



MINNESOTA SPORTS FACILITIES AUTHORITY REGULAR MEETING MINUTES

Friday, December 13, 2013, 9:00 A.M.

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

1. CALL TO ORDER

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

2. ROLL CALL

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

Commissioners Absent: Commissioner Griffith

3. ADOPTION OF AGENDA

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

APPROVED

4. APPROVAL OF AUTHORITY MEETING MINUTES

Approval of Authority Minutes for Regular Meeting of November 22, 2013, Special Meeting of December 3, 2013 and Special Meeting of December 12, 2013. Commissioner Butts Williams moved approval of the November 22, 2013 Regular Meeting Minutes, December 3, 2013 Special Meeting Minutes and December 12, 2013 Special Meeting Minutes, seconded by Commissioner McCarthy and approved unanimously – 4 YEAS, 0 NAYS.

APPROVED



***Report on MSFA Special Board Meetings – December 3, 2013 & December 12, 2013**

At this time, Commissioner Butts Williams offered an update on the special board meetings that were held on December 3, 2013 and December 12, 2013. These meetings were held with the purpose of evaluating Chair Michele Kelm-Helgen and CEO/Executive Director Ted Mondale’s job performances. Commissioner Butts Williams reported that the summary conclusion of the board evaluations was that the Minnesota Sports Facilities Authority (Authority) is extremely well run. The current leadership has overseen an incredible and productive year, leading to the recent stadium groundbreaking. Chair Kelm-Helgen and CEO/Executive Director Ted Mondale have provided excellent leadership through the various stages of this project, and the Authority is now well positioned for the construction phase. On behalf of the board, Commissioner Butts Williams thanked Chair Kelm-Helgen and CEO/Executive Director Ted Mondale. The board also recognizes the significant time commitment of Chair Kelm-Helgen’s role, and is currently considering a salary adjustment. This will be addressed at the January 2014 board meeting.

Commissioner Benson also recognized the outstanding leadership of Chair Kelm-Helgen and CEO/Executive Director Ted Mondale. In reviewing the job descriptions of the entire Authority staff, Commissioner Benson and the board remain appreciative of the strong team that has been assembled and all the work that has been done.

5. CHAIR’S REPORT

Chair Kelm-Helgen highlighted the groundbreaking ceremony that had taken place last week. The event was well attended with over 600 people present. It was great to see so much interest and excitement from the community. While ceremonial in nature, the event underscored the fact that an unbelievable amount of work has been conducted over the past couple of weeks. John Wood from Mortenson Construction will give a more detailed project update later in the meeting. These project updates will become a regular part of each board meeting. There will also be a report on the Downtown East (DTE) Term Sheet that was completed with the City of Minneapolis, Ryan Companies, the Authority and Vikings. The board had authorized as part of its Request for Proposal (RFP) process, procuring services for Ryan Companies to develop parking options for the new stadium. A key piece for the new stadium’s parking needs was to have skyway connections to the downtown core. This will allow the Authority to meet its various needs for winter bids for major events such as the NCAA, Final Four, Super Bowl, and BCS championships. It is a huge advantage that the city’s hotels and restaurants within the downtown core will be connected to the new stadium. These events will bring thousands of jobs to the city. This is the reason the Governor and Legislature looked at the stadium as being a good investment. Not only will jobs be created from construction, but also hopefully, economic development will be generated. Only one week after groundbreaking, there is a \$400 million investment in surrounding development.



Chair Kelm-Helgen also stated that with all the work going on, there is clearly a lot of interest in the project, and a strong need for information. The Authority and Vikings are working with Mortenson Construction to assemble a neighborhood information session for neighborhood residents, businesses, and associations. This meeting will be held on Thursday, January 9th at 6 pm. The location is still being finalized. A broad group will be invited to the meeting. The meeting will consist of a construction schedule update, what the neighborhoods can expect in the foreseeable future and how communications will be transmitted throughout the construction phase. Chair Kelm-Helgen announced that she would be personally spending a lot of time going to individual board meetings and associations to provide updates. The best way to make this project work is to stay in close touch with the neighborhoods. Chair Kelm-Helgen also stated that if anyone ever has any concerns, to please call the Authority right away. The sooner the project team knows what the concerns are, the sooner they can be addressed. The first step is trying to make sure the project team communicates early and often. Mortenson Construction has quite a bit of experience with community relations and is familiar with the process. This is a huge asset the project gained when Mortenson Construction was selected for the construction.

Chair Kelm-Helgen reported that the Authority is obviously coming up to the last days in the Metrodome. It is a bittersweet process, particularly for staff. Monster Jam just finished with its highest attendance ever at the Metrodome. RollerDome is in its last days but will still be accommodated in the new stadium. Among American New Year is holding its last events next weekend. The Dome has obviously been a significant place for many user groups. There have been employees who have been at the Dome many years. Chair Kelm-Helgen thanked Whelan & MSFA security, cleaning services, Centerplate and all MSFA staff for all the hard work, dedication and passion to the Metrodome over all these years. This will be the last board meeting here in the Metrodome. Chair Kelm-Helgen made the comment that while the Metrodome is outdated, the initial investment that was made 32 years ago was incredible for the time. All of the events and economic boon that have come here has brought a lot to our community. It has been an amazing asset and the employees are a huge reason for that.

6. **BUSINESS**

a. **Action Items**

i. **Approve & Authorize Negotiations/Contract-Concrete Validation & Monitoring Services**

Four proposals were received on December 9, 2013 at 4 pm. Proposals were received from:

- Studio Five Architects
- Braun Intertec



- Construction Engineering Laboratory
- Faithful & Gould

Proposal amounts for these services are on an hourly basis and range between about \$450K to \$500K. The work will be to monitor and validate Mortenson Construction's work in self-performance of the cast in place concrete portion of the new stadium construction. The services are a project related cost.

Staff requests the board authorize staff to enter into negotiations with firms regarding a contract for those services. Furthermore, staff requests the board authorize the Chair and CEO/Executive Director to execute a contract for those services once concluded.

Recommendation: The Authority approves and authorizes negotiations for a contract for Concrete Monitoring and Validation Services as outlined above. Commissioner Benson moved to approve the recommendation. Commissioner McCarthy seconded the motion.

APPROVED

ii. Award Contract for Investment Management Portfolio Services

On August 23, 2013, the Minnesota Sports Facilities Authority (Authority) awarded the contract for Investment Portfolio Management Services to U.S. Bank. For over three months, staff and legal counsel have attempted to work with U.S. Bank to finalize the terms for a contract. In late November 2013, legal counsel advised staff that U.S. Bank is unable to comply with the Authority's contractual requirements.

The Authority interviewed four firms for investment portfolio management services on August 12, 2013 and the interview panel's next choice for an investment portfolio manager was Sit Investment Associates, Inc. Sit Investment Associates, Inc. has offered to provide these services for an annual fee of 25 basis points. A separate agreement for custody reporting services is needed and Wells Fargo currently provides these services.

Recommendation: The Authority accepts the proposal for investment portfolio management services from Sit Investment Associate and authorizes the Chair and the CEO/Executive Director to execute a professional services agreement with Sit Investment Associates, Inc. for investment portfolio management services and execute a separate agreement with Wells Fargo for custody reporting services. Commissioner McCarthy moved to approve the recommendation. Commissioner Benson seconded the motion.

APPROVED

iii. Adopt 2014 Operating Budget

Under separate attachment is the 2014 Operating Budget for the Minnesota Sports Facilities Authority for the period from January 1, 2014 through December 31, 2014. Highlights of the 2014 budget and a budget summary are included.



Recommendation: The Authority approves and adopts the Year 2014 Operating Budget. Commissioner McCarthy moved to approve the recommendation. Commissioner Butts Williams seconded the motion.

APPROVED

iv. Adopt 2014 Capital Budget

On October 25, 2013 the Minnesota Sports Facilities Authority (Authority) approved the initial capital budget of \$50,000,000 for the first funding phase of the stadium project.

Then on November 22, 2013, the Authority authorized approval for various project related agreements including the Amended and Restated Development Agreement. This agreement included a master project budget of \$975 million.

Now that the Development Agreement has been executed, the Authority needs to approve a capital budget of \$975 million to allow for the expenditure of funds for project costs that are related to the stadium project as authorized in the Development Agreement. The Master Project Budget in the Development Agreement stated:

Uses:

Building construction	\$762,941,876
Site acquisition, parking, skyway	\$ 49,600,000
Furniture, fixtures and equipment	\$ 57,600,000
Soft costs	\$ 82,119,692
TCF Stadium costs	\$ 16,230,000
Xcel Service line	\$ 956,389
Owners contingency (net)	\$ 3,552,043
Environmental contingency	\$ 2,000,000
Total Uses	<u>\$975,000,000</u>

Sources:

State of Minnesota	
Appropriation grant	<u>\$498,000,000</u>
Minnesota Vikings and private contributions	
Term Loan - U.S. Bank	\$177,000,000
Owner's Equity	\$100,000,000
NFL G-4	<u>\$200,000,000</u>
	<u>\$477,000,000</u>
Total Sources	<u>\$975,000,000</u>

The Minnesota Vikings have committed to the project a Line of Credit of \$26,447,957 for when the contingency is exhausted and additional funding sources are needed for project costs.



Recommendation: The Authority approves a capital budget of \$975,000,000 for the Minnesota Multi-purpose Stadium project consistent with the Development Agreement. Commissioner Benson moved to approve the recommendation. Commissioner McCarthy seconded the motion.

APPROVED

v. Approve Amendment to Bylaws Regarding Procurement Policy

On October 25, 2013, the Authority Board authorized a change in the New Stadium Procurement Policy that modified the spending authority of the CEO/Executive Director for certain expenses related to the construction of the new stadium. This proposal and authorization described a change in the Procurement Policy, but the current authorizations are found in the Authority Bylaws.

After reviewing the Bylaws and the Procurement Policy, we believe it is more appropriate to address the CEO/Executive Director's spending authority in the Procurement Policy and to modify both the Bylaws and the Procurement Policy to reflect these changes. Any amendment to the Bylaws requires written notice to all board members 10 days prior to a regularly scheduled meeting. Therefore, the board is requested to re-approve the same authorizations made at the prior meeting, and specifically to approve the revised Bylaws and Procurement Policy. Redlined versions of the Bylaws and Procurement Policy are attached.

The Board is also requested to retroactively approve expenditures or authorizations that were made in accordance with the authorizations granted during the October 25 meeting, and were made after the Board granted the authorizations on October 25 (but before these revised bylaws and procurement policy are adopted).

In addition to revisions to bring the Bylaws and Procurement Policy in line with the previously approved changes to procurement authority, the revisions address a few minor issues. The changes and the reason for each change are described below:

Bylaws:

- Title: Revised to reflect amendment on December 20, 2013 (if passed).
- Section 3.6: Stating that the CEO/Executive Director's power and authority to incur liability or make expenditures is outlined in the Procurement Policy.
- Section 4.1: Removing the requirement that meetings be held "in the Metrodome," in light of the relocation of the Authority offices and upcoming demolition of the Metrodome.

Procurement Policy

- Header: Revised to reflect amendment on December 20, 2013 (if passed).
- Purchasing Authority, paragraph 1: Providing the same introductory language that was previously found in the Bylaws.



- Pp. 1-2, Purchasing Authority: Setting forth spending limits, as previously authorized during the October 25, 2013 meeting.
- Purchasing Authority, first full paragraph on p. 2: Granting the Chair and CEO/Executive Director authority to give approvals for the Construction Services Agreement, as authorized during the October 25, 2013 meeting.
- Best Value Contracting, (8): Adding “vendor’s or” to make the language consistent with sections (1) through (7) and (9) of the same section.
- Approval and Revision Dates: Revised to reflect amendment on December 20, 2013 (if passed).

Recommendation: The Authority approves the amended Bylaws and amended Procurement Policy as proposed. The Authority retroactively approves any authorizations or expenditures made between October 25, 2013 and the date of passage of the amended Bylaws and amended Procurement Policy, if such authorizations or expenditures are consistent with the powers granted by the Authority board at the October 25, 2013 meeting (now incorporated in the amended Bylaws and amended Procurement Policy). Commissioner Benson moved to approve the recommendation. Commissioner Butts Williams seconded the motion.

APPROVED

vi. Approve Leases for Storage of Regulated Soils

The soils from the Metrodome site can be generally classified as regulated or unregulated. Those soils that are unregulated can generally be reused anywhere. Those soils that are considered regulated can, depending upon classification, be sent to the landfill or reused as backfill on the current site. It is in the new stadium project’s best interests from a cost perspective to use as much as possible, those regulated soils that are classified for reuse on the site of removal, as backfill material. Those soils sent to the landfill cost the project \$21/ton to dispose. The project budget has certain monies as part of Mortenson’s GMP and project contingency funds to cover that expense.

Staff and legal counsel have negotiated a lease agreement (attached) with 309 9th Ave. South LLC (aka “Wilf Lots”) for temporary storage of regulated materials (classified suitable for backfill material on the new stadium site). The lease provides for certain payment to 309 9th Ave. LLC in lieu of lost parking revenues and a pro rata portion of property taxes for that temporary storage of materials. The City of Minneapolis has provided necessary approvals for that storage. It is expected that up to 30,000 yards of material could be stored on that site. The cost of this lease (<\$60K) is an offset to the cost of disposal to a landfill.

Staff and Mortenson are researching other options for storage of materials above and beyond the storage across 4th Street North to the Wilf Lots. There is a desire to store up to 100,000 yards of other material similarly. Staff has approved the attached lease believing that said lease will be approved by the Board and entering into that lease in advance of Board approval is in the project’s best interests. Staff requests the Board approve the attached



lease with 309 9th Ave. South LLC and authorize the CEO/Executive Director to enter into said lease. Furthermore, staff requests the Board authorize the Chair and CEO/Executive Director to negotiate and enter into other leases as available and in timely manner for similar purposes. Staff will return and inform the Board of any such further lease(s).

Recommendation: The Authority approves leases for storage of regulated materials as outlined above. Commissioner McCarthy moved to approve the recommendation. Commissioner Benson seconded the motion.

APPROVED

vii. Authorize Contract Extension – C.H. Skiem Consulting

The Minnesota Sports Facilities Authority (Authority) has a contract with C.H. Skiem Consulting, LLC for financial advisory services specific to professional sports stadia. Their services through July 2013 have reached the contract maximum of \$275,000.

The Authority would like to continue its contractual relationship with C.H. Skiem Consulting, LLC as they provide high quality professional services at a competitive and reasonable price. Their services for the period from August 1, 2013 through December 31, 2014 are estimated to be \$350,000.

Recommendation: The Authority authorizes the Chair and CEO/Executive Director to enter into a negotiated proposed future contract with C.H. Skiem Consulting, LLC. Commissioner McCarthy moved to approve the recommendation. Commissioner Butts Williams seconded the motion.

APPROVED

viii. Approve & Authorize Surplus Inventory & Property Policy

With the upcoming decommissioning of the Hubert H. Humphrey Metrodome, there will be surplus inventory and property to dispose of by the Authority. The Stadium Act grants the Authority the power to sell, lease or otherwise dispose of any real or personal property acquired by the Authority that is no longer required for accomplishment of the Authority's purpose.

On July 19, 2013, the Authority authorized staff to proceed with the sale of certain assets. The sale of assets is in progress and will continue as items are not needed for the remaining events at the Metrodome and will not be needed for the new stadium.

At the conclusion of operation of the Metrodome, there will be additional inventory and property for disposition via sale, transfer or contribution to public or non-profit entities.



Recommendation: The Authority authorizes the CEO/Executive Director to develop requirements and establish the program to dispose of Authority surplus inventory and property. The Authority authorizes the CEO/Executive Director to deem what inventory and property is no longer required and may be sold, transferred or contributed to appropriate public or non-profit entities. Commissioner Benson moved to approve the recommendation. Commissioner McCarthy seconded the motion.

APPROVED

b. Report Items

i. Report on Negotiation & Execution of Documents Regarding Downtown East Project

Ryan Companies US, Inc. proposes to develop five (5) blocks in what is commonly referred to as “Downtown East” as a mixed-use project that will include office space, a parking ramp, multi-family housing, retail space, skyway connections, and an urban park (the “Downtown East Project”). As a part of the Downtown East Project, the Minnesota Sports Facilities Authority (Authority) will provide \$26.64 million for the design and construction of skyways connecting the Stadium to the existing downtown skyway system, the acquisition of the McClellan Block (Block 1 – bounded by 3rd Street, 4th Street, Chicago Avenue and Park Avenue) and a portion of the design and construction costs related to a 1,610 parking ramp to be constructed on Block 1. The remainder of the costs related to the design and construction of the Block 1 parking ramp and the acquisition of property and improvements for the Urban Park will be funded by the City of Minneapolis through the issuance of General Obligation bonds. The NOI (Net Operating Revenues) from the Block 1 parking ramp and the Downtown East parking ramp will be used to fund debt service related to the General Obligation bonds issued by the City. The Authority will have a property interest in the skyways that utilize Authority project funds, and the Authority will own Block 1 and the 1,610-parking ramp. The parking ramp will, in part, be used to provide parking for Vikings games and events (per the Use Agreement and Stadium Legislation) and will be used for attendees of Authority events and daily parking.

Ryan was the successful proposer under a Request for Proposals dated April 15, 2013 for parking and skyway facilities related to the Stadium. On July 1, 2013, the Board selected Ryan to provide construction services for those facilities. Since that time, negotiations have occurred with the City and Ryan to integrate the Authority’s facilities with the Downtown East Project. The attached Term Sheet has been negotiated in response to that direction and final documents are being negotiated. These terms are consistent with the previous Board authorization.

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



ii. Construction Project Update

John Wood of Mortenson Construction (Mortenson) offered a brief report on the construction phase of the new stadium.

He reported that they are only 2 weeks into construction operations, but are on schedule. A lot of progress has been made on the NE corner of property. Mortenson has hauled 70,000 cubic yards of soil from the site.

Most materials will be reused on other projects. A significant amount of soil has been transported to MnDOT projects. Other materials have been disposed of properly at regulated landfills. With assistance from the MN Vikings and the Authority, Mortenson has had the ability to stockpile material on property owned by the Wilfs. This will enable Mortenson to store material and bring it back to use as backfill on the property next year, which will result in a significant amount of savings.

This is a very large excavation project with 80 trucks that are moving materials each night. The majority of the trucks are owned and operated by women or minority-owned businesses and a majority of the drivers are women. We are seeing a diverse workforce on this project. The other great news relating to this time of year is that not a lot of people are generally working. Truck owners have been working every day and every night on this project hauling dirt and materials from the site. The larger, heavier trucks have been operating when traffic is light.

Another activity that is occurring is that Mortenson has begun pile driving for temporary earth retention systems. These earth walls will hold up excavation as Mortenson digs deeper on the site. There has been a noisy pounding from a drill rig that will continue for a few weeks. So far, there have been no complaints. Mortenson gave neighborhoods advance warning that this noise would be occurring. A larger portion of the earth retention work is permanent in nature. Many of the earth walls will stay in place to support the concrete foundation walls. This work will begin next week.

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

ii. Budget Report – 3rd Quarter of 2013

Under separate attachment is the third quarter budget report for the Minnesota Sports Facilities Authority, for the period from January 1, 2013 through September 30, 2013.

The budgetary comparison report for the operating, repair/replacements and concessions account includes the Authority's adopted 2013 annual budget, actual revenues and expenses as of the third quarter 2013, the change in account balance, and the ending account balance as of September 30, 2013. The Authority's third quarter 2013 operating revenues totaled \$8,032,063, operating expenses totaled \$10,284,542, and net non-operating revenues and expenses were \$1,633,612. As of September 30, 2013 the account balance decreased



by \$3,866,090, and the ending account balance was \$8,214,133. This report includes the two pre-season Minnesota Vikings Football home games and the first regular season home game and a multitude of other events that were held during the first nine months of the year. It is anticipated that the account balance will increase in the fourth quarter of the year as several large events are held in the last quarter. For example, six of the nine Minnesota Vikings Football home games were scheduled in the fourth quarter of the year.

The budgetary comparison report for the stadium project trust account includes the project budget, actual revenues and expenses for 2012, actual revenues and expenses as of September 30, 2013, and a project-to-date column. As of September 30, 2013, the stadium project trust account revenues totaled \$15,076,780, which includes non-operating contributions from the Minnesota Vikings of \$103,008 and capital contributions from the Minnesota Vikings of \$14,973,772, expenses totaled \$15,076,780, and the ending account balance was \$0. The format for this report was revised to agree with the Master Project Budget format. Project-to-date revenues totaled \$18,456,899; project-to-date expenses totaled \$18,456,899 for a net account balance of \$0.

Also under separate attachment is the September 30, 2013 cash and investment summary.

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

7. PUBLIC COMMENT

Two individuals came forward to address the MSFA Board.

1. Chuck Turchick, Topic: Mr. Turchick expressed his disappointment that the Authority did not consider adopting his proposed new suite policy and criticized the lack of transparency around a provision in the new stadium use agreement that states that municipal services will be provided on Team stadium events at no additional cost to the Team.
2. Avi Viswanathan, Hire MN, Topic: Mr. Viswanathan criticized the lack of Stadium Equity Oversight Committee meetings that have been held thus far, as he perceives there to be a lack of transparency and oversight over the equity plan implementation.

8. DISCUSSION

None



9. **ANNOUNCE FUTURE MEETINGS**

Friday, January 17, 2014 at 9:00 A.M – MSFA Board Meeting, Location TBD

10. **ADJOURNMENT**

There being no further business to come before the Authority, Commissioner Butts Williams moved to adjourn the meeting, seconded by Commissioner McCarthy and approved unanimously – 4 YEAS, 0 NAYS. Chair Kelm-Helgen adjourned the meeting at 9:49 am.

ADOPTED this 17th day of January, 2014 by the Minnesota Sports Facilities Authority

Duane Benson, Secretary

Ted Mondale, CEO/Executive Director