



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.

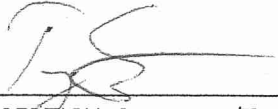
8. ANNOUNCEMENT OF NEXT MEETING

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,



MINNESOTA SPORTS FACILITIES AUTHORITY BOARD CHAIR

ROLES AND RESPONSIBILITIES

The Chair of the Minnesota Sports Facilities Authority (“MSFA”) is primarily responsible for ensuring compliance with the provisions of Minnesota Statutes, Chapter 473J, and implementing the Board’s strategic policies and initiatives.

The Chair presides at all meetings of the Board and is the principal spokesperson for the MSFA. The Chair is responsible for oversight and representation of the MSFA before the Minnesota Legislature and other governmental bodies.

With respect to legislative relations, the Chair is responsible for, among other things, overseeing the:

- Promulgation of, and response to, all MSFA-related legislative proposals
- MSFA’s testimony before legislative committees
- Timely filing of all MSFA annual reports with the Legislature
- Appearances before, and MSFA filings with, the *Legislative Commission on Minnesota Sports Facilities*

The Chair will interface and serve as the Board’s principal 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)
- Neighborhood organizations
- Minnesota Vikings
- Other key stakeholders

The Chair is responsible for briefing MSFA Commissioners, finalizing Board meeting agenda and related materials, coordinating the exchange of information among Commissioners and MSFA staff, and encouraging Commissioner involvement.

The Chair is responsible for overseeing development of the Authority's annual budget, and participating in periodic reviews of the Authority'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 Authority.

The Chair is responsible for monitoring compliance with the MSFA's major contracts, as amended from time-to-time, including:

- Development Agreements
- Use Agreements
- Management Agreements
- Parking Agreements
- Park [and Stadium Plaza] Agreements

The Chair will be available to the MSFA staff on an "as needed" basis, 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 be available to respond in a timely fashion in the event a crisis or emergency arises relative to the MSFA's operation and supervisory functions. Daily issues/crises, meetings,

On behalf of the Board, the Chair will monitor the MSFA's oversight of U.S. Bank Stadium's ("Stadium") operator, security firm, and concessionaire with regard to labor relations, equity hiring practices, and personnel matters.

The Chair is the MSFA's primary spokesperson and principal decision-maker relative to major events held at the Stadium, such as the Super Bowl, NCAA Final Four Tournament, etc.

The Chair is responsible for the MSFA's community outreach efforts and involvement, including proactively engaging with Twin Cities and state-wide business and civic organizations. In that role, the Chair will pursue speaking opportunities, make presentations, and participate in public forums and meetings.

The Chair's annual compensation will not 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.*



EXHIBIT E

June 22, 2017

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.*



EXHIBIT H

June 22, 2017

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 |
|--------------------------------------|------------------|

Main and Upper concourse capital expenses - include additional portable carts, concessions equipment, additional points of sale, and added electrical power.

| | |
|-------------------|------------------|
| Concourses | \$618,000 |
|-------------------|------------------|

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 |
|--|------------------|

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) |
|-------------------------------------|----|-------------|

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 |
|---------------------------------------|----|-----------|

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 |