections on each stadium level.

Section 3. Overall Work and Role of the Authority

The Authority is pleased to provide an overview of the first year of operations for the publicly owned facility, U.S. Bank Stadium. Planned events for the second year of stadium operations include: X Games, high school and college football and baseball games, weddings, fundraising galas, corporate meetings and events, major concerts, Monster Jam and Super Cross events, home shows, trade shows, consumer shows and youth football clinics. The first NFL NFC divisional playoff game was held on January 14, 2018 and the much anticipated Super Bowl LII game will be held on February 4, 2018. It is clear that U.S. Bank Stadium is a statewide asset that is in high demand and recognized as a world class facility.

The Authority's mission is to protect the public investment in U.S. Bank Stadium by ensuring that the stadium maintains its world class status among sporting and entertainment venues and to ensure that this facility is available to the larger Minnesota community for youth, high school and college sporting events.

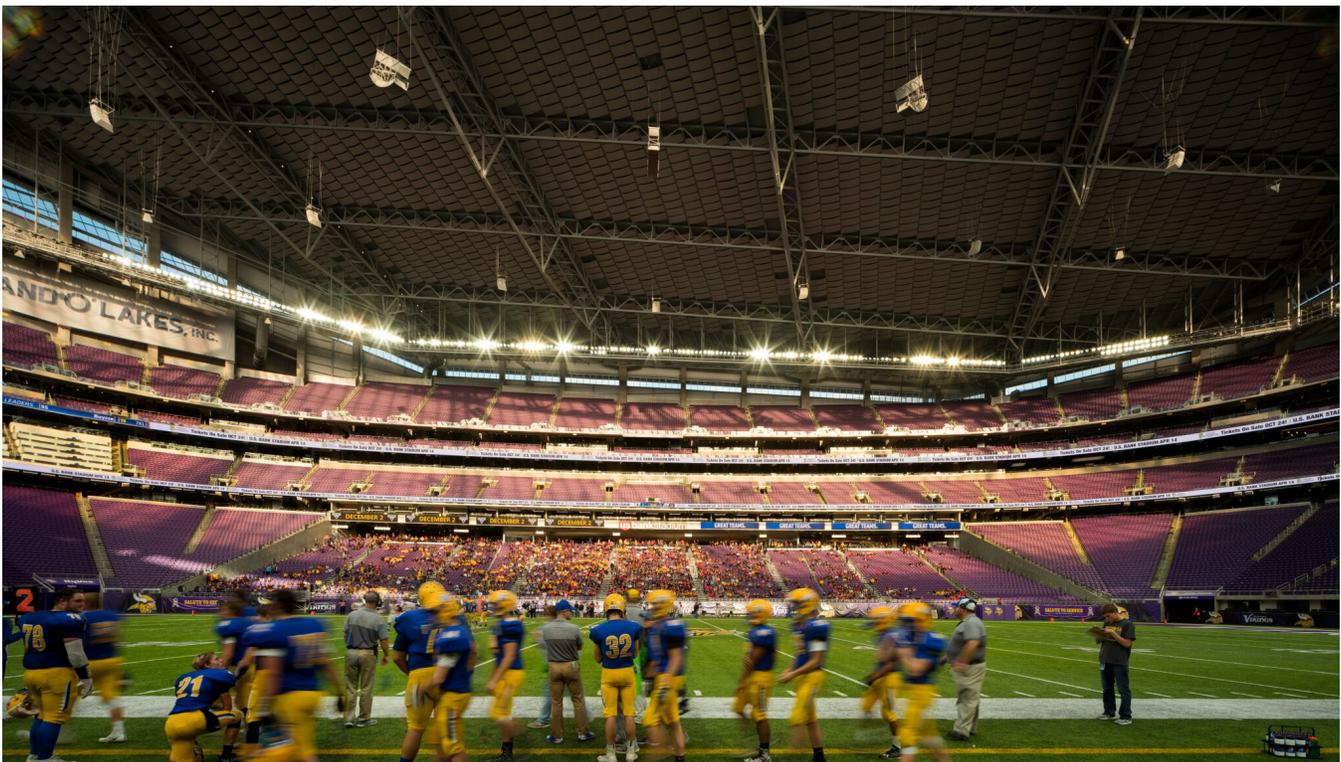


In the first year of operation of the stadium it was home to ten Minnesota Vikings preseason and regular season games and 95 community events including:

- Youth Football – 14 calendar dates
- Youth in Music – 1 calendar date
- Minnesota State High School League – 5 football dates; 3 soccer dates
- Inline skating and Running Club – 16 calendar dates
- College and High School Baseball – 52 calendar dates
- Party on the Plaza concerts – 4 calendar dates

U.S. Bank Stadium welcomed 1.6 million visitors who attended both public and private events. The tour program showcased the stadium to more than 85,000 people on 3,500 private tours.

The Authority contracted with SMG for stadium operations and Aramark for catering and concession operations. Their goal is to provide memorable experiences to all who attend stadium events whether a large or small event. SMG's total employee payroll for the first year of operation was \$9.7 million. SMG tracked its workforce utilization for equity reporting purposes and is proud to report 31% of its workforce are women and 36% are minority. Aramark contracts with several non-profit organizations to operate certain concessions stands. In the first year of stadium operation, Aramark compensated non-profit partners \$1.4 million to help them reach their fundraising goals.



U.S. Bank Stadium hosted 19 youth and high school football dates



2017 in Review

The stadium hosted its second season for the Minnesota Vikings NFL home football games. In addition to professional football, the stadium held two Monster Jam events, a Super Cross event, seven private trade and road shows as well as four consumer shows.

U.S. Bank Stadium also hosted many youth sporting events, including the Minnesota State High School League's championship soccer and football games that drew more than 60,000 fans. U.S. Bank Stadium hosted 52 calendar dates of baseball where more than 140 high school and college games were played. Youth football clinics and games were held in the summer and fall and inline skating and running clubs are back for a second year in the stadium for the winter months.

U.S. Bank Stadium also hosted its first X Games event which drew an international audience to ESPN and to Minneapolis. The stadium had a very popular stadium tour program and hosted the Youth in Music marching band championships.

LEED GOLD Certification

The U.S. Green Building Council announced on Thursday, November 16, 2017, that U.S. Bank Stadium had been certified LEED Gold. LEED is the most widely used green building rating system in the world. LEED provides a framework to promote healthy, highly efficient, and cost-saving green buildings.

Some of the design features that garnered the LEED Gold certification are:

- All energy used at U.S. Bank Stadium is through renewable energy credits, which allows U.S. Bank Stadium to use only sustainable energy for its utilities
- Innovative building design that reduced the amount of steel that was needed for construction
- Sloped roof forms a lofted interior "heat reservoir" storing solar heat that acts as a natural snow melt system
- The ETFE roof substantially reduces the need for daytime artificial lighting, and offers benefits of natural daylight
- Sustainability program, including working towards the goal of becoming a zero waste facility and supporting green education with STEM tours for school groups.





Major Events

The Authority, working with a broad group of partners, has secured three of the sporting world's largest and most revenue-generating events: X Games in 2017 and 2018; Super Bowl LII in 2018; and the NCAA Men's Final Four in 2019. These events have or will bring tremendous economic benefits and international attention to the region as hundreds of thousands of visitors from all over the country and media from all over the world come to these events and stay in local hotels, eat in restaurants, shop and enjoy the many retail establishments. U.S. Bank Stadium also hosted the following concerts: Luke Bryan; Metallica; Guns N Roses; Cold Play and U2. These events enhanced the state's national visibility by positioning Minnesota as a premier destination.

U.S. Bank Stadium hosted a number of large private events:

- 2016 Congressional Medal of Honor Convention
- Destination Marketing Association International Convention
- Target Annual Meeting celebration
- Super Bowl Host Committee CEO Luncheon
- U.S. Bank and Verizon's Annual Meetings
- US Foods trade show, the first time they held the show in a NFL stadium
- The stadium has proved to be a very popular spot for fundraising galas: Page Foundation; Light Up the Night event for HCMC; the 100th anniversary of the American Red Cross Heroes Gala

X Games, 2017 and 2018

A partnership that included Meet Minneapolis, the State of Minnesota, the City of Minneapolis and the Authority won the opportunity to host two consecutive X Games in July 2017 and July 2018. The local economic impact of these three-day events are estimated to be \$80 million per year. Attendance at the 2017 event was more than 45,000.

Annually, the X Games are viewed in 440 million homes in 196 countries. The Authority and other partners are working hard to make U.S. Bank Stadium the permanent home to the X Games.



Super Bowl Update

Super Bowl LII is just a few weeks away. The Minnesota Super Bowl Host Committee has done a tremendous job of organizing ten days of events for all Minnesotans and for out-of-town guests leading up to the big game. Super Bowl LII has an estimated economic impact of over \$400 million according to a study of the Indianapolis Super Bowl by Rockport Analytics. The Host Committee will conduct its own economic impact study for Minnesota.

- It is estimated that there will be a \$400 million economic impact
- It is estimated that there will be \$500 million in earned media impressions
- 10 Day festival
- Super Bowl Live, located on Nicollet Mall, is a 10 day fan festival which will include free concerts, sports and national broadcast activations
- Super Bowl Experience is located at the Minneapolis Convention Center and is the NFL's "interactive theme park." NFL celebrities will be on hand to sign autographs and the Lombardi trophy will be available for selfies. This is a ticketed event.
- Information on other ticketed events is available at www.MNSuperBowl.com

NCAA Update

The NCAA local host committee has recently unveiled their logo as they continue to ramp up for the Men's Final Four in 2019. Various studies from past host cities' convention and visitors' bureaus show the event has an economic impact of \$100 million to \$200 million.

The Authority and a number of local groups have worked to bring additional NCAA events to U.S. Bank Stadium. In April 2017, the NCAA announced that U.S. Bank Stadium will host the Men's Wrestling Championships in March 2020. U.S. Bank Stadium will be the largest venue to host Men's Wrestling Championships in the history of the event.



Community Events

U.S. Bank Stadium has successfully held the following legacy events (events that were held at the Metrodome):

- Minnesota State High School League (MSHSL) girls and boys soccer championships had more than 18,000 in attendance, and the semi-finals and prep bowl attendance had more than 50,000. These events were held at no cost to the MSHSL as required by the 2012 legislation.
- Youth in Music marching band competition.
- Indoor inline skating takes place on the main concourse and Minnesota Distance Running Association takes place on the upper concourse. Hundreds of runners and skaters have attended the indoor event and are excited to have the facility for their use.
- U.S. Bank Stadium's public tour program welcomed over 85,000 guests in our first year of operation. We have begun specialized tours that are focused on STEM to enhance educational opportunities for students.
- More than 140 high school and college baseball games were played at the stadium, as well as the DQ Classic Baseball Tournament which was last played at the Metrodome.

U.S. Bank Stadium - Surrounding Site

Three new external developments adjacent to the stadium site are finished: the pedestrian bridge over the Metro Transit LRT line, the Commons Park and an expanded western plaza. The pedestrian bridge provides a connection between the stadium's west plaza, crossing the Downtown East LRT station across Chicago Avenue, landing on the stadium plaza. At 35 feet wide, the bridge offers safe and efficient flow of pedestrians for all stadium events.

The space leased from the medical examiner's lot has served as an extension of the stadium plaza and provides key support space for programming occurring during Minnesota Vikings games and plaza concerts. The lot provides additional space for tents and other structures, thereby alleviating the need for extra setup and takedown days. The Authority leased the space from Hennepin County for 30 years co-terminus with the Minnesota Vikings' stadium use agreement.

U.S. Bank Stadium Construction

Although construction was declared substantially complete on June 17, 2016, construction close out tasks continue to occur. Work has continued to address construction and design issues discovered since that time, and while most of those issues have been resolved, some additional work remains to be accomplished related to the exterior façade to ensure it will perform properly and durably. Whatever work remains to be done is the responsibility of the Contractor or the Architect and should continue to be performed at no cost to the Authority.



Economic Impact

The stadium project continues to have a major impact to the local economy, both in employment and in providing revenue to hundreds of Minnesota companies. The project employed over 8,000 workers and over 314 Minnesota companies worked on the project. Of the contracts awarded during the construction process, 90 percent were awarded to Minnesota companies.

In addition to the immense benefits to Minnesota businesses and workers, U.S. Bank Stadium continues to show that it is an economic catalyst for the region. The \$400 million Wells Fargo/Ryan development has been completed, and 5,000 people are working in East Town. The mixed-use development and two-block park (Downtown East Commons) adjacent to the new stadium plaza have proven to be a key factor in attracting major events. The Downtown East Commons was further enhanced by the redevelopment of the historic Armory located next to the park. The Armory, under new private ownership completed a \$100 million renovation and transformed the venue into a major events center that can offer additional programming space for both stadium and public events. Currently, the stadium has driven development and construction of six office towers, five residential buildings, and five new hotels, bringing the non-stadium development in the neighborhood to more than \$1.4 billion.

Equity Program (Construction and Design)

The Equity Program for U.S. Bank Stadium remains the construction industry's compliance "Gold Standard" by exceeding expectations for construction and design as the project exceeded the ambitious hiring and business goals. U.S. Bank Stadium substantially completed construction with a workforce that was 37% minority and 9% women compared to goals of 32% and 6% respectively. Minn. Stat. § 473J.12 served as framework for the Equity Plan. All construction and design equity reports are available on the Authority's web site at www.MSFA.com.

Equity Program (Operations and Concessions)

The Equity Program for Operations and Concessions measures utilization of women and minorities in the workforce at the stadium and measures targeted businesses in procurement. The Authority has set up a "Preferred Vendor Database" where vendors who are interested in doing business at the stadium can register and provide information on their products and services and M/WBE certifications, if applicable. The Authority is also implementing an equity reporting data base for its capital project program.



Operating Partner Updates

Stadium Third-Party Operator Update

Per the stadium legislation, the Authority selected SMG as the third-party stadium operator in 2014 to conduct stadium operations, assist with event marketing and promotions and guide design and construction activities.

In January 2015, Patrick Talty was hired to be SMG's General Manager for U.S. Bank Stadium. Mr. Talty has built a team of event management and operational professionals who worked at more than 600 large and small events held at the stadium in 2017.

SMG's performance with private events has been very strong in the first year of operations. In surveys taken after events hosted at the stadium, SMG scores above 4 out of 5 stars consistently, with the overall guest experience for private events rated 4.6 out of 5 stars.



Comments from private event customers:

- “We were so happy with the care and understanding we were given from the first contact to the end.” - 50th Birthday & Newlywed Celebration (Private Event)
- Perfect Night! Our guests just loved the event space, food and tours. The tour guides were fantastic. Thank you for a memorable event!” - Vizient Upper Midwest
- “Fantastic event – everyone was thrilled. Thanks for the great service – we appreciate the “can do” attitude from everyone we worked with. Can’t wait to host another event at the stadium!” - Digi.City Connects
- “Great Experience. Wished other venues provided this level of service.” - MidCountry Bank Sales Event
- “The Wayzata High School staff was very impressed by the friendly U.S. Bank Stadium staff. From the security staff at the entrance, to the people placed throughout our venue, every single person was so kind and friendly. The staff at the front door stepped in and helped us give directors to our students as they entered. Great staff!” - Wayzata High School Prom
- “The tour guides were fantastic. Very outgoing, personable and engaging with our guests.” - US Foods – Food Fanatics Live
- “Great facility, smooth operation and great employees.” - Nationwide Meeting

Stadium Food Service Concessionaire

Aramark has successfully completed two Minnesota Vikings seasons in the stadium. They have identified capital improvements that will help Aramark deliver food more efficiently to concession stands and clubs. Aramark continues to refine its game day and private event menus.



Section 4. MSFA 2018 Operating & Capital Budgets

The 2017-2018 budget fiscal year is for the period from July 1, 2017 through June 30, 2018. This budget is for the second year of operations of U.S. Bank Stadium.

The Authority has three accounts - operating account, capital reserve account, and concession capital reserve account. The 2017-2018 budget for each account can be found on the following two pages.

MINNESOTA SPORTS FACILITIES AUTHORITY

Budget 2017-2018

July 1, 2017 to June 30, 2018

2017-2018

Budget

Operating Account

Operating Revenues:

Stadium Operating Revenues:

State of Minnesota Operating Revenues	\$	6,198,387
Minnesota Vikings Operating Revenues	\$	8,755,000
Revenues from Stadium Operations	\$	24,198,063
Miscellaneous Revenues	\$	51,679
Total Operating Revenues	\$	39,203,129

Operating Expenses:

Personal Services	\$	912,400
Professional Services	\$	2,049,837
Supplies and Network Administration and Support	\$	219,000
Stadium Contractual Commitments and Leases	\$	789,231
Insurance	\$	216,200
Event Cabin License Fee	\$	300,000*
NFL Reimbursement for Sales Tax Exemption	\$	1,600,000
Super Bowl LII	\$	1,000,000**
Miscellaneous	\$	155,124
Expenses from Stadium Operations and SMG fee	\$	31,203,276
Total Operating Expenses	\$	38,445,068
Operating Income	\$	758,061

Nonoperating Revenues:

Investment Earnings	\$	30,000
Taxes-State of Minnesota	\$	1,859,793
Total Nonoperating Revenues	\$	1,889,793
Net Income before Transfers	\$	2,647,854

Transfers:

Transfer to Capital Reserve Account	\$	(1,400,000)
Change in Account Balance	\$	1,247,854

Beginning Operating Account Balance	\$	4,824,344
Ending Operating Account Balance	\$	6,072,198

*The Vikings paid \$7.5 million for the buildout of the cabins spaces, and in March 2016, the MSFA board approved the licensing this space from the Vikings for \$300,000 per year for five years, for a total of \$1.5 million. After the 5 years of paying the licensing fees, MSFA has access to the space for no fee for 25 additional years. In licensing this space instead of building it using operating funds, the MSFA was able to save \$ 6 million.

**MSFA has budgeted \$1 million for the mock seat buildout, final pre-clean of stadium before Super Bowl, legal fees, insurance for Super Bowl, additional seating for Club Purple and Hyundai Club, and installation and removal of additional seats in the stadium bowl.

MINNESOTA SPORTS FACILITIES AUTHORITY

Budget 2017-2018

July 1, 2017 to June 30, 2018

2017-2018

Budget

Capital Reserve Account

Revenues:

Minnesota Vikings Capital Revenues	\$	1,591,350
State of Minnesota Capital Revenues	\$	1,549,597
Total Revenues	\$	3,140,947

Capital Expenses:

Capital Budget Roll Forward from 2016-2017	\$	3,125,195
Anticipated Capital Expenses	\$	2,000,000
Total Capital Expenses	\$	5,125,195

Net Income before Transfers \$ (1,984,248)

Transfers:

Transfer from Operating Account	\$	1,400,000
Transfer to Concession Capital Reserve Account	\$	(1,700,000)
Total Transfers	\$	(300,000)

Change in Account Balance \$ (2,284,248)

Beginning Capital Reserve Account Balance \$ 5,521,792

Ending Capital Reserve Account Balance \$ **3,237,544**

Concession Capital Reserve Account

Revenues:

Concession Capital Reserve Revenues (2.5%)	\$	850,000
Total Revenues	\$	850,000

Capital Expenses:

Capital Budget Roll Forward 2016-2017 Hyundai Club Catering Kitchen	\$	378,000
Concessions Capital Improvements	\$	618,000
Clubs Capital Improvements	\$	544,000
Suites Capital Improvements	\$	50,000
Main Kitchen and Catering Capital Improvements	\$	138,000
Equipment Installation	\$	50,000
Concessions Signage	\$	200,000
Cash Vault and Smallwares	\$	100,000
Total Capital Expenses	\$	2,078,000

Net Income/(Loss) before Transfers \$ (1,228,000)

Transfers:

Transfer from Capital Reserve Account	\$	1,700,000
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Change in Account Balance \$ 472,000

Beginning Concession Capital Reserve Account Balance \$ 727,819

Ending Concession Capital Reserve Account Balance \$ **1,199,819**