

MINNESOTA SPORTS FACILITIES AUTHORITY

Regular Meeting
Friday, December 7, 2012
9:00 a.m.

Hubert H. Humphrey Metrodome
MSFA Conference 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 9:00 a.m

2. ROLL CALL

Commissioners Present: Michele Kelm-Helgen, Barbara Butts Williams, Duane Benson, Bill McCarthy, John Griffith

Commissioners Absent: None

3. ADOPTION OF AGENDA

Chair Kelm-Helgen presented the agenda. *A motion was made by Commissioner Butts Williams and seconded by Commissioner Benson to adopt the agenda. Motion carried.*

4. APPROVAL OF AUTHORITY MEETING MINUTES

Approval of Authority Minutes for Regular Meeting of November 16, 2012 and Special Meeting of November 9, 2012. *A motion made by Commissioner Butts Williams and seconded by Commissioner Griffith to approve the minutes. Motion carried.*

5. CHAIR'S REPORT

The Authority has taken a big step in the project and has issued a Request for Proposal (RFP) for Construction Management Services. The Authority will be using the Construction Manager (CM) "at-risk" model, which is the same traditional model used for Target Field. The CM will be required to meet equity goals. This RFP has an aggressive timeline. Proposals are due January 8, a short list will be announced on January 11, and interviews will take place on the same day. Recommendations for a CM will be made on January 25. Construction is scheduled to begin October 2013. The successful proposer will have experience with sports stadium development and LEED certification.

The Preliminary Development Agreement (PDA) establishes procedures for making decisions, develops minimum design standards, and develops mechanisms for the initial funding disbursement. Chair Kelm-Helgen made the following recommendation.

RECOMMENDATION: That the Authority to authorize the Chair and CEO / Executive Director to execute the Preliminary Development Agreement. *A motion was made by Commissioner Griffith and seconded by Commissioner Butts Williams. Motion carried.*

6. BUSINESS

a. Action Items

i. Budget Report – October 31, 2012

Mary Fox-Stroman presented the budget report for the Minnesota Sports Facilities Authority for the period from January 1, 2012 through October 31, 2012. Copies of the report are on file in the Authority office. No action is required at this time.

ii. Adopt 2013 Operating Budget

Below is the 2013 Operating Budget for the Minnesota Sports Facilities Authority for the period from January 1, 2013 through December 31, 2013.

Included in the Operating Budget document is a summary of the budget, a description of the governance, stadium design and construction, economic and financial condition, background information, highlights of the 2013 Budget, and the 2013 Budget Summary.

RECOMMENDATION: *That the Authority approve and adopt the Year 2013 Operating Budget. A motion was made by Commissioner Benson and seconded by Commissioner Butts Williams. Motion carried.*

SUMMARY

A summary of the 2013 budget is shown below.

Beginning account balances	\$11,847,375
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The 2013 total budgeted operating revenues are:

Concessions	\$ 8,066,000
Admission tax	\$ 4,057,900
Rent	\$ 4,690,200
Charges for services	\$ 1,163,000

Parking	\$ 10,000
Miscellaneous revenues	<u>\$ 2,418,000</u>
Total	<u>\$20,405,100</u>

The 2013 total budgeted operating expenses are:

Concession costs	\$ 4,658,000
Tenants share of concessions	\$ 1,107,000
Facilities cost credit	\$ 3,565,200
Personal services	\$ 2,562,841
Contractual building services	\$ 2,055,000
Utilities	\$ 2,860,000
Miscellaneous	\$ 3,271,800
All other categories	<u>\$ 2,767,000</u>
Total	<u>\$22,846,841</u>

Operating loss \$(2,441,741)

Non-Operating revenues/expenses \$ 90,000

Change in account balances \$(2,351,741)

Ending account balances \$ 9,495,634

Non-Operating revenues and expenses include investment earnings of \$500,000, repair/replacements/improvement expenses of \$200,000 for equipment replacement in 2013, and concessions reserve expenses of \$210,000. The Concessions Reserve budgeted expenses of \$210,000 are for concessions regular maintenance and repairs for operations, equipment replacement and event promotions. Overall the budget shows a \$2,351,741 use of the Authority's reserves. The ending account balances (reserves) of \$9,495,634 are expected to fund future operations. The entire 2013 operating budget is on file in the Authority office.

iii. Approve 2013 Salary Recommendations.

The Authority's human resources consultant and staff reviewed salary and wage rate information from published salary surveys to assist in recommending an increase for 2013. The surveys projected salary budget increases of 2.9% - 3.0% for the national average, Minneapolis, and Minnesota. The 2013 salary structures were projected to increase 1.9% - 2.0% for the national average.

The Commissioner of Minnesota Management & Budget (MMB) approved a 2.2% increase in the compensation limit of employees of local and metropolitan units of government for 2013 based on the change in the consumer price index for the period from October 2011 to October 2012.

The Authority has an estimated annualized salary expense of \$1,224,872 for non-labor agreement employees. The cost of the recommendation for 2013 for the non-labor agreement personnel is \$31,957.

The labor agreement with the Construction and General Laborers' Local No. 563 for the maintenance employees was negotiated separately. That agreement expires February 28, 2014.

It is recommended that the salary and wage rate schedules be adjusted as follows:

1. 2.0% - cost of living increase for all non-labor agreement personnel, except for Scoreboard and Video positions.
2. 0.0% - no increase for Scoreboard and Video positions
3. 4.0% - additional salary adjustment for the Director of Facilities and Engineering
4. 2.0% - additional salary adjustment for the Director of Finance, Technical Services Manager, and Event Services Manager

RECOMMENDATION: *That the Authority approves the attached 2013 salary and wage schedule effective January 1, 2013. Motion made by Commissioner Benson and seconded by Commissioner Butts Williams. Motion carried.*

iv. Adopt Capital Budget

The Authority needs to establish an initial capital budget to allow the expenditure of funds for project costs that are related to stadium design and construction as authorized in the Preliminary Development Agreement.

RECOMMENDATION: *That the Authority approve and adopt the initial capital budget for the new stadium project consistent with the Preliminary Development Agreement. Motion made by Commissioner Griffith and seconded by Commissioner McCarthy. Motion carried.*

v. Construction Manager RFP

Steve Maki provided the following update: the Authority authorized issuance of a request for proposal (RFP) for Construction Management Services in August 2012 and advertisement and issuance of the RFP occurred today. Mr. Maki also discussed highlights of the 120 page RFP that can be found on the MSFA website. No motion required.

7. PUBLIC COMMENT

One individual came forward to address the MSFA Board.

Kevin Lindsay, Commissioner- MN Dept. of Human Rights; Topic: Human Rights Collaboration.

8. **DISCUSSION**

Chair Kelm-Helgen announced the 2013 Board meeting schedule. The meetings will now be monthly.

9. **ANNOUNCE FUTURE MEETINGS**

Friday, January 18, 2013 at 9:00am – MSFA Board Meeting, Halsey Hall

10. **ADJOURNMENT**

There being no further business to come before the Authority, a motion was made by Commissioner Benson and seconded by Commissioner McCarthy to adjourn the meeting. Motion carried. Chair Kelm-Helgen adjourned the meeting at 9:42 am

ADOPTED this 18 day of January, 2013 by the Minnesota Sports Facilities Authority

Duane Benson, Secretary

Ted Mondale, CEO/Executive Director