



MINNESOTA SPORTS FACILITIES AUTHORITY REGULAR MEETING MINUTES

Friday, June 20, 2014, 9:00 A.M.

1010 Metrodome Square Building, Lower Level Conference Room

1010 South 7th Street, Minneapolis, MN 55415

1. CALL TO ORDER

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

2. ROLL CALL

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

Commissioners Absent: None

3. ADOPTION OF AGENDA

Chair Kelm-Helgen presented the agenda. Commissioner McCarthy moved approval of the agenda, seconded by Commissioner Benson and approved unanimously – 5 YEAS, 0 NAYS.

APPROVED

4. APPROVAL OF AUTHORITY MEETING MINUTES

Commissioner Benson moved approval of the May 27, 2014 Regular Meeting Minutes and the June 5, 2014 Special Meeting Minutes, seconded by Commissioner Butts Williams and approved unanimously – 5 YEAS, 0 NAYS.

APPROVED

5. CHAIR'S REPORT

Chair Kelm-Helgen reported that much has happened over the last month. Construction documents were delivered by HKS, Inc to Mortenson/Thor and the Authority and Team. The project team has begun the arduous process of reconciling the final documents within the budget. With anything this large, budget challenges will be large and complex. Teams are working together to reconcile budgets with drawings. HKS is continuing to update drawings as various events such as the Super Bowl and NCAA Final Four are explored.



In addition to looking at building design amendments, the Vikings are continuing to add money to the project in order to fund important features. With the additional items the Team is paying for, it is great that the Authority and Team have excellent partners in HKS, Inc. and Mortenson/Thor. They are working through final design. As the project team refines these budgets and continues to get bid packages in, they will all work together to finalize the design and numbers. The project team will discuss numbers that can be modified. The Authority and Team will absolutely not compromise the functionality and unique design of the building. They will have a world-class facility and will remain on schedule and on budget. There will be more to report in the coming months,

As previously mentioned, Chair Kelm-Helgen indicated that the Authority is exploring a number of changes that need to be made to the building for NCAA Final Four events. Minneapolis is a finalist for the years 2017-2020. There is a bid committee that has been put together with David Mortenson and Mary Brainerd serving as co-chairs. Trent Tucker and Lindsay Whalen serve as honorary co-chairs. NCAA staff will be conducting a site visit in August 2014.

The Authority is still in the throes of interviews for the third-party operator. They are in the middle of due diligence efforts for the various proposals. A selection will be made later this summer.

6. BUSINESS

a. Action Items

i. Approve & Authorize Execution of Technical Amendments to Financing Documents

The Authority has previously entered into a number of documents that relate to the sale of Stadium Builders Licenses (or "SBLs") for the stadium, including the marketing and sale of the SBLs and rights to receive and use revenues from such sales. These documents include the:

- Purchase and Sale Agreement,
- Authority Account Agreement,
- Marketing and Sales Agreement,
- Blocked Account Control Agreement, and
- Calculation Agency Agreement

(together, the "Documents").

In order to facilitate the processing of payments for the sale of SBLs made by credit card and ACH transactions, the Authority, the Minnesota Stadium Funding Trust, Van Wagner Team Services, as servicer, and U.S. Bank, as both administrative agent and collateral trustee, entered into a Letter Agreement in March and amended earlier this month setting forth the key terms for processing credit and debit payments after working with the credit card companies and U.S. Bank. These key terms have now been translated into the detailed amendments required for the Documents, which are further described below.



Amended and Restated Purchase and Sale Agreement

The Authority, in collaboration with the Minnesota Vikings and related entities, desires to make certain corrections consistent with the Letter Agreement to the Purchase and Sale Agreement by amending and restating the Purchase and Sale Agreement to allow for revenues to run through an Authority clearing account held by U.S. Bank, to set forth processes for covering processing costs and chargebacks and other SBL sales costs and expenses, and to modify notices for sales of revenues.

First Amendment to Authority Account Agreement

The Authority, in collaboration with the Minnesota Vikings and related entities, desires to make certain corrections consistent with the Letter Agreement to the Authority SBL Account Agreement by amending the Authority Account Agreement to provide for deposits into an Authority clearing account held by U.S. Bank and to provide for new calculations to be made to establish reserves and apply SBL revenues to processing costs and chargebacks.

First Amendment to Marketing and Sales Agreement

The Authority, in collaboration with the Minnesota Vikings and related entities, desires to make certain corrections consistent with the Letter Agreement to the Purchase and Sale Agreement by amending the Purchase and Sale Agreement to require the agent to direct all payments to the Authority's clearing account held by U.S. Bank.

Amended and Restated Blocked Account Control Agreement

The Authority, in collaboration with the Minnesota Vikings and related entities, desires to make certain corrections consistent with the Letter Agreement to the Blocked Account Control Agreement by amending and restating the Blocked Account Control Agreement to clarify control of the account by the collateral trustee and allow for debits to the Authority's clearing account held by U.S. Bank for credit card processing fees, bank fees, and credit card refunds and chargebacks.

Amended and Restated Calculation Agency Agreement

The Authority, in collaboration with the Minnesota Vikings and related entities, desires to make certain corrections consistent with the Letter Agreement to the Calculation Agency Agreement by amending and restating the Calculation Agency Agreement to require the agent to make additional calculations and estimates, provide reports and make determinations related to reserves to pay processing costs and chargebacks and other estimated future costs and expenses.

Recommendation: The Authority authorizes the Chair and the CEO/Executive Director to finalize and execute the:

- **Amended and Restated Purchase and Sale Agreement;**
- **First Amendment to Authority Account Agreement;**
- **First Amendment to Marketing and Sales Agreement;**
- **Amended and Restated Blocked Account Control Agreement; and**
- **Amended and Restated Calculation Agency Agreement.**



Commissioner Butts Williams moved approval of the recommendation. Commissioner McCarthy seconded the motion.

APPROVED

ii. Approve Proposal & Award Contract – Steam & Chilled Water Services

The Authority previously granted staff's request to seek proposals for steam and chilled water services for the new stadium. NRG Energy Center Minneapolis provided the only proposal at 1pm on September 9, 2013.

Staff has negotiated a contract with NRG for the above services. Key aspects of that agreement are as follows:

- Term – 20 years; effective July 15, 2016 to June 30, 2036; NRG will provide temporary service as required to meet Mortenson's needs prior to Substantial Completion of 7/15/16.
- Demand – Contract Demand for Steam 35,300 pounds per hour; Chilled Water 4,220 Tons (1st two years; adjusted for further use following actual demand). Supply to increase to 75,000 pounds per hour for steam and 7,000 tons chilled water during week day off hours and weekends. Provision made for up to 4 (four) weekdays in a given calendar year (with notice) for events that exceed Contract Demand.
- Rates – Rates for steam and chilled water will be based upon NRG rate schedule in effect. Most favored nation clause is in place.
- Termination Clause – Both MSFA and NRG have certain termination rights depending upon situation. For example; failure to supply services and failure to pay for services are causes for termination by the parties.
- Capital Grant to Authority- \$235,000 (to be utilized for specific LEED and energy efficiency items in the new stadium)
- Other – NRG will provide tie in/tap to chilled water supply system for portable plant if needed to further reduce chilled water supply temperature for event purposes.

Recommendation: The Authority approves the proposal provided by NRG Energy. Furthermore, authorize the Chair and CEO/Executive Director to finalize and execute a Contract for Steam and Chilled Water Services with NRG Energy Minneapolis consistent with the terms outlined above.

Commissioner Butts Williams moved to approve the recommendation. Commissioner Benson seconded the motion.

APPROVED



iii. Approve Project Budget Amendments

Approve Change Order to Mortenson Construction Services Agreement-CSA Revision No. 15

The Minnesota Sports Facilities Authority's (Authority) procurement policy requires project change orders that exceed \$500,000 be approved by the board. The Minnesota Vikings have requested certain changes to the project. The Team will fund those changes. The requested change is as follows:

- Pending Change Order (PCO) No. 92 provides for the addition of six escalators that will be adjacent to the main west entrance. This will increase the total escalator count at the main entrance to 18. There will be a total of 33 escalators within the building. Cost for PCO No. 92 is \$1,071,662.00. PCO No. 92 is included in CSA Revision No. 15.

Approval of PCO No. 92 will increase Mortenson's contract amount by \$1,071,662.00. Mortenson's revised contract amount will be \$767,664,926.

Recommendation: The Authority approves CSA Revision No. 15 to the Mortenson contract in the add amount of \$1,071,662.00. The Authority authorizes the CEO/Executive Director to execute CSA Revision No. 15.

Commissioner McCarthy moved to approve the recommendation. Commissioner Benson seconded the motion.

APPROVED

Approve Change Orders to HKS Design Services Agreement-DSA Revision No. 6

The Authority's procurement policy requires any project change order that increases the master project budget to be approved by the board. The Minnesota Vikings requested certain changes to the project. The Team will fund those changes. The requested change is as follows:

- Additional Service Request (ASR) No. 17 provides for the review of the current television monitor quantities and locations within the building and a redesign of the construction document to incorporate approximately 1,180 additional televisions. Cost for ASR No. 17 is \$239,060.00. ASR No. 17 is included in DSA No. 6.

Approval of ASR No. 17 will increase HKS' contract amount by \$239,060.00. The HKS revised contract amount will be \$36,086,888. No adjustment to Mortenson's contract will be contemplated until the design documents are complete.

Recommendation: The Authority approves DSA Revision No. 6 to the HKS contract in the add amount of \$239,060.00. The Authority authorizes the CEO/Executive Director to execute DSA Revision No. 6.

Commissioner McCarthy moved to approve the recommendation. Commissioner Benson seconded the motion.

APPROVED



Approve Capital Budget Increase

On December 13, 2013 the Minnesota Sports Facilities Authority (Authority) approved a capital budget of \$975,000,000 to allow for the expenditure of funds for project costs related to the stadium project. Then on April 18, 2014 the Authority approved a project budget increase of \$1,232,211. The Minnesota Vikings have requested additional changes to the project as discussed above.

The requested project changes are:

- Mortenson contract - CSA Revision No. 15 provides for the addition of six escalators within the building for a cost of \$1,071,662.00.
- HKS contract - DSA Revision No. 6 provides for the review of quantities and locations of television monitors and redesign of the construction document for 1,180 additional televisions for a cost of \$239,060.00.

Due to these contract revisions, the project budget needs to increase by \$1,310,722.00. This project budget increase will be funded by the Team.

Recommendation: The Authority approves an increase of \$1,310,722.00 to the project capital budget, thereby increasing the total project budget from \$976,232,221.00 to \$977,542,943.00.

Commissioner McCarthy moved to approve the recommendation. Commissioner Benson seconded the motion.

APPROVED

iv. Approve Amendment to C.H. Skiem Consulting Contract

On December 13, 2013, the Authority entered into a contract with C.H. Skiem Consulting LLC for financial advisory services specific to professional sports stadia. It is anticipated that the contract will reach the maximum fee amount allowed under the existing contract prior to the end of the current term of the agreement, which runs from August 1, 2013 through December 31, 2014. In order to continue the provided services in the existing contract, the Authority needs to amend the existing agreement to increase the contract amount by \$175,000.

C.H. Skiem Consulting LLC provides advisory services in the following areas:

- * Project budget and construction review
- * Development agreement and use agreement issue resolution
- * 3rd Party Operator solicitation, selection and negotiation
- * Completion of concessionaire contract
- * Development of requests for proposals
- * Downtown East and Urban Park issue resolution
- * Development of Authority's pre-opening budget and initial operating budget



Recommendation: The Authority authorizes the Chair and CEO/Executive Director to negotiate and execute a contract amendment with C.H. Skiem Consulting LLC for \$175,000.

Commissioner McCarthy moved to approve the recommendation. Commissioner Griffith seconded the motion.

APPROVED

v. Approve 2014 Equity Specialist Salary

On January 17, 2014, the Minnesota Sports Facilities Authority (Authority) approved the addition of a full-time Equity Specialist position. The recommendation included staff presenting a salary request for the position at a future meeting.

The staff has completed the recruitment and selection process for the Equity Specialist position. The recruitment process included advertisement of the position, review of applications and interviews. A candidate has been selected and staff is recommending that the compensation for the position of Equity Specialist be based on an annual salary of \$62,500.00. The Equity Specialist position is a full-time, exempt position and will report to the Equity Director.

The salary and benefits for this position will be funded 100% by the project.

Recommendation: The Authority approves the salary of \$62,500.00 for the full-time Equity Specialist position.

Commissioner Butts Williams moved to approve the recommendation. Commissioner McCarthy seconded the motion.

APPROVED

b. Report Items

i. Equity Update

During the past month, the Equity Program was involved in a number of outreach events and significant activities. The project was in its fifth month and continues to exceed expectation. Activities where the Equity Program was highlighted reflected the following:

- Augsburg College: Fair Contracting Panel
- Harris Mechanical WMVBE Meet & Greet
- Package #7 & #8 WMVBE Meet & Greet
- Interviewed and Hired Equity Specialist



The project reports were assessed as of April 2014. These are anticipated to be posted on the MSFA website for transparency purposes.

- The EAF is currently conducting outreach and training for resource efforts in support of the project.
 - Outreach: 530 Workers identified; 92 available for hire
 - Training: 71 Minorities; 18 Women; 3 Veterans (Total: 92)
- Mortenson/Thor Construction provided a WORKFORCE report, **as of April 30, 2014**.
 - Exceeding both minority (32%) and women (6%) goals at;
 - **35% minority, 9% women and 5% veteran**
 - 163,260.8 hours total
 - **60 Workers from the TARGETED ZIP CODES** in the metro area
- HKS provided a TARGETED BUSINESS report on design activity, **as of April 30, 2014**.
 - Exceeding both MBE (8%) and WBE (11%) goals at;
 - **MBE 8.89%**; 18 Firms; 3.55% Paid to date (\$1,033,399)
 - **WBE 11.11%**; 19 Firms; 7.09% Paid to date (\$2,017,522)
- Mortenson/Thor Construction provided a targeted business report, **as of April 30, 2014**. Exceeding both MBE (9%) and WBE (11%) goals at;
 - 26 MBE Contracts totaling 10%; (\$60,605,486)
 - 42 WBE Contracts totaling 20% (\$126,259,934)
 - 2 VBE firms totaling 2% (\$6,750,000)
 - Total Commitment: \$506,520,865

Commissioner Griffith asked if in future reports, there could be information about workers moving on to future jobs. A worker is on the stadium site for a specified period of time and then we don't know if they have obtained other jobs. The stadium project is an opportunity to build careers for people.

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

ii. Construction Update

John Wood offered brief remarks on behalf of Mortenson/Thor. He began by following up on Commissioner Griffith's comments. He said that Mortenson/Thor completely agrees. This project is developing a future workforce for the construction industry. Across all trades, the goal is to provide permanent, long-term careers. Mr. Wood indicated that he heard an internal report that he is proud to share. In all of their work, public and private, Mortenson/Thor is exceeding 20% minority employment across the board. This project is a major anchor for the development of a future workforce. People from various communities need to be embraced. Mr. Wood thanked the board for their support and encouragement.

He then offered a brief big picture overview. Through the end of May 2014, Mortenson/Thor has completed \$89 million of work. The total work hours worked on the project exceeds ¼ million work hours in 6 months worth of work. The project itself is a massive project.



Normally, this amount of work hours would often take 18 months to complete. Mr. Wood reported that there are 52 people on staff in the project office upstairs. There are some terrific engineers and managers on the team. Allen Troshinsky leads this team. His two right hands are Kevin Dalager and Eric Grenz. He asked them to introduce themselves and give information on their backgrounds. Kevin Dalager has been with Mortenson/Thor with 17 years and has worked on multiple projects. He worked on TCF Bank Stadium and Angelo Arena in Duluth. His last project was Union Depot. He was born and raised in Minnesota.

Eric Grenz has been with Mortenson/Thor for 10 years and has worked 13 years in the industry. He worked in the Southwest region of the country. Mr. Grenz spent time in Arizona where his main focus was in sports markets. He worked on a number of projects such as Chase Field. He did some work for the University Wildcats' spring training facility. He also worked on the LA Dodgers spring training facility. Mr. Grenz is excited about this opportunity as his family is settled in Minnesota. Mr. Grenz pointed out that if anyone is watching the web cam, they could see a lot of activity on the job site. The pace is picking up. There are 400 people on average on the site each day. Mass excavation is done. Workers are diligently pouring portable case stone. 20,000 cubic yards of concrete have been poured. It is 17% complete. They are prepping the site for steel deliveries. They started receiving steel deliveries for the roof steel. The South half of the field is cleared out for roof steel. The crane that will be setting the steel arrives on June 30. 65 truckloads will be coming in and out. It will take 3 weeks to erect. The first steel erection pick will take some time. Re-assembly of the flying steel will begin July 31, 2014. They are out of the most difficult area of the project. On the east side, foundations are finally coming around both sides of the bowl. The foundation and event level work will be nearing completion within the next few weeks. There are multiple levels of elevated concrete. The first piece of ductwork will be in place early this week.

Mr. Dalager reported that the equity plan and procurement process are meeting their goals. Mortenson/Thor is working with the EAF to identify workers. 12 have been identified and placed through the EAF. On the business side, Mortenson/Thor is working with businesses to ensure that their companies are able to grow and are able to grow on to bigger and better projects in the future. The procurement process is important to the equity plan. There is \$100 million of work left to award. Procurement Package #9 will be looking at drywall, audio-visual and fireproofing. Proposals were received for these scopes of work last week. Mortenson/Thor will be performing interviews. Procurement Package #10 will look at sports equipment and proposals will be due July 10, 2014.

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

7. PUBLIC COMMENT

No individuals came forward to address the MSFA Board.



8. **DISCUSSION**

a. Economic Impact Dashboard

Commissioner Benson introduced the economic impact dashboard. This concept had been discussed at past meetings. He said this is a method to hold the board accountable.

It will inflict more discipline amongst them. He met with staff and Tunheim. This is the first draft. They will see various things about recycling and in the right hand column there is fun facts of where we're at in the project. He is interested in everyone's opinion. Jenn Hathaway came up and offered further information on the dashboard. She had gathered data from Mortenson/Thor. With these numbers, the goal was to provide a brief snapshot. Many of you have seen these numbers before. Chair Kelm-Helgen added that the idea here is to show the economic development occurring across the region. George Sherman is looking at \$121 million development. He is moving forward with an apartment and hotel complex. He had talked with the Authority about his interest with the park and the stadium. These elements have made his development viable. Chair Kelm-Helgen wants to consider the more direct impact and also the broader development. The Authority doesn't want to claim credit for incidental developments. However, there is major economic impact coming from the stadium that they will continue to track in the Downtown East area. The other thing to track is the economic impact of big events as they secure them. Clearly, the Super Bowl will have an impact with over 100,000 visitors. The NCAA Final Four will clearly have an impact. Commissioner Benson asked if there was anything missing on the dashboard. Commissioner Butts Williams thanked everyone for pulling this together. This isn't a static storyline. It will be nice to see how things evolve. It would be nice to see a graph, and how it will show dips in results. The dashboard should be moving, showing progress. Commissioner Butts Williams wants to follow how this line moves with a stadium ticker showing the economic impact potential. This will affect potential partnerships developing with the city. To reiterate Chair Kelm-Helgen's comment, they can't claim credit for everything. But, the Authority can create a national model of collaboration.

Commissioner McCarthy asked how this dashboard would be communicated. This is an important idea that should be updated monthly so that they can see how the numbers change. Ms. Hathaway said it will be live on the website. Also, Chair Kelm-Helgen can use it when she speaks to different groups. She will let people know it's available. They want to work with the web developer so that people can see it from their mobile device. Commissioner Benson stated that the audience hasn't been fully identified. The dashboard should also be used in direct communications with legislators and gubernatorial candidates. This information will be available all the time. It will prevent problems rather than reacting to them. They have to develop a format that everyone is comfortable with using in the future.

Commissioner Griffith liked what Commissioner Butts Williams said about a national model. He thinks the Authority should think it through. He thinks that sometimes a project gets completed and people look at the jobs that were created. But it costs money to create those jobs. It doesn't seem to make good economic sense. The Authority needs to use financial language that describes the rate of return for the State of Minnesota. This common financial language will show the Legislature what a good investment this is for the taxpayers. You may not like pro sports and public parks, but they can show that they are good investments. The Super Bowl will enrich the numbers.



They can't take full credit but they can take partial credit. Event revenue, jobs, property taxes, incomes and salaries...when you add those things up, you see that a base investment was needed to put these things up. This will inform how they make collaborative, wise public and private partnerships to produce cash flows. These future returns on investment will enable schools to be built. This will be a common language for the business community to track. Commissioner Benson wants to further consider Commissioner McCarthy's suggestion on audiences. Some audiences are interested in the hard facts. Some are interested in diversity. Others are interested in recycled materials.

They can tailor it a bit for each audience. Chair Kelm-Helgen thanked Commissioner Benson, staff and Tunheim for their efforts. Mr. Mondale reported that Greater MSP's economic development research staff indicated that the dashboard was in good shape. This is a good job and represents the statistics commonly used for economic development.

9. **ANNOUNCE FUTURE MEETINGS**

Friday, August 15, 2014 at 9:00 A.M – MSFA Board Meeting, 1010 Metrodome Square Building

10. **MOTION TO CLOSE MEETING**

Commissioner Benson moved to close the meeting pursuant to Minnesota Statutes section 13D.05, subdivision 3(d), and section 473J.11, subdivision 1(d). The closed portion of the meeting will be for interviewing a General Manager candidate for Providing Pre-Opening, Management, Operating and/or Marketing Services for the MN Multi-Purpose Stadium. Commissioner Butts Williams seconded the motion.

APPROVED

11. **CONDUCT THIRD PARTY OPERATOR INTERVIEW & DISCUSS NONPUBLIC DATA DERIVED FROM PROPOSAL**

12. **MOTION TO OPEN MEETING**

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

APPROVED



13. ADJOURNMENT

There being no further business to come before the Authority, Commissioner Benson moved to adjourn the meeting, seconded by Commissioner Butts Williams and approved unanimously – 5 YEAS, 0 NAYS.

APPROVED

The meeting was adjourned at 11:18 am.

ADOPTED this 18th day of July 2014 by the Minnesota Sports Facilities Authority

Duane Benson, Secretary

Ted Mondale, CEO/Executive Director