



**MINNESOTA SPORTS FACILITIES AUTHORITY
MEETING AGENDA
July 21, 2017, 9:00 A.M.**

**U.S. Bank Stadium – Hyundai Club
401 Chicago Avenue, Minneapolis, MN 55415**

1. CALL TO ORDER / ROLL CALL
2. ADOPTION OF AGENDA
3. APPROVAL OF PRIOR MEETING MINUTES – June 22, 2017
4. CHAIR’S REPORT
5. BUSINESS
 - Action Items
 - A. Duties and Responsibilities
 - i. Chair
 - Annual Compensation
 - ii. Executive Director
 - B. Code of Ethics / Political Activities
 - i. Policies and Procedures
 - C. Marketing Plan for MSFA Suites
 - D. Authorize Negotiation and Execution of Contract with Employment Assistance Firm
6. PUBLIC COMMENTS
7. DISCUSSION / NEW BUSINESS
8. ANNOUNCEMENT OF NEXT MEETING – August 25, 2017
9. ADJOURNMENT

**Please note: Only limited copies of materials will be available at Board meetings in order to preserve resources and reduce waste.*



**MINNESOTA SPORTS FACILITIES AUTHORITY
Minutes of June 22, 2017 Meeting**

**Mill City Museum
704 South 2nd Street, Minneapolis, MN 55415**

1. **CALL TO ORDER**

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

2. **ROLL CALL**

Commissioners present: Kathleen Blatz, Bill McCarthy, Tony Sertich and Barbara Butts Williams.

3. **ADOPTION OF AGENDA**

Chair Blatz presented the proposed agenda for the meeting. Rick Evans, MSFA Executive Director, recommended revising the agenda to include an additional action item. Mr. Evans explained the MSFA’s contract with the law firm of Lockridge Grindal Nauen expired at the end of May with the adjournment of the 2017 legislative session. He recommended the contract temporarily be extended on a month-to-month basis. Commissioner Sertich moved approval of the agenda as revised. That motion was seconded by Commissioner Butts Williams and unanimously adopted.

4. **APPROVAL OF PRIOR MEETING MINUTES**

Chair Blatz confirmed that the Commissioners had received and reviewed the draft minutes of the MSFA’s prior meeting. Commissioner McCarthy moved to approve the May 26, 2017 meeting minutes as presented. That motion was seconded by Commissioner Sertich and unanimously adopted. *See, Exhibit A.*

5. **CHAIR’S REPORT**

Chair Blatz reported that the Board changed the date of this meeting due to the fact that the MSFA staff needed additional time because of the change in the Authority’s fiscal year, which was approved at the Board’s last meeting. She thanked all staff members for their hard work during the important transition period.

Chair Blatz reported that Mr. Evans would report on the ongoing investigation of Monterrey Security Consultants, Inc. (“Monterrey”) in greater detail during his Executive Director’s report later in the meeting, but noted that one or more complaints apparently had been filed with the Minnesota Board of Private Detectives and Protective Agents (“MBPDPA”). She stated that while no one has submitted a report directly to the MSFA, the MSFA takes these reported allegations very seriously. Chair Blatz stated that she welcomed a professional review by the MBPDPA, and that based on the outcome of the MBPDPA investigation, the MSFA will take appropriate action. Meanwhile, she reported Mr. Evans is involved in overseeing an independent investigation of Monterrey that is being conducted by counsel for SMG, U.S. Bank Stadium (“Stadium”) operator.

Finally, Chair Blatz reported that the MSFA would be considering applying the state’s code of ethics to both MSFA Commissioners and staff, and would be reviewing significant changes to the Chair’s roles and responsibilities. Although the legislation considered by the Minnesota House and Senate during the recently adjourned session ultimately was not enacted, Chair Blatz thought it important that the MSFA continually take steps to move forward and make improvements relative to governance matters. Accordingly, she said she would be asking the MSFA to adopt a code of ethics that, once approved, would become immediately effective.

6. **BUSINESS**

a. **Action Items**

i. **Adopt Code of Ethics**

Chair Blatz presented a memorandum and recommendation clarifying that MSFA Commissioners and staff will be covered under existing statutes that (i) provide a code of ethics for employees in the executive branch of state government, and (ii) prohibit certain political activities. *See, Exhibit B*.

Commissioner McCarthy inquired as to when the MSFA’s policies and procedures relating to the state code of ethics would be available for the Commissioners to review, and Mr. Evans responded that he expected they will be distributed in advance of the MSFA’s next meeting. Commissioner Butts Williams stated that she appreciates the clarification regarding this matter, and particularly likes the fact that the code of ethics and prohibition against certain political activities are being dealt with separately.

Following further discussion, Commissioner Sertich moved and Commissioner McCarthy seconded the motion to approve the following recommendation, which was unanimously adopted:

The MSFA Board declares that, effective immediately, MSFA Commissioners and employees shall comply with all applicable provisions of Minn. Stat. §§ 43A.32 and 43A.38, and the state code of conduct. The Executive Director shall prepare and present for review and approval at a future Board meeting appropriate MSFA policies and procedures relating to the state’s code of ethics, including the prohibition against certain political activities

ii. Consider MSFA Chair’s Job Description and Approve Chair’s Annual Compensation

Chair Blatz presented a memorandum and recommendation providing that (i) the Chair is a part-time position with annual compensation not to exceed \$60,000, and (ii) clarifying the roles and responsibilities of the Chair. See, Exhibit C.

Commissioner McCarthy mentioned that over the years the MSFA had spent countless hours discussing this matter, and noted it was expected the Chair eventually would become less involved once the focus transitioned from Stadium construction to ongoing operations. He stated he believes that converting to a part-time Chair is a good idea.

Commissioner Butts Williams stated that there are many partners and consultants that continue to be involved with the Stadium’s operations, and noted that some of their duties and responsibilities may be embedded within the Chair’s role. She believes that when the new job descriptions are finalized, the Authority should compare all MSFA management roles, and look for any gaps to ensure that all necessary duties are fulfilled.

Commissioner Sertich suggested that the Chair’s job description should state that the position reports to the Governor. Chair Blatz noted that updated job descriptions will be circulated for review and comment before the July Board meeting, and stated that recommendations and clarifications from Commissioners are encouraged and will be discussed at the MSFA’s next meeting.

Before voting, Mr. Evans suggested that the phrase “*the attached job description for the MSFA Chair shall be adopted*” be deleted from the proposed recommendation. Following further discussion, Commissioner Sertich moved and Commissioner McCarthy seconded the motion to approve the following recommendation, which was unanimously adopted:

Effective immediately, the Chair of the MSFA shall be designated a part-time position and the annual salary of the Chair shall be established at an amount not to exceed \$60,000.

iii. Approve FY 2018 Salary and Wage Rate Recommendation for MSFA Staff

Chair Blatz asked Mr. Evans to address the recommendation regarding a salary and wage increase for MSFA employees. See, Exhibit D. Mr. Evans stated that the MSFA staff has worked very hard and performed admirably over the past 18 months under sometimes difficult circumstances, and suggested the proposed salary increase is not only fair but well-deserved.

Commissioner Butts Williams stated that she has on numerous occasions observed the work of the MSFA staff, and believes they perform exceptional work. She also noted that their jobs have not been easy, and she fully supported the recommended wage increase. Commissioner Sertich also expressed his appreciation towards the staff, and thanked them for their diligence and hard work. He complimented the research that was conducted in order to determine a fair compensation increase.

Mr. Evans added that the current staff has not received a salary/wage increase since January 2016. He clarified that the Executive Director's position is not included in the proposed salary increase.

Following further discussion, Commissioner McCarthy moved and Commissioner Butts Williams seconded the motion to approve the following recommendation, which was unanimously adopted:

The MSFA approves a salary and wage rate increase of 4.5% for the four designated MSFA staff positions effective July 1, 2017.

iv. Approve Parking Agreement with Timeshare Systems, Inc.

Chair Blatz asked Mr. Evans to report on the recommendation to approve a parking agreement with Timeshare Systems, Inc. ("TSI"). Mr. Evans reminded the Board that pursuant to state statute the MSFA is obligated to provide the Minnesota Vikings with 2,500 game-day parking spaces adjacent to or near the Stadium, and that 935 of those spaces were leased from TSI last year. He stated the MSFA staff has negotiated more favorable pricing from TSI for the Vikings' upcoming 2017-18 season and he, therefore, urged approval of the proposed recommendation. See, Exhibit E.

Following discussion, Commissioner Butts Williams moved and Commissioner Sertich seconded the motion to approve the following recommendation, which was unanimously adopted:

The Board ratifies and approves the Parking Agreement between the MSFA and Timeshare Systems, Inc. ("TSI") dated April 18, 2016, and authorizes the Executive Director to negotiate and execute the lease of 935 spaces at three TSI-owned parking facilities for the Minnesota Vikings' 2017-18 regular and pre-season for a total cost of \$407,000, plus tax.

v. Authorize Intel FreeD License Agreement

Mr. Evans presented the recommendation regarding a proposed *License Agreement* with Intel Services Division, LLC ("Intel") FreeD. He reminded the MSFA that, as reported at its last Board meeting, this transaction would be at no cost to the Authority and that Intel actually will be paying rent for space at the Stadium it will be using relative to this project. See, Exhibit F.

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

The Board authorizes (i) the Executive Director and Chair to finalize and enter into a License Agreement with Intel Services Division LLC, and (ii) the Executive Director to provide consent under §16.8 of the Seconded Amended and Restated Stadium Use Agreement to implement the Intel FreeD camera system (as described in the License Agreement) as a supplemental communication system, and enter into an agreement with the Minnesota Vikings to reflect that consent.

vi. Authorize Amendment to Food and Beverage, Catering and Concession Agreement

Chair Blatz asked Mr. Evans to report on the recommended modifications to the current *Food and Beverage, Catering and Concession Agreement* with Aramark Sports & Entertainment Services, LLC (“Aramark”). Mr. Evans explained the need to simplify the pricing methodology currently used for services that Aramark provides the MSFA, SMG and Minnesota Vikings. He also explained proposed minor adjustments to certain commission rates charged by Aramark, and the additional commitment for an investment in “smallwares” by Aramark. See, Exhibit G.

Commissioner McCarthy asked if the current Aramark contract is with SMG or the MSFA, and Mr. Evans responded that the contract is with the MSFA, but explained that SMG has been delegated the responsibility to supervise Aramark. Commissioner McCarthy then asked if the particular concession stands where commission rates are being reconsidered are operated by independent contractors or Aramark, and Mr. Evans confirmed that the stands are operated by Aramark.

Chair Blatz then recognized Craig Skiem, an MSFA consultant, who commented on the revised commission structure and additional capital investment by Aramark.

Following further discussion, Commissioner McCarthy moved and Commissioner Sertich seconded the motion to approve the following recommendation, which was unanimously adopted:

The MSFA authorizes the Executive Director to negotiate, and the Chair and Executive Director to execute, an amendment to the Food and Beverage, Catering and Concessions Agreement with Aramark dated January 30, 2015, consistent with the terms of Exhibit G.

vii. Adopt the MSFA’s FY 2016-17 (18-Month) Forecast

Mary Fox-Stroman, Director of Finance, presented the MSFA staff’s financial forecast for the period January 1, 2016 through June 30, 2017, which included estimates for revenues, expenses, net income, and ending account balances for that 18-month period. Ms. Fox-Stroman discussed in detail the Operating Account, operating revenues, operating expenses, non-operating revenues and expenses, and the ending Operating Account balance. She reviewed the Capital Reserve Account and Concession Capital Reserve Account revenues, expenses and ending account balances. See, Exhibit H.

Commissioner McCarthy asked Ms. Fox-Stroman where the fee for SMG is accounted for, and Ms. Fox-Stroman stated that it is included in the operating expense line titled “*Expenses from Stadium Operations and SMG Fee*”.

Chair Blatz asked Ms. Fox-Stroman when the final fiscal year-end (June 30, 2017) 18-month forecast comparative report would be available, and Ms. Fox-Stroman estimated it would be in the September-October 2017 time period.

Following further discussion, Commissioner Butts Williams moved and Commissioner McCarthy seconded the motion to approve the following recommendation, which was unanimously adopted:

The Minnesota Sports Facilities Authority adopts the attached Forecast for the 18-month fiscal period from January 1, 2016 through June 30, 2017.

viii. Adopt MSFA's FY 2017-18 Budget

Ms. Fox-Stroman introduced SMG's Finance Director, Justin Ronning, and together they presented the proposed 2017-18 budget. Ms. Fox-Stroman explained that the 2017-18 fiscal year covers the period from July 1, 2017 through June 30, 2018, and is the second year of operations of the Stadium. Ms. Fox-Stroman discussed highlights of the Operating Account, Capital Reserve Account, and Concession Capital Reserve Account as noted in the Memorandum. Mr. Ronning discussed highlights of the SMG FY 2017-18 budget for the Stadium. See, Exhibit I.

Mr. Evans stated there are a lot of technical components and complexities involved in the MSFA's 2017-18 budget. He stressed the importance of financial transparency in representing the public's interest. He solicited feedback and recommendations from the Commissioners.

Commissioner Butts Williams asked if the Board would be able to compare the 2017-18 budget with the 2016-17 (18-month) actual results once the final numbers are available. Mr. Evans responded that a report shows the forecast and the final results will be presented at a future MSFA meeting.

Commissioner McCarthy stated that he is impressed with the strong first-year results, and thanked SMG for doing a great job marketing and operating the Stadium. Chair Blatz announced that there have been over 600 events at the Stadium since its opening in July 2016.

Following further discussion, Commissioner Sertich moved and Commissioner Butts Williams seconded the motion to approve the following recommendation, which was unanimously adopted:

The Minnesota Sports Facilities Authority adopts the attached 2017-18 budget, including authorization for the additional capital expense of \$1.7 million from the Concessions Capital Reserve Account for capital improvements and service enhancements to the Stadium's food and beverage, catering, and concessions operations as included in the budget.

ix. Approval of Contract Extension with Lockridge Grindal Nauen PLLP

Chair Blatz stated that the MSFA will continue to utilize the services of Lockridge Grindal Nauen for government relations matters during the next several months, and will be posting a Request for Proposal later in the summer for future government relations services.

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

The Minnesota Sports Facilities Authority approves the extension of the Lockridge Grindal Nauen PLLP contract on a month-to-month basis on the same financial terms as the previous contract.

b. Report Items

i. Executive Director Report

Mr. Evans gave the Executive Director’s report. He provided the Board with an update on the condition of the Stadium’s escalators, and reported that two additional escalators recently malfunctioned, bringing the total count to ten escalators that needed to be repaired. Those ten escalators were temporarily out of service because the plastic demarcation inserts on the stairs had degraded due to the cleaning product that had been applied. The repair costs are now estimated to be approximately \$125,000, and the MSFA has sent a “reservation of rights” letter to SMG. Mr. Evans stated that neither the MSFA nor the public will be responsible for the cost of the escalator repairs.

Mr. Evans announced that over the past several months the MSFA has participated in many productive, cooperative meetings involving the Stadium design team, including the architect and structural engineer, as well as the general contractor and multiple subcontractors. Those meetings have been focusing primarily on the durability of the fastening system for the Stadium’s various exterior metal panels, as well as the water-resistant barrier on the outside of the stud wall panels behind the exterior panels. Mr. Evans stated that resolving all remaining outstanding issues is the highest priority, and he and the MSFA’s other representatives are diligently working to bring this matter to a successful closure.

Mr. Evans stated that as reported in the press, charges of alleged misconduct apparently have been filed against Monterrey Security with the MBPDPA. Both Chair Blatz and Mr. Evans have reached out to that board; however, the MBPDPA is unable to share any information and could not even confirm that an investigation was being conducted, much less what allegations are contained in the complaint. SMG has a contract with Monterrey, so SMG has engaged a law firm to conduct an independent investigation. Mr. Evans has been in contact with the lawyer spearheading that investigation, and has been assured the MSFA will be kept informed on a weekly basis as the investigation progresses. Mr. Evans stated that it was his understanding that Monterrey is fully cooperating with both the MBPDPA and SMG investigations, and he promised to keep the Commissioners updated as more information becomes available.

7. PUBLIC COMMENTS / DISCUSSION

There were no public comments.

8. ANNOUNCEMENT OF NEXT MEETING

Chair Blatz announced that the next MSFA meeting will be held July 21, 2017 at 9:00 A.M. in the Hyundai Club at U.S. Bank Stadium.

9. ADJOURNMENT

There being no further business to come before the MSFA, Commissioner McCarthy made a motion to adjourn the meeting, which was seconded by Commissioner Butts Williams and unanimously adopted. The meeting was adjourned at approximately 10:30 A.M.

Approved and adopted the 21st day of July 2017, by the Minnesota Sports Facilities Authority.

TONY SERTICH, Secretary/Treasurer

RICHARD G. EVANS, Executive Director



EXHIBIT A

MINNESOTA SPORTS FACILITIES AUTHORITY Minutes of May 26, 2017 Meeting

U.S. Bank Stadium - Hyundai Club
401 Chicago Avenue, Minneapolis, MN 55415

1. CALL TO ORDER

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

2. ROLL CALL

Commissioners Present: Kathleen Blatz, Bill McCarthy, Tony Sertich, and Barbara Butts Williams.

3. ADOPTION OF AGENDA

Chair Blatz presented the proposed agenda for the meeting. She mentioned that this month’s agenda is relatively short. Commissioner Sertich moved approval of the agenda as presented. That motion was seconded by Commissioner Butts Williams and unanimously adopted.

4. APPROVAL OF PRIOR MEETING MINUTES

Chair Blatz confirmed that everyone had received a draft of the Board’s prior meeting minutes and had the opportunity to review them. Commissioner McCarthy moved to approve the April 28, 2017 meeting minutes as presented. That motion was seconded by Commissioner Sertich and unanimously adopted. *See, Exhibit A.*

5. CHAIR’S REPORT

Chair Blatz reported that the proposed legislation relating to the MSFA was not passed by the Minnesota Legislature, and that Amos Briggs would be providing a more detailed report to the Board later in the meeting. Chair Blatz stated that U.S. Bank Stadium (“Stadium”) is now in the construction close-out phase, and there are a number of remaining items on the “punch list” which, hopefully, will be completed before the Vikings’ 2017-18 season begins. Included on the list are items ranging from increasing the height of certain railings, addressing isolated cooling issues within the building, improving storage and equipment areas, to changing the location of paper dispensers within handicapped

restrooms. Chair Blatz stated that Rick Evans will be providing an update on the Stadium's exterior metal panels issue in his Executive Director's report.

6. **BUSINESS**

a. **Action Items**

i. **Approve Change in Fiscal Year**

Mary Fox-Stroman, the Authority's Director of Finance, explained that the MSFA staff was recommending that the Board approve a change in the Authority's fiscal year from January 1-December 31, to July 1-June 30, in order to align with the State of Minnesota's, SMG's and Aramark's fiscal years. See, Exhibit B.

Following Ms. Fox-Stroman's presentation, Commissioner Sertich moved and Commissioner McCarthy seconded the motion to approve the following recommendation, which was unanimously approved:

The MSFA approves changing its fiscal year from January 1 through December 31, to July 1 through June 30. This change will require the MSFA to have an 18-month transition period from January 1, 2016 through June 30, 2017 for the Comprehensive Annual Financial Report (CAFR) and the Authority's 2016-17 budget. Staff will present a revised 2016-17 budget for the 18-month period, and a 2017-18 budget for the fiscal period from July 1, 2017 to June 30, 2018 at the Board's June 2017 meeting. Publication of the 2016 CAFR will occur in the fall of 2017.

ii. **Approve 2017-18 Casualty Insurance Program**

Ms. Fox-Stroman outlined in detail the Authority's comprehensive 2017-18 casualty insurance program. See, Exhibit C. Ezell Jones, Vice President of CBIZ, the MSFA's insurance broker, was introduced by Chair Blatz and participated in the discussion describing the various coverages.

Commissioner McCarthy inquired about the commercial automobile insurance policy, and asked if the MSFA owned any vehicles. Ms. Fox-Stroman confirmed that the MSFA owns a 1999 Ford F-150 pickup truck that originally was purchased for use at the Metrodome. Commissioner Butts Williams asked Ms. Fox-Stroman if the proposed insurance plan covered terrorism, and Ms. Fox-Stroman responded that it did. Mr. Jones then discussed terrorism coverage and that it was added to the MSFA's various policies. Chair Blatz commented on the importance of cyber security insurance, and Mr. Evans agreed. He mentioned that staff is looking at coverage not only by the MSFA, but also cyber security coverage that may be maintained by Aramark and SMG.

Following further discussion, Commissioner Butts Williams moved and Commissioner McCarthy seconded the motion to approve the following recommendation, which was unanimously approved:

The MSFA Executive Director is authorized to finalize negotiations and execute contracts for the Authority's 2017-18 casualty insurance program at U.S. Bank Stadium. The MSFA's property insurance program will be presented at a future Board meeting.

b. Reports

i. Legislative Update

Amos Briggs of Lockridge Grindal Nauen P.L.L.P. provided an update on legislation potentially affecting the MSFA that was considered during the 2017 legislative session. See, Exhibit D.

Chair Blatz asked Mr. Briggs about the status of the Conference Committee report next session. Mr. Briggs stated that the House and Senate would need to reappoint conferees, who would then start over reviewing the House and Senate bills side-by-side. Commissioner Sertich commented that although the legislation was not passed, the MSFA should proactively look into finding a good use for the MSFA-controlled suites at the Stadium. Chair Blatz agreed and stated that the Board will revisit that topic at a future meeting. Commissioner McCarthy asked if the Legislative Commission on MN Sports Facilities (“Commission”) will continue to meet throughout the year, and Mr. Briggs stated that it meets once or twice a year, and when it does, the MSFA’s Chair and Executive Director are both invited to attend. Mr. Evans then commented that the Office of the Legislative Auditor (“OLA”) currently is conducting a survey for the Commission, and the MSFA staff has responded to a number of OLA inquiries.

ii. Executive Director Report

Mr. Evans gave the Executive Director’s report. He reported on a number of issues at the Stadium, one being the repair of certain escalators. Currently, there are eight escalators that are not in use because the plastic demarcation inserts on the stairs have degraded due to the cleaning product that was applied. SMG and its legal counsel are looking into the matter. Mr. Evans estimated that the repair costs for those eight escalators would be approximately \$75,000. He stated that the cost of the repairs ultimately will not be borne by the MSFA.

Mr. Evans then addressed the issue of the metal panels on the exterior of the Stadium. He reported that the MSFA has had numerous meetings with representatives of the Minnesota Vikings, Mortenson Construction and some of its subcontractors, and is focusing primarily on the durability of the fasteners behind the metal panels, as well as the water-resistant barrier on the exterior of the stud wall panels behind the exterior zinc panels. He agreed to keep the Board updated on the status of those negotiations.

Mr. Evans reported that SMG conducted an unannounced fire drill at the Stadium on May 12, which went very well. All Stadium employees and other occupants followed protocol and the fire department was very responsive and pleased with the results.

Mr. Evans stated that the MSFA has been holding weekly construction close-out meetings, attended by representatives of the Vikings, Hammes Company, SMG and the Authority. There also are bi-weekly Stadium operations meetings, SMG department head meetings, and Aramark/SMG meetings.

Mr. Evans announced that the MSFA will be selling assets that were left over from the Metrodome or used during construction of the Stadium. Those items include tools, pumps, benches, heaters, file

cabinets, sporting equipment, basketball hoops, shot clocks, etc. The MSFA will be conducting a sealed bid process pursuant to State law that will be held in stages. He stated the bidding process will begin within a couple weeks. The property being sold currently is stored offsite or in the Stadium, and needs to be disposed of because it's no longer used and the storage space is needed. Mr. Evans noted that the Board previously approved the sale of state assets through a sealed-bid process in July 2013.

Mr. Evans stated that the MSFA staff currently is negotiating a number of contracts, one of which relates to Vikings game-day parking. The MSFA is working with Timeshare Systems, Inc. to finalize a parking agreement for 935 spaces adjacent to the Stadium at the 1010 ramp, 511 ramp, and 511 surface lot. He next reported the MSFA will be issuing a request for proposal for data center and information technology support services, and is negotiating a license agreement with Intel for "FreeD" camera technology within the Stadium. It is expected that agreement will not result in an expense to the MSFA, and the technology will be used primarily for Vikings games. It will feature 38 highly-synchronized, fixed cameras deployed around the interior of the Stadium, which will create a virtual camera that can show any view from any point on the field. All of these pending contracts, along with others as they become finalized, will be submitted for review and approval at future Board meetings.

Mr. Evans concluded his Executive Director report by stating that the date of the June Board meeting is being changed due to the staff's need for additional time to close-out the 18-month 2016-17 fiscal year. Staff will be presenting the Authority's 2017-18 budget for Board review and approval at the June meeting. Due to another event at the Stadium on June 22, the MSFA Board meeting will need to be held at another nearby location. An announcement will be posted on the MSFA website and sent out to the public once the meeting location has been finalized.

Commissioner McCarthy asked Mr. Evans if there is a warranty period for the Stadium's damaged escalators, and Mr. Evans and Jay Lindgren, the MSFA's general counsel, stated that they are looking into that matter.

Commissioner Sertich asked Mr. Evans if he or the MSFA staff had considered donating some of the equipment and supplies currently in storage to community centers or schools around the state. Mr. Evans responded by saying that the MSFA is going to advertise the sale of items publicly, and will work with school districts and communities to make sure they are aware of the sale. Due to it being a sealed-bid process, Mr. Evans expects the property will sell for reasonable prices.

7. PUBLIC COMMENTS / DISCUSSION

1. Chuck Turchick suggested the Board invite the Legislative Auditor to make a presentation at a future Board meeting, as he may have some proactive recommendations for the MSFA. Mr. Evans responded that a representative from the Office of the Legislative Auditor was in attendance at the MSFA Board meeting in April.

9. ANNOUNCEMENT OF NEXT MEETING

Chair Blatz announced that the date of the next Board meeting will be June 22, 2017 at 9 A.M. The location of that meeting is yet to be determined, and it will be posted on the Authority's website as soon as it is confirmed.

10. ADJOURNMENT

There being no further business to come before the Board, Commissioner McCarthy made a motion to adjourn the meeting, which was seconded by Commissioner Butts Williams and unanimously adopted. The meeting was adjourned at 10:00 A.M.

Approved and adopted the 22th day of June 2017, by the Minnesota Sports Facilities Authority.

TONY SERTICH, Secretary/Treasurer

RICHARD G. EVANS, Executive Director



June 22, 2017

EXHIBIT B

MEMORANDUM

TO: MSFA Commissioners

FROM: Kathleen Blatz, Interim Chair
Rick Evans, Executive Director

SUBJECT: Code of Ethics; Prohibition Against Certain Political Activities

The MSFA is a political subdivision of the State. As such, MSFA Commissioners and employees are not expressly covered under the State Personnel Management Act, Minnesota Statutes, Chapter 43A.

During the 2017 legislative session, the Minnesota Legislature considered specifying that MSFA Commissioners and employees are covered by Minn. Stat. §43A.32 (*“Political Activities”*), §43A.38 (*“Code of Ethics for Employees in the Executive Branch”*), as well as the state code of conduct promulgated by Minnesota Management and Budget. However, that legislation was not enacted.

We have determined that it is in the public’s best interest to require compliance with the provisions of §§43A.32 and 43A.38, and the state code of conduct by MSFA Commissioners and employees. In particular, this will confirm that neither Commissioners or employees may, directly or indirectly, use MSFA resources or positions for political activities, and must otherwise comply with the statutory provisions and requirements of the code of conduct. Accordingly, we recommend the Board approve the following recommendation.

Recommendation: The MSFA Board declares that, effective immediately, MSFA Commissioners and employees shall comply with all applicable provisions of Minn. Stat. §§43A.32 and 43A.38, and the state code of conduct. The Executive Director shall prepare and present for review and approval at a future Board meeting appropriate MSFA policies and procedures relating to a MSFA code of ethics, including a prohibition against certain political activities.



EXHIBIT C

June 22, 2017

MEMORANDUM

TO: MSFA Commissioners

FROM: Kathleen Blatz, Interim Chair
Rick Evans, Executive Director

SUBJECT: MSFA Chair's Job Description & Annual Compensation

Minn. Stat. §473J.07, subd. 3 provides that the Authority shall establish the salary of the MSFA Chair. Based on our experience and observations of the responsibilities of the Chair position and how the Authority and its staff currently operate, we recommend the Board approve and adopt the following recommendation.

Recommendation: Effective immediately, the Chair of the MSFA shall be designated a part-time position, the attached job description for the MSFA Chair shall be adopted, and the annual salary of the Chair shall be established at an amount not to exceed \$60,000,



June 22, 2017

EXHIBIT D

MEMORANDUM

TO: MSFA Commissioners

FROM: Rick Evans, Executive Director

SUBJECT: FY2018 Salary and Wage Rate Recommendation for MSFA Staff

The MSFA's human resources consultant, Sara Noah, researched salary data to assist in the recommendation for FY2018 salary increases. Ms. Noah gathered information from published salary surveys and online public sector salary information, and she also contacted various units of government. Her research showed that published surveys projected 2017 salary increases of 3% to 3.1%. It also showed that two of the 2017 salary plans for the State of Minnesota had general increases of 2.5%, with additional performance-based salary increases of up to 3.5% (for a total increase of up to 6%). The data from other metropolitan units of government had general increases of 1.5% to 2.5%, with performance or step increases of up to an additional 2.5% to 5% for 2017.

Based on the research data, and the fact that the last salary increase for MSFA employees was approved in December 2015 and effective January 1, 2016, it is recommended that the FY2018 salary and wage rates increase by 4.5% for the following MSFA staff positions: Director of Finance, Director of Communications, Finance Assistant, and Project Coordinator.

Recommendation: *The MSFA approves a salary and wage rate increase of 4.5% for four MSFA staff positions effective July 1, 2017.*



June 22, 2017

EXHIBIT E

MEMORANDUM

TO: MSFA Commissioners

FROM: Rick Evans, Executive Director

SUBJECT: Parking Agreement with Timeshare Systems, Inc.

Pursuant to the terms of the *Stadium Use Agreement*, as amended, with the Minnesota Vikings (“Use Agreement”), the MSFA is obligated to provide 2,500 game-day parking spaces adjacent to U.S. Bank Stadium for use by Premium Seating Patrons at all Vikings’ home games. *Use Agreement* §20.1.

In order to meet that obligation, last year the MSFA leased 935 spaces from Timeshare Systems, Inc. (“TSI”) at three different parking facilities for a total of \$467,500, plus tax. The MSFA staff has negotiated more favorable pricing with TSI for the Vikings’ 2017-18 season. Accordingly, the staff makes the following recommendation.

Recommendation: The Board ratify and approve the *Parking Agreement* between the MSFA and Timeshare Systems, Inc. (“TSI”) dated April 18, 2016, and authorize the Executive Director to negotiate and execute the lease of 935 spaces at three TSI-owned parking facilities for the Minnesota Vikings’ 2017-18 regular and pre-season for a total cost of \$407,000, plus tax.



June 22, 2017

EXHIBIT F

MEMORANDUM

TO: MSFA Commissioners

FROM: Rick Evans, Executive Director
James Farstad, Technology Consultant

SUBJECT: Intel Services Division, LLC - FreeD License Agreement

The MSFA desires to execute a License Agreement with Intel to provide for the funding, design, implementation and management of a FreeD Camera System to support event video transmission for broadcast and application use at U.S. Bank Stadium.

The MSFA staff is requesting authorization to finalize and enter into a License Agreement with Intel, and provide consent under §16.8 of the Use Agreement to implement the Intel FreeD camera system (as described in the License Agreement) as a supplemental communication system, and enter into an agreement with the Minnesota Vikings to reflect that consent.

Recommendation: The Board authorizes (i) the Executive Director and Chair to finalize and enter into a License Agreement with Intel Services Division LLC, and (ii) the Executive Director to provide consent under §16.8 of the Seconded Amended and Restated Stadium Use Agreement to implement the Intel FreeD camera system (as described in the License Agreement) as a supplemental communication system, and enter into an agreement with the Minnesota Vikings to reflect that consent.



June 22, 2017

EXHIBIT G

MEMORANDUM

TO: MSFA Commissioners

FROM: Rick Evans, Executive Director

SUBJECT: Amendment to the *Food and Beverage, Catering and Concessions Agreement*

Since the opening of U.S. Bank Stadium in July 2016, Authority staff, the Vikings, SMG and Aramark have had the opportunity to evaluate the operation of the Stadium and related operations of the Stadium's food and beverage, catering and concession operations. Based on those evaluations and discussion amongst the parties involved in the Stadium's food and beverage, catering and concession operations, the MSFA staff recommends certain modifications to the *Food and Beverage, Catering and Concessions Agreement* dated January 30, 2017 ("Agreement"). Specifically, such modifications relate to:

- Further refinement and simplification to the calculation of payment for Services provided under the definition of Costs Plus;
- Potential limited modification to Exhibit C (*Commission Rates and Guaranteed Commissions*) to reflect additional or modification to certain classification of Service offerings set forth in the Agreement; and
- Modification to the Contractor's Investment Allowance to reflect an additional investment in Smallwares by the Contractor.

Recommendation: *The MSFA authorizes the Executive Director to negotiate, and the Chair and Executive Director to execute, an amendment to the Food and Beverage, Catering and Concessions Agreement with Aramark dated January 30, 2017, consistent with this memorandum.*



June 22, 2017

EXHIBIT H

MEMORANDUM

TO: MSFA Commissioners

FROM: Rick Evans, Executive Director
Mary Fox-Stroman, Director of Finance

SUBJECT: Forecast for the 18-Month 2016-17 Fiscal Year

Attached is the forecast for the 18-month fiscal period from January 1, 2016 through June 30, 2017. The forecast includes estimates for revenues, expenses, net income, and ending account balances.

The forecast for the Operating Account includes operating revenues of approximately \$47.4m, operating expenses of \$40.9m, nonoperating net expenses of \$5.2m, net income of \$1.3m, a beginning account balance of \$3.5m, and an ending account balance of \$4.8m.

The forecast for the Capital Reserve Account includes revenues of approximately \$6.0m, capital expenses of \$.5m, and an ending account balance of \$5.5m.

The forecast for the Concession Capital Reserve Account includes revenues of approximately \$.8m, capital expenses of \$.1m, and an ending account balance of \$.7m.

Recommendation: *The Minnesota Sports Facilities Authority adopts the attached Forecast for the 18-month fiscal period from January 1, 2016 through June 30, 2017.*

MINNESOTA SPORTS FACILITIES AUTHORITY
Forecast 2016-2017
January 1, 2016 to June 30, 2017

2016-2017
(18-Months)
Forecast

Operating Account		
Operating Revenues:		
Stadium Operating Revenues-		
State of Minnesota Operating Revenues	\$	12,098,387
Minnesota Vikings Operating Revenues	\$	8,500,001
Revenues from Stadium Operations	\$	22,511,000
Event Marketing Account Revenues	\$	750,000
Miscellaneous Revenues	\$	3,577,462
		Total Operating Revenues
	\$	47,436,850
Operating Expenses:		
Personal Services	\$	1,363,271
Professional Services	\$	3,113,755
Supplies and Network Administration and Support	\$	612,480
Rent, Stadium Contractual Commitments, and Leases	\$	1,526,997
Insurance	\$	199,430
Communication	\$	46,585
Parking	\$	60,017
Minnesota Vikings Share of Energy Rebates	\$	385,780
Minnesota Vikings Share of Verizon Payments	\$	1,221,059
Event Cabin License Fee	\$	300,000
Miscellaneous	\$	269,202
Event Marketing Account Expenses	\$	422,968
Expenses from Stadium Operations and SMG fee	\$	31,354,000
	\$	Total Operating Expenses
	\$	40,875,544
	\$	Operating Income
	\$	6,561,306
Nonoperating Revenues/(Expenses):		
Investment Earnings	\$	30,727
Taxes-State of Minnesota	\$	1,859,793
Stadium Operator Pre-Opening Expenses	\$	(1,827,688)
Stadium Project Expenses	\$	(5,278,156)
Commemorative Brick Revenues	\$	3,288,040
Commemorative Brick Expenses	\$	(3,291,684)
	\$	Total Nonoperating Revenues/(Expenses)
	\$	(5,218,968)
	\$	Net Income
	\$	1,342,338
	\$	Beginning Operating Account Balance
	\$	3,482,006
	\$	Ending Operating Account Balance
	\$	4,824,344
Capital Reserve Account		
Revenues:		
Minnesota Vikings Capital Revenues	\$	3,045,000
State of Minnesota Capital Revenues	\$	3,024,597
	\$	Total Revenues
	\$	6,069,597
Capital Expenses	\$	547,805
	\$	Net Income
	\$	5,521,792
	\$	Beginning Capital Reserve Account Balance
	\$	-
	\$	Ending Capital Reserve Account Balance
	\$	5,521,792
Concession Capital Reserve Account		
Revenues:		
Concession Capital Reserve Revenues	\$	844,112
	\$	Total Revenues
	\$	844,112
Capital Expenses	\$	116,293
	\$	Net Income
	\$	727,819
	\$	Beginning Concession Capital Reserve Account Balance
	\$	-
	\$	Ending Concession Capital Reserve Account Balance
	\$	727,819



June 22, 2017

EXHIBIT I

MEMORANDUM

TO: MSFA Commissioners

FROM: Rick Evans, Executive Director
Mary Fox-Stroman, Director of Finance

SUBJECT: 2017-2018 Budget

Attached is the budget for the fiscal period July 1, 2017 - June 30, 2018.

The Operating Account budget includes operating revenues of \$39.2m, operating expenses of \$38.4m, nonoperating net revenues of \$1.9m, a transfer to the Capital Reserve Account of \$1.4m, which results in a change in account balance of \$1.3m. The beginning account balance was \$4.8m and the ending account balance is \$6.1m.

The Capital Reserve Account budget includes revenues of \$3.1m, capital expenses of \$5.1m, transfer from the Operating Account of \$1.4m as an additional funding source and a transfer to the Concession Capital Reserve Account of \$1.7m, a beginning account balance of \$5.5m, and ending account balance is \$3.2m.

The Concession Capital Reserve Account budget includes revenues of \$.9m, capital expenses of \$2.1m, transfers from the Capital Reserve Account of \$1.7m as an additional funding source, a beginning account balance of \$.7m, and the ending account balance is \$1.2m.

Recommendation: *The Minnesota Sports Facilities Authority adopts the attached 2017-2018 Budget, including authorization for the additional capital expense of \$1.7m from the Concessions Capital Reserve Account for capital improvements and service enhancements to the Stadium's food and beverage, catering, and concessions operations as included in the budget.*

MINNESOTA SPORTS FACILITIES AUTHORITY

2017-2018 BUDGET

SUMMARY

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

There are three accounts: operating account, capital reserve account, and concession capital reserve account. Highlights of each account are discussed below.

Operating Account

Operating Revenues

Budgeted revenues for the operating account consist of four revenue sources: State of Minnesota operating revenues of \$6,198,387, Minnesota Vikings operating revenues of \$8,755,000, revenues from stadium operations of \$24,198,063 (per the SMG Operating Budget), and miscellaneous revenues of \$51,679, for total budgeted revenues of \$39,203,129.

Operating Expenses

Budgeted expenses for the operating account include personal services of \$912,400, professional services of \$2,049,837, supplies and network administration and support costs of \$219,000, stadium contractual commitments and leasing costs of \$789,231, insurance costs of \$216,200, event cabin license fee of \$300,000, NFL reimbursement for sales tax exemption of \$1,600,000, Super Bowl LII expenses of \$1,000,000, miscellaneous expenses of \$155,124 and expenses from U.S. Bank Stadium operations and SMG fee of \$31,270,776 (per the SMG Operating Budget).

Personal Services

The personal services budget includes salaries and benefits for five full-time MSFA employees and one new position. It is recommended that a new position for a project manager be created, and that the salary and benefits for this position be included in the personal services expense budget. The project manager will be responsible for, among other things, the management of certain capital improvement projects in the stadium.

MSFA Personnel (full-time positions)

Exempt:

Executive Director	1.0
Director of Finance	1.0
Director of Communications	1.0
Project Coordinator	1.0
Project Manager (new position)	1.0

Non-exempt:

Finance Assistant	<u>1.0</u>
Total positions	<u>6.0</u>

Employee benefits include: health insurance, dental insurance, long-term disability insurance, life insurance, and retirement benefits from Minnesota State Retirement System.

Professional Services

Professional services includes a variety of professional consulting services. The MSFA will continue to utilize the services of professional consultants for the following services:

- Legal services and Legislative Representation
- Technology Consulting
- Financial Accounting and Advisory
- Human Resources Consulting
- Investment Management and Custodial Services

Stadium Contractual Commitments and Leases

The stadium contractual commitments and leases includes costs related to securing parking as required in the Stadium Act. The MSFA also has a long-term lease with Hennepin County for use of the Hennepin County Medical Examiner space for the U.S. Bank Stadium plaza area.

Insurance

Insurance includes commercial general liability, excess liability, public officials and employment practices liability, pollution liability, and cyber liability. It also includes garage keepers liability insurance for the leased parking areas, and crime insurance.

NFL Reimbursement for Sales Tax Exemption and Super Bowl LII Expenses

Per Minnesota statutes the MSFA is required to reimburse the NFL for sales taxes incurred in relation to Super Bowl LII events and activities up to a maximum of \$1,600,000. The MSFA also included in the budget an estimate of \$1,000,000 for expenses related to hosting Super Bowl LII at U.S. Bank Stadium.

Miscellaneous

Miscellaneous expenses includes a variety of smaller expenses including: travel expenses, meetings, training expenses, postage expenses, communication expenses, MSFA board member expenses, license and inspection fees, and bank fees.

Nonoperating revenues

This includes investment income of \$30,000 and taxes from the State of Minnesota of \$1,859,793.

Transfers

Budgeted transfers include a transfer to the capital reserve account of \$1,400,000.

Account Balance

The operating account balance is budgeted to increase by \$1,247,854 and the ending account balance at June 30, 2018 is budgeted to be \$6,072,198.

Capital Reserve Account

Per the terms of the Stadium Use Agreement between the MSFA and the Minnesota Vikings Football Stadium, LLC (Stadco), Stadco is required to contribute annually \$1,500,000 to the MSFA beginning in 2016 and this amount increases annually by an adjustment factor of 3%. The MSFA received \$1,500,000 in 2016, \$1,545,000 in 2017 and it is anticipated that the 2018 contribution will be \$1,591,350.

Per Minnesota Statute, 473J.12, subd.4 the state was required to contribute \$1,500,000 to the MSFA beginning in 2016 and this amount increases annually by an adjustment factor. The MSFA received \$1,500,000 in 2016 and \$1,524,597 in 2017. The estimated amount for 2018 from the State of Minnesota is \$1,549,597.

The capital reserve account has total budgeted revenues of \$3,140,947.

Budgeted expenses include the capital funds budgeted for 2017 that were unspent at June 30, 2017 and expenses for new projects that are planned for the 2017-2018 budget fiscal year. The 2017 capital budget was \$3,673,000, and only \$547,805 was spent during that period, so the amount to be rolled forward is \$3,125,195. In addition there are anticipated capital expenses of \$2,000,000 for window washing equipment, blackout curtain, and other expenses. Staff will provide a more detailed capital budget plan for approval at a subsequent MSFA board meeting.

Following are the planned capital expenses:

• Capital Budget Roll Forward	\$3,125,195
• Anticipated Capital Expenses	<u>\$2,000,000</u>
Total	<u>\$5,125,195</u>

Budgeted transfers include a transfer from the operating account of \$1,400,000, and a transfer to the concession capital reserve account of \$1,700,000.

The budgeted ending account balance is \$3,237,544.

Concession Capital Reserve Account

Aramark Sports and Entertainment (Aramark), U.S. Bank Stadium catering and concessionaire, is obligated to pay 2.5% of gross sales to the MSFA on a monthly basis for the concession capital reserve account. The 2017-2018 budget includes budgeted revenues of \$850,000. These funds are designated for concession related capital projects as described below.

The 2017 capital budget included funds for the Hyundai Club Catering Kitchen. These funds were not spent by June 30, 2017 and will be rolled forward. Aramark prepared a capital plan for FY2017-2018 that identified new capital improvement expenses of \$1,700,000.

Following are the planned concession capital enhancements.

Hyundai Club Catering Kitchen – includes concessions equipment and added electrical power.

Hyundai Club Catering Kitchen	\$378,000
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Main and Upper concourse capital expenses - include additional portable carts, concessions equipment, additional points of sale, and added electrical power.

Concourses	\$618,000
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Clubs capital expenses – include concession equipment, additional points of sale, added electrical power, and smallwares

Delta Club	\$ 74,900
Medtronic Club	\$103,900
Mystic Lake Club Purple	\$103,000
Hyundai Club	\$ 44,600
Buffalo Wild Wings Club	\$ 62,700
FMP Club	<u>\$154,900</u>
Subtotal	\$544,000

Main kitchen catering and storage capital expenses include concession equipment

Main kitchen catering and storage	\$138,000
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Other concession capital improvement expenses include concession equipment

Suites	\$ 50,000
Equipment	\$ 50,000
Concession signage	\$200,000
Cash vault/Smallwares	<u>\$100,000</u>
Subtotal	<u>\$400,000</u>
Total	<u>\$2,078,000</u>

Budget Change Authority

The MSFA funds the cost of operations, capital improvements and concession capital improvements from current resources and the reserve account balances.

The Executive Director has the authority to make line item budget adjustments within an account and to establish and adjust budget line items.

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)
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Change in Account Balance \$ 1,247,854

Beginning Operating Account Balance \$ 4,824,344

Ending Operating Account Balance \$ 6,072,198

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**



**2017-2018 U.S. Bank Stadium
SMG Operating Budget Highlights
July 1, 2017 – June 30, 2018**

Direct Event Income

Event Income consists of direct revenue related to all non-NFL events held in the Stadium, along with game-day expense reimbursement from the Minnesota Vikings. The operating budget includes Rental Income of approximately \$4.6 million driven primarily by concerts, family events, and room rentals for corporate and private events. Food & Beverage Commissions represent the percentage earned on concessions and catering for all non-NFL events held in the Stadium. For non-NFL ticketed events the Stadium retains a share of Novelty Sales, which is budgeted at \$130,000 for the year. Service Income represents the revenue to the Stadium for the services required to hold these events and, depending on the event, could include security, guest experience, medical staff, on and off-duty police, traffic control and housekeeping.

Other Event Income

The Stadium has budgeted \$4.3 million in Other Event Income. This includes revenue from the successful Stadium tour program. Commissions and facility use fees on all paid tickets to events at the venue are also included in Other Event Income.

Communications, Signage, and Other

The Stadium also budgeted for \$1.3 million of Communications income, non-exclusive event Signage income, and Other income for the coming fiscal year.

Other Income

SMG's operating budget reflects annual payments required to be made by the Minnesota Vikings and the Operating Payment pursuant to Minn. Stat. §473J.13, subd. 2(b) in the amounts of \$8.8 and \$6.1 million respectively.

Operating Expenses

Operating Expenses consist primarily of Personnel Costs of \$6.1 million and estimated Utilities of \$4.7 million. Contracted Services of \$2.0 million includes security, cleaning, and other building contractors. General and Administrative includes costs such as insurance, advertising, professional fees, training, and office supplies, while Operations, Repairs & Maintenance includes expenses such as maintenance agreements, snow and trash removal, and maintenance supplies. Minnesota Vikings Event Day Expenses represent the reimbursable gameday expenses incurred by the Stadium to hold the preseason and regular season games. Service Expenses represent the direct costs to the Stadium of holding Non-NFL events and, depending on the event, could include security, guest experience, medical staff, on and off-duty police, traffic control and housekeeping.

	Total
Event Income	
Direct Event Income	
Rental Income	4,646,741
Food and Beverage Commissions	5,612,795
Novelty Sales	130,000
Minnesota Vikings Event Day Reimbursement	4,500,000
Service Income	3,652,871
Total Direct Event Income	18,542,407
Other Event Income	
Stadium Tour Income	889,250
Ticket Related Income	2,630,000
Facility Fees	825,000
Total Other Event Income	4,344,250
Communications, Signage, and Other	1,311,406
Total Event and Operating Income	24,198,063
Other Income	
Minnesota Vikings Rent	8,755,000
Operating Payment per Section 473J.13, Subd. 2(b)	6,098,387
Total Other Operating Income	14,853,387
Adjusted Gross Income	39,051,450
Operating Expenses	
Personnel Costs	6,132,515
Contracted Services	2,009,000
General and Administrative	1,886,207
Operations, Repairs & Maintenance	2,803,592
Minnesota Vikings Event Day Expenses	4,500,000
Service Expenses	8,484,909
Utilities	4,684,574
Total Operating Expenses	30,500,797
Net Income (Loss) From Operations	8,550,653



DRAFT

**MINNESOTA SPORTS FACILITIES AUTHORITY
CHAIR**

Duties and Responsibilities

The Chair of the Minnesota Sports Facilities Authority (“MSFA”) is appointed by, and serves at the pleasure of, the Governor. The Chair is primarily responsible for ensuring compliance with the provisions of Minnesota Statutes, Chapter 473J, overseeing the MSFA’s strategic policies and initiatives, and taking a principal role in representing the MSFA in the community and with the MSFA’s private and governmental partners.

The Chair presides at all meetings of the MSFA. The Chair is responsible for briefing MSFA Members, finalizing MSFA meeting agendas and related materials, coordinating the exchange of information among MSFA Members and staff, and encouraging Member involvement.

The Chair is responsible for overseeing development of the MSFA’s annual budget, and participating in periodic reviews of the MSFA’s financial statements with the MSFA Executive Director (“ED”) and Director of Finance.

In concert with the ED and the MSFA Director of Communications, the Chair is responsible for developing short and long-term communications plans for the MSFA.

The Chair is responsible for monitoring compliance with the MSFA’s major contracts, and is responsible for negotiations of any amendments to major contracts, including:

- Development Agreements
- Use Agreements
- Management Agreements
- Parking Agreements
- Urban Park Use Agreements

On behalf of the other MSFA Members, the Chair will monitor MSFA’s oversight of U.S. Bank Stadium’s operator, concessionaire, and security firm. In performing this oversight function, the Chair will work closely with the ED. The Chair will participate in regular meetings with the operator, concessionaire, security firm, Minnesota Vikings, and other key partners.

The Chair will be available to the MSFA staff and will meet regularly with the ED to review ongoing projects and issues involving the MSFA. On an annual basis, the Chair will conduct a performance review of the ED.

The Chair will serve as the MSFA's principal external representative with the following entities:

- State of Minnesota
 - Governor's Office
 - Executive Branch Agencies
 - Legislature
- Hennepin County
- Metropolitan Council/Metropolitan Transit
- City of Minneapolis
- Minneapolis Downtown Council
- Meet Minneapolis
- Green Minneapolis (The Commons operator)
- Minnesota Vikings
- Other key stakeholders

The Chair is the MSFA's primary spokesperson and principal decision-maker relative to major events held at U.S. Bank Stadium, such as the Super Bowl, NCAA Final Four Tournament, etc. Such decision-making will be premised on consultation with MSFA Members, the local organizing committees and other key stakeholders.

The Chair's annual compensation will not exceed \$60,000.



MEMORANDUM

To: MSFA Members
From: Kathleen Blatz, Interim Chair
Date: July 21, 2017
Subject: Chair's Annual Compensation

On June 22, 2017, the MSFA unanimously voted to (i) make the MSFA Chair a part-time position, and (ii) establish the Chair's compensation at an annual rate not to exceed \$60,000.

On July 13, 2017, Governor Mark Dayton appointed Michael Vekich to the position of Chair of the MSFA effective July 21, 2017.

Recommendation: *Effective July 22, 2017, the MSFA Chair's annual compensation shall be \$60,000.*



DRAFT

**MINNESOTA SPORTS FACILITIES AUTHORITY
EXECUTIVE DIRECTOR**

Duties and Responsibilities

The MSFA Executive Director reports to the Chair and serves at the pleasure of the Members of the MSFA. The Executive Director is primarily responsible for directing, managing and supervising the MSFA staff, MSFA contractors and U.S. Bank Stadium (“Stadium”) relationship partners. The Executive Director is responsible for implementing the MSFA’s short and long-term policies and initiatives, and overseeing management of all aspects of Stadium operations. The Executive Director is responsible for the administration of major contracts with the MSFA.

Management of MSFA staff

- Financial
 - Budgeting, projections, reporting
- Communications
- Administration
 - Office management
 - Document retention
 - Human resources
- Regulatory/Compliance
 - *MN Government Data Practice Act*

Management of MSFA legal and consulting services

Management of, and compliance with, third-party contracts involving the MSFA

Coordination with the MSFA Board Chair regarding:

- Preparation and presentation of staff reports, memos and other information to the Board
- Briefing Members on MSFA matters
- Preparation of monthly Board packets
- Implementing Board policies and initiatives as directed
- Proposed amendments to major contracts involving the MSFA, as well as modifications to operating procedures and financial arrangements with Stadium partners such as the Minnesota Vikings, SMG, Aramark, Monterrey Security, etc.

Monitor compliance with SMG Management Agreement by focusing on:

- Day-to-day Stadium operations
- Regular meetings with SMG leadership team at the Stadium
- Adherence to SMG's Operations Manual and its related Appendices
- SMG's annual operating plan
- SMG's annual operating budget
- SMG's annual capital funding plan
- Stadium maintenance plan
- SMG's oversight of the Stadium's security firm
- SMG's quality performance standards
- SMG's vendor selection/procurement procedures
- SMG's workforce composition and stability
- SMG's event and financial reporting

Monitor compliance with the Aramark Concession Agreement by focusing on:

- Periodic review of Aramark's food and beverage, catering and concession services
- Regular meetings with Aramark's Stadium leaders
- Event reports
- Aramark's menu pricing and services
- Aramark's financial reporting
- Aramark's customer satisfaction reports
- Aramark's vendor selection/procurement procedures
- Aramark's workforce composition and stability

Monitor and manage compliance with the terms of the Vikings' Stadium Use Agreement by focusing on:

- Day-to-day Stadium issues involving the Vikings
- Vikings game-day events
- Participation in periodic meetings with representatives of the Vikings to resolve outstanding issues
- Vikings' consultation rights under certain circumstances
- Capital planning for the Stadium *vis-à-vis* Vikings initiatives

Monitor compliance with the MSFA's various parking agreements

Promptly resolve issues/crises involving the MSFA that arise spontaneously; represent the MSFA at meetings and events; interact and hold regular meetings with the MSFA Chair, SMG, Aramark, and other Stadium partners



MINNESOTA SPORTS FACILITIES AUTHORITY

POLICY STATEMENT

SUBJECT: Code of Ethics	POLICY CODE NO.	EFFECTIVE DATE	REVISED DATE	PAGE
		7/21/2017	N/A	Page 1 of 6

DRAFT

PURPOSE

The Minnesota Sports Facilities Authority (“MSFA” or “Authority”) was created by Minnesota Laws 2012, Chapter 299 (“Act”). The Authority controls, operates and is responsible for the management of U.S. Bank Stadium (“Stadium”).

The purpose of this policy is to comply with the State of Minnesota’s executive branch *Code of Ethics* to ensure that MSFA Members and staff do not receive any benefits or privileges due to their affiliation with the Authority.

POLICY - CODE OF ETHICS

A. Acceptance of Gifts or Favors

Employees and Members of the MSFA, in the course of or in relation to their official duties, shall not directly or indirectly receive or agree to receive any payment of expense, compensation, gift, reward, gratuity, favor, service, or promise of future employment, or other future benefit from any source, except the MSFA, for any activity related to the duties of the employee or Member unless otherwise provided by law.

Notwithstanding the foregoing, the acceptance of any of the following shall not be in violation of this policy:

1. Gifts or textbooks of nominal value may be accepted pursuant to Minn. Stat. §43A.38 and §15.43.
2. Plaques or similar mementos recognizing service.
3. Reimbursement of expenses for travel or meals, not to exceed actual expenses incurred, that are not otherwise reimbursed by the MSFA and that have been approved in advance by the MSFA Executive Director or MSFA Chair as part of the employee’s or Member’s work assignment.
4. Honoraria or expenses paid for papers, talks, demonstrations or appearances



MINNESOTA SPORTS FACILITIES AUTHORITY POLICY STATEMENT

SUBJECT: Code of Ethics	POLICY CODE NO.	EFFECTIVE DATE	REVISED DATE	PAGE
		7/21/2017	N/A	Page 2 of 6

made by employees or MSFA Members on their own time for which they are not compensated by the MSFA. Employees and MSFA Members who qualify as local or public officials under the *Ethics in Government Act* must comply with the gift prohibition provision of Minn. Stat. §10A.071.

B. Falsification or Misrepresentation of Information

No MSFA employee or applicant for employment, and no Member of the MSFA, shall intentionally provide information he/she knows to be false to the MSFA, its employees or agents, or members of the public.

C. Use of Confidential Information

An employee or Member of the MSFA shall not use confidential information to further his/her private interest, and shall not accept outside employment or involvement in a business or activity that will require the disclosure or use of confidential information.

For purposes of this policy, “confidential information” is defined as any information obtained under government authority that has not become part of the body of public information and that, if released prematurely or in non-summary form, may provide unfair economic advantage or adversely affect the competitive position of an individual or a business.

D. Data Practices

The MSFA collects creates, receives, maintains and disseminates government data in accordance with the *Minnesota Government Data Practices Act*. MSFA employees and MSFA Members may have access to public or non-public data on individuals. MSFA Members and employees are prohibited from using data on individuals for personal benefit, and from providing access to others who are not properly authorized. Violation of this policy may result in disciplinary action.



MINNESOTA SPORTS FACILITIES AUTHORITY POLICY STATEMENT

SUBJECT: Code of Ethics	POLICY CODE NO.	EFFECTIVE DATE	REVISED DATE	PAGE
		7/21/2017	N/A	Page 3 of 6

E. Use of State Property

MSFA employees and MSFA Members shall not use, or allow the use of, MSFA’s time, supplies or property/equipment for the individuals’s private interest, or any other use not in the interest of the MSFA, except as may be provided by law.

F. Conflicts of Interest

Attending an event at the Stadium in the MSFA employee’s or Member’s official capacity is not a conflict of interest.

The following actions by a MSFA employee or Member shall be deemed a conflict of interest, and may be subject to disciplinary action:

1. Use or attempted use of the individual’s official position to secure benefits, privileges, exemptions, or advantages for the individual or his/her relative(s), or an organization with which he/she is associated that are different from those available to the general public.
2. Acceptance of other employment or a contractual relationship that will affect the individual’s independence of judgment in the exercise of the his/her official duties.
3. Acting as an agent or attorney in any action or matter pending before the MSFA, except in the proper discharge of his/her official duties or on the employee’s or Member’s own behalf.
4. MSFA employees and MSFA Members who qualify as local or public officials under the *Ethics in Government Act* must comply with the conflict of interest provisions of Minn. Stat. §10.A.07.

G. Determination of Conflict of Interest

When an employee or Member believes the potential for a conflict of interest exists, it shall be



MINNESOTA SPORTS FACILITIES AUTHORITY

POLICY STATEMENT

SUBJECT: Code of Ethics	POLICY CODE NO.	EFFECTIVE DATE	REVISED DATE	PAGE
		7/21/2017	N/A	Page 4 of 6

his/her responsibility to avoid the situation and immediately notify MSFA’s Executive Director or MSFA Chair. A conflict of interest shall be deemed to exist when a review of the situation by the employee, Member, Executive Director or Chair, determines any of the following conditions are present:

1. The use for private gain or advantage of MSFA time, facilities, equipment or supplies, or prestige or influence of his/her MSFA office or employment.
2. Receipt or acceptance by an employee or Member of money or other item of value from anyone other than the MSFA for the performance of an act that the employee or Member would be required or expected to perform in the regular course or hours of MSFA employment or as part of his/her official duties.
3. Outside employment by a business that is subject to the direct or indirect control, inspection, review, audit, or enforcement by the MSFA
4. The performance of an act in other than the Member’s or employee’s official capacity that may later be subject directly or indirectly to the control, inspection, review, audit, or enforcement by the MSFA.

H. Resolution of Conflict of Interest

If the employee, Member, Chair or Executive Director determines that a conflict of interest exists that can be eliminated by reassigning responsibility for a particular matter, that matter will be assigned to another person who does not have a conflict of interest. If it is not possible to assign the matter to someone who does not have a conflict of interest, interested persons shall be notified of the conflict and the conflicted employee or Member may proceed with the assignment.

I. Lobbyist Registration

MSFA Members and employees who devote more than 50 hours in any month to influence administrative or legislative action related to the operation of the MSFA must register with the State Campaign Finance and Public Disclosure Board as a lobbyist within five (5) days after becoming a lobbyist.



MINNESOTA SPORTS FACILITIES AUTHORITY POLICY STATEMENT

SUBJECT: Code of Ethics	POLICY CODE NO.	EFFECTIVE DATE	REVISED DATE	PAGE
		7/21/2017	N/A	Page 5 of 6

Lobbyist activities include direct communication or urging others to communicate with public or local officials, including time spent monitoring legislative or administrative action, and related research, analysis and compilation and dissemination of information relating to legislative or administrative policies in Minnesota.

J. Acceptance of Advantage by MSFA Members and Employees; Prohibited Interests in Contracts

No MSFA Member or employee who is in direct contact with suppliers or potential suppliers to the MSFA, or who may directly or indirectly influence a purchasing decision by establishing specifications, testing products, evaluating contracted services, or otherwise has official involvement in the purchasing or contracting process may:

1. Have any financial interest or personal beneficial interest directly or indirectly in contracts or purchase orders for goods or services used by, purchased by, or furnished to the MSFA; or
2. Accept directly or indirectly from a person, firm, or corporation to which a contract or purchase order has been or may be awarded, a rebate, gift, money, or anything of value or promise, obligation, or contract for future reward.

K. Statement of Economic Interest

Under Minn. Stat. §10A.09, individuals who are appointed to positions that qualify those individuals as “public officials” or “local officials” must file a statement of economic interest. Public officials must file their statements with the Campaign Finance and Public Disclosure Board. Local officials must file their statements with the governing body of the official’s political subdivision. Copies of statements of economic interest for MSFA Members and the Executive Director shall be maintained on file at the MSFA.



MINNESOTA SPORTS FACILITIES AUTHORITY POLICY STATEMENT

SUBJECT: Code of Ethics	POLICY CODE NO.	EFFECTIVE DATE	REVISED DATE	PAGE
		7/21/2017	N/A	Page 6 of 6

Minn. Stat. §10A.09, subd. 6 states in part: *“Each individual who is required to file a statement of economic interest shall file a supplementary statement on April 15 of each year that the individual remains in office if information on the most recently filed statement has changed.”*



MINNESOTA SPORTS FACILITIES AUTHORITY

POLICY STATEMENT

SUBJECT: Political Activities	POLICY CODE NO.	EFFECTIVE DATE	REVISED DATE	PAGE
		7/21/2017	N/A	Page 1 of 3

DRAFT

MSFA employees and MSFA Members may exercise their individual rights as citizens to participate in the activities of their community, except where due to their public employment, conflicting interests may exist.

A. Permissible Political Activities

MSFA employees and MSFA Members may:

1. Express opinions on political subjects and candidates (*e.g.*, wear badges or buttons, or display stickers or posters on their car or house).
2. Take an active part in political management and political campaigns, but not on regular paid MSFA time or premises (*e.g.*, perform volunteer work for a partisan candidate, campaign committee or political party; attend political meetings or rallies; originate, circulate and/or sign petitions for candidates in a partisan election). When working for or endorsing candidates engaging in political activities, MSFA employees and MSFA Members do so as private citizens and shall not use their official job titles, or the fact that they are affiliated with the MSFA in a manner that implies MSFA endorsement or support for candidates or political causes. Regular paid MSFA time does not include vacation leave, other leave time or compensatory time off.
3. Be a candidate for a political party office even where such office is voted on in a partisan election (*e.g.*, committee member or convention delegate).
4. Be a candidate for public office in a partisan or nonpartisan election provided that (i) no conflict exists in accordance with this Code; and (ii) the candidacy in a partisan election is permitted under the federal *Hatch Act*.
5. Make financial contributions to a political party or organization, and solicit and collect voluntary political contributions so long as the employee does not coerce, command or advise another employee or MSFA Member to make such contributions, and so long as such solicitations or contributions are not made during work hours.



MINNESOTA SPORTS FACILITIES AUTHORITY

POLICY STATEMENT

SUBJECT: Political Activities	POLICY CODE NO.	EFFECTIVE DATE	REVISED DATE	PAGE
		7/21/2017	N/A	Page 2 of 3

B. Prohibited Political Activities

MSFA employees and MSFA Members shall not:

1. Directly or indirectly solicit or receive funds for political purposes during his/her work hours or on MSFA premises.
2. Use his/her official authority or influence to compel another MSFA Member or employee to:
 - i. Apply for membership in, or become a member of any political organization.
 - ii. Pay or promise to pay an assessment, subscription, or contribution to any political organization.
 - iii. Take part in any political activity.
3. Use the MSFA Member's or employee's official authority or influence for the purpose of interfering with, or affecting the result of, an election or nomination for office.
4. Use his/her official job title, or the fact he/she is associated with the MSFA, when working for or endorsing candidates or when running for public office, when the use of job titles or employment status implies MSFA endorsement or support of a candidate.
5. Use or cause others to use MSFA facilities, equipment, computer and e-mail systems, supplies, or premises for political activities.

C. Public Office

A MSFA employee or MSFA Member may be a candidate for partisan or nonpartisan public office provided:

1. He/she shall not campaign for such office during work hours; and
2. The candidacy does not violate the federal *Hatch Act*.



MINNESOTA SPORTS FACILITIES AUTHORITY POLICY STATEMENT

SUBJECT: Political Activities	POLICY CODE NO.	EFFECTIVE DATE	REVISED DATE	PAGE
		7/21/2017	N/A	Page 3 of 3

A MSFA employee or MSFA Member who is a candidate for public office shall immediately notify the Executive Director or MSFA Chair in writing upon becoming a candidate. The Executive Director or MSFA Chair shall determine if a conflict exists with MSFA responsibilities and shall determine if the individuals' candidacy is subject to federal *Hatch Act* restrictions.

A MSFA employee elected to or appointed to a public office shall be permitted time off from his/her regular employment to attend meetings required by reason of the public office. The time off may be without pay or made up with other hours, as agreed in advance between the employee and the MSFA. When an employee takes time off without pay, the MSFA will make an effort to allow the employee to make up the time with other hours if there is no adverse impact on the employee's fulfillment of his/her job responsibilities.

The federal *Hatch Act* (Title 5, United States Code, §§1501-1508) prohibits government employees from becoming candidates for elective partisan office. The *Hatch Act* applies to MSFA's employees whose principal employment involves a MSFA activity that is financed in whole or in part by loans or grants made by the United States or a federal agency. The federal *Hatch Act* does not apply to an employee who exercises no functions in connection with a federally-financed activity, or to an employee who is a candidate in any nonpartisan election. Any employee covered by the *Hatch Act*, shall resign from MSFA employment upon becoming a candidate for elective partisan office.



MEMORANDUM

To: MSFA Members
From: Rick Evans, Executive Director
Date: July 21, 2017
Subject: Marketing of MSFA Suites

Pursuant to the terms of the *Stadium Use Agreement*, as amended, with the Minnesota Vikings (“Use Agreement”), the MSFA has control of two suites at U.S. Bank Stadium (“Stadium”) at no cost to the public or the MSFA. The MSFA’s current suite policy, which was adopted in February 2017, states that those suites are to be used to market the Stadium to potential commercial events, as well as “mega events” such as the Super Bowl (2018) and NCAA Men’s Final Four Basketball Tournament (2019). In addition, the MSFA’s suites are to be used to market community and amateur sports entities during NFL and other significant events.

In order to meet those initiatives, staff recommends that the MSFA grant SMG, the Stadium’s operator, the ability to use the tickets in the MSFA’s suites for marketing the Stadium during NFL events, non-NFL events, and to sell the suites during MSFA events if desired.

MSFA Members have a responsibility to ensure that the Stadium is maintained in a first-class manner. As such, Members are encouraged to attend events in order to monitor operations of the Stadium during Minnesota Vikings games, as well as MSFA events. Members may utilize MSFA suite tickets in order to perform that responsibility.

If SMG uses the MSFA’s suites for Stadium marketing purposes, SMG will be required to follow the MSFA’s suite use policy and, within 72 hours after each event, will be required to provide the Executive Director with a report that includes:

- Date and name of event
- Names of guests in the suite
- Company/organization each guest is affiliated with
- Name of MSFA and/or SMG host(s)
- Detailed description of the marketing purpose

The foregoing data is subject to the *Minnesota Government Data Practices Act* (“MGDPA”), which protects the release of marketing data and, therefore, will be maintained (until deemed public under the MGDPA) for auditing purposes by the MSFA as non-public data.

When SMG uses the suites for marketing, Stadium catering and food offerings are part of the marketing experience. The MSFA recognizes the value of providing food in the suites for marketing purposes and will allow such properly documented expenditures. The MSFA will not purchase or reimburse the cost of alcoholic beverages.

If SMG sells one or both of the suites for a MSFA event, SMG will be required to sell the suite(s) at market rate consistent with SMG's *Management Agreement*.

Recommendation: *The MSFA grant SMG the authority to use the tickets in the MSFA suites for marketing purposes during NFL events, non-NFL events, and to sell the suite(s) for MSFA events, if desired.*



MEMORANDUM

To: MSFA Members
From: Rick Evans, Executive Director
Date: July 21, 2017
Subject: Authorize Negotiation and Execution of Contract with Employment Assistance Firm

Minn. Stat. §473J.12 requires that *"...the authority shall contract with an employment assistance firm, preferably minority-owned, or owned by a disabled individual or a woman, to create an employment program to recruit, hire, and retain minorities for the stadium facility."*

The MSFA recognizes the great strides that SMG and Aramark have made in hiring and maintaining a diverse group of employees to help run U.S. Bank Stadium ("Stadium") for large and small events, and the MSFA wants to continue supporting SMG, Aramark, and other Stadium partners in recruiting and retaining a diverse group of employees.

To that end, the MSFA staff requests permission to negotiate a contract with Summit Academy OIC to continue to conduct outreach programs for potential employees at U.S. Bank Stadium.

Recommendation: *The MSFA authorizes the Executive Director to negotiate and execute a contract not to exceed \$100,000 covering the period July 1, 2017 – June 30, 2018 with Summit Academy OIC to serve as the MSFA's employment assistance firm.*



MEMORANDUM

To: MSFA Commissioners
From: Jay Lindgren, General Counsel
Date: July 21, 2017
Subject: Appointment of MSFA Representative to SDC Group

The Stadium Act directed the MSFA to “create a stadium design and construction group, including representatives of the authority and the NFL team to manage the design of the stadium and oversee construction.” (Minn. Stat. § 4731.11, subd. 1.) This group was formally established as the “SDC Group” in the Development Agreement between the MSFA and the Minnesota Vikings. As provided in the Development Agreement, the MSFA may name “Authority Representatives” to the SDC Group by providing written notice to the Vikings. At your April 2017 meeting, you appointed Chair Blatz and Executive Director Evans as the Authority Representatives. With the appointment of Michael Vekich as the Chair, it is appropriate for the Board to appoint Chair Vekich to replace Chair Blatz.

Recommendation: *The Minnesota Sports Facilities Authority appoints Chair Michael Vekich as an Authority Representative to the SDC Group, effective July 22, 2017, and authorizes the Executive Director to provide written notice of this appointment to the Minnesota Vikings.*