



**MINNESOTA SPORTS FACILITIES AUTHORITY
MEETING AGENDA
November 17, 2017, 9:00 A.M.**

**U.S. Bank Stadium – Buffalo Wild Wings Club
401 Chicago Avenue, Minneapolis, MN 55415**

1. CALL TO ORDER
2. APPROVAL OF PRIOR MEETING MINUTES (September 29, 2017)
3. BUSINESS
 - a. Action Items
 - i. Team/Private Close-Out of Construction Financing
 - ii. Approve Stadium Master Project Budget Adjustment
 - iii. Interim Agreement Regarding Additional Team Capital Designations
 - b. Reports
 - i. Equity Hiring Report
 - ii. USBS Sustainability Program Update
 - iii. Executive Director’s Report
4. PUBLIC COMMENTS
5. DISCUSSION / NEW BUSINESS
6. ANNOUNCEMENT OF NEXT MEETING – December 15, 2017
7. 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 September 29, 2017 Meeting**

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

1. **CALL TO ORDER**

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

2. **ROLL CALL**

Commissioners present: Michael Vekich, Tony Sertich, Barbara Butts Williams, Bill McCarthy and Laura Bishop.

3. **APPROVAL OF PRIOR MEETING MINUTES**

Chair Vekich confirmed that the Commissioners had received and reviewed the draft minutes of the MSFA’s prior meeting. Upon a motion duly made and seconded, the minutes of the August 25, 2017 Board meeting were unanimously approved and adopted as presented. *See, Exhibit A.*

4. **BUSINESS**

Executive Director’s Report

Mr. Evans reported on the recent decision to terminate the two contracts with Monterrey Security Consultants, Inc. (“Monterrey”) for 24-hour and event security services at U.S. Bank Stadium (“Stadium”). He reminded the Commissioners that in August 2014, the Authority entered into a ten-year agreement with SMG to operate the Stadium, and that pursuant to that agreement SMG is entitled to subcontract services. However, before SMG can enter into certain contracts, it must obtain the prior approval of the Authority. Mr. Evans explained that any contract with a term longer than SMG’s agreement with the Authority, any contract for more than \$50,000 per year, as well as any contract for telecommunications, utilities, insurance, concession, or security services requires that SMG obtain the Authority’s prior written approval.

In November 2015, SMG posted a *Request for Proposal* (“RFP”) relating to event/crowd management and 24-hour security at the Stadium. In March 2016, following a comprehensive five-month review process, Monterrey was selected by SMG and approved by the MSFA to be the Stadium’s security firm.

DRAFT

Mr. Evans reported that Monterrey served in that capacity until September 25, 2017, when SMG determined Monterrey was in default of its contractual obligations and terminated Monterrey's contracts after consultation with Chair Vekich and him.

Mr. Evans emphasized that the decision to terminate Monterrey was not based on safety violations at the Stadium but, rather, on a pattern of administrative misconduct; namely, Monterrey's failure to properly comply with contractual obligations and numerous violations of state licensing statutes and regulations. The security of the Stadium, and the safety of its employees and visitors, was never compromised due to Monterrey's administrative violations.

Mr. Evans stated that Monterrey's misconduct was first brought to light in June of this year when former Monterrey employees filed complaints with the Minnesota Board of Private Detectives and Protective Agents ("MBPDPA"), the agency that licensed Monterrey in the State of Minnesota. The MSFA and SMG first learned of those complaints when they were reported in the press. In consultation with the MSFA, SMG immediately directed its local law firm, Maslon LLP ("Maslon"), to commence an independent investigation of Monterrey's compliance and operating procedures at the Stadium. Mr. Evans reported that the MSFA was kept abreast of that four-month investigation through periodic meetings and weekly conference calls with Maslon, as well as daily conversations with SMG management. Maslon's final report was issued and delivered to the MSFA on September 25, 2017, and a copy was provided to each Commissioner.

Immediately following the termination of Monterrey, and after consultation with Chair Vekich, Mr. Evans reported that SMG entered into separate contracts with (i) G4S Secure Solutions ("G4S") to provide 24/7 security at the Stadium, and (ii) Whelan Event Staffing Services ("Whelan") to provide crowd management services during Minnesota Vikings' home games and Authority events at the Stadium. He explained that both firms had submitted proposals in response to SMG's initial RFP in 2015, and had been thoroughly vetted during that review process. Mr. Evans stated that shortly after Maslon's investigation commenced in June, SMG contacted G4S and Whelan in order to gauge their respective interest and capabilities, as well as their current staffing levels and licensing status with the MBPDPA.

Mr. Evans explained that in accordance with Section 2.3 of the Authority's 2014 *Management and Pre-Opening Services Agreement* with SMG, the Executive Director is expressly delegated the authority to act on behalf of the MSFA in such matters. Accordingly, following discussions with Chair Vekich, on September 25, 2017, he notified SMG that the MSFA approved the hiring of G4S and Whelan to provide security services at the Stadium.

Following Mr. Evans' report, Chair Vekich called on Patrick Talty, SMG General Manager, Jeff Spoerndle, Vice President of Whalen, and Kevin Stewart, General Manager of G4S, to address the Board. Mr. Talty spoke about both Whalen and G4S, and the ongoing activities by each firm to provide a seamless transition of security services at the Stadium. He noted that the transition was proceeding very smoothly, and expressed confidence that both firms will work diligently along with SMG to create a safe and secure environment consistent with the Stadium's "best in class" standards. He stated that

DRAFT

qualified Monterrey staff members were being encouraged and recruited to apply for open positions with Whalen and G4S, and he was pleased to report that many former Monterrey employees already had been hired. Those staff members have been through background checks and are undergoing rigorous training. Mr. Talty reported that Whalen and G4S were on schedule to be fully-staffed with licensed, properly trained employees for the Vikings' home game on October 1st. He noted that both firms have good relations with organized labor, and are committed to recruit and hire minorities, women and veterans, in order to meet and exceed the MSFA's equity hiring goals. Mr. Talty stated Whalen has a thorough knowledge of stadium security, as they held the contract for the Metrodome, and also are the security provider for three other NFL venues: the Kansas City Chiefs, Cincinnati Bengals and Miami Dolphins.

Mr. Talty praised G4S and noted that they are the largest security company in the world. They are well-versed in providing 24/7 security at major public facilities, and like Whalen have a contract with the Miami Dolphins. He then thanked the MSFA staff, Chair Vekich, and management of the Vikings for helping make the transition a smooth process. He mentioned that Louis King of Summit Academy OIC ("Summit") has been invaluable in helping recruit individuals to work at the Stadium. Finally, Mr. Talty commended the Minnesota Bureau of Criminal Apprehension ("BCA") for expediting background checks, as well as the MBPDPA for its work during the Monterrey investigation.

Mr. Spoerndle then addressed the Board and stated that Whalen has considerable experience in providing security services at numerous NCAA, MLB and NFL facilities. He stated that Whalen, along with G4S, recently hosted a three-day job fair at the Stadium, and that many prior Monterrey employees attended and applied for positions. He also thanked the BCA for its help with expeditiously conducting applicant background checks.

Mr. Stewart began his remarks by thanking the MSFA, the Vikings and SMG for providing G4S the opportunity to provide 24/7 security services at the Stadium. He stated that G4S' top priority is to protect all fans, guests and employees, and he is proud that G4S was entrusted with that responsibility. Mr. Stewart noted that G4S is the largest security company in the world with approximately 600,000 employees and over 700 offices (110 in the United States). G4S currently is holding training sessions for security officers, including a number of former Monterrey employees, and once that training is successfully completed they will be able to return to work at the Stadium.

Chair Vekich thanked both Mr. Spoerndle and Mr. Stewart for their remarks. He then asked how many people applied for open security positions, and how many of those applicants were extended offers of employment? Mr. Spoerndle stated that 400 people attended the job fair, and 350 were approved to work at the Stadium. Mr. Stewart stated that of the 28 people who applied, 25 were offered employment by G4S.

Commissioner Butts Williams stated that she has full confidence in both Whalen and G4S, and asked Mr. Spoerndle and Mr. Stewart what management strategies they have in place to ensure there will be superior customer service in the future. Mr. Spoerndle stated that Whalen has had great success at TCF Bank Stadium, where they have promoted a culture in which all employees are a "single unit". He stated

DRAFT

that he would like to engrain that philosophy in the minds of all current and new Whalen employees, and implement that culture at the Stadium. Mr. Talty stated that the “Skol Service Training Camp” has been revamped, and that all new staff, as well as former Monterrey employees who have been rehired, are required to attend. Mr. Stewart stated that he felt strongly about bringing back qualified former staff members and introducing them to the G4S culture. He stated that the most successful part of their recruiting operation is meeting with community groups and partners to help attract talent, including veterans, minorities and women.

Chair Vekich stated that one of the MSFA’s top priorities is equity, and asked Mr. Talty, Mr. Spoerndle and Mr. Stewart to elaborate on their equity hiring practices. Mr. Talty stated that he has high expectations that both Whalen and G4S will continue to grow the Stadium’s successful equity program by hiring minorities, veterans and women. He stressed the importance of working with communities throughout the Twin Cities, and strongly encouraged Whalen and G4S to continue working with Summit in order to find qualified candidates to expand the equity program. Mr. Spoerndle stated that Whalen believes in diversity and that reaching out to local community organizations is paramount to ensuring the continued success of the equity hiring program. He stated that the diversity rate at Whalen currently is 37%, and he is confident that the number will rise as they work with SMG.

Mr. Stewart stated that G4S also has a 37% diversity rate, and that they are hopeful that percentage will grow as they continue to fill positions with well-qualified candidates.

On behalf of the Board, Mr. Vekich thanked Messrs. Talty, Spoerndle and Stewart for their presentations, and noted that so far the transition had been so smooth it almost went unnoticed. He stressed that the Stadium was secure under Monterrey, and that it will continue to be secure with the addition of Whalen and G4S. Chair Vekich concluded by thanking the Vikings, SMG, the MSFA staff, and the BCA for all their work during the transition period.

5. PUBLIC COMMENT / DISCUSSION

Jerry Bahls addressed the Board on behalf of bird conservation groups, including the Audubon Chapter of Minneapolis, Minnesota Citizens for the Protection of Migratory Birds, and the Friends of Roberts Bird Sanctuary. Mr. Bahls stated that following discussions earlier in the year with Mr. Evans and former Chair Kathleen Blatz, Audubon Minneapolis began to recruit volunteers to serve as a “working group” that will develop a plan for a bird-safe Stadium. Once adopted, that plan will include a pilot test of specific retrofitting methods to be implemented during the 2019 spring bird migration season.

Mr. Bahls mentioned the working group will include representatives of bird conservation groups, architects and other interested persons, and he hoped the MSFA, SMG and Minnesota Vikings would have representatives available to participate as observers during the proceedings. Audubon Minneapolis currently is assembling a panel of national experts in the field of bird-building collisions and retrofit solutions to provide information about the most effective retrofitting options for the Stadium. He noted that each expert will come to Minneapolis to meet with the working group, tour the Stadium, and present information relative to their area of expertise during a series of public meetings, which are

expected to begin in November and continue through the Spring of 2018. Mr. Bahls stated that members of the expert panel will be available to answer questions as needed, as well as to review and comment on the draft retrofit plan before it is finalized in early 2019. He concluded by saying he would like to meet with Chair Vekich and Mr. Evans to discuss the process and composition of the working group, and to continue collaboration on the issue of bird safety.

Chair Vekich thanked Mr. Bahls for his comments and confirmed that he and Mr. Evans would be available to meet at a mutually convenient time.

6. ANNOUNCEMENT OF FUTURE MEETINGS

Chair Vekich announced that the October MSFA meeting is tentative, but will remain on the calendar until further notice. He stated the November 10, 2017 meeting may need to be rescheduled due to the observance of Veterans Day, and suggested that everyone periodically check the MSFA website for any updates and schedule changes.

Chair Vekich then suggested the Board establish its 2018 meeting schedule. He recommended that next year's Board meetings be held the third week of each month, and the Commissioners unanimously agreed with that recommendation.

7. FIRST ADJOURNMENT

Chair Vekich announced that a closed meeting of the Board would convene in the MSFA's office in ten minutes in order for the Commissioners to privately discuss legal matters with counsel. At 9:40 A.M., Commissioner Bishop made a motion to adjourn this portion of the meeting, which was seconded by Commissioner Sertich and unanimously adopted.

8. DISCUSS ATTORNEY-CLIENT PRIVILEGED MATTERS

The closed session of the Board meeting convened at 9:50 A.M. in the MSFA's conference room at the Stadium. In addition to all Board members, attendees included Mr. Evans, Dean Thomson and Jay Lindgren.

9. ADJOURNMENT OF CLOSED SESSION, REOPENING OF MEETING, AND FINAL ADJOURNMENT

The closed portion of the meeting concluded at 10:15 A.M. and the public meeting was reopened. There being no further business to come before the Board, Commissioner Butts Williams made a motion to officially adjourn the meeting, which was seconded by Commissioner Sertich and unanimously adopted. The meeting was adjourned at approximately 10:15 A.M.

DRAFT

Approved and adopted the 17th day of November 2017, by the Minnesota Sports Facilities Authority.

TONY SERTICH, Secretary/Treasurer

RICHARD G. EVANS, Executive Director



MEMORANDUM

TO: MSFA Commissioners

FROM: Rick Evans, Executive Director

DATE: November 14, 2017

SUBJECT: Team/Private Close-Out of Construction Financing

The Minnesota Vikings (“Team”) have utilized a variety of financing sources to provide the Team’s portion of the U.S. Bank Stadium construction project (“Project”) funds. The Team’s contribution of funds to the Project is governed by the 2013 *Development Agreement* between the MSFA and the Team.

The Team has requested that the MSFA consent to the close-out by November 30, 2017, of the Team’s Credit Agreement (which MSFA consent is required under *the Development Agreement*). The Team’s remaining net Project funding obligations are approximately \$16.7 million for open Project contracts. The Team has proposed providing that amount of money in the form of a pledged cash deposit of approximately \$11.7 million and a remaining Team NFL G-4 credit facility of \$5 million. Doing so would provide the MSFA with access to the remaining Team contributions required under the *Development Agreement*, while allowing the Team to eliminate future financing and administrative costs and procedural requirements related to providing the final Project contributions through the Credit Agreement. This financing close-out is consistent with the *Development Agreement* and was anticipated to occur at this point in the Project, or earlier. Team representatives will be present at the November 17 Board meeting to provide details on their request and to present final numbers related to the Team’s financing close-out.

If you concur with the Team’s request, certain documents will need to be executed on behalf of the MSFA consistent with the *Development Agreement*. These documents include:

- Certificate Regarding Team/Private Contribution
- Notice of Sale of SBL revenues; and
- Waiver and Acknowledgement of requirements under the *Development Agreement*

Recommended Motion: *The MSFA Board authorizes the Chair and the Executive Director to negotiate, finalize and execute the documents required to close-out the Team’s Credit Agreement.*



MEMORANDUM

TO: MSFA Commissioners

FROM: Mary Fox-Stroman, Director of Finance

DATE: November 17, 2017

SUBJECT: Approve Stadium Master Project Budget Adjustments

MSFA staff and Hammes Company have started the construction closeout process which includes reconciliation of project contract values and reallocation of the various uncommitted budget allocations within the Master Project Budget. Six contract adjustments are needed that result in a budget decrease of \$94,082.82. In addition, several budget reallocations have been approved by the Stadium Design and Construction (SDC) Group in accordance with Section 2.2(f) and Section 8.1(a) of the Development Agreement. The SDC Group monitors and oversees certain Master Project Budget issues.

Staff is requesting that the Additional Team Contribution within the Sources of Funds section of the Master Project Budget be reduced by \$94,082.82 as these funds are no longer needed to complete the Project.

Table 1 below shows the Master Project Budget as August 3, 2017, which is the date of the most recent MSFA approved Master Project Budget, budget increases/reallocations, and the Master Project Budget as of today.

Following is a summary of items that comprise the requested Master Project Budget decrease of \$94,082.82:

- Generator Studio contract increase of \$19,855.69 is due to additional services, reimbursable expense, and subconsultant costs.
- Generator Studio contract increase of \$203,263.31 is due to additional services, reimbursable expenses, and subconsultant costs.
- Wilkie Sanderson contract authorization decrease of \$2,225.00 is due to voiding of a previously authorized scope of work for cabinets.
- Build 23 contract authorization decrease of \$121,013.00 is due to adjustments and corrections to a previously authorized scope of work.
- Star Exhibits contract decrease of \$2,662.40 is due to corrections and adjustments related to the final Owner Controlled Insurance Program (OCIP) deduction and cost savings.

- Costs savings of \$191,301.42 in the Other Project Costs-TCF line item of the Master Project Budget.

Table 1
Stadium Master Project Budget Summary

Division	Description	Master Project Budget as of 8/03/2017	Budget Increases/ Reallocations	Budget Reduction	Adjusted Budget 11/17/2017
SOURCES OF FUNDS					
00-15-005	Earned Interest - Settlement Trust Account	\$193.63			\$193.63
00-25-005	Team Contribution	\$377,000,000.00			\$377,000,000.00
00-25-010	Private Contribution	\$100,000,000.00			\$100,000,000.00
00-25-015	Additional Team Contribution	\$131,557,990.27		(\$94,082.82)	\$131,463,907.45
00-30-005	State of Minnesota Contribution	\$498,000,000.00			\$498,000,000.00
00-90-005	Aramark Capital Investment	\$3,500,000.00			\$3,500,000.00
00-90-010	SMG Capital Investment	\$2,250,000.00			\$2,250,000.00
00-90-015	Verizon Capital Investment	\$14,576,890.50			\$14,576,890.50
00-90-020	NRG Cost Reimbursement	\$232,345.00			\$232,345.00
00-90-025	Commemorative Brick Proceeds	\$1,600,000.00			\$1,600,000.00
00-90-030	Design Team Contribution	\$275,000.00			\$275,000.00
00-90-035	3rd Party Contribution	\$2,750,000.00			\$2,750,000.00
00-90-040	Local TV Station Licensing Proceeds	\$105,000.00			\$105,000.00
	Total Sources of Funds	\$1,131,847,419.40	\$0.00	(\$94,082.82)	\$1,131,753,336.58
USES OF FUNDS					
10-00-000	Site Acquisition & Improvements	\$59,295,028.11	(\$10,369.64)		\$59,284,658.47
20-00-000	Construction Costs	\$909,624,794.73	(\$2,395.00)		\$909,622,399.73
30-00-000	Furnishings, Fixtures & Equip.	\$67,280,755.40	(\$286,589.36)	(\$125,900.40)	\$66,868,265.64
40-00-000	Development Costs	\$86,867,522.54	\$470,605.61	\$223,119.00	\$87,561,247.15
50-00-000	Financing Costs	\$0.00			\$0.00
60-00-000	Other Project Costs	\$0.00			\$0.00
	TCF Stadium Improvements	\$6,943,043.89	\$35,500.94	(\$191,301.42)	\$6,787,243.41
	East Event Buildout	\$0.00			\$0.00
	Other Mutually Agreed Cost 1	\$232,201.51			\$232,201.51
	Other Mutually Agreed Cost 2	\$99,075.00			\$99,075.00
	IPTV Enhancement	\$0.00			\$0.00
	Mediation Settlement	\$0.00			\$0.00
	Team Funded Enhancements	\$0.00			\$0.00
	Sponsorship Power/Data Fund	\$0.00			\$0.00
90-00-000	Project Contingency	\$1,504,998.22	(\$206,752.55)		\$1,298,245.67
	Total Uses of Funds	\$1,131,847,419.40	(\$0.00)	(\$94,082.82)	\$1,131,753,336.58

Recommended Motion: *The MSFA Board approves a decrease of \$94,082.82 to the Additional Team Contribution Sources of Funds and a decrease of \$94,082.82 to the above listed line items within the Uses of Funds of the Stadium Master Project Budget.*



MEMORANDUM

TO: MSFA Commissioners

FROM: Rick Evans, Executive Director

DATE: November 17, 2017

SUBJECT: Interim Agreement Regarding Additional Team Capital Improvement Allocation

Pursuant to the *Development Agreement* between the Minnesota Vikings (“Team”) and the MSFA, the Team has the right to be reimbursed from U.S. Bank Stadium construction project (“Project”) savings for certain “First Priority Joint Funded Design Add Alternates” that the Team agreed to fund with an additional contribution early in the Project. The amount of the reimbursement is currently estimated to be approximately \$2.4 million. Project savings will be determined from remaining amounts within the Project’s owner’s contingency account upon final close out of the Project.

The SDC Group that manages the Project on behalf of the MSFA and the Team on a daily basis intends to authorize an expenditure of \$388,747.78 from the “Vendor Contractor Technology Budget” within the Master Project Budget to pay for needed Project enhancements to technology within the Stadium. The authority to do so is within the powers granted to the SDC Group under the *Development Agreement*. In consideration for the Team’s consent to the current expenditure of \$388,747.78 by the SDC Group, it has requested that the MSFA provide certain assurances that the approximately \$2.4 million in savings allocation available to the Team be protected in the event there are insufficient Project savings to fund that allocation. MSFA staff recommends that the appropriate way to document this agreement is to allow any shortfall (up to \$388,747.78) in the \$2.4 million savings reimbursement to be made available to the Team through an expanded right of the Team to designate future Capital Improvements within the Stadium’s Capital Funding Plan up to the shortfall amount.

The Team currently (under Section 5.6(a)(ii) of the *Use Agreement*) may designate \$750,000 per year over a five-year period (totalling \$3.75 million) in Capital Improvements to the Stadium (the “Annual Design Add Alternatives Allocation”). The agreement contemplated by this memorandum would allow the Team to designate up to an additional \$388,747.78 in future Stadium Capital Improvements (but only to the extent that the approximately \$2.4 million savings in owner’s contingency is not achieved), and expand that right beyond the current five-year period.

Recommended Motion: *The MSFA Board authorizes the Chair and the Executive Director to negotiate and execute an interim agreement with the Minnesota Vikings regarding the Team's authority to designate an additional \$388,747.78 of Capital Improvements in the Capital Funding Plan pursuant to the terms of this memorandum.*



MEMORANDUM

TO: MSFA Commissioners
 FROM: Alex Tittle, Equity Consultant
 DATE: November 16, 2017
 SUBJECT: Equity Program Update

The Equity Plan for U. S. Bank Stadium operations was developed based on the unique assessment of a facility that had not experienced a full season of operation. Performance reports provided by SMG and Aramark were assessed and validated. The next Stadium Equity public meeting will be March 21, 2018.

- **U.S. Bank Stadium Operations**
 - Workforce – Labor hours, related wages and random staff inquiries
 - Targeted Business – Procurement activity which identifies expenses relative to operations from SMG and Aramark
 - Employment Assistance Firm (“EAF”) – Activity which aids in outreach and recruiting; not limited to job/career fairs
 - Introductory meetings with the new security firms (Whelan & G4S)
- The **EAF** conducted 5 fairs resulting in 271 assessments and 53 recruits to support hiring for SMG and Whelan at the Stadium.
- Total **WORKFORCE**: January 1 - September 30, 2017

<u>SMG</u>	<u>ARAMARK</u>
○ 42% Minority (56,679 hours) \$997K	51% Minority (100,003 hours) \$2.0M
○ 35% Women (46,851 hours) \$932K	41% Women (87,569 hours) \$2.3M
○ 4.5% Veteran (6,083 hours) \$181K	2% Veteran (7,377 hours) \$177K
○ Total Hours (134,640 hours) \$3.2M	Total Hours (204,000 hours) \$5.2M
<u>TOTAL</u>	
46% Minority (156,682 hours) \$3M	
40% Women (134,420 hours) \$3.2M	
4% Veteran (13,460 hours) \$358K	
Total Hours 338,993 / \$8.4M	

- Total **TARGETED BUSINESS**: January 1 - September 30, 2017

<u>SMG</u>	<u>ARAMARK</u>	
○ MBE: \$3,172,875 (30%)	MBE: \$21,176 (11%)	
○ WBE: \$108,388 (2%)	WBE: \$0	
○ VBE: \$82,679 (2%)	VBE: \$36,775 (20%)	
○ Total TB: (\$10,705,690)	Total TB: (\$184,568)	
<u>TOTAL</u>		
29% MBE: \$3,176,107	1% WBE: \$108,388	0.8% VBE: \$82,679

Total Available Spend: \$10,825,987