



MINNESOTA SPORTS FACILITIES AUTHORITY MEETING MINUTES
THURSDAY, OCTOBER 3, 2013, 5:00 P.M.

Hubert H. Humphrey Metrodome, Halsey Hall Room
900 South 5th Street, Minneapolis, MN 55415

1. CALL TO ORDER

Chair Michele Kelm-Helgen called the meeting of the Minnesota Sports Facilities Authority to order at 5:00 PM.

2. ROLL CALL

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

Commissioners Absent: Commissioner Griffith

3. ADOPTION OF AGENDA

Chair Kelm-Helgen presented the agenda. Commissioner Benson moved approval of the agenda, seconded by Commissioner McCarthy and approved unanimously – 4 YEAS, 0 NAYS.

APPROVED

4. APPROVAL OF AUTHORITY MEETING MINUTES

Approval of Authority Minutes for Regular Meeting of August 23, 2013 and for Special Meeting of September 4, 2013. Commissioner Butts Williams moved approval of the August 23, 2013 Regular Meeting Minutes and the September 4, 2013 Special Meeting Minutes, seconded by Commissioner Benson and approved unanimously – 4 YEAS, 0 NAYS.

APPROVED



5. CHAIR'S REPORT

Chair Kelm-Helgen did not offer a report for this meeting.

6. BUSINESS

a. Report Items

i. Employment Assistance Firm Contract

On April 19, 2013, the Minnesota Sports Facilities Authority (Authority) issued a Request for Proposals (RFP) for an Employment Assistance Firm in accordance with Minn. Stat. § 473J.12. In May 2013, the Authority received one proposal from Summit Academy OIC. In July, the Authority board authorized the Chair and CEO/Executive Director to finalize negotiations and enter into contracts upon completion as outlined above with Summit Academy and its partners. The Authority representatives have completed negotiations and have finalized terms on the contract by and between Summit Academy.

Summit Academy has partnered with seventeen (17) organizations to provide a comprehensive response to the Authority's RFQ/RFP. The agreed upon terms of the contract are detailed as the following:

1. Mortenson Construction and its subcontractors will provide an updated workforce projection.
2. This projection will also be assessed by the associated labor unions.
3. Summit Academy will respond to the workforce projection(s) directed by the Authority.
4. Summit Academy will be compensated for the administrative burden that this project will require.
5. Summit Academy will initiate their projection response via an outreach effort.
6. The outreach efforts will yield either a trained or untrained potential worker.
7. Trained workers will queue in the workforce system, available to all subcontractors.
8. Untrained workers will be trained. Summit Academy will be compensated for the training.
9. When training is complete, the new graduates will enter the queued workforce system to anticipate placement.
10. Employment placement services will also be compensated through this project.
11. Project Manager for this contract will be the Equity Director of the Authority.

The potential of this contract is a method which will provide a system for the community to directly correlate and respond to the workforce needs being faced statewide in the construction industry. The Authority and Team have allocated a maximum of \$700,000 towards this contract. However, there are current efforts underway where Mortenson Construction and others have committed a significant investment towards the success of meeting and/or exceeding the 32% minority and 6% women workforce goals established by the state of Minnesota.

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



b. Action Items

i. Authorize Negotiations/Contract for Real Estate Title Insurance & Related Services

The Minnesota Sports Facilities Authority (Authority), in collaboration with the Minnesota Vikings (Team), solicited proposals for real estate title insurance and related services. The Request for Proposals (RFPs) was issued on September 17, 2013. Three proposals were received on October 2, 2013. The Authority and the Team named a selection committee to review the proposals and determine if interviews are necessary. The selection criteria include: capacity to handle a project of this magnitude, capitalization/financial strength, long-term credit rating, processing and reporting systems, experience and location of staff, and cost.

In order for the Team to complete their financing for the stadium project by November 1, 2013, this selection needs to be completed on or before October 7, 2013. The selection will be contingent upon negotiation of a final contract. Based on successful conclusion of these negotiations, the authority to execute the contract is placed with the Authority's Chair and CEO/Executive Director.

Recommendation: The Authority delegates to the Chair and CEO/Executive Director its authorization to award the contract for real estate title insurance and related services. A report on the award of this contract will be provided at the next board meeting. Commissioner Butts Williams moved to approve the recommendation. Commissioner Benson seconded the motion.

APPROVED

ii. Approve Construction Services Agreement Change Order No. 3; Bolander Item

Mortenson Construction's subcontractor, Bolander, performed site work in advance of Xcel Energy's work to reroute an electrical distribution line along the North side of the main East parking lot. During Bolander's work, they discovered a cast in place on the concrete wall subsurface. A portion of that buried wall needed to be removed in order to provide a pathway for Xcel's work. The cost of that work was \$1344.00. All Bolander work has now been completed.

Recommendation: The Authority approves Construction Services Agreement Revision No. 3 to Mortenson Construction, in the Add Amount of \$1344.00. This brings the final cost for the Bolander work to \$366,217. Furthermore, authorize the Chair and CEO/Executive Director to execute Construction Services Agreement Revision No. 3 with Mortenson Construction as outlined above. Commissioner McCarthy moved to approve the recommendation. Commissioner Butts Williams seconded the motion.

APPROVED



iii. Approve Stadium Development Agreement

The proposed agreements mirror the framework set forth by the new stadium legislation. Chair Kelm-Helgen thanked the Authority staff and consultants and the Team for their respective roles in crafting these agreements. Each of the commissioners were involved in developing various aspects of the agreements. Chair Kelm-Helgen presented highlights from both the stadium development and use agreements at this time.

Overall Financing of the new Multi-Purpose stadium

- Total cost of stadium - \$975 million
- State of Minnesota/City of Minneapolis - \$498 million – appropriation bonds
 - State of Minnesota - \$348 million
 - City of Minneapolis - \$150 million
- Minnesota Vikings - \$477 million
 - NFL– \$150 million loan; \$50 million grant
 - Team - \$177 million equity and/or borrowing
 - SBLs - \$100 million

Stadium Builder's License (SBL)– Exhibit M-1 Development Agreement

- Gross amount of SBL program - \$125 million; \$25 million used for sales costs and interest free financing over three years; \$100 million net
 - Recent SBL programs in other states
 - San Francisco 49ers: \$403 million
 - NY Giants: \$400 million
 - NY Jets: \$400 million
 - Dallas Cowboys: \$500 million
- Stadium Builder License percentage of seating – 75%
- Framework
 - Average price of seat licenses - \$2,500 (\$830 per year)
 - Highest priced license less than \$10,000
 - Lowest priced license less than \$1,000
 - Finance Opportunities:
 - Interest free financing available over three years (2014; 2015; 2016)
 - After three years additional financing with interest available for five more years
 - Seat licenses are an investment that can be sold by owner

MSFA Revenue Sources

- Vikings to pay Use Fee (rent) - \$8.5 million per year; fee will increase 3% every year
- Vikings to pay \$1.5 million annually for capital enhancements; amount to increase 3% every year
- Vikings to pay all game day expenses
- Revenue for all Authority event days



- Revenue from rental of all club/event spaces for non-team event days
- Tour revenue
- Communications revenue, split with team
- Advertising revenue

Vikings Revenue Sources

- Naming rights
- Advertising
- Sponsorships
- Concessions for Vikings events
- Ticket sales for Vikings events
- Communications revenue, split with Authority

Stadium Design and Construction Group (SDC)

- Group responsible for design and building construction – 2 members of MSFA; 2 members of Vikings
- After Guaranteed Maximum Price (GMP) is set, SDC only approves changes in minimum design standards

Minimum Design Standards

- Agreed upon standards that will get designed/built into new stadium

Construction Management

- Authority as Stadium Developer: Administration; contract negotiation; reporting; competitive bidding; budget control and value engineering; payments; contract legal administration; punch list; warranty; transportation plan; permits
- At GMP, Mortenson Construction becomes construction manager (CM) at risk
- Contingency will be used for potential cost overruns
 - Mortenson Construction contingency: \$25 million
 - Owner's contingency: \$37.5 million
- Mortenson Construction has been putting out early bid packages to get pricing for GMP
- Pricing is coming back higher than budget and Value Engineering underway
- MN Vikings have put forward a privately financed contingency advance of \$13.1 million to include team priorities in the building. This advance can be repaid as contingency dollars are released and money is available.
- Contingency decisions initially made by Authority and MN Vikings 50%- 50%. List of add alternates attached

Due Diligence

- Required financial due diligence as project cost: \$158,000
- Vikings will pay for additional due diligence related to New Jersey lawsuit: \$219,000



Project Schedule

- October – GMP
- November 1st -Team financing closes
- Mid-November - Ground breaking
- Mid -November - State bond sale

Agreement Term

- 30 years
- Opportunity for four (4) consecutive five-year renewals

International Games

- Three in first 15 years; three in second 15 years (any games played in years prior to 2016 opening count against three in first 15 years)

Affordable Tickets

- Team will make available a minimum of 3,250 tickets for each game at the stadium. These tickets will cost no more than 80% of the average price for a single game ticket in the lowest-priced seating section in the stadium

Major League Soccer

- Vikings have five-year exclusive rights period from first NFL game
- Team will pay capital improvements and rent based on market conditions

Chair Kelm-Helgen further described the proposed stadium development agreement.

Summary of the Development Agreement between Minnesota Sports Facilities Authority and Minnesota Vikings Football, LLC

The Development Agreement (DA) generally sets out the agreement on how the development and construction will be handled between the MSFA and the Vikings.

Article 1 – Definitions, Rules of Construction and Preliminary Development Agreement

Article 2 – Stadium Design and Construction Group

- Defines the Stadium Design and Construction (SDC) Group membership and responsibilities.
- Description of the Guaranteed Maximum Price (GMP) process and dispute resolution.

Article 3 - Retention of Architect, Construction Manager, Project Consultants and Critical Design Decisions

Article 4 – Preliminary Program and Development of Master Project Program

Article 5 – Establishment of Minimum Design Standards and Design Development Documents



- Establishes Minimum Design Standards
- Acknowledges that the roof is fixed and the stadium will have an operable door feature which will be part of the Master Project Budget.
- Costs associated with changes to the Minimum Design Standards will be paid for by the requestor.
- The stadium will be LEED certified.
- SDC group will make all design decisions about amendments to the Minimum Design Standards up to and after GMP.

Article 6 – Construction Matters

- Role of Stadium Developer, MSFA
- Value engineering will be allowed if the budget is compromised, if the changes are in alignment with the Minimum Design Standards.
- The Construction Manager will obtain SDC approval for all subcontracts.
- Stadium Developer Responsibilities: Administration; Contract Negotiation; Reporting; Competitive Bidding; Budget and Value Engineering; Payments; Contract Legal Administration; Punch List and Warranty; Transportation plan with city; permits.
- Project labor agreement to prevent strikes so as to not halt, delay, or impede construction.
- Description of insurance needed for project, including builder's risk.

Article 7 – Site Acquisition

Article 8 – Financing of the Project

- Master budget is \$975 million.
- A Privately Financed Contingency Advance provided by the Team of \$13.1 million has been added to the budget.
- Describes the development process for the Master Project Budget.
- Describes Owner's Contingency of \$37.5 million.
- Details the apportionment of cost saving to the Team and the Authority:
 - First \$10 million cost savings divided 50%/50% between the Team and Authority
 - Cost savings for both Team and Authority will be used to incorporate the Design Add Alternatives listed in the exhibits.
 - Team's private contribution, including how Stadium Builder Licenses (SBL) will be counted.
 - Team will provide executed definitive financing agreements for Team's portion of stadium prior to Authority allocating resources to the project.
 - Authority's contribution of appropriation bonds for public portion of the stadium construction.
- Describes the project financing and how SBLs will be administered.



- The Stadium Developer will be responsible for cost over runs, but the Authority and state will not be liable to contribute in excess of \$498 million.
- Authority shall own stadium.
- Describes the Team’s right to pay for excess Project Costs if it so desires.
- Due Diligence
 - Required Financial Due Diligence as project cost: \$158,000
 - Vikings will pay for additional due diligence costs related to New Jersey lawsuit: \$219,000

Article 9 – Representations and Warranties of Authority

- Describes the Authority’s organization

Article 10 – Representations and Warranties of the Team

- Describes the Team’s organization

Article 11 – Additional Covenants and Conditions

- The Authority will enter into agreements for traffic control.
- Team to enter into an agreement with the City for municipal services: police and security; fire prevention; emergency medical; trash removal.
- Team will engage with the city to expand the current tailgating boundaries.
- Existing food and beverage workers have the opportunity to continue their employment at the new stadium.
- The Team will play at TCF Bank Stadium until such a time as the new stadium is ready.
- Concurrent Execution of Documents: Stadium Use Agreement; Football Playing Agreement; Agreement and Declaration of Trust for Stadium Construction Funds; Stadium Disbursing Agent and Grant Agreement.

Article 12 – Default and Remedies

Article 13 – Dispute resolution

- Describes process of arbitration.
- Describes expedited alternative dispute resolution process.

Article 14 – Indemnification and Payment of Damages by Team and Authority.

Article 15 – Term and Termination

Article 16 – Miscellaneous



Exhibits

EXHIBIT A	SDC Group Rules and Procedures (Section 2.1)
EXHIBIT B-1	Preliminary Program (Section 4.1)
EXHIBIT B-2	Master Project Program (Section 4.2)
EXHIBIT C-1	Effective Date Minimum Design Standards (Section 5.1(a))
EXHIBIT C-2	Final Minimum Design Standards (Section 5.1(a))
EXHIBIT D-1	Effective Date Stadium Site (Section 5.1(b))
EXHIBIT D-2	Final Stadium Site (Section 5.1(b))
EXHIBIT E	Minneapolis City Council Agenda (Section 5.6(b))
EXHIBIT F-1	Preliminary Project Budget (Section 8.1(a)(i))
EXHIBIT F-2	Master Project Budget (Section 8.1(a)(ii))
EXHIBIT G	Owner’s Contingency Release Schedule (Section 8.1(b)(i)(A))
EXHIBIT H	Amended Allocation of Project Costs (Section 8.1(c))
EXHIBIT I-1	Authority Design Add Alternates (Section 8.1(e)(iii)(A))
EXHIBIT I-2	Team Design Add Alternates (Section 8.1(e)(iii)(B))
EXHIBIT I-3	Authority Project Cost Allocation Reductions (Section 8.1(e)(iii))
EXHIBIT I-4	Team Project Cost Allocation Reductions (Section 8.1(e)(iii))
EXHIBIT J	Irrevocable Letter of Credit (Section 8.2(a)(v)(A))
EXHIBIT K	Bank Loan Commitment (Section 8.2(a)(v)(C))
EXHIBIT L	Indemnification and Contribution Agreement (Section 8.7(a))
EXHIBIT M-1	Authority Stadium Builder License Program (Section 8.7(b))
EXHIBIT M-2	SBL Marketing and Sales Agreement (Section 8.7(b))
EXHIBIT N	SBL Purchase and Sale Agreement (Section 8.7(b))
EXHIBIT O-1	Conditional Assignment of Construction Management Agreement (Section 8.7(d))
EXHIBIT O-2	Conditional Assignment of Architectural Services and Plans (Section 8.7(d))
EXHIBIT P-1	Preliminary Team’s Stadium Property Schedule (Section 8.10(c))
EXHIBIT P-2	Final Team’s Stadium Property Schedule (Section 8.10(c))
EXHIBIT Q	Roster of Potential Neutrals (Section 13.1(b)(i))
EXHIBIT R-1	Preliminary Project Schedule (Schedule 1)
EXHIBIT R- 2	Master Project Schedule (Schedule 1) [ATTACHED LATER]

Commissioner Butts Williams moved to approve the stadium development agreement, seconded by Commissioner McCarthy and approved unanimously. 4 YEAS, 0 NAYS

APPROVED

iii. Approve Stadium Use Agreement

Chair Kelm-Helgen further described the proposed stadium use agreement.

Summary of the Stadium Use Agreement

The Stadium Use Agreement (UA) is a long-term agreement between the Authority and the Team.

Article 1 – Definitions; Construction of Terms



- Describes terms used in the agreement

Article 2- Initial Term of Agreement; Renewal Terms

- An initial 30 year Use Agreement
- Team shall have the right to extend the term of the agreement for up to 4 consecutive renewal periods of 5 years each

Article 3 – Stadium Use and Scheduling

- Team shall have the exclusive right to exhibit professional football games at the stadium
- Authority has exclusive right to operate and use the stadium for non Team event days
- International games: 3 in first 15 years (including prior to opening); up to 3 in last 15 years of agreement term
- Team has 5 years to establish a Major League Soccer (MLS) team
- Park Use agreement must be agreed to by the Team and the Authority

Article 4 – Use Fee, Payments and Other Financial Matters

- Team will pay a Use Fee (rent) of \$8.5 million annually to the Authority to defray operating costs and this fee will increase by 3% each year.
- Team will pay the Authority \$1.5 million annually for capital enhancements. This amount will be increased annually by 3%

Article 5 – Management and Budget; Expenses

- Authority has the responsibility for operations, maintenance and management of the new stadium
- The Team and Authority will mutually agree on a third party management company, individual, or program manager to manage the stadium
- The Authority is responsible for operating expenses associated with the stadium, except on Team event days.
- Team pays event day expenses.

Article 6 – Stadium Builder’s Licenses

- The Authority owns and shall retain the exclusive right to sell SBL’s *See Development Agreement

Article 7 – Injunctive Relief and Specific Performance; Required Authority Exculpatory Provision

Article 8 – Revenue Generally

Article 9 – Ticket Revenue

- Team will have exclusive control of all admission passes and tickets to Team stadium events
- Authority will have exclusive control of all admission passes and tickets to Authority events
- The box office will be available to the Team and Authority to sell tickets to respective events

Article 10- Suites, Club Seats, Loge Boxes



- Team has exclusive right to market all suites for Team stadium events

Article 11 – Naming Rights Entitlement Rights and Image Rights

- Team shall have the exclusive right to sell naming rights
- Naming rights will be sold for the stadium and the plaza
- The Team will receive all revenue from naming rights

Article 12 – Concessions and other Food Beverage Service

- Team will receive all revenues from Concessions during Team events
- Authority will receive all revenues from Concessions during Authority events

Article 13 – Merchandise

- Team shall have exclusive right to sell merchandise during games
- Authority shall have the right to sell merchandise during Authority events

Article 14 – Team Year Round Use Areas and Team Allocated Spaces

Article 15 – Broadcast Rights; Broadcaster Access

Article 16 – Communications Systems

Article 17 – Intellectual Rights

Article 18 – Signage and Sponsorship Areas

- Describes how Authority and Team will coordinate and communicate signage agreements
- Describes sponsorship areas

Article 19 – Advertising Rights

Article 20 – Parking

- Authority will provide access to 2,500 Authority owned or leased parking spaces for Team games

Article 21 – Tours

- The Authority will have the exclusive right to conduct tours of the stadium
- The Authority will have the right to revenues from tours

Article 22 – Automated Teller Machines and Banking Machines

Article 23 – Assignment; Sale of Team; Leasehold Mortgages; Team Records; Training Facility Location; Business Office

Article 24 – Game Day Obligations on Team Stadium Event Days; other Related Obligations

- Team will arrange and pay for staffing, security and services



- Authority will ensure that
 - The field shall consist of a high quality, properly installed playing surface; conform to NFL rules;
 - Stadium has all equipment and fixtures necessary for playing professional football
 - All systems, utility, lighting, communications, etc. are in good working order
 - Stadium will be free of debris
 - Operable feature is opened or closed per Team’s request
- Team will help promote the award of at least one Super Bowl and NFL meeting at the stadium

Article 25 – Representation and Warranties

- Describes Team and Authority’s organization and binding obligation and enforcement

Article 26 – Limitation of Liability; Indemnification; Special Team Remedies

- Discusses liability of either party

Article 27 – Termination; Default

Article 28 – Damage or Destruction

Article 29 – Force Majeure

- Outlines procedures in the event of a force majeure

Article 30 – Insurance

- Details the levels of insurance the Authority will hold

Article 31 – Possession of and Title to Real Property; Eminent Domain

Article 32 – Miscellaneous

Exhibits

- Exhibit A – Definition of terms
- Exhibit B – Form of Acknowledgement of Commencement Date
- Exhibit C – Legal descriptions of stadium site
- Exhibit D – Park Use agreement
- Exhibit E – Team’s Stadium Property
- Exhibit F – Affordable Seating Program
- Exhibit G – General Authority Guidelines for Terms and Conditions and Use of Suites, Club Seats, and Loge Box Suites
- Exhibit H – Preliminary Signage Plan
- Exhibit H-2 – Final Signage Plan
- Exhibit I – Form of Assignment and Assumption Agreement
- Exhibit J – Form of Memorandum of Use Agreement



- Exhibit L – Permitted Encumbrances
- Exhibit M-1 – Preliminary Site Plan
- Exhibit M-2 Final Site Plan
- Schedule 1 – Team’s Annual Operating Cost Payment Schedule
- Schedule 2 – Team’s Annual Capital Payment Schedule

Commissioner Butts Williams moved to approve the stadium use agreement, seconded by Commissioner McCarthy and approved unanimously. 4 YEAS, 0 NAYS

APPROVED

7. PUBLIC COMMENT

Twelve individuals came forward to address the MSFA Board.

1. Alan Yelsey, Topic: Mr. Yelsey derided the use of the name “Redskins” for an NFL team and urged the Authority to take a policy that the name will not be used in the Metrodome as it is a publicly-owned facility.
2. Richie Plaas, Topic: Mr. Plaas echoed Mr. Yelsey’s comments and described his efforts to campaign across the country against the use of the name “Redskins” for an NFL team.
3. Chuck Turchick, Topic: Mr. Turchick expressed frustration that the public did not have an opportunity to review the stadium use and development agreements prior to their approval, and criticized the allotted public comment period for taking place after the vote.
4. Bob “Again” Carney, Topic: Mr. Carney questioned the legality of the approval of the stadium use and development agreements in reference to Minnesota’s open meeting law.
5. Captain Jack Sparrow, Topic: He expressed concerns about the Team owners and stated that the public should have the right to vote on the stadium deal.
6. Jeff Wagner, Topic: Mr. Wagner outlined his perception of how money is being taken away from the public and that the public has had no input on the stadium use and development agreements.
7. Al Flowers, Topic: Mr. Flowers thanked the Authority, Team and Mortenson/Thor for finalizing an Employment Assistance Firm contract and relayed his hopes that the equity goals are met.



8. Representative Bob Barrett, Minnesota House of Representatives, Topic: Representative Barrett criticized the affordable seating plan and questioned why suite revenue wasn't discussed.
9. Dave Micking, Topic: Mr. Micking also questioned the legality of the approval of the stadium use and development agreements in reference to Minnesota's open meeting law.
10. Scott Gray, Topic: Mr. Gray commended the Authority and Team for finalizing a contract with the Employment Assistance Firm.
11. Gail Bonneville, Topic: Ms. Bonneville criticized the public comment period taking place after the board had taken a vote on the agreements and also criticized the public participation process at the State Capitol during the stadium legislation debate.
12. John Hartwig, Topic: Mr. Hartwig expressed concern of how the public will ultimately be held liable for the NFL's responsibilities.

8. **DISCUSSION**

In response to the public comments, Commissioner Benson reminded those in attendance that the Authority board is executing what the Minnesota Legislature had passed in 2012. The stadium use and development agreements mirror the legislation.

9. **ANNOUNCE FUTURE MEETINGS**

Friday, October 25, 2013 at 9:00am – MSFA Board Meeting, Halsey Hall.

10. **ADJOURNMENT**

There being no further business to come before the Authority, Commissioner Benson moved to adjourn the meeting, seconded by Commissioner McCarthy and approved unanimously – 4 YEAS, 0 NAYS. Chair Kelm-Helgen adjourned the meeting at 6:20 pm.



ADOPTED this 25th day of October, 2013 by the Minnesota Sports Facilities Authority

Duane Benson, Secretary

Ted Mondale, CEO/Executive Director