



MINNESOTA SPORTS FACILITIES AUTHORITY
Meeting Minutes – June 28, 2018 at 8:00 A.M.
U.S. Bank Stadium Medtronic Club
1005 South 4th Street
Minneapolis, MN 55415

1. CALL TO ORDER

Chair Vekich called the meeting of the Minnesota Sports Facilities Authority (“MSFA” or “Authority”) to order at 8:00 A.M.

2. ROLL CALL

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

3. APPROVAL OF MEETING MINUTES – May 18, 2018. *See, Exhibit A.*

4. PRESENTATIONS

a. Kate Mortenson, President and CEO of the 2019 NCAA Final Four Local Organizing Committee (MLOC) gave a presentation updating the board about the activities outside of the stadium. Ms. Mortenson stated that the goals of the MLOC are to deliver all the events with excellence, earn future opportunities with the NCAA, and create a lasting impact in Minnesota. She stated that only ten facilities in the country are able to host the NCAA Final Four, and only five of those facilities in in the heart of downtown, including Minneapolis. With the unique and ideal location for such a large event, Ms. Mortenson believes that the Final Four could return to Minneapolis within 7-9 years. Ms. Mortenson then gave a brief history of the creation of the MLOC. In late 2014, a non-profit, the Minnesota Sports Corporation, was formed to foster amateur athletic competition and educational activities for youth. They then opened their office in 2017, and within 17 months, their office grew from staffing two employees to ten. Ms. Mortenson stated that their business operations are growing, and that 68% of the contracts and service providers are diverse-owned. Ms. Mortenson then discussed the economic impact of the Final Four within the community, and it is estimated that over 90,000 people will visit Minneapolis, generating roughly \$142 million in profit, and \$23 million in state and local taxes. Ms. Mortenson also discussed their community outreach program with youth education, and their

participation in ice cream socials, the special Olympics, Pride Festivals, and the MSP summer intern program. Ms. Mortenson noted that the MLOC's has experience with US Bank Stadium, and that the partners have shown high competence and professionalism. Ms. Mortenson stated that the MLOC plans on bringing a unique Minnesotan Final Four to life, and the Final Four will pioneer Minnesota for future large events. Lastly, Ms. Mortenson stated that with economic impact, education programming, and Fan Jam activities, the MLOC strongly believes they are enacting the public purpose of US Bank Stadium across the entire state of Minnesota.

Chair Vekich asked Ms. Mortenson about the Final Four planning kickoff, and Ms. Mortenson stated that the MLOC has three executive briefings scheduled, and leaders from the community will attend to learn about the MLOC's plans and visions for the Final Four. Ms. Mortenson noted that the MLOC has received positive feedback about timing, and they are on track to be ready for the Final Four in March.

Commissioner Butts Williams thanked Ms. Mortenson for her update and asked if the youth programs will continue once the Final Four is over. Ms. Mortenson stated that just like the Super Bowl Host Committee, the MOC picked a theme, "MN Way." She noted that she hopes the MLOC's work on the youth program will be continued when other large events come to Minneapolis. Ms. Mortenson said that they are keeping statistics about the youth program and will record and report the statistics.

Chair Vekich stated that there is a lot of planning and details that go into the Final Four, and that the MLOC has been diligently. He announced that the MLOC and the MSFA are in the process of negotiating a contract between the NCAA/ the Authority/SMG and the Authority/SMG and the MLOC, and that drafts have been exchanged and should be done within the near future.

b. Patrick Talty, General Manager of SMG, gave a presentation regarding the stadium's preparation for the NCAA's Final Four. See, Exhibit B.

Chair Vekich noted that Patrick Talty and SMG have many years of experience with the NCAA Final Four, and asked Mr. Talty to elaborate on their success with past Final Four events. Mr. Talty stated that he has personally worked two NCAA Final Four events and has a 20-year friendship with the NCAA planning staff. He noted that the last three Final Fours have been hosted in SMG run stadiums, and that they have been incredibly successful. Mr. Talty then explained that he has sent Minneapolis staff members to the last four Final Fours in order to gain experience with planning, logistics, and security.

Chair Vekich stated that transportation during the Final Four may be an issue as 35W and other major streets in the downtown area will be closed. Chair Vekich asked Mr. Talty to elaborate on this issue, and to explain how the transportation challenge will be handled. Mr. Talty stated Minneapolis is a unique spot for the Final Four as it is located in the middle of a major city's downtown area which has many hotels within walking distance to the stadium. The City, SMG, and the NCAA are currently working on a transportation plan, and that busses and the lightrail are essential in making the transportation for the Final Four run smoothly. Ms. Mortenson stated that because this is a tournament, after a team is

eliminated, many fans will leave the city which will cut down on traffic. She noted that public transportation is critical during the final four, and that people are encouraged to stay downtown.

Chair Vekich asked Mr. Talty about how the attendance from the Super Bowl compares to the attendance of the Final Four, and Mr. Talty stated that the Final Four will have 6,000 more attendees.

Commissioner Bishop asked Mr. Talty to explain the process of adding the large scoreboard above center court, and Mr. Talty stated temporary rigging will be installed on the truss of the roof, which will hold and support the hanging of the large scoreboard.

Commissioner Butts Williams asked Mr. Talty if he is aware of any other large events within the Twin Cities during the Final Four weekend, and how that may impact the event. Mr. Talty stated that the only event that may conflict with the Final Four would be a Minnesota Timberwolves basketball game, but strongly believes that will not take away from the Final Four festivities.

Chair Vekich stated that the NCAA is debating selling beer and wine at the Final Four, and that the NCAA executive committees will be voting on the issue soon.

c. Patrick Talty, General Manager of SMG, gave a presentation regarding the stadium's darkening solution for the NCAA's Final Four, and announced that both bluemia and Chicago Flyhouse were selected to design and implement the blackout curtains. See, Exhibit C.

Chair Vekich stated that the NCAA requires that blackout curtains be installed in order to qualify for hosting the Final Four. He noted that the darkening solution will not only be used for the Final Four, but used for non-basketball events. Chair Vekich stated that the darkening solution is a great asset for the stadium which will help the stadium book many future events due to its versatility. He then called upon Mr. Talty and Curtis Schmillen, SMG's Director of Operations, to answer any questions the board may have with regards to the darkening solution.

Commissioner Butts Williams asked how the MSFA and SMG will maintain the systems, and Mr. Talty stated that the curtains are being designed to be low maintenance. However, because the curtains will not be used every day, they will need to be removed and put into storage. Chair Vekich asked Mr. Schmillen how much fabric will be used in the blackout curtains, and where they expect to store the curtains when they are not in use. Mr. Schmillen stated that there is over 460,000 square feet of fabric, and that at the moment, no storage plan has been finalized.

Commissioner Butts Williams asked Mr. Talty why they did not install an automatic system, and Mr. Talty explained that because the curtains will not be used frequently, it would save time and money by using manual tracks. Commissioner Butts Williams asked if any special skills are needed to operate the curtains manually, and Mr. Talty stated that there are professionals needed, but that it is low maintenance.

Commissioner McCarthy asked why the MSFA decided to use two different vendors, and Mr. Talty explained that because the process is so detailed and unique, they believed selecting two separate

vendors would be beneficial. Mr. Schmillen also stated that using two companies provides more labor resources. Due to the stadium being so busy, the professionals may need to install the darkening solution system overnights and on weekends.

Jared Smith, CEO of bluemia, approached the board and stated that they did not think it would be possible to create a system to block out the roof due to the complexity. There were already brackets on the roof structure, and bluemia was able to replicate a similar bracket that locks them together. With those brackets in place, bluemia was able to create a 340-foot track that will pull the curtains across the ETFE and block out the sunlight. Mr. Smith explained that the top half of the curtain is black to block out sunlight, and the other side of the curtain is white, which will help make the stadium more energy efficient.

Commissioner Butts Williams asked Mr. Talty if there is risk mitigation strategy, and Mr. Talty stated that both Chicago Flyhouse and bluemia have a safety plan for their workers and contractors. Because it is a level three rigger, there are lots of training and protocols, which was set by the international safety board. Commissioner Butts Williams then asked if the MSFA would own all the curtains and the rigging system, and Mr. Talty confirmed that the MSFA would own 100%. Commissioner Butts Williams asked Mr. Schmillen if there are roof warranties and insurance for the blackout curtain project, and Mr. Schmillen explained that Vector Foiltec, the roof manufacturer, has been involved in this process and they hold insurance as well.

Chair Vekich asked Mr. Smith if there are any other safety concerns that should be considered, and Mr. Smith stated that the installers are professionals and have been trained with the highest level of safety. Therefore, he does not see any other safety concerns. Chair Vekich then called upon Mark Witteveen From Chicago Flyhouse about their safety plan. Mr. Witteveen stated that Chicago Flyhouse's top priority is safety. He explained that they also use drones to inspect the dangerous portions of the rigging system in order to prevent injuries or casualties.

Mr. Vekich thanked Mr. Talty, Mr. Schmillen, Mr. Smith, and Mr. Witteveen for the presentation. He stated this is large capital investment, and the flexibility that comes with the darkening solution will be beneficial for the stadium.

5. **BUSINESS**

a. Action Items

i. Approve Negotiation and Execution of Contracts – Darkening Solution

James Farstad, the MSFA's Executive Director, stated that on February 6, 2018, the MSFA issued a request for proposals seeking vendors to design, coordinate, supply, construct, install, commission, and test a darkening solution for U.S. Bank Stadium. The system is intended to blackout the various windows and doors, as required by the Final Four, on a temporary and reusable basis. He announced that the project will be split between two companies, bluemia LLC and Chicago Flyhouse. See, Exhibit D.

Commissioner McCarthy moved and Commissioner Bishop seconded the motion to approve the following recommended motion, which was unanimously adopted:

The MSFA Board authorizes the Chair and the Executive Director to negotiate and execute a contract with bluemedial, Inc. and Chicago Flyhouse, for an estimated project amount of \$5,200,000. Any remaining uncommitted funds may be used for other capital projects.

ii. Approve Revisions to Procedures for Planning and Procurement – Capital Enhancements

Mr. Farstad stated that Over the last several months, staff has been engaged in a continuous improvement process to increase efficiency of the procurement process. He explained that revisions to the Capital Procedures will be required to implement and maintain these efficiency objectives. See, Exhibit E.

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

The MSFA Board delegates to the Chair and the Executive Director the authority to make revisions to the Capital Procedures, as long as such revisions are consistent with the Board-adopted Procurement Policy.

iii. Approve FY 2019 Salary Increases

Mr. Farstad stated that the MSFA's human resources consultant, Sara Noah, researched salary data to assist in the recommendation for FY2018-2019 salary increases. Based on the research data, it was recommended that the FY2018-2019 MSFA staff salaries be adjusted. See, Exhibit F.

Commissioner Butts Williams inquired if the additional increase and title change for the Finance Assistant reflects a promotion, and she also inquired if the additional increase for the Project Coordinator's position also reflects a promotion. Mr. Farstad stated that Ms. Noah researched comparable salaries for the positions and recommended the salary ranges, and that both positions were considered promotions due to the new job duties that were added.

Commissioner McCarthy inquired if the salary increases applied to the Chair and Executive Director position, and if they do not, why are they not qualified? Chair Vekich stated that the Executive Director's salary was set by the board for a one-year period. Commissioner McCarthy suggested that the board review the Chair's salary, as the work load is high, and Chair Vekich stated that the MSFA will look into his suggestion and present the board with options.

Commissioner McCarthy moved and Commissioner Bishop seconded the motion to approve the following recommended motion, which was unanimously adopted:

The MSFA approves a salary structure increase of 3% for the four MSFA staff positions listed above, and an additional increase of 4% for the promotion of the Finance Assistant to the Accountant position and an additional increase of 3.5% for promotion of the Project Coordinator position, effective July 1, 2018.

iv. Approve MSFA FY 2018-2019 Budget

Mary Fox-Stroman, the MSFA's Director of Finance, and Justin Ronning, SMG's Director of Finance, presented the 2018-2019 budget as well as U.S. Bank Stadium's operating budget. See, Exhibit G.

Chair Vekich noted that the \$1.8 million contribution from the MLOC was included in the capital reserve budget and included in the contract draft with the MLOC. Negotiations with the MLOC are ongoing.

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

The MSFA Board adopts the attached 2018-2019 Budget for the fiscal period from July 1, 2018 through June 30, 2019 for the operating account, the capital reserve account, and the concession capital reserve account. The MSFA authorizes the Chair and the Executive Director to make adjustments to the detailed revenue and expense budget lines within the operating account budget and to adjust the project budgets within the capital reserve project budget and concession capital project budget.

v. Approve Contract – Professional Audit Services – CliftonLarsonAllen, LLP

Mr. Farstad stated that in the spring of 2018, Chair Vekich met with staff from the Minnesota Office of the Legislative Auditor (OLA), who determined that the MSFA should engage a private independent audit firm to conduct the audit. The OLA plans to review the MSFA's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2018 and future years reports including the independent audit report. See, Exhibit H.

Chris Knopik, Principal at CliftonLarsonAllen, LLP spoke to the board about his past experience. He stated that he will be the lead engagement principal for the MSFA audit, and he has 15 years of experience in government auditing. Mr. Knopik has worked with numerous universities and cities within the state of Minnesota, and CliftonLarsonAllen, LLP has done audit work for over 2,100 government entities around the country.

Chair Vekich asked Ms. Fox-Stroman how many companies submitted proposals for the Audit Services Request for Proposal, and Ms. Fox-Stroman stated that three companies bid for the work. She also stated that CliftonLarsonAllen, LLP was less expensive than the other proposers.

Commissioner Bishop moved and Commissioner McCarthy seconded the motion to approve the following recommended motion, which was unanimously adopted:

The MSFA Board authorizes the Chair and the Executive Director to execute a contract with CliftonLarsonAllen LLP for a contract amount of \$159,375 for professional audit services for a three-year commitment for MSFA's fiscal years-ending June 30, 2018, June 30, 2019, and June 30, 2020.

b. Report Items

i. 3rd Quarter Budget Report – March 31, 2018

Ms. Fox-Stroman and Mr. Ronning presented the 3rd Quarter Budget report. See, [Exhibit I](#).

Chair Vekich asked Ms. Fox-Stroman if she believes there will be any surprises in the near future, and Ms. Fox-Stroman confirmed that she does not expect any issues or surprises on the budget.

Commissioner Butts Williams inquired about the cancellation of the Justin Bieber concert, and asked Mr. Ronning if that impacted the budget. Mr. Ronning stated that there was a budgetary impact due to cancellation of the Justin Bieber concert and that revenues for this year were lower than anticipated.

ii. Executive Director Report

Mr. Farstad reported on the recent capital projects and noted that the MSFA has finished a substantial number of projects that needed to be complete by the beginning of the Minnesota Vikings season. He stated that the majority of the projects have been completed before schedule or on time, and many purchase orders have been issued. Some of the completed projects include: electrical services procurement, food services equipment, food safety, cocktail dispensing system, refrigeration equipment, the design and implementation of concession signage, furniture procurement (70% complete), suites construction, NFL benches, charging stations, and smallwares procurement. He stated that the MSFA, SMG, and the Minnesota Vikings are also collaborating with the design and build out of the mother's suite. This room is designed for mothers and individuals who may need a quiet space for game days along with other stadium events.

Chair Vekich thanked Mr. Farstad for all his work and his leadership with these projects.

5. PUBLIC COMMENT / DISCUSSION

There were no public comments.

6. ANNOUNCEMENT OF NEXT MEETING

Chair Vekich announced that the next MSFA meeting will be held July 13, 2018, at 9:00 A.M. at the Minneapolis Central Hennepin County Library: 300 Nicollet Mall, Minneapolis, MN.

7. ADJOURNMENT

There being no further business to come before the MSFA, the meeting was adjourned at 10:30 A.M.

Approved and adopted the 13th day of July 2018, by the Minnesota Sports Facilities Authority.



Tony Sertich, Secretary/Treasurer



James Farstad, Executive Director



EXHIBIT A

MINNESOTA SPORTS FACILITIES AUTHORITY
Meeting Minutes – May 18, 2018
Friday, May 18, 2018, 9:00 A.M.
Mill City Museum
710 South Second Street, Minneapolis, MN 55401

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: Chair Michael Vekich, Barbara Butts Williams, Tony Sertich, Bill McCarthy, and Laura Bishop

3. APPROVAL OF MEETING MINUTES – April 20, 2018. See, Exhibit A.

4. BUSINESS

a. Action Items

i. Approve Parking Agreement with Timeshare Systems, Inc.

James Farstad, the MSFA’s Executive Director, explained that per the Stadium Use Agreement, the Minnesota Sports Facilities Authority (MSFA) is obligated to develop a parking plan that provides the Minnesota Vikings with the use of 2,500 parking spaces on game days, which includes 2,000 parking spaces within one block of the stadium and 500 spaces that are within two blocks of the stadium. Mr. Farstad provided an update on the renewal of the Parking Agreement with Timeshare Systems, Inc. See, Exhibit B.

Commissioner Butts Williams asked if the parking agreement is an annual renewal, and Mr. Farstad confirmed that the contract is renewed on a yearly basis.

Commissioner Sertich moved and Commissioner McCarthy seconded the motion to approve the following recommended motion, which was unanimously adopted:

The MSFA approves and authorizes the Chair and Executive Director to execute the agreement with Timeshare Systems, Inc. for the use of 935 game-day parking spaces for a cost of \$434,981.25 and 125 spaces for SMG to lease for nine MSFA events for a cost of \$30,058.59.

ii. Approve 2018-2019 Casualty Insurance Program

Mary Fox-Stroman, the MSFA's Director of Finance, and Ezell Jones, Vice President of Business Development at CBIZ, presented the 2018-2019 comprehensive casualty insurance program. See, Exhibit C.

Chair Vekich asked Ms. Fox-Stroman and Mr. Jones if there are any changes in the coverage limit, and they confirmed that there were no changes. Chair Vekich inquired how the 2018-2019 premium compares to the 2017-2018 premium, and Ms. Fox-Stroman stated that the 2018-2019 insurance premium is \$2,030 less than the previous year.

Commissioner McCarthy asked Ms. Fox-Stroman and Mr. Jones about automobile insurance. He stated that he is aware the MSFA owned a pick-up truck and inquired if the MSFA still owns the car. Ms. Fox-Stroman stated that the MSFA sold the car for a small amount, and that there is no car insurance included in the 2018-2019 plan. However, if an employee needs to rent a car for business purposes, the MSFA does have insurance to protect the rented vehicle.

Chair Vekich stated that Mr. Jones has worked with the MSFA for many years and asked if the MSFA should be concerned about any issues within the building. Mr. Jones stated that it is impossible to control the unknown, but he has not seen any uncovered exposures.

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

The MSFA approves and authorizes procurement of the above listed policies for the casualty insurance program. Policy premiums may be adjusted based on final policy negotiations with each carrier. The property insurance program will be presented at a future board meeting.

iii. Approve Interim Agreement Regarding Additional Team Capital

Mr. Farstad stated that the SDC Group that manages the Project on behalf of the MSFA and the Team has authorized an expenditure from owner's contingency Project funds in the amount of \$351,135.73 to reimburse SMG for certain costs of operating the Stadium's HVAC system during the initial commissioning of the Stadium ("Utility Commissioning Costs"). See, Exhibit D.

Commissioner McCarthy moved and Commissioner Sertich seconded the motion to approve the following recommended motion, which was unanimously adopted:

The MSFA Board authorizes the Chair and the Executive Director to negotiate and execute an interim agreement (and/or Use Agreement amendment) with the Minnesota Vikings regarding the Team's

authority to designate an additional \$351,135.73 of Capital Improvements in the MSFA's Capital Funding Plan pursuant to the terms of this memorandum.

iv. Appointment of Executive Director

Throughout the hiring process, Mr. Vekich explained that 74 diverse candidates applied for the position, and 14 applicants were screened by Minnesota Management and Budget (MMB). See, Exhibit E.

Chair Vekich announced that without reserve, he recommends James Farstad as the MSFA's Executive Director, and is requesting board approval for his appointment. He noted that Mr. Farstad's work ethic is excellent, he is accomplished, and his vast knowledge of the stadium which makes him qualified for the position. He announced that Mr. Farstad will receive the same compensation as the prior Executive Director and will not qualify for a raise until a year of employment. Chair Vekich also announced that Mr. Farstad, along with staff, will be having yearly performance reviews with the board members.

Commissioner Bishop congratulated Mr. Farstad and stated that he is very qualified for the position.

Commissioner Butts Williams congratulated Mr. Farstad, stated that she has worked with him for many years, and supports Chair Vekich's appointment.

Commissioner McCarthy congratulated Mr. Farstad and thanked Chair Vekich for his transparency throughout the hiring and interviewing process.

Chair Vekich, Commissioner McCarthy, Commissioner Sertich, Commissioner Butts Williams, and Commissioner Bishop unanimously approved of Mr. Farstad's appointment, and the following recommended motion was adopted:

The MSFA Board appoints James Farstad as Executive Director, to serve at the pleasure of the Board, at an annual salary of \$165,333.00

b. Report Items

i. Executive Director Report

Mr. Farstad stated that the MSFA has received proposals from companies who are interested in providing and installing the blackout curtains, which is a requirement for hosting the NCAA Final Four. The procurement process is coming along, and he expects to award a proposer and announce a proposer at the June board meeting. He also noted that the MSFA has published 17 Request for Proposals (RFPs), and Purchase Orders for nine of the projects have been approved and processed. Mr. Farstad also stated that equipment improvements for the stadium and the repairs to the parking ramp have been completed, just in time for the 2018-2019 NFL season. Lastly, he announced that U.S. Bank

Stadium will be breaking the Guinness World Record for the largest pillow fight. Over 50,000 pillows will be provided free of charge to the attendees of the Pulse concert.

5. PUBLIC COMMENT / DISCUSSION

1. Ann Laughlin – Audubon Chapter of Minneapolis: Ms. Laughlin stated that the Audubon Chapter of Minneapolis will be hosting an upcoming presentation featuring Michael Measure, a Fatal Light Awareness expert from Canada. The presentation will discuss legislative solutions for migratory bird glass collisions, and Ms. Laughlin invited the MSFA board members to attend the presentation on June 13, 2018. Lastly, Ms. Laughlin thanked Jenn Hathaway, the MSFA’s Director of Communications, for providing tours to the bird experts who visited Minneapolis to observe the stadium and the impact it may have on the birds.
2. Ezell Jones, Vice President of Business Development at CBIZ: Mr. Jones made comments about diversity in Twin Cities and the importance of diversity at U.S. Bank Stadium. He complimented the MSFA board for setting strong inclusion and equity goals.

6. ANNOUNCEMENT OF NEXT MEETING

Chair Vekich announced that the next MSFA meeting will be held June 28, 2018, at 9:00 A.M. in the Medtronic Club at U.S. Bank Stadium.

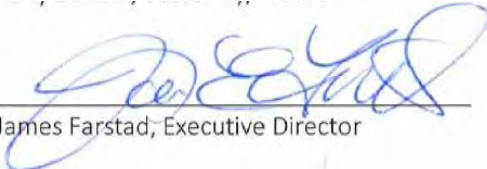
7. ADJOURNMENT

There being no further business to come before the MSFA, the meeting was adjourned at 10:00 A.M.

Approved and adopted the 28th day of June 2018, by the Minnesota Sports Facilities Authority.



TONY SERTICH, Secretary/Treasurer



James Farstad, Executive Director

EXHIBIT B

SMG Final Four Preparations

Patrick Talty, SMG General Manager

Planning

- SMG Operations and Event staff have attended the Final Four in Houston, Phoenix, and San Antonio as part of the NCAA Facility Coordination Group to learn the event logistics with other future hosts
- Ability to rely on other SMG properties for event specific information;
 - University of Phoenix Stadium,
 - NRG Stadium in Houston,
 - F&B provider at the Alamodome



Monthly Meetings

- Monthly meetings began in June and will continue each month from now until Final Four
- Stakeholders such as the NCAA, Populous, City of Minneapolis, LOC, SMG, and others meet each month to plan and prepare



Operations

- Stadium Space Planning
- IT & AV needs
- Construction timeline for seat buildout
- Parking



Look Ahead

- Developing F&B Plan
- Staffing Plan
- Perimeter Planning
- Continued Coordination with LOC and U of M



EXHIBIT C

U.S. Bank Stadium Darkening Solution Recommendation

Patrick Talty, SMG General Manager

Purpose

Darken venue

This is a Requirement for
hosting NCAA Men's Final Four

Ability to use again for other
Stadium events

Competitive Advantage

Allows us to compete for other events that require blackout conditions, such as;

National
Religious
Conferences

NFL Draft

Product
Launches

College
Graduations

Large
Corporate
General
Sessions

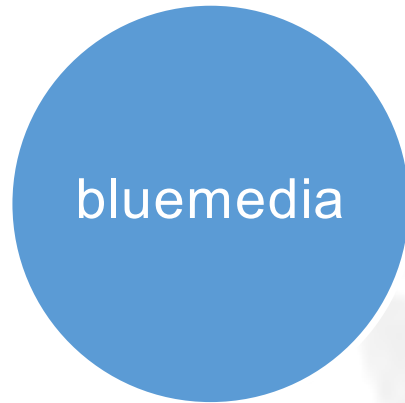
RFP Details



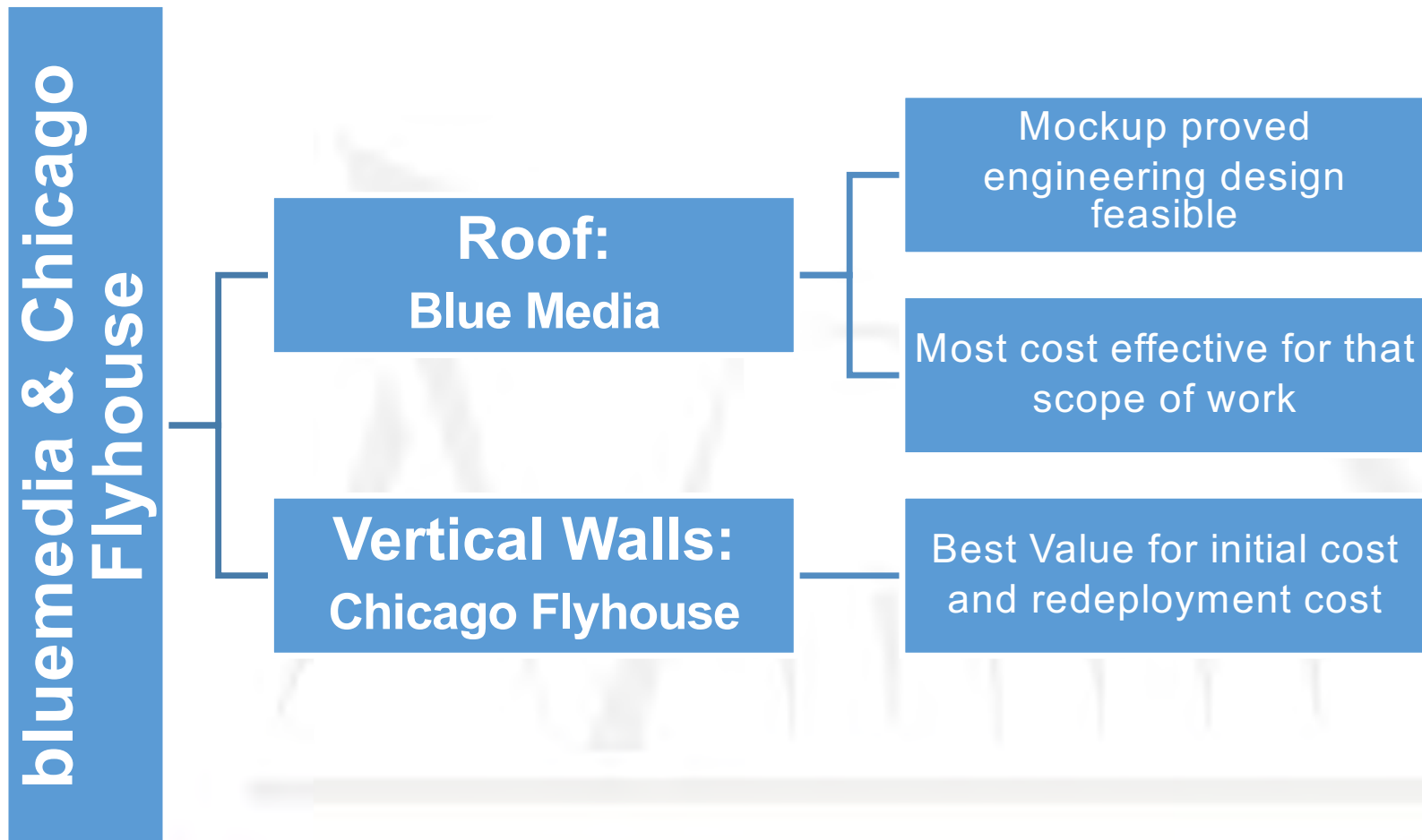
Scope of Work Bid On

	Roof	Vertical Walls	Both
Ascent	X		
bluemediac			X
Chicago Flyhouse			X
Sage Glass/Egan		X	
Gopher Stage & Lighting			X

Finalists

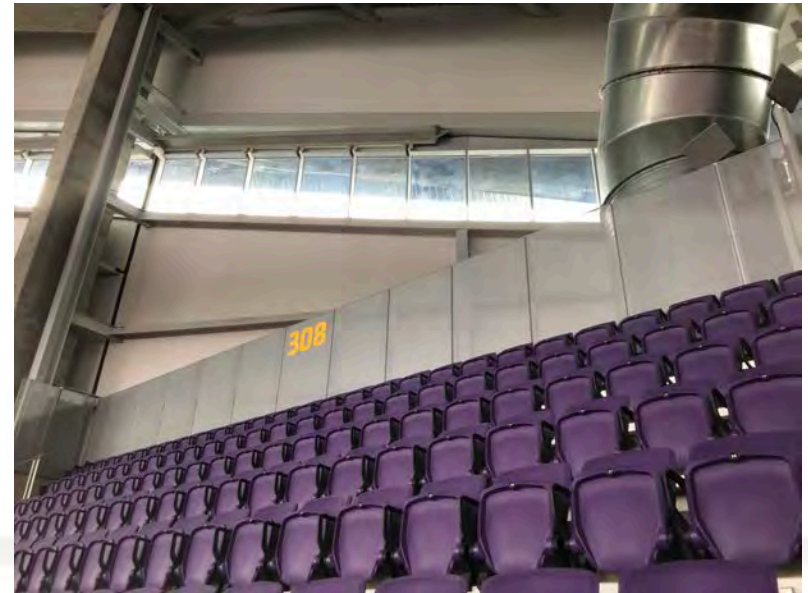
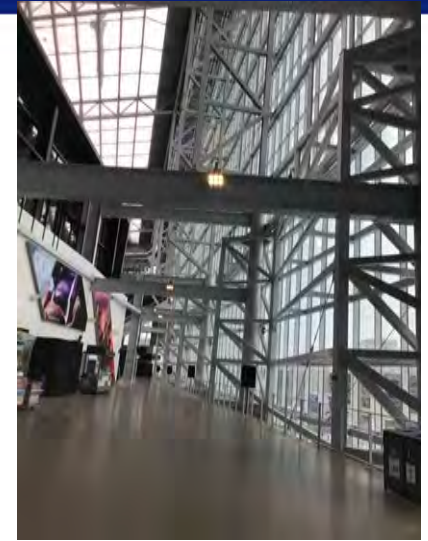
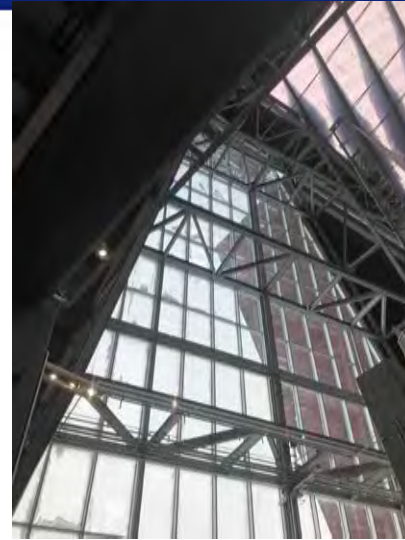


Selection of Finalists/Methodology



Chicago Flyhouse Scope of Work

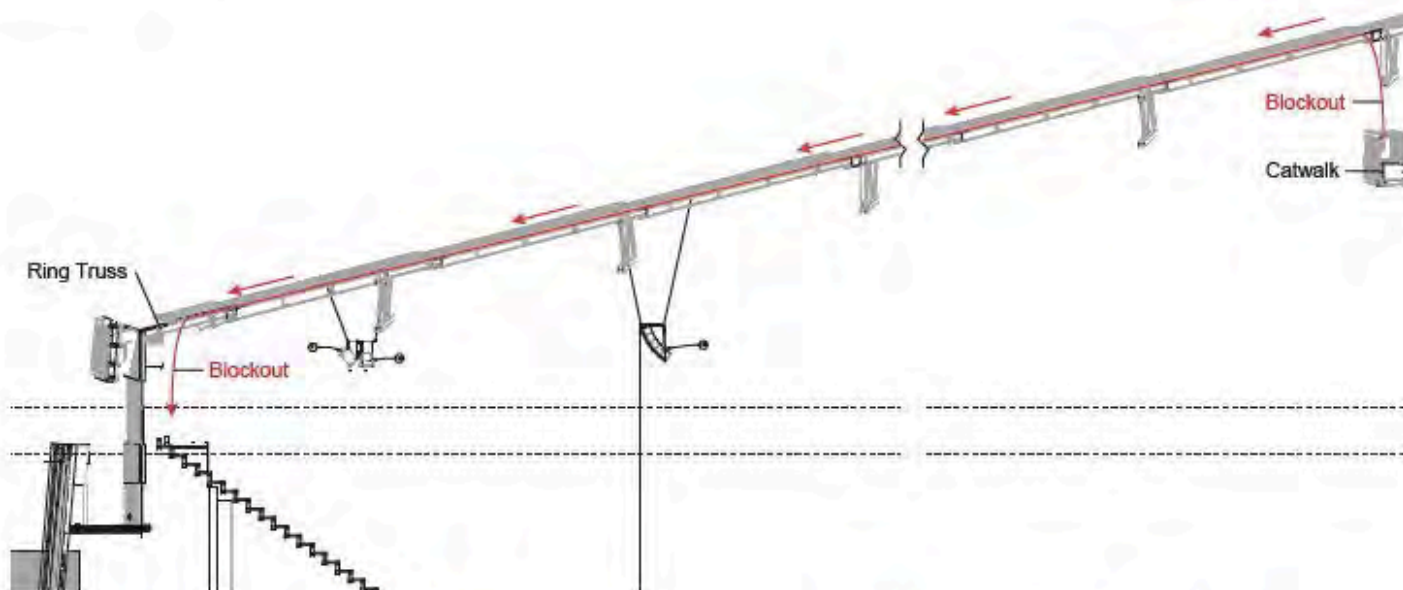
- East Windows
- West Windows/Doors
- South and North Clerestory





Scope of Services for bluemedias

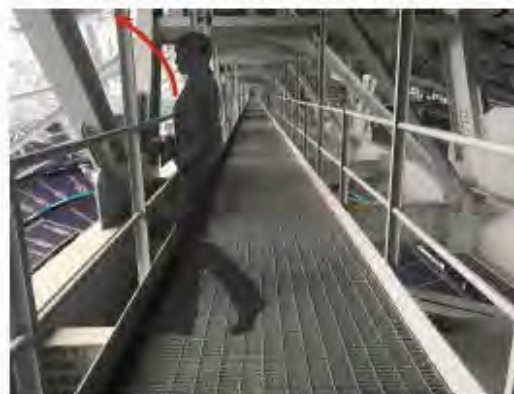


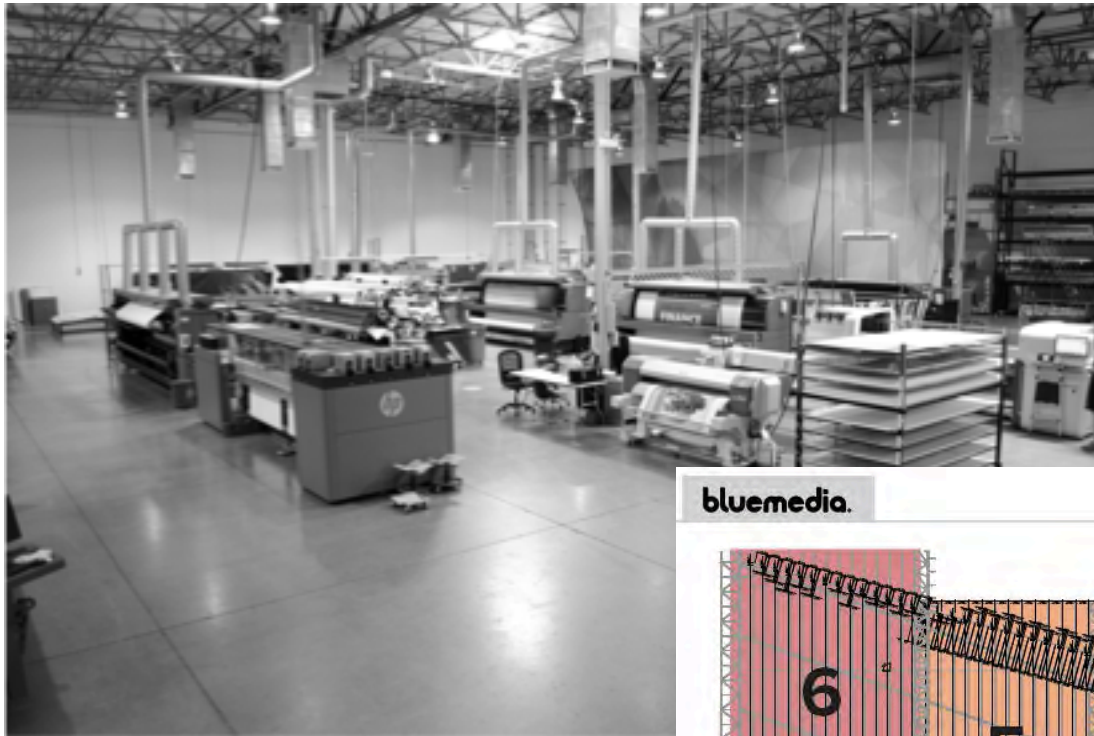


RING TRUSS RETRACTION



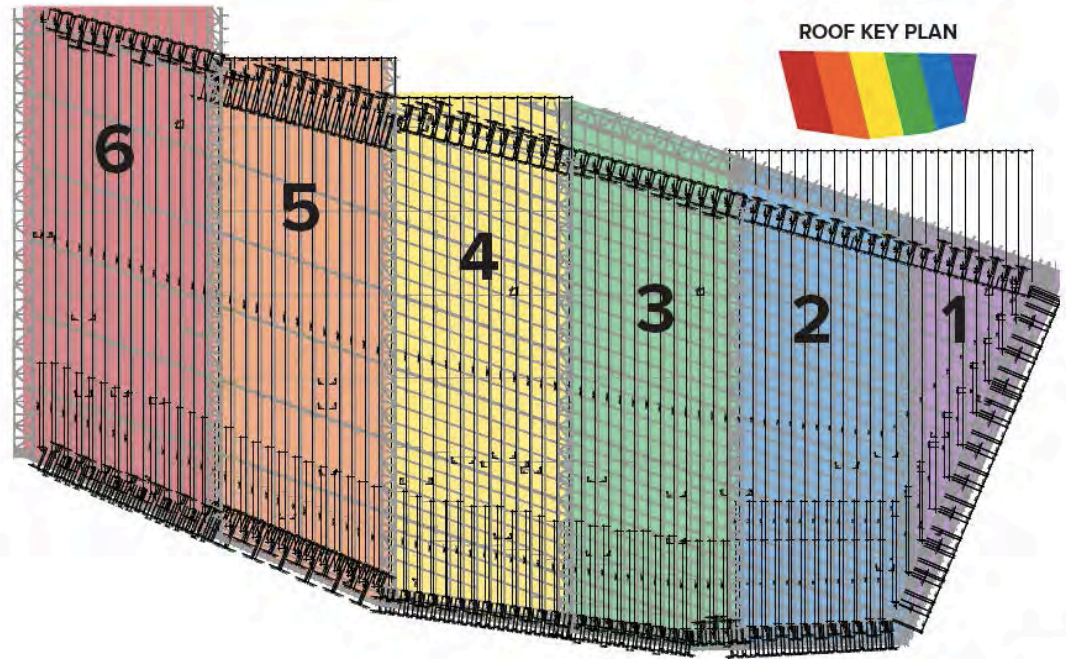
CATWALK DEPLOYMENT



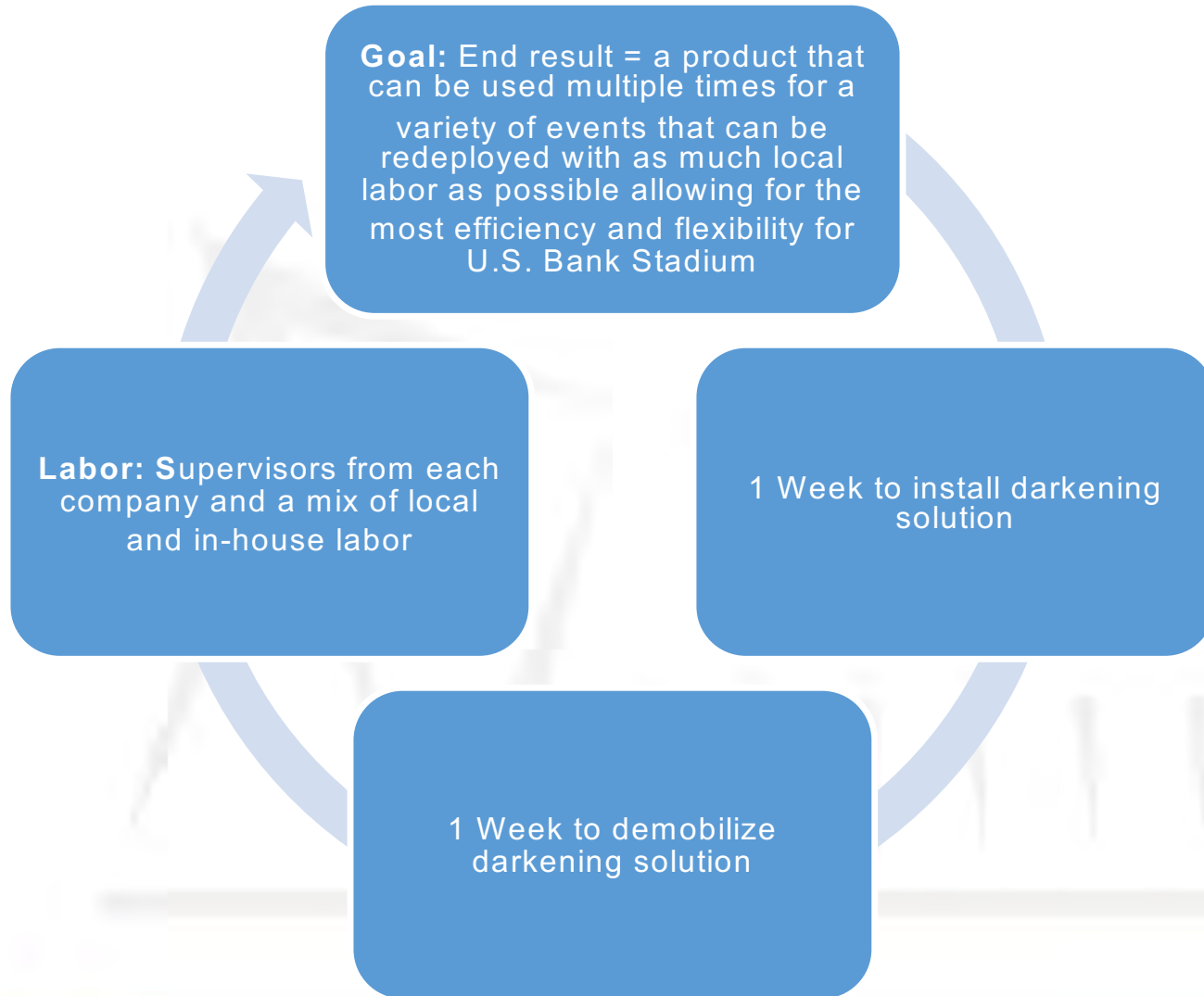


bluemediacorp.com

ROOF SECTIONS



Redeployment



Contract Values, Equity & Workforce

	Contract Value	Equity	Trades/Union
bluemia	\$3.2 Million	Committed to working with qualified MBE, WBE, VBE businesses/vendors, and work with targeted zip codes. MDHR Certificate of Workforce Compliance Submitted to MDHR	Commitment to use local labor whenever possible
Chicago Flyhouse	\$1.4 Million	Committed to working with qualified MBE, WBE, VBE businesses/vendors, and work with targeted zip codes.	Commitment to use local labor whenever possible

Summary & Next Steps

Execute Contract
by Friday, June
29, 2018

Schedule/timeline
of work in
conjunction with
Stadium events

Complete work
by March 14,
2019 in time for
NCAA Men's
Final Four 2019



EXHIBIT D

MEMORANDUM

TO: MSFA Commissioners

FROM: James Farstad, Executive Director

SUBJECT: Contract award to bluemia, Inc. and Chicago Flyhouse

DATE: June 28, 2018

On February 6, 2018, the MSFA issued a request for proposals seeking vendors to design, coordinate, supply, construct, install, commission, and test a darkening solution for U.S. Bank Stadium. The system is intended to blackout the various windows and doors, as required by various events, on a temporary and reusable basis. Since that time, staff and consultants have been engaged with various vendors to identify the best engineering and operational system.

Staff recommends the award of the contract to bluemia, Inc. for the ETFE roof solution in an amount estimated not to exceed \$3,200,000 and a separate contract to Chicago Flyhouse for the darkening solution work on the vertical wall surfaces in an estimated amount not to exceed \$1,400,000, a contingency of \$600,000 for a total project amount of \$5,200,000. Chicago Flyhouse will be partnering with Gopher State Lighting, Indy Lift Incorporated, Freight Dynamics, and Allied Electrical & Industrial to complete the work, and the targeted business participation on this project will be 9% WBE and 1% MBE.

This solution needs to be completed prior to the Final Four in April 2019. Installation of the system prior to the Final Four was a condition of the NCAA award to the local organizing committee and was included in the bid submitted by the local organizing committee. Funding for the system is consistent with the MSFA's long-range capital plan and agreements between the NCAA and the local organizing committee.

Recommended Motion: *The MSFA Board authorizes the Chair and the Executive Director to negotiate and execute a contract with bluemia, Inc. and Chicago Flyhouse, for an estimated project amount of \$5,200,000. Any remaining uncommitted funds may be used for other capital projects.*



EXHIBIT E

MEMORANDUM

TO: MSFA Commissioners

FROM: James Farstad

SUBJECT: Revisions to Procedures for Planning and Procurement of Capital Enhancements

DATE: June 28, 2018

Procurement of capital improvements to U.S. Bank Stadium is governed by both State law and internal MSFA policies and procedures. The Board-adopted "Procurement Policy" sets out the general procurement process, consistent with State law. The Procurement Policy has been in place throughout the MSFA's existence, and updated by the Board on occasion. On March 10, 2017, the Board adopted an additional document entitled Procedures for Planning and Procurement of Capital Enhancements ("Capital Procedures"). This detailed and extensive document provides for an orderly process for annual approval by the Board of an annual Capital Funding Plan and for the efficient procurement of capital improvements authorized under an approved annual Capital Funding Plan. The Capital Procedures includes detailed steps and forms that must be completed. Over the last several months, staff has been engaged in a continuous improvement process to increase efficiency of the procurement process. Revisions to the Capital Procedures will be required to implement these efficiency objectives. It will also probably be necessary to revise the Capital Procedures, at least in part, on an on-going basis in order to maintain efficiency while also complying with State law and the Procurement Policy. For these reasons, staff recommends that authority to revise the Capital Procedures should be delegated to the Chair and Executive Director, as long as all revisions are consistent with the Procurement Policy.

Recommended Motion: *The MSFA Board delegates to the Chair and the Executive Director the authority to make revisions to the Capital Procedures, as long as such revisions are consistent with the Board-adopted Procurement Policy.*



EXHIBIT F

MEMORANDUM

TO: MSFA Commissioners

FROM: James Farstad, Executive Director

SUBJECT: FY2018-2019 Salary Recommendation for MSFA Staff

DATE: June 28, 2018

The MSFA's human resources consultant, Sara Noah, researched salary data to assist in the recommendation for FY2018-2019 salary increases. Ms. Noah gathered information from published salary surveys, online public sector salary information, and she contacted various local units of government. Her research showed that published surveys projected 2018 salary budget increases of 3% to 3.2%. It also showed that two of the 2018 salary plans for the State of Minnesota had general increases of 2.25% with additional performance-based salary increases of up to 3.5% (for a total increase of up to 5.75%). The data from other metropolitan units of government had general (structure) increases of 2.0% to 2.75%, with performance or step increases of up to an additional .75% to 5% for 2018.

Based on the research data, it is recommended that the FY2018-2019 salaries be adjusted as follows:

- Director of Finance increase by 3%.
- Director of Communications increase by 3%.
- Finance Assistant increase by 3% and an additional increase of 4% due to the addition of new responsibilities for this position. The title of this position would change to Accountant and this position would be exempt.
- Project Coordinator increase by 3% and an additional increase of 3.5% due to addition of new responsibilities for this position.

The MSFA has an estimated annualized salary expense of \$607,728 for fiscal year 2018-2019 which includes the salaries for: MSFA Chair, Executive Director, Director of Finance, Director of Communications, Finance Assistant/Accountant, and Project Coordinator. The cost of the recommendation for the 2018-2019 salary increases is \$15,883.

Recommended Motion: *The MSFA approves a salary structure increase of 3% for the four MSFA staff positions listed above, and an additional increase of 4% for the Finance Assistant/Accountant position and an additional increase of 3.5% for the Project Coordinator position, effective July 1, 2018.*



EXHIBIT G
MEMORANDUM

TO: MSFA Commissioners

FROM: James Farstad, Executive Director
Mary Fox-Stroman, Director of Finance

SUBJECT: 2018-2019 Budget

DATE: June 28, 2018

Attached is the 2018-2019 Budget for the fiscal period from July 1, 2018 to June 30, 2019 for the Operating account, Capital Reserve account, and the Concession Capital Reserve account. The budget includes a narrative that presents highlights of each account and the line item budget.

Also, attached is a memo describing SMG's Fiscal Year 2018-2019 Operating Budget for U.S. Bank Stadium and the line item budget.

Recommended Motion: *The MSFA Board adopts the attached 2018-2019 Budget for the fiscal period from July 1, 2018 through June 30, 2019 for the operating account, the capital reserve account, and the concession capital reserve account. The MSFA authorizes the Chair and the Executive Director to make adjustments to the detailed revenue and expense budget lines within the operating account budget and to adjust the project budgets within the capital reserve project budget and concession capital project budget.*

MINNESOTA SPORTS FACILITIES AUTHORITY

2018-2019 BUDGET

SUMMARY

U.S. Bank Stadium will begin its third year of operations on July 1, 2018. Attached is the Fiscal Year 2018-2019 Budget for the period from July 1, 2018 through June 30, 2019. The budget includes three accounts, the operating account, capital reserve account, and concession capital account, and highlights of each account are discussed below.

OPERATING ACCOUNT

Operating Revenues

Budgeted revenues for the operating account consist of the following five revenue sources:

State of Minnesota operating revenues	\$ 6,484,384
Minnesota Vikings operating revenues	\$ 9,017,650
Stadium operating revenues-SMG	\$ 32,667,250
NCAA Mens Final Four Concessions	\$ 1,800,000
Miscellaneous revenues	\$ 64,200
Total budgeted operating revenues	<u>\$ 50,033,484</u>

Operating Expenses

Budgeted expenses for the operating account include the following uses:

Personal services	\$ 815,370
Professional services	\$ 1,864,450
Supplies, network support costs	\$ 221,000
Stadium contractual commitments	\$ 857,641
Insurance	\$ 190,916
Event cabin license fee	\$ 300,000
NCAA Mens Final Four event expenses	\$ 6,492,588
Miscellaneous expenses	\$ 516,668
Stadium operating expenses-SMG and SMG fee	<u>\$40,720,144</u>
Total budgeted operating expenses	<u>\$51,978,777</u>

Personal Services

The personal services budget includes the Chair's salary and the salaries and benefits for the following five full-time MSFA employees:

MSFA Personnel (full-time positions)

Executive Director	1.0
Director of Finance	1.0
Director of Communications	1.0
Accountant	1.0
Project Coordinator	<u>1.0</u>
Total full-time positions	<u>5.0</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
- Document Management Consulting
- Employment Assistance Services
- Environmental and Engineering Services
- Financial Accounting, Auditing and Consulting Services
- Human Resources Consulting
- Investment Management Services
- Planning 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, crime insurance, and cyber liability. It also includes garage keepers liability insurance for the leased parking areas.

NCAA Mens Final Four Event Expenses

The NCAA Mens Final Four Event expenses includes cost for preparation and hosting the three NCAA Mens' Final Four Basketball games at U.S. Bank Stadium.

Miscellaneous

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

Nonoperating revenues/(expenses)

Non operating revenues/(expenses) include the following:

Revenues - Investment income	\$ 60,000
Revenues - Taxes - State of Minnesota	\$1,854,554
Expenses-Stadium project expenses	<u>(\$ 210,000)</u>
Net Nonoperating revenues	<u>\$1,704,554</u>

Transfers

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

Account Balance

Beginning account balance	\$ 7,578,252
Change in account balance	<u>(\$1,240,739)</u>
Ending account balance	<u>\$ 6,337,513</u>

Attached is SMG's Fiscal Year 2018-2019 Operating Budget for U.S. Bank Stadium and a detailed memo describing its operations for Year 3.

CAPITAL RESERVE ACCOUNT

Capital Reserve Revenues:

The capital reserve account has total budgeted revenues of \$5,076,080 as described below:

Minnesota Vikings capital payment	\$1,639,091
State of Minnesota capital payment	\$1,636,989
Minnesota LOC 2019 NCAA Final Four Contributions	<u>\$1,800,000</u>
Total capital reserve revenues	<u>\$5,076,080</u>

- Per the terms of the Stadium Use Agreement between the MSFA and the Minnesota Vikings Football Stadium, LLC (Stadco), Stadco was 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, \$1,591,350 in 2018, and the estimated contribution for 2019 is \$1,639,091.
- 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, \$1,524,597 in 2017, \$1,589,310 in 2018, and the estimated amount for 2019 from the State of Minnesota is \$1,639,989.

- The Minnesota Local Organizing Committee (LOC) for the 2019 NCAA Mens Final Four has committed to contributing \$1,800,000 toward the payment for the Darkening Solution capital project.

Capital Reserve Expenses:

The 2017-2018 capital reserve account budget included 100 projects, however, not all of the budgeted project funds will be expended by June 30, 2018. Therefore, the unspent funds at June 30, 2018 need to be rolled forward.

Amended 2017-2018 Budget	\$3,769,231.00
Capital project funds spent through 6/27/2018	<u>(\$1,807,168.66)</u>
Balance to Roll Forward	<u>\$1,962,062.34</u>

In addition, in the 2018-2019 budget there are ten new planned capital projects and an unspecified project budget that total \$6,950,000 as listed below. Staff will present a project budget request for the unspecified projects and the Team Designed projects at a subsequent MSFA board meeting.

	<u>Budget</u>
Capital Budget Roll Forward	<u>\$1,962,063</u>
New Capital Projects:	
Darkening Solution	\$5,200,000
ADA Seating platform modifications	\$250,000
ADA Door modifications	\$ 20,000
Additional security cameras Phase 1	\$ 50,000
AMP Room modifications	\$ 130,000
Cooling in Food service pantries	\$ 75,000
Gates and Locks at Restroom locations Phase 1	\$ 50,000
Exterior Gate and Canopy project-Phase 1	\$ 75,000
Project budgets unspecified	\$ 250,000
Water infiltration system improvement	\$ 100,000
Team Designated Projects	<u>\$ 750,000</u>
Total 2018-2019 Capital Expenses	<u>\$6,950,000</u>
Total Capital Reserve Expenses	<u>\$8,912,063</u>

Transfers

Budgeted transfers include:

Transfer from the operating account	\$1,000,000
Transfer from the concession capital reserve account	<u>\$ 600,000</u>
Total Transfers	<u>\$1,600,000</u>

Account Balance

Beginning account balance	\$5,108,122
Change in account balance	<u>(2,235,983)</u>
Ending account balance	<u>\$2,872,139</u>

CONCESSION CAPITAL RESERVE ACCOUNT

Concession Capital Reserve Revenues:

Aramark Sports and Entertainment (Aramark), is the catering and concessionaire at U.S. Bank Stadium, and they are obligated to pay 2.5% of gross sales to the MSFA on a monthly basis for the concession capital reserve account. The 2018-2019 budget includes budgeted revenues of \$850,000. These funds are designated for concession related capital projects as described below.

Concession Capital Reserve Expenses

The 2017-2018 concession capital reserve account budget included 31 projects, however, not all of the budgeted project funds will be expended by June 30, 2018. Therefore, the unspent funds at June 30, 2018 need to be rolled forward.

Amended 2017-2018 Budget	\$2,638,944.00
Concession capital project funds spent through 6/27/2018	<u>(\$1,803,889.56)</u>
Balance to Roll Forward	<u>\$835,054.44</u>

In addition, in the 2018-2019 budget there is a budget of \$250,000 for new unspecified concession capital projects. Staff will present a project budget request for the unspecified concession capital projects at a subsequent MSFA board meeting.

	<u>Budget</u>
Capital Budget Roll Forward	<u>\$ 835,055</u>
New Concession Capital Projects – unspecified	<u>\$ 250,000</u>
Total Concession Capital Reserve Expenses	<u>\$1,085,055</u>

Transfers

Budgeted transfers include:

Transfer to the Capital Reserve account	<u>\$ 600,000</u>
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Account Balance

Beginning account balance	\$1,471,951
Change in account balance	<u>(\$ 835,055)</u>
Ending account balance	<u>\$ 636,896</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 Chair and Executive Director have the authority to make line item budget adjustments within an account and to establish and adjust budget line items.

MINNESOTA SPORTS FACILITIES AUTHORITY
YEAR 2018-2019 BUDGET
July 1, 2018 to June 30, 2019

Operating Account		Budget 2019
Revenues:		
Stadium operating payments		
State of Minnesota operating payment	\$	6,484,384
Minnesota Vikings operating payment	\$	9,017,650
Stadium operating revenue-SMG	\$	32,667,250
NCAA Final Four concessions	\$	1,800,000
Miscellaneous revenues	\$	64,200
	Total revenues	\$ 50,033,484
Expenses:		
Personal services	\$	815,370
Professional services	\$	1,864,450
Travel and meetings	\$	16,000
Supplies and network administration	\$	221,000
Rent, stadium contractual commitments and leases	\$	857,641
Insurance	\$	190,916
Communication	\$	5,520
Miscellaneous and marketing	\$	495,148
NCAA Final Four event expense	\$	6,492,588
Event cabin license fee	\$	300,000
Stadium operating expenses-SMG and SMG fee \$530,803	\$	40,720,144
	Total expenses	\$ 51,978,777
	Operating income/(loss)	\$ (1,945,293)
Nonoperating revenues/(expenses):		
Revenues-Investment earnings	\$	60,000
Revenues-Taxes-State of Minnesota	\$	1,854,554
Expenses-Stadium project costs	\$	(210,000)
	Total nonoperating revenues/(expenses)	\$ 1,704,554
	Net income	\$ (240,739)
Transfers:		
Transfer to Capital Reserve fund	\$	(1,000,000)
	Change in Account Balance	\$ (1,240,739)
	Beginning Operating Account Balance	\$ 7,578,252
	Ending Operating Account Balance	\$ 6,337,513

Capital Reserve Account		
Revenues:		
Minnesota Vikings Capital Cost payment	\$	1,639,091
State of Minnesota Capital payment	\$	1,636,989
Minnesota NCAA LOC Final Four 2019 Contribution	\$	1,800,000
	Total revenues	\$ 5,076,080
Capital expenses	\$	8,912,063
	Net Income/(loss)	\$ (3,835,983)
Transfers:		
Transfer from Operating Account	\$	1,000,000
Transfer from Concession Capital Account	\$	600,000
	Total transfers	\$ 1,600,000
	Change in Account Balance	\$ (2,235,983)
	Beginning Capital Reserve Account Balance	\$ 5,108,122
	Ending Capital Reserve Account Balance	\$ 2,872,139

Concession Capital Reserve Account		
Revenues:		
Concession Capital Reserve payment	\$	850,000
	Total revenues	\$ 850,000
Expenses		
	\$	1,085,055
	Net Income/(loss)	\$ (235,055)
Transfers:		
Transfer to Capital Reserve Account	\$	(600,000)
	Change in Account Balance	\$ (835,055)
	Beginning Concession Capital Reserve Account Balance	\$ 1,471,951
	Ending Concession Capital Reserve Account Balance	\$ 636,896



**2018-2019 U.S. Bank Stadium
SMG Operating Budget Highlights
July 1, 2018 – June 30, 2019**

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 \$4.2 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 \$150,000 for the year. Service Income represents the revenue to the Stadium for the services required to hold these events and could include security, guest experience, medical staff, police, traffic control and housekeeping.

Other Event Income

The Stadium has budgeted \$5.4 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 \$1.5 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 contractual 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 \$9.0 and \$6.2 million respectively.

Operating Expenses

Operating Expenses consist primarily of Personnel Costs of \$5.8 million and estimated Utilities of \$4.9 million. Contracted Services of \$2.1 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 could include security, guest experience, medical staff, police, traffic control and housekeeping.

	Total
Event Income	
Direct Event Income	
Rental Income	4,206,044
Food and Beverage Commissions	5,160,490
Novelty Sales	150,000
Minnesota Vikings Event Day Reimbursement	5,000,000
Service Income	11,311,014
Total Direct Event Income	25,827,548
Other Event Income	
Stadium Tour Income	507,500
Ticket Related Income	4,078,904
Facility Fees	788,559
Total Other Event Income	5,374,963
Communications, Signage, and Other	1,464,739
Total Event Income	32,667,250
Other Income	
Minnesota Vikings Rent	9,017,650
Operating Payment per Section 473J.13, Subd. 2(b)	6,198,401
Total Other Income	15,216,051
Adjusted Gross Income	47,883,301
Operating Expenses	
Personnel Costs	5,841,289
Contracted Services	1,654,800
General and Administrative	2,009,506
Operations, Repairs & Maintenance	3,717,871
Minnesota Vikings Event Day Expenses	5,000,000
Service Expenses	17,088,873
Utilities	4,877,002
Total Operating Expenses	40,189,341
Net Income (Loss) From Operations	7,693,960



June 28, 2018

EXHIBIT H
MEMORANDUM

TO: MSFA Commissioners

FROM: James Farstad, Executive Director
Mary Fox-Stroman, Director of Finance

SUBJECT: Contract Award to CliftonLarsonAllen LLP

In the spring of 2018, Chair Vekich met with staff from the Minnesota Office of the Legislative Auditor (OLA) and discussed future audit services for the MSFA. The OLA determined that the OLA would not conduct the upcoming financial audit and that the MSFA should engage a private independent audit firm to conduct the audit. The OLA plans to review the MSFA's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2018 and future years reports including the independent audit report.

On May 23, 2018 the MSFA published a Request for Proposals (RFP) for Professional Audit Services on the MSFA's website. The RFP defined the audit services and requested that the independent auditor express an opinion on the fair presentation of the MSFA's basic financial statements in conformity with governmental accounting principles generally accepted in the United States of America. The basic financial statements are included in the MSFA's CAFR. The auditor is not required to audit the statistical and required supplementary information sections of the CAFR. The auditor is required to perform certain limited procedures involving the required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards. The RFP stated that a three-year contract was contemplated.

Three proposals were received in response to the RFP. Staff recommends that the MSFA award the contract to CliftonLarsonAllen LLP (CLA) as their proposal demonstrated that the firm has extensive governmental auditing experience, strong technical qualifications, and CLA provided the lowest proposed fee. CLA's proposed fee for a three-year contract was:

Fiscal Year End Audit 6/30/2018	\$ 52,250
Fiscal Year-End Audit 6/30/2019	\$ 53,125
Fiscal year-End Audit 6/30/2020	<u>\$ 54,000</u>
Total	<u>\$159,375</u>

Recommended Motion: The MSFA Board authorizes the Chair and the Executive Director to execute a contract with CliftonLarsonAllen LLP for a contract amount of \$159,375 for professional audit services for a three-year commitment for MSFA's fiscal years-ending June 30, 2018, June 30, 2019, and June 30, 2020.



June 28, 2018

EXHIBIT I

MEMORANDUM

TO: MSFA Commissioners

FROM: James Farstad and Mary Fox-Stroman

SUBJECT: 3rd Quarter Budget Report – March 31, 2018

Attached are two budget reports. First, is the fiscal year 2017-2018 budget report for the nine-month period ending March 31, 2018 for the operating account, capital reserve account, and concession capital reserve account. Second, is the project-to-date budget report for the U. S. Bank Stadium project trust account from project inception through March 31, 2018.

Operating Account

The operating account is used to account for MSFA operations including SMG's operation of U.S. Bank Stadium. Following is a summary of the fiscal year 2017-2018 operating account activities for the nine months ending March 31, 2018:

Operating revenues	\$33,977,405
Operating expenses	<u>(\$33,700,573)</u>
Operating income	\$ 276,832
Net nonoperating revenues	<u>\$ 1,685,084</u>
Change in account balance	\$ 1,961,916
Beginning account balance	<u>\$ 6,170,730</u>
Ending account balance	<u><u>\$ 8,132,646</u></u>

Capital Reserve Account

A capital reserve account is used to account for U.S. Bank Stadium capital improvements. Following is a summary of the fiscal year 2017-2018 capital reserve account activities for the nine months ending March 31, 2018:

Capital reserve revenues	\$3,180,660
Capital reserve expenses	<u>(\$1,427,742)</u>
Change in account balance	\$1,752,918
Beginning account balance	<u>\$4,034,631</u>
Ending account balance	<u><u>\$5,787,549</u></u>

Concession Capital Reserve Account

The concession capital reserve account is used to account for concession capital improvements at U.S. Bank Stadium. Following is a summary of the fiscal year 2017-2018 concession capital reserve account activities for the nine months ending March 31, 2018:

Concession capital reserve revenues	\$ 864,761
Concession capital reserve expenses	<u>(\$1,471,430)</u>
Change in account balance	\$ (606,669)
Beginning account balance	<u>\$ 711,080</u>
Ending account balance	<u><u>\$ 104,411</u></u>



U.S. Bank Stadium Project Trust Account

The project trust account was established to account for construction of U.S. Bank Stadium. The attached budget report presents the project budget, actual revenues and expenses from 2012 to 2017, fiscal year 2017-2018 activities for the nine months ending March 31, 2018, and project-to-date totals. Following is a high-level summary of the U.S. Bank Stadium project trust account activities through March 31, 2018:

U.S. Bank Stadium Project Trust Account:

	<u>Project Budget</u>	<u>7/1/17-3/31/2018</u>	<u>Project-to-Date</u>
Project revenues:			
Noncapital contributions		\$ 972,578	\$ 18,973,990
Capital contributions	<u>\$1,131,753,337</u>	<u>\$1,062,148</u>	<u>\$1,097,936,656</u>
Total revenues	\$1,131,753,337	\$2,034,726	\$1,116,910,646
Project expenses	<u>(\$1,131,753,337)</u>	<u>(\$2,034,726)</u>	<u>(\$1,118,147,051)</u>
Income	\$ -	\$ -	(\$ 1,236,405)
NonOperating Income/(Expense):			
Interest income		\$ 266	\$ 7,253
SBL sales revenues		\$3,253,735	\$ 25,000,000
SBL sales expenses		<u>(\$1,217,541)</u>	<u>(\$ 22,963,806)</u>
Net NonOperating income	\$ -	\$ 2,036,460	\$ 2,043,447
Net transfers		-	<u>\$ 1,236,405</u>
Change in account balance	\$ -	\$2,036,460	\$ 2,043,447
Beginning account balance	\$ -	<u>\$ 6,987</u>	-
Ending account balance	\$ -	<u>\$ 2,043,447</u>	<u>\$ 2,043,447</u>



SUMMARY OF CASH AND INVESTMENTS as of March 31, 2018	
Cash and Cash Equivalents:	
U. S. Bank - operating account	\$2,051,849.18
U.S. Bank - payroll account	\$1,000.25
U.S. Bank - SMG managed pre-opening account	\$62,268.82
U.S. Bank – SMG managed accounts – operating account, box office account, and event marketing account	\$23,020,285.15
U.S. Bank-Trust accounts for construction project*	\$1,010,229.70
Total Cash and Cash Equivalents	\$26,145,633.10
Investments:	
U.S. Bank investment account	\$10,919,657.25
Total Investments	\$10,919,657.25

* This account includes interest income and funds received from the OCIP insurance carrier for the unspent portion of the loss reserve fund. The balance in the cash account for the returned loss reserve funds is \$1,002,832.71.

MINNESOTA SPORTS FACILITIES AUTHORITY
 Budget Report for Fiscal Year 2017-2018
 Operating Account, Capital Reserve Account, Concession Capital Reserve Account
 Q3 - July 1, 2017 to March 31, 2018

	Annual Budget	7/1/17-03/31/2018 Actual
Operating Account		
Operating Revenues:		
Stadium Operating Revenues:		
State of Minnesota Operating Revenues	\$ 6,198,387	\$ 4,573,791
Minnesota Vikings Operating Revenues	\$ 8,755,000	\$ 6,566,247
Revenues from Stadium Operations	\$ 24,198,063	\$ 22,659,162
Miscellaneous Revenues	\$ 51,679	\$ 178,205
Total Operating Revenues	<u>\$ 39,203,129</u>	<u>\$ 33,977,405</u>
Operating Expenses:		
Personal Services	\$ 912,400	\$ 520,017
Professional Services	\$ 2,049,837	\$ 1,895,838
Supplies and Network Administration and Support	\$ 219,000	\$ 178,558
Stadium Contractual Commitments and Leases	\$ 789,231	\$ 931,380
Insurance	\$ 216,200	\$ 168,702
NFL Reimbursement for Sales Tax Exemption	\$ 1,600,000	\$ -
Super Bowl LII	\$ 1,000,000	\$ -
Miscellaneous	\$ 455,124	\$ 418,433
Expenses from Stadium Operations	\$ 31,203,276	\$ 29,587,645
Total Operating Expenses	<u>\$ 38,445,068</u>	<u>\$ 33,700,573</u>
Operating Income	<u>\$ 758,061</u>	<u>\$ 276,832</u>
Nonoperating Revenues/(Expenses):		
Investment Earnings	\$ 30,000	\$ 55,091
Taxes-State of Minnesota	\$ 1,859,793	\$ 1,854,554
Commemorative Brick revenues	\$ -	\$ 387,850
Commemorative Brick expenses	\$ -	\$ (194,229)
Stadium project expenses	\$ -	\$ (418,182)
Total Nonoperating Revenues	<u>\$ 1,889,793</u>	<u>\$ 1,685,084</u>
Net Income before Transfers	<u>\$ 2,647,854</u>	<u>\$ 1,961,916</u>
Transfers:		
Transfer to Capital Reserve Account	\$ (1,400,000)	\$ -
Change in Account Balance	<u>\$ 1,247,854</u>	<u>\$ 1,961,916</u>
Beginning Operating Account Balance	<u>\$ 6,170,730</u>	<u>\$ 6,170,730</u>
Ending Operating Account Balance	<u>\$ 7,418,584</u>	<u>\$ 8,132,646</u>
Capital Reserve Account		
Revenues:		
Minnesota Vikings Capital Revenues	\$ 1,591,350	\$ 1,591,350
State of Minnesota Capital Revenues	\$ 1,549,597	\$ 1,589,310
Total Revenues	<u>\$ 3,140,947</u>	<u>\$ 3,180,660</u>
Capital Expenses:		
Capital Expenses:	\$ 3,769,231	\$ 1,427,742
Total Capital Expenses	<u>\$ 3,769,231</u>	<u>\$ 1,427,742</u>
Net Income before Transfers	<u>\$ (628,284)</u>	<u>\$ 1,752,918</u>
Transfers:		
Transfer from Operating Account	\$ 1,400,000	\$ -
Transfer to Concession Capital Reserve Account	\$ (1,700,000)	\$ -
Total Transfers	<u>\$ (300,000)</u>	<u>\$ -</u>
Change in Account Balance	<u>\$ (928,284)</u>	<u>\$ 1,752,918</u>
Beginning Capital Reserve Account Balance	<u>\$ 4,034,631</u>	<u>\$ 4,034,631</u>
Ending Capital Reserve Account Balance	<u>\$ 3,106,347</u>	<u>\$ 5,787,549</u>
Concession Capital Reserve Account		
Revenues:		
Concession Capital Reserve Revenues (2.5%)	\$ 850,000	\$ 864,761
Total Revenues	<u>\$ 850,000</u>	<u>\$ 864,761</u>
Capital Expenses:		
Capital Expenses:	\$ 2,638,944	\$ 1,471,430
Total Capital Expenses	<u>\$ 2,638,944</u>	<u>\$ 1,471,430</u>
Net Income/(Loss) before Transfers	<u>\$ (1,788,944)</u>	<u>\$ (606,669)</u>
Transfers:		
Transfer from Capital Reserve Account	\$ 1,700,000	\$ -
Change in Account Balance	<u>\$ (88,944)</u>	<u>\$ (606,669)</u>
Beginning Concession Capital Reserve Account Balance	<u>\$ 711,080</u>	<u>\$ 711,080</u>
Ending Concession Capital Reserve Account Balance	<u>\$ 622,136</u>	<u>\$ 104,411</u>

MINNESOTA SPORTS FACILITIES AUTHORITY
 BUDGET REPORT - PROJECT-TO-DATE
 U.S. BANK STADIUM PROJECT - TRUST ACCOUNT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN ACCOUNT BALANCE

US BANK STADIUM PROJECT	Project Budget	2012	2013	2014	2015	2017 (18-Month)	Q3-2018	Total Project-to-Date
		Actual 08/01/12-12/31/12	Actual 1/1/13-12/31/13	Actual 1/1/14-12/31/14	Actual 1/1/15-12/31/15	Actual 1/1/16-6/30/17	Actual 7/1/17-3/31/18	
Revenues								
Miscellaneous Revenues								
Non-Capital Contributions	\$ -	\$ 833,181	\$ 588,346	\$ 6,328,588	\$ 1,145,445	\$ 9,105,852	\$ 972,578	\$ 18,973,990
	-	833,181	588,346	6,328,588	1,145,445	9,105,852	972,578	18,973,990
Expenses								
Miscellaneous Expenses								
Noncapitalizable project expenses	-	833,181	588,346	6,315,692	1,169,692	9,555,450	988,259	19,450,620
Capital improvement expenses-U.S. Bank Stadium Project*								
Site Acquisition & Improvements	59,287,658	-	751,515	26,615,655	19,778,489	6,045,323	760,407	53,951,389
Construction Costs	909,756,576	-	15,902,234	274,863,786	441,952,844	163,667,866	-	896,386,730
Furnishings, Fixtures & Equipment	66,862,580	-	-	-	13,580,888	51,912,633	-	65,493,521
Development Costs	87,985,993	2,546,938	24,355,589	23,927,104	13,318,815	7,373,847	301,741	71,824,034
Other Project Costs	7,118,520	-	-	-	14,170	99,123	-	113,293
Project Contingency	742,010	-	-	-	-	-	-	-
Earnest deposit on Downtown East Parking Garage	-	-	855,000	(855,000)	-	-	-	-
Prepaid project insurance	-	-	10,649,497	317,895	(24,247)	-	(15,681)	10,927,464
Subtotal expenses	1,131,753,337	3,380,119	53,102,181	331,185,132	489,790,651	238,654,242	2,034,726	1,118,147,051
Income/(loss)	(1,131,753,337)	(2,546,938)	(52,513,835)	(324,856,544)	(488,645,206)	(229,548,390)	(1,062,148)	(1,099,173,061)
Nonoperating revenues/(expenses):								
Interest	-	-	-	2,882	219	3,886	266	7,253
SBL sales revenues	-	-	3,426,786	5,564,687	6,483,069	6,271,723	3,253,735	25,000,000
SBL expenses	-	-	(3,426,786)	(5,564,687)	(6,483,069)	(6,271,723)	(1,217,541)	(22,963,806)
Subtotal nonoperating revenues/(expenses)	-	-	-	2,882	219	3,886	2,036,460	2,043,447
Capital Contribution	1,131,753,337	2,546,938	52,513,835	324,869,440	488,645,206	228,299,089	1,062,148	1,097,936,656
Operating Transfer From/(To):								
Operating transfer from Operating account	-	-	-	1,523	-	1,985,405	-	1,986,928
Operating transfer to Operating account	-	-	-	(14,419)	-	(736,104)	-	(750,523)
Subtotal operating transfer from/(to)	-	-	-	(12,896)	-	1,249,301	-	1,236,405
Change in Account Balance	-	-	-	2,882	219	3,886	2,036,460	2,043,447
Beginning Account Balance	-	-	-	-	2,882	3,101	6,987	-
Ending Account Balance	\$ -	\$ -	\$ -	\$ 2,882	\$ 3,101	\$ 6,987	\$ 2,043,447	\$ 2,043,447

