



MINNESOTA SPORTS FACILITIES AUTHORITY REGULAR MEETING AGENDA
Friday, December 16, 2016, 9:00 A.M.
U.S. Bank Stadium, Hyundai Club
401 Chicago Ave, Minneapolis, MN 55415

***Please note that this board meeting will be held at U.S. Bank Stadium in the Hyundai Club. Enter the stadium through the Ecolab gate located on 4th Street. All persons will be subject to magnetometers and bag searches.**

1. CALL TO ORDER
2. ROLL CALL
3. ADOPTION OF AGENDA
4. APPROVAL OF AUTHORITY MEETING MINUTES
-Regular Meeting, November 18, 2016
5. CHAIR'S REPORT
6. BUSINESS
 - a. Action Items and Report Items
 - i. 2017 MSFA Capital Budget and Long Term Capital Plan
 - ii. 2017 MSFA Food Service Capital Budget
 - iii. Suite Use Policy
 - iv. Budget Report-Q3 September 30, 2016
 - v. 2016 Amended Budget
 - vi. 2017 Budget
 - vii. Approve Contract Extensions: Atomic Data LLC, C.H. Skiem Consulting LLC, Farstad.US LLC, RSM USLLP, and The Macro Group Inc.
7. PUBLIC COMMENTS
8. DISCUSSION
9. ANNOUNCE FUTURE MEETINGS – Friday, January 18, 2017, 9:00 A.M. – Board Meeting
10. ADJOURNMENT



MINNESOTA SPORTS FACILITIES AUTHORITY REGULAR MEETING MINUTES

Friday November 18, 2016, 9:00 A.M.

U.S. Bank Stadium, Hyundai Club

401 Chicago Ave, Minneapolis, MN 55415

1. **CALL TO ORDER**

Chair Kelm-Helgen called the meeting of the Minnesota Sports Facilities Authority (MSFA) to order at 9:05 AM.

2. **ROLL CALL**

Commissioners Present: Chair Kelm-Helgen, Commissioner McCarthy, and Commissioner Griffith

Commissioners Absent: Commissioner Butts Williams and Commissioner Sertich

3. **ADOPTION OF AGENDA**

Chair Kelm-Helgen presented the agenda. Commissioner McCarthy moved approval of the agenda, seconded by Commissioner Griffith and approved unanimously – 3 YEAS, 0 NAYS

APPROVED

4. **APPROVAL OF AUTHORITY MEETING MINUTES**

Commissioner Griffith moved approval of the October 21, 2016 Regular Meeting Minutes seconded by Commissioner McCarthy and approved unanimously – 3 YEAS, 0 NAYS.

APPROVED

5. **CHAIR'S REPORT**

Chair Kelm-Helgen stated that US Bank Stadium hosted the MSHSL boys and girls high school soccer championships this month along with the High School football championship games. The first round of football games went from November 17th through November 19th, and the Prep Bowl was held from



November 25th through November 26th. As per the enabling statute, there were no charges to the MSHSL for these events. The MSFA, The Minnesota State High School League, and The Minnesota Vikings announced a special event in conjunction with the 2016 Prep Bowl. The Football Playoff and Prep Bowl Alumni Celebration honored past players from the football playoffs and Prep Bowl, as well as championship winning coaches and record holders from 1972 to 2015. This honorary celebration took place on November 25 during halftime of the 6A championship game.

Inline skating and running clubs at the Metrodome were a favorite memory for many Minnesotans, and U.S. Bank Stadium is excited to continue the tradition. The inaugural inline skating and running club events at U.S. Bank Stadium will begin on Tuesday, December 13th from 5:00 – 8:00 pm. The three-hour open skating and running event is for all ages. Skaters will need to bring their own equipment to participate, as skate rental will not be available. The running club will be located on the upper concourse, while the lower concourse is reserved for inline skaters. The season will continue through March 2017, and tickets for both will go on sale at the U.S. Bank Stadium Ticket Office on Tuesday, November 29 at 10 am, said Chair Kelm-Helgen

The dates for the season are as follows:

- December 13th, 20th, and 27th
- January 3rd, 17th, 18th, 31st
- February 3rd, 6th, 21st, 23rd, 27th
- March 1st, 6th, 9th, and 13th

Chair Kelm-Helgen announced that Pollstar, a world-wide concert industry magazine, announced nominations for the 2016 Pollstar Awards on Friday. U.S. Bank Stadium was included in the nominations for the category of Best New Major Concert Venue. U.S. Bank Stadium was one of six venues nominated this year for the Best New Major Concert Venue award. This prestigious industry award nomination comes after hosting a grand opening concert weekend featuring Luke Bryan's Kill the Lights Tour and one of Metallica. Pollstar is a trusted concert industry trade magazine based in Fresno, California.

Chair Kelm-Helgen noted that U.S. Bank Stadium hosted the Holiday Boutique from November 10th through November 12th. The boutique hosted many vendors, and some of the booths consisted of beautiful, custom made gifts. The event was a success, as over 18,000 people attended.



Chair Kelm-Helgen stated that U.S. Bank Stadium is excited to announce that Monster Jam will be coming back to Minneapolis! Monster Jam is the world's largest and most famous monster truck tour featuring the biggest names in monster trucks, including the Grave Digger. The two-day event will take place on both December 10th, and December 11th, and tickets can be purchased online.

6. **BUSINESS**

a. **Action Items**

i. **Extensions of Legacy Bricks Program**

The sale of commemorative Legacy Bricks was very successful, generating significant revenues for Plaza improvements and allowing Minnesotans to participate in the launch of U.S. Bank Stadium. Staff and the Vikings believe there is continued interest among the public for purchase of Legacy Bricks between now and May 2017. Part of the success of the prior sales was the efforts by the Vikings to assist in marketing the bricks. The Vikings are willing to do so again. Proceeds from the sales would be held as a funding source for the optional future acquisition of the Hennepin County property that is currently leased for a portion of the Plaza. If that purchase does not occur by December 31, 2021, then the Authority and the team would agree on other improvements to be made to the Stadium Plaza.

Recommendation: The Chair and CEO/Executive Director are authorized to negotiate and execute an agreement with the Minnesota Vikings concerning an additional commemorative brick sales program consistent with the discussion at the November 18, 2016 Board meeting. Commissioner McCarthy moved to approve the recommendation. Commissioner Griffith seconded the motion.

APPROVED



ii. Use Agreement and Suite Use Policy Amendment

Staff has been negotiating proposed revisions to the Team’s Use Agreement to cover three areas:

1. Clarification on the Team’s right to utilize certain existing signs on the scoreboards and within the Stadium bowl, and providing for an additional payment to the Authority in return.
2. Allow certain “sponsorship activation areas” related to Team sponsors and providing for an additional payment to the Authority in return.
3. Clarifying access to Team suite holders to their suites during times when there are not Authority events being held.

The additional access to existing sign areas allows the use of existing signage locations for categories of sponsors that were not previously authorized. This will not result in any immediate changes to the number of signs or positions within the Stadium. The Team will make a \$230,000 payment to the Authority for this additional right for the first year and a subsequent annual payment depending upon the category of sponsors which use the authorized signage areas in the future. The agreement on sponsorship activation areas will require a payment from the team of \$90,000 for the first year and a subsequent annual payment depending upon which activation areas are used in the future.

These revisions will be contained in a Use Agreement Amendment, plus corresponding sponsorship and entitlement area Master Agreement Letters and an Annual Suite Access Agreement.

Recommendation: The MSFA authorizes the Chair and the CEO/Executive Director to negotiate and execute the Use Agreement Amendment in connection with Signage, Sponsorship Activation and Additional Event Suite Usage, as well as periodic revisions to corresponding Master Agreement Letters and a corresponding Annual Suite Access Agreement. Commissioner Griffith moved to approve the recommendation. Commissioner McCarthy seconded the motion.

APPROVED

iii. Affirm and Adopt Suite Usage Policy

Under the Stadium Act and the Vikings Use Agreement, the Authority retains use of two suites for Vikings’ games and for other Authority events. The primary purpose of these suites is to actively market U.S. Bank Stadium for a broad range of civic, community, athletic, educational, cultural, and commercial activities as the Authority is directed to do by the Legislature. For the purposes of transparency and effective marketing,



staff has developed a proposed policy on suite use to help achieve these broad marketing objectives. The proposed policy is attached.

Recommendation: The Minnesota Sports Facilities Authority affirms and adopts the attached Suite Usage Policy. Commissioner Griffith moved to approve the recommendation. Commissioner McCarthy seconded the motion.

APPROVED

Policy and Purpose for usage of MSFA Suites by MSFA Board members, staff and SMG

The Legislature found in the Stadium Legislation that there is a public purpose for the MSFA to conduct events for professional football and a broad range of other civic, community, athletic, educational, cultural, and commercial activities.

The Legislature specifically tasked the Authority to achieve two main goals in operating and maintaining the facility:

- 1) Maximizing access for public and amateur sports, community and civic events as well as other public events in type and on terms consistent with those held at the previous stadium and;
- 2) Keeping the facility in a first class condition similar to other NFL facilities. In addition, the Board has tasked staff to develop short and long term Capital Plans to ensure that the facility stays in good repair and that necessary improvements such as technology upgrades or acquisition of additional stadium infrastructure should be foreseen and properly budgeted.

The Authority finds that in order to meet the twin goals of community and amateur sports access at affordable rates, as well as keeping the facility in a first class and competitive state, requires an aggressive and on-going marketing effort to attract and retain commercial spectator events as well as mega-events such as the Super Bowl and NCAA Men's Final Four that will maximize revenues.

The Authority has control of two suites whose purpose is to work with SMG to market the facility to potential and current commercial events. In addition, the MSFA will need to market to other mega events as well as community and amateur sports entities during NFL and other significant events.



The MSFA Board, staff, and SMG staff will actively participate in such marketing activities and efforts during MSFA events. Tickets for each event will be available to Board Members and the CEO/Executive Director for such purposes. In turn, tickets will be allocated to marketing and MSFA will work with SMG to invite potential and recurring users to events, along with mega-event customers and community users as well. Should either the CEO/Executive Director or an individual Board Member not be able to personally attend an event then their ticket(s) will be returned to the Authority for re-distribution.

Alcoholic beverages cannot be reimbursed by the MSFA and a process will be established for user reimbursement or purchase of these beverages similar to the practices implemented at the Metrodome.

7. **PUBLIC COMMENTS**

i. Same Dodd, Elena Dodd, and Alex Schwaller presented a creative idea to protect the safety of the birds from glass collisions at U.S. Bank Stadium. Elena Dodd presented a UV cover for the stadium windows to deter birds from flying in to the glass, while also keeping that glass translucent to the human eye. All three demonstrated that the film could also be used as a marketing tool, as words and logos could be etched onto the film, which is visible under an ultraviolet light. They also stated that the film could be installed inside the stadium in order to prevent damage from the harsh Minnesota winters.

8. **DISCUSSION**

There were no discussions.

9. **ANNOUNCE FUTURE MEETINGS**

Friday, December 16, 2016, 9:00 A.M. – Board Meeting

10. **ADJOURNMENT**

There being no further business to come before the MSFA, Commissioner McCarthy moved to adjourn the meeting, seconded by Commissioner Griffith approved unanimously – 3 YEAS, 0 NAYS.

APPROVED



The meeting was adjourned at 9:31 am.

ADOPTED this 21st day of November 2016 by the Minnesota Sports Facilities Authority.

Secretary, Bill McCarthy

Ted Mondale, CEO/Executive Director



December 16, 2016

MEMORANDUM

TO: MSFA Commissioners

FROM: Ted Mondale

SUBJECT: Approval of the Short-Term and Long-Term Capital Plan for 2017-2021.

On February 19, 2016, the MSFA Board approved the Short-and Long-Term Capital Planning and Investment Guidelines to provide a level of capital reinvestment in U.S. Bank Stadium that will ensure both the short-term and long-term use and success of the Stadium for decades to come. Further, on June 17, 2016, the Board authorized the Chair and CEO/Executive Director to expend up to \$500,000 for the purchase of certain capital assets from the MSFA’s existing Capital Reserves prior to finalizing the first-year Capital Budget.

In consideration of the Capital Planning and Investment Guidelines previously approved by the Board, information currently available and the anticipated needs of the Stadium and related infrastructure as of this time, SMG and Authority staff, in consultation with the Team pursuant to the Stadium Use Agreement, have prepared a first-year Capital Budget for approval of the Board and is presenting a five-year Capital Plan for Board review.

To date, the Chair and CEO/Executive Director have authorized the expenditure of \$349,708 from Capital Reserves based on the aforementioned Board action of June 17, 2016. The specific items purchased or to be purchased and the related costs are below:

Design Service for additional Event Level Storage	\$123,275
Expansion joint covers for Main and Upper Level Concourse	\$123,321
Construction of Cleaning Service Office on Event Level	\$ 49,112
Miscellaneous Baseball Equipment (Batting screens, batting cages, portable mounds, etc.)	\$ 41,000
Baseball Netting Ratchets	\$ 13,000
Total Capital Expenditures to date	<u>\$349,708</u>

After the capital expenditures note above, it is anticipated that the Authority’s Capital Reserve balance as of December 31, 2016, will be approximately \$2,650,000.

Based on the first-year Capital Budget as presented, it is estimated that capital expenditures will be approximately \$3,673,000 in 2017. The detailed one-year Capital Budget for 2017 and the description




of each capital expenditure item or category is attached to this memo. Assuming the receipt of required capital payments from the Team and the State of Minnesota pursuant to the Stadium Act and the Stadium Use Agreement (estimated at \$3,090,000), transfer of approximately \$2,000,000 from the Authority's Stadium Operating Reserves and the aforementioned capital expenditures of \$3,673,000, it is estimated that the Authority's Capital Reserve balance as of December 31, 2017, will be approximately \$4,067,000.

It should be noted that the first-year Capital Budget is based on the information currently available and the anticipated capital needs as of this time and is subject to modification and change between specific line items as particular structural and operational needs arise and pricing is finalized. Staff recommends that the Chair and CEO/Executive Director be authorized by the Board to procure the purchase of capital assets set forth in the first-year Capital Budget, as approved by the Board, within the procurement guidelines and spending limitations previously established by the Board for the Chair and CEO/Executive Director. All anticipated expenditures for capital assets above the established limits of the Chair and CEO/Executive Director will be presented to the Board for approval prior to any expenditure. It is understood that as the specifications and pricing for a particular capital item(s) is finalized, there will likely be differences between the budgeted line item(s) amounts and the actual expenditure. Therefore, the Board further authorizes the Chair and CEO/Executive Director to modify/change capital line items within the first-year Capital Budget and related specifications and pricing amongst line item(s) as set forth in the first-year Capital Budget to accommodate such changes to the Board approved Capital Budget presented hereto. However, the approved 2017 Capital Budget of \$3,673,000 will not be exceeded without the prior approval of the Board.

Staff will regularly provide the Board with a summary of the capital assets purchased and any modification or changes to the capital assets line items.

Staff has also prepared for Board review a five-year Capital Plan Summary, as attached to this memo, which estimates capital expenditures for calendar years 2017 through 2021. Anticipated annual capital expenditures presented in the five-year Capital Plan Summary range from approximately \$7.25 million in 2018, \$6.25 million in 2019, \$6.5 million in 2020 and \$8.25 million in 2021. It should be noted that the Five-year Capital Plan is subject to change as particular structural and operational needs arise and periodic updates will be provided to the Board, but this Plan represents current estimates based on the information available and anticipated needs as of this time.

Recommendation: The Board approves the first-year Capital Budget as presented and receipt of the five-year Capital Plan Summary.

2017 First-year Capital Budget				 <small>AN SMC MANAGED FACILITY</small>	
Item #	Description	Estimated Amount	Comments		
1.001	Purchase power washer	\$11,000	Need a large power washer for the exterior of the building. Need to clean sidewalks, plaza, sponsor signage, etc. Will also use in the loading dock area, including the trash room.		
1.002	Add more matting at gates to cover areas not done in FF&E purchase.	\$22,000	After matting was completed, areas were re-examined and the "holes" need to be filled for safety and aesthetics.		
1.003	Purchase additional scrubbers for the bowl area, including hose reels.	\$45,000	Since the bowl cannot be power washed, hydro scrubbers must be used. A couple were purchased with FF&E, but many more are needed. This will help expedite the cleaning time between events.		
1.004	Purchase new goal posts	\$22,000	The goal posts from TCF do not meet NFL requirements based on the location of the buried flange, plus the bolts holes were elongated so getting a repeatable level horizontal post was difficult. The posts were modified to meet the needs for this season, but the long term solution is new posts.		
1.005	Build out additional event level storage	\$1,000,000	Estimated ROM for the construction of additional storage within the Stadium.		
1.006	Attic Stock procurement. Glass railings, light fixtures, flooring stock, etc.	\$145,000	The attic stock provided will not last a full calendar year with all the events hosted in the building. We have already ran through some full stock of items.		
1.007	Power and data drops to various locations	\$35,000	The power will primarily be for for charging stations for electrical carts, magnetometer batteries, and misc work station needs. The data will be for added time clocks and misc work station needs.		
1.008	Paint markings on the service corridor floor to control placement of items in egress paths and on all floors in front of electrical panels, etc. Paint bollards in bike paths.	\$47,000	The markings will help to comply with code access and setbacks. Bike path bollards need hi-vis paint to help bikers see during dawn and dusk.		
1.009	Purchase pallet racking to increase storage capability and organize warehousing operations.	\$28,000	There are a few areas where pallet racks would help organize storage rooms and make warehousing more efficient.		

2017 First-year Capital Budget



AN CSM MANAGED FACILITY


Item #	Description	Estimated Amount	Comments
1.010	Purchase power distribution units.	\$140,000	Need to convert show power into useable power for events on the field. No capability exists in those rooms without this equipment. Also can use for power distribution for trade shows on the concourses.
1.011	Purchase additional radios	\$52,000	With the amount and size of events, the current stock of radios is not sufficient to provide coverage for all of our staff. The radios would help staff communicate more effectively in the case of emergency and incident deployment.
1.012	Purchase paint scrubbers/remover	\$80,000	The units brought over from TCF are not recommended for use on UBU turf. In addition the power drives come from multiple engines, whereas the units requesting only have one engine so use less fuel, are quieter, and are much smaller.
1.013	Change door hardware in stairwells.	\$350,000	Working with the City and Minneapolis FD to come up with a solution that works for event security and public safety.
1.014	Install cooling units in amp rooms	\$300,000	Amp Room systems are sensitive to elevated temperatures. To best protect our investment in high quality audio gear, the Amp Rooms require additional cooling capacity and improved air filtration, thereby maximizing the useful life of audio equipment.
1.015	Add feminine hygiene dispensers.	\$20,000	We have had many requests from guests to add these in female bathrooms.
1.016	Add lighting at the ticket office plaza.	\$75,000	Add can lights in soffit above each window and flood lights on Hess poles on plaza. There is enough light by code, but not enough light for guests to see tickets into purses or wallets for payment. General task lighting needs to increase.
1.017	Add countertop in the SOC.	\$5,000	The extra workspace is needed in the SOC for staff to perform duties during an event. Staff currently working off folding tables that do not fit properly in the space.
1.018	Additional maintenance tools/items not included in FF&E, including ball hitches on GEM's and Cushmans	\$7,000	Items like, temperature/humidity sensors, laser measurement, stud finders, etc. Vehicles were not purchased with hitches. The items are needed to operate more efficiently.

2017 First-year Capital Budget



AN CSMG MANAGED FACILITY

Item #	Description	Estimated Amount	Comments
1.019	Add toilet paper dispensers requested by ADA. Want under grab bar.	\$5,000	Cheaper to add new ones than to relocate the ones installed already.
1.020	Purchase extra keys and spare cores	\$5,000	The extra keys and cores will aid in access control and provide security the ability to customize spaces to meet individual client needs for events.
1.021	Install wall and corner protectors all over the building, including the service corridor	\$30,000	Walls are getting damaged due to all the traffic (all the events) and should be protected so they last longer and look nicer longer.
1.022	Add temperature sensors in the bowl to get a more accurate reading of bowl temperature	\$10,000	Cisco has sensors installed, need to tie into building system. Need some software and hardware so the building automation system can "see" the sensors and can use in the overall evaluation of building performance.
1.023	Add more Mondo matting at the Auxiliary locker rooms (service corridor) to connect Aux Locker Rooms 3 and 4 to Visiting Team Tunnel.	\$15,000	Need this matting for high school soccer and football, and will need for NCAA Final Four. Currently temporary matting is installed and needs to be monitored continuously because it is only taped down.
1.024	Add power to video rack rooms	\$5,000	Power was tripped at the Viking-Packer game in the production room. Only one 20A circuit was installed to each rack, two are required based on how the space is used for large broadcast events.
1.025	Purchase additional tip carts	\$21,000	Need more tip carts to better clean the bowl after an event. The current amount of tip carts is not sufficient based on the removing trash and recycling in separate streams.
1.026	Media Bathrooms	\$120,000	Add three (3) additional unisex restrooms in the Press Box with matching finishes to the other press box restrooms, relocate existing devices in the area, add additional signage.
1.027	Visiting locker room showers	\$94,000	Add two (2) single showers to Auxiliary Coach Wet Rooms 1 & 2, finishes to match existing wet spaces.
1.028	Lowering glass railing between GA and Clubs	\$130,000	Modification and replace glass railing for additional safety and improved sightlines and seperation at clubs.
1.029	Buildout of the Ticket Office Desk	\$7,000	Add casework around two columns for ticket associate for cash draw and copier.
1.030	Paint Purple Club Elevator Lobby	\$12,000	Blackout ceiling in elevator lobby at the purple club to be consistant with other areas in the Stadium.

2017 First-year Capital Budget			 <small>AN SMC MANAGED FACILITY</small>	
Item #	Description	Estimated Amount	Comments	
1.031	Lowering Glass Railings in GA areas	\$104,000	Modification and replace glass railing for additional safety and improved sightlines and seperation at GA locations.	
1.032	Upgrading Lighting in SKOL/Mezzine Deck Area	\$5,000	Improve lighting at West Mezzine landing area.	
1.033	Plaza table Painting/Refreash	\$8,500	Repaint plaza tables and benches west of Chicago.	
1.034	IT Enhancements	\$53,000	IT hardware and software enhancements to improve productivity and operational efficiency of Stadium.	
1.035	Ticket Scanner Ports: 10	\$20,000	Accelerated processing of ticket scanning to improve ingress to Stadium Events.	
1.036	Security Cameras 15	\$52,500	Provide security visability to areas of Stadium with limited camera coverage to reduce risk, enhance proactive response to incidents, and ensure video documentstion capability.	
1.037	Concessions POS and video enhancements	\$55,000	Reduce wait times at Concession Stands and increase revenue.	
1.038	Increase Fiber Count from IDFs and Production Control Room	\$52,000	Ensure IT infrastructure meets Stadium and Event connectivity requirements to reduce costs of change orders and improve responsiveness to customer demands.	
1.039	AMX Suite programming	\$65,000	Improve the reliability and ease of use of Suite control systems to reduce staff support costs and enhance the customert experience.	
	Unspecified Capital Items	\$420,000	Placeholder for currently unspecified capital items that will be determined based on particular capital asset needs and further evaluation of capital asset requirements at the Stadium and stadium site.	
Total 2017 first-year Capital Budget		\$3,673,000		

U.S. Bank Stadium

Estimated Five-Year Capital Plan Summary

December 16, 2016

<i>Stadium Operating Year: (January 1 -December 31)</i>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Totals</u>
Estimated Capital Expenditure/Reserve Allocation	\$5,090,000	\$6,180,000	\$6,780,000	\$7,380,000	\$7,480,000	\$32,910,000
Expenditure Estimates:						
2017 Capital Budget	(\$3,673,000)	\$0	\$0	\$0	\$0	(\$3,673,000)
Base Capital Repair & Replacement	\$0	(\$750,000)	(\$1,000,000)	(\$2,750,000)	(\$4,400,000)	(\$8,900,000)
Construction Related Capital Modifications	\$0	(\$2,000,000)	(\$1,750,000)	(\$1,500,000)	(\$1,000,000)	(\$6,250,000)
Additional Capital Investments/Modifications	<u>\$0</u>	<u>(\$4,500,000)</u>	<u>(\$3,500,000)</u>	<u>(\$2,250,000)</u>	<u>(\$2,850,000)</u>	<u>(\$13,100,000)</u>
Total Estimated Capital Expenditures	(\$3,673,000)	(\$7,250,000)	(\$6,250,000)	(\$6,500,000)	(\$8,250,000)	(\$31,923,000)
Annual Net Cash Flow	\$1,417,000	(\$1,070,000)	\$530,000	\$880,000	(\$770,000)	
Net Capital Reserve	<u>\$4,067,000</u>	<u>\$2,997,000</u>	<u>\$3,527,000</u>	<u>\$4,407,000</u>	<u>\$3,637,000</u>	
<i>(assumed beginning balance December 31, 2016 - \$2.65 million)</i>						



December 17, 2016

MEMORANDUM

TO: MSFA Commissioners

FROM: Ted Mondale

SUBJECT: Approval of the 2017 Concession Capital Reserve Fund Budget

In consideration of the Capital Planning and Investment Guidelines previously approved by the Board, information currently available and the anticipated needs of the Stadium and related infrastructure related to the provision of food and beverage, catering and concessions services as of this time, Aramark, SMG and Authority staff, in consultation with the Team pursuant to the Stadium Use Agreement, have prepared the 2017 Concession Capital Reserve Fund Budget for approval of the Board.

As set forth in the Food and Beverage, Catering and Concessions Agreement dated January 30, 2015, Aramark pays to the MSFA an amount equal to two and one-half percent (2 ½%) of Gross Sales into the MSFA Concession Capital Reserve Fund for equipment replacement, future capital improvements and service enhancements. Through October 31, 2016, the MSFA has received payments totaling \$447,400. It is estimated that estimated Gross Sales through December 31, 2016 will generate an additional \$200,000 in payment to the Concession Capital Reserve Fund; therefore, the estimated balance in the Concession Capital Reserve Fund is estimated to be approximately \$647,400 as of December 31, 2016. During calendar year 2017, it is estimated that approximately \$650,000 of revenues will be earned in the Concession Capital Reserve Fund.

The 2017 Capital Reserve Fund Budget estimates approximately \$661,300 in expenditures. A description of each expense or category(s) anticipated to be purchased and the related costs are below:

Additional Smallwares/Portable Carts	\$116,293
Hyundai Club Kitchen Finish-out	\$245,000
Construction of additional Concession Storage	\$200,000
Additional Smallwares purchases	<u>\$100,000</u>
Total estimated Capital Expenditures	<u>\$661,293</u>

Given the existing Concession Capital Reserve Fund balance as of September 31, 2016 and the additional funds estimated to be generated during the remainder of 2016 and calendar 2017 and the



aforementioned capital expenditures of \$661,293, the December 31, 2017 Concession Capital Reserve Funds is estimated to be approximately \$636,100.

It should be noted that the Concession Capital Reserve Fund Budget is based on the information currently available and the anticipated capital needs as of this time and is subject to modification and change between specific line items as particular structural and operational needs arise and pricing is finalized. Staff recommends that the Chair and CEO/Executive Director be authorized by the Board to procure the purchase of capital assets set forth in the 2017 Concession Capital Reserve Fund Budget, as approved by the Board, within the procurement guidelines and spending limitations previous established by the Board for the Chair and CEO/Executive Director. All anticipated expenditures for capital assets above the established limits of the Chair and CEO/Executive Director will be presented to the Board for approval prior to any expenditure. It is understood that as the specifications and pricing for a particular capital item(s) is finalized, there will likely be differences between the budgeted line item(s) amounts and the actual expenditure. Therefore, the Board further authorizes the Chair and CEO/Executive Director to modify/change capital line items within the 2017 Concession Capital Reserve Fund Budget and related specifications and pricing amongst line item(s) as set forth in the 2017 Concession Capital Reserve Fund Budget to accommodate such changes to the Board approved Capital Reserve Fund Budget presented hereto. However, the approved 2017 Concession Capital Reserve Fund Budget of \$661,293 will not be exceeded without the prior approval of the Board.

Staff will regularly provide the Board with a summary of the capital assets purchased and any modification or changes to the capital assets line items.

Recommendation: *The Board approves the 2017 Concession Capital Reserve Fund Budget as presented.*



December 12, 2016

MEMORANDUM

TO: MSFA Commissioners

FROM: Jay Lindgren, General Counsel

SUBJECT: Policy and Purpose for Usage of MSFA Suites by Authority Board Members, Staff and SMG

The Authority – like many other public building owners around the state and throughout the country – has negotiated the right to use certain suites during Stadium events with no charge. The Authority had access to three suites in the Hubert H. Humphrey Metrodome, and similarly has access to two suites in the U.S. Bank Stadium for certain events. It is common knowledge that other publicly-owned Minnesota facilities have similar agreements for suite access during events. The Authority has previously determined that using these suites *to market the Stadium* meets the important public purposes that have been placed on the Authority by the Legislature for the operation and success of the Stadium. The Authority is, in addition, very committed to being responsive to recent questions raised about this suite access.

The attached policies are intended to:

- even more tightly align suite use procedures to the Authority’s marketing responsibility;
- create heightened reporting and procedural requirements; and
- very clearly articulate the main purpose of its use of these suites -- ensuring that the facility is wisely managed and effectively marketed, to allow for the maximum return and public benefit of the Minnesota taxpayers’ significant investment into the facility.

To the best of my knowledge, this will be the most detailed and stringent policy governing the use of publicly-owned suites for any similar Minnesota venue. The policy may also very well be one of the most stringent – if not the most stringent – for any stadium in the nation. As such, the policy can help the Authority be a leader in shaping the policies that govern how assets such as the suites are used for maximum public benefit.

Marketing the Stadium is an Important Public Purpose

Recognizing the value of this access and the ability to use this unique asset to further the objectives given to the Authority by the Legislature, the Authority has, since the Stadium’s July 2016 opening, used the suites to further the public purpose of effectively marketing this world-class facility to entities around the country, while allowing Authority board members and executives the opportunity to observe operation of the facility first-hand, to assist with their obligations to provide operational oversight. Suite access affords potential users of the Stadium the unique opportunity to witness the capabilities of the facility during an event, which is very

different – and much more compelling – than taking a tour of an empty building or reviewing specifications of the facility on paper. Use of suites also affords a business-like setting for marketing where potential event users can converse and ask questions, and where Authority personnel can provide information about the facility’s remarkable capabilities and the assets and attractions in the Minneapolis-St. Paul region.

The Legislature determined in the Stadium Legislation that there is a public purpose for the Authority to conduct events for professional football and a broad range of other civic, community, athletic, educational, cultural, and commercial activities. The Legislature specifically tasked the Authority to achieve two main goals in operating and maintaining the facility:

- 1) Maximizing access for public and amateur sports, community and civic events as well as other public events in type and on terms consistent with those held at the previous stadium.¹
- 2) Operating the facility “in a first-class manner, similar to and consistent with other comparable NFL stadiums.”²

In particular, the Legislature’s public access requirement requires the Authority to book and hold a significant number of public and amateur sports, community and civic events *at a significant financial loss*. The Authority has already held numerous youth football events, has over 200 amateur baseball games scheduled for 2017 and is starting rollerblading and running events in the near future. Note, in particular, this statutory requirement:

297A.9905 Sec. 7. Use of the Stadium

Subdivision 1. Amateur Sports Use. The lessee of the stadium must make the facilities of the stadium available to the Minnesota Amateur Sports Commission up to ten days each year on terms satisfactory to the commission for amateur sports activities consistent with Minnesota Statutes, chapter 240A, each year during the time the bonds issued pursuant to the act are outstanding. The commission must negotiate in good faith and may be required to pay no more than actual out-of-pocket expenses for the time it uses the stadium.

Subdivision 2. High School League. The lessee of the stadium must make the facilities of the stadium available for use by the Minnesota State High School League for at least seven days each year for high school soccer and football tournaments. The lessee of the stadium must provide, and may not charge the league a fee for, this use, including security, ticket taker, custodial or cleaning services, or other similar services in connection with this use.

In compliance with this requirement, the Authority recently held 8 days of high school football and soccer events this fall at the Stadium with no use charge to the Minnesota State High School League.

The practical impact of the Legislative requirement to operate the facility in a first-class manner is that the Authority must maintain the facility at the same condition as other modern NFL stadiums, including for example, AT&T Stadium in Dallas and Lucas Oil Stadium in Indianapolis. This will require the Authority to generate sufficient revenue to attain this requirement. In your current 5-year capital plan projection, you’ve determined that approximately \$30 million will be required to satisfy that requirement.

¹ Minn. Stat. § 473J.13, subd. 3.

² Minn. Stat. § 473J.13, subd. 1.

The ability to meet these twin statutory directives directly depends on the success of the marketing efforts for profitable events on an on-going basis. You have clearly determined that an aggressive and on-going marketing effort is vital to attract and retain commercial spectator events, as well as mega-events such as the Super Bowl and NCAA Men's Final Four that maximize revenues. The Authority is responsible for ensuring that the facility is wisely managed and effectively marketed, to allow for the maximum return and public benefit of the Minnesota taxpayers' significant investment into the facility. For these reasons, marketing the Stadium is a vital public purpose.

There is no payment to the Vikings or other Stadium User for the Authority Suites

The Authority negotiated an agreement with the Minnesota Vikings to carve out two suites that remain controlled by the Authority, while the remaining assets of the facility are controlled by the privately-owned Vikings or another private party. This suite access does not require payment of any public funds. If this negotiation had not been successful by the Authority, the two suites in question would now be controlled by the Vikings and generate revenue for the Vikings.

During these negotiations, the Authority and the Vikings agreed that the Authority would have access to two suites in U.S. Bank Stadium, similar to the arrangement in the Metrodome. Access to two suites – instead of one – allows the Authority to market to a larger audience and allows active and simultaneous participation by all board members, without any risk to transparency of operations. The Authority believes it is important to have two suites, to allow board members to actively participate in marketing without ever having a quorum of the board in one location, which could lead to allegations that the board was engaging in communications outside of the Open Meeting Law.

Access to these Authority suites is provided at no charge to the Authority. The Use Agreement allows the Vikings the right to license all suites in the Stadium *except* the two suites that are owned and controlled by the Authority. The Authority retains use of those suites and does not pay any license fee to the Vikings. In addition, the Vikings provide the Authority with a specified number of tickets for Vikings stadium events, free of charge, to allow individuals to enter the facility and access the Authority's suites. Likewise, the Authority does not pay any other event promoter for access to the suite during other stadium events. The Authority does not pay any fee or other payment of any kind to the Vikings or any event promoter for use or services that are provided to the Authority for the Authority suites, but the Authority must pay Aramark for the cost of any food or beverages consumed in the suites. Alcoholic beverages have never, and will never, be paid for by public funds.

The Authority cannot license its suites to outside parties for Vikings games. By contract with the Vikings, the Authority does not have the right to license the Authority Suites for Team Stadium Events (including Vikings home football games). The Vikings would never allow the Authority Suites to be sold in a manner that competes with the Vikings' contractual right to sell suites. The Suites are for Authority purposes during Team Stadium Events.

The Authority has significant limits on its ability to license its suites to outside parties for other events. The Authority could potentially license the Authority suites for Authority events, such as certain concerts, but there is a significant question of whether there is adequate demand to support a reasonable return on any effort to license the suites. There are two reasons for this: (1) the demand may be insufficient: the Authority would be marketing its own suites against the other suites it already offers, and which oftentimes it is unable to license; (2) any profits generated by the Authority may need to be shared with the concert promoter, reducing any benefit to the Authority. The majority of the Authority events would likely not provide much, if any, additional revenue opportunities given the limited demand for those events and the other suite products

that the Authority already markets. For some of the larger stadium events, such as major concerts, there could be a market for the Authority Suites in addition to the suite products that the Authority currently markets, however, the ability to generate revenues from the licensing the Authority Suites for an event is a direct function of the demand for such Suites at a specific Authority Event. Regardless, such revenue generated from the Authority Event for which the Authority Suites are licensed could be subject to sharing with the event promoter.

Unlike the public entities overseeing other local facilities – such as Target Field and the Xcel Energy Center – the Authority has been charged with responsibility for operating U.S. Bank Stadium on a day-to-day basis. The Authority has also been charged with the responsibility to maximize the public’s access to the facility, for example through use for public high school sporting events. And unlike other public facilities in the region, the Authority does *not* seek public funding to cover the ongoing cost of operations and management. To achieve these goals – successful operation of the Stadium in a manner competitive with other world-class facilities – without ongoing public funding, and continuously maximizing public access to the Stadium – the Authority must actively engage in a sophisticated marketing strategy to attract significant private clients and large-scale events, revenue from which will help to support public access and operation of the Stadium without the need for ongoing public funding.

Having Two Authority Suites Serves the Public Interest

The Authority has successfully negotiated the right to continue to use two suites, at no cost to the public. As part of the current public discussion, there been a suggestion that the Authority should, perhaps, control one suite rather than two suites. If this were to occur, the Vikings would control the returned suite during Vikings’ events. If so, the only result is to increase the revenue for a private party and deprive the Authority of a powerful marketing tool. As previously stated, licensing the suites to generate revenue for the Authority is not a viable option: the Authority is not permitted to license the suites for Vikings events, and the demand for suite use at other events is questionable. The only benefit would be to a private company – the Minnesota Vikings, which would be able to collect ticket and seat license revenue on an asset that is currently public property. In addition, the revised policy reflects that Authority Board Members can play an important role in both marketing the Stadium and observing its operational management. The Authority is bound by and must always comply fully with the Minnesota Open Meeting laws. Even though an exception to the Open Meeting Law may apply, it is my recommendation that a quorum of the Board should never be together in an Authority Suite during an event. For this reason, having two suites allows a majority of the Board to assist with Stadium marketing at an event without even the appearance of an improper public meeting. For these reasons, transfer of this public asset to the private sector would not serve the public interest or the interests of the State of Minnesota.

Conclusion

It is currently the policy of the Authority that, given the other suite products the Authority markets and the need to share profits with a promoter, that utilizing the Authority suites for marketing is a better and higher use of the Authority Suites. The Authority is responsible for the marketing, booking and financial performance of U.S. Bank Stadium. The Stadium competes with other stadiums and entertainment venues, a number of which are operated by private professional sports franchises, to attract a wide variety of events to the Stadium and thereby the State of Minnesota. The booking of events at the Stadium is a very competitive business as other venues across the country and region actively market to those events utilizing all of their available assets to attract and book many of the events the Stadium is competing for as well. Given the highly competitive landscape to attract events (such as the NCAA Final Four, X-Games, major concerts, motor events, national and international sporting events), the Authority suites provide a key asset and opportunity for the Authority to host the event promoters and decision makers at the Stadium during a Vikings or Authority Event.

It is reasonable to conclude that Commissioners and executive staff have a key, ongoing role in assisting with the marketing activities at the Stadium. The opportunity to use the Authority suite as a base to observe an event from its opening to its conclusion, get a sense of the event atmosphere and of the buildings operations in an environment that allows the attendees to ask questions of the Authority, SMG, board members and others assisting in the marketing of the Stadium. By adopting this policy, the Authority can continue to meet your legislatively-mandated responsibilities and do so in a manner that can serve as an example to other facilities around the state and country.

Recommendation: *The Board of the Minnesota Sports Facilities Authority approves and adopts the Policy and Purpose for Usage of MSFA Suites by Authority Board Members, Staff and SMG*

Policy and Purpose for Usage of MSFA Suites by Authority Board Members, Staff and SMG

I. Background and Legislative Goals for the Authority

The Legislature found in the Stadium Legislation that there is a public purpose for the MSFA to conduct events for professional football and a broad range of other civic, community, athletic, educational, cultural, and commercial activities. The Legislature specifically tasked the Authority to achieve two main goals in operating and maintaining the facility:

- 1) Maximizing access for public and amateur sports, community and civic events as well as other public events in type and on terms consistent with those held at the previous stadium,³ and;
- 2) Operating the facility “in a first-class manner, similar to and consistent with other comparable NFL stadiums.”⁴ In addition, the Board has tasked staff to develop short and long term Capital Plans to ensure that the facility stays in good repair and that necessary improvements such as technology upgrades or acquisition of additional stadium infrastructure should be foreseen and properly budgeted.

Successful marketing is a key component of reaching these goals. The Authority finds that in order to meet the twin goals of community and amateur sports access at affordable rates, as well as keeping the facility in a first class and competitive state, requires an aggressive and on-going marketing effort to attract and retain commercial spectator events as well as mega-events such as the Super Bowl and NCAA Men’s Final Four that will maximize revenues. The Authority is responsible for ensuring that the facility is wisely managed and effectively marketed, to allow for the maximum return and public benefit of the Minnesota taxpayers’ significant investment into the facility.

II. The Authority’s Opportunity to Use Suites to Further Legislative Goals

Through its Use Agreement with the Minnesota Vikings and other relevant agreements, the Authority has control of two suites – at no cost to the Authority or the public – whose purpose is to enable the Authority and SMG to successfully market the facility to potential and current commercial events. In addition, the Authority will need to market to other mega events as well as community and amateur sports entities during NFL and other significant events.

Consistent with their obligations to effectively manage and market the facility and achieve a maximum return on Minnesota taxpayers’ substantial investment in this facility, the MSFA Board, staff, and SMG staff will actively participate in such marketing activities and efforts during Authority events.

The Authority recognizes that there are a limited number of individuals or groups that may book the stadium for a particular type of event, such as a high-attendance sporting event. However, the Authority believes that certain aspects of the facility – including its infrastructure, concessionaire services, day-of-event services (such as security, etc.), and other aspects – remain relatively constant even when the type of event varies. As such, the Authority has determined that use of the suites is a critical tool in its marketing plan, whether the potential user plans to host a high-attendance sporting event or some other type of event (such as a concert).

³ Minn. Stat. § 473J.13, subd. 3.

⁴ Minn. Stat. § 473J.13, subd. 1.

III. Restrictions on Suite Access for Marketing Purposes

The Authority's suites are to be used to fulfill its Legislatively-assigned purposes, including effective marketing of the facility and overseeing operation of the facility in a first-class manner. When distributing tickets for the suite, these purposes must be kept in mind.

Depending upon the circumstances, it may be appropriate to invite the following people to attend an event in one of the Authority's suites:

Authority board members and executives. Authority board members and executives may use the suite to actively participate in marketing activities with external invitees. While attending the game, the Authority board member or executive must observe the operation of the stadium and must pay attention to any facts or issues that would allow the Authority to better fulfill its purpose, including: operations, crowd management, facilities, upkeep, staffing, and opportunities for alternative uses or improvement. He or she must communicate any concerns or suggestions, based on his or her observations at these games, to Authority staff and/or the Authority Board.

Other Authority personnel and SMG personnel. In certain situations, it may be appropriate for other Authority personnel to attend to further support this marketing role by, for example, assisting with hosting external invitees and/or acting as a resource of information about the region, community or facility to further the marketing goal. It may also be appropriate for certain SMG staff to attend to assist in this marketing effort.

Users and potential users of the facility. As has been the historical practice, Authority and SMG staff are strongly encouraged to invite potential users to observe the operation of the facility to allow the potential user to see the capabilities and operations of the facility during an event individuals or groups considering whether to book the facility for an upcoming event. In limited circumstances, it may be appropriate to invite individuals/groups who have already entered an agreement to host an event at the facility if (1) allowing the individual to observe the operation of the facility during an event would resolve specific, significant challenges or issues related to the upcoming event, or (2) the Authority board member or executive has reasonably determined that allowing the individual to observe the operation of the facility for this specific event would assist in efforts to convince the individual to book additional upcoming events at the facility.

Community member groups. Certain local coordinator or community member groups – such as the Convention Bureau, Meet Minneapolis and others – can also substantially further the Authority's public goals of effective marketing of the facility. These groups are dedicated to the success of the Twin Cities, including success as a destination for large events drawing crowds from around the county. Allowing these groups to observe the operation of the facility and connect with potential users of the facility could be a significant component in encouraging outside groups to book the facility, or in providing the groups with sufficient information to allow them to refer outside users to the facility as a potential venue.

Public officials. Authority board members and executives should be sensitive that various legal and perception issues may limit the willingness of public officials to attend marketing events within the Authority suites. It is, however, appropriate under Minnesota law (specifically, the Campaign Finance and Public Disclosure statute, Minnesota Statutes, Chapter 10A) for Authority board members or executives to invite public officials to Authority suites if attendance otherwise meets the requirements of this policy.

Other. This is not intended to be an exclusive list, and Authority board members or executives may identify additional groups whose inclusion may also foster the Legislatively-established purposes of the Authority.

IV. Procedure for Use of Suites for Marketing

The Authority adopts the following procedures, in order to ensure that the Authority suites are being used for the maximum possible benefit.

Access to Tickets. Tickets for each event will be available to Board Members and the CEO/Executive Director for marketing purposes. The Authority will work with SMG to invite potential and recurring users to the event, along with mega-event customers and community users as well. Should either the CEO/Executive Director or an individual Board Member not be able to personally attend an event then their ticket(s) will be returned to the Authority for re-distribution.

Maintaining a Record of Attendees. The Authority will maintain a list of the individuals who use the Authority’s suites. This list shall include: the date and type of event, the name of the individual attending, the individual’s employer or organization, the Authority board member or employee who issued the invitation, and the public purpose for that individual’s presence. By way of example only, below is a sample of entries that could be maintained:

Event	Invitee	Company	Host	Public purpose
12/1/16	Board Member 1	MSFA	n/a	Marketing
12/1/16 Vikings Game	John Smith	XYZ Events Co.	Board Member 1	Potential user of the facility
12/1/16 Vikings Game	Jane Doe	Minneapolis Civic Tourism Group, LLC	Board Member 2	Provide regional and city background and assist in marketing the facility to XYZ Events Co.

Responsibility of Board or Staff Member Using Suite. Each time an Authority board member or executive uses the suite, he or she must individually assess – using his or her background, experience, and knowledge about the marketing goals – whether his or her use of suite tickets serves a public purpose, keeping in mind the public purposes described in this policy and in the Stadium Bill. Each individual must think through the goals outlined for the Authority, and make clear in his or her own mind the public purpose that would be served. In particular, the authorized person must consider the individuals to whom it extends an invitation to use one of the tickets allocated to each member, and determine that inviting that person serves a public purpose. Any member or executive who has questions or wants counsel as to whether a particular use is appropriate should contact Jay Lindgren, the Authority’s General Counsel.

V. Expenditures for Food and Beverage During Events

Although the Authority is entitled to access the suites free of charge, pursuant to certain contracts, any provision of food or beverages in the suite requires an additional expenditure. Expenditure of funds for food serves important public goals. One characteristic of U.S. Bank Stadium that makes it particularly attractive to events is its world-class catering, and the participation of local chefs and restaurants. Aramark, the Authority and the Vikings have worked to establish a partnership with “Minnesota’s top chefs and premier restaurants [tha] will establish U.S. Bank Stadium as a leader in dining experience within

the Minnesota sports landscape and across the sports and entertainment industry.”⁵ Showcasing the unique food options available at the facility is a crucial component to an effective marketing plan.⁶ Providing food also serves a public purpose by supporting the goal of the meeting. The events often occur around mealtimes and it is not possible to reschedule the marketing event to a different time. Providing food allows the marketing meeting to continue without interruption and demonstrates the capabilities of the stadium to individuals and entities considering booking future events at the stadium. Of course, food expenditures must be reasonable; excessive food expenses do not serve a public purpose. Any member or employee who has questions or wants counsel as to whether a particular expenditure is appropriate should contact Jay Lindgren, the Authority’s General Counsel. Alcoholic beverages cannot be reimbursed by the Authority and a process will be established for user reimbursement or purchase of these beverages similar to the practices implemented at the Metrodome.

VI. Implementation of This Policy

This policy has been adopted to ensure that the Authority’s suites are used in a manner that will allow for the maximum return and public benefit of the Minnesota taxpayers’ significant investment into the facility. Any member or executive who has questions or wants counsel as to whether a particular use is appropriate should contact Jay Lindgren, the Authority’s General Counsel.

⁵ “Vikings, Aramark and MSFA Unveil Culinary Roster for U.S. Bank Stadium, May 24, 2016, available at <http://www.vikings.com/news/new-stadium/article-1/Vikings-Aramark-and-MSFA-Unveil-Culinary-Roster-for-US-Bank-Stadium/60273a7f-916e-431d-9290-e1a6f9b2203c> (Aramark President describing effort to “design an unprecedented and innovative dining experience at U.S. Bank Stadium that showcases the distinctive tastes and flavors of Minnesota and the very best from its burgeoning restaurant scene” and MSFA chair stating partnership with “Minnesota’s top chefs and premier restaurants will establish U.S. Bank Stadium as a leader in dining experience within the Minnesota sports landscape and across the sports and entertainment industry” and noting that “[t]hese Minnesota partnerships are an integral component of the stellar dining program being developed by Aramark, to complement the world-class status of the new stadium”).

⁶ See, e.g., “Inside the Vikings Stadium’s Medtronic Club,” *Finance & Commerce*, July 12, 2016, available at <http://finance-commerce.com/2016/07/inside-the-vikings-stadiums-medtronic-club/> (news outlet describing in detail the food offerings at U.S. Bank Stadium); “U.S. Bank Stadium’s World-Class Dining Experience to Showcase Minneapolis-St. Paul’s Premier Local Brands and Small Businesses,” July 12, 2016, available at <http://www.usbankstadium.com/news/detail/us-bank-stadiums-world-class-dining-experience-to-showcase-minneapolis-st-pauls-premier-local-brands-and-small-businesses> (““The unique line-up of local partners contributing to the food and beverage offerings at U.S. Bank Stadium fits directly into our vision of providing the best overall customer experience for our guests through all aspects of our operations,” said Patrick Talty, SMG General Manager at U.S. Bank Stadium.”).



December 16, 2016

MEMORANDUM

TO: MSFA Commissioners

FROM: Ted Mondale/Mary Fox-Stroman

SUBJECT: Budget Report – Q3 2016

Attached is the third quarter budget report for the Minnesota Sports Facilities Authority (Authority) for the period from January 1, 2016 through September 30, 2016.

The budgetary comparison report for the operating account includes the Authority's 2016 annual budget, actual revenues and expenses through September 30, 2016, the change in account balance, and the ending account balance as of September 30, 2016. The Authority's original budget included the pro rata portion of the net operating income guarantee for the calendar year based on accounting for stadium operations as a service concession agreement with SMG and that operations would begin on August 1, 2016. Subsequently, on May 20, 2016, the Authority approved the SMG budget for the first year of stadium operations which would begin in July 2016 as the stadium reached substantial completion early and operations commenced as of July 1, 2016.

Based on the above fiscal year change and the additional research and analysis of the SMG agreement and GASB Statement No. 60 it was determined that stadium operations should be accounted for as a service management agreement. This accounting change then required an adjustment to the budget to remove the pro rata portion of the net operating income guarantee of \$2,812,500 and include budgeted revenues and expenses for stadium operations-SMG. The budget for the Minnesota Vikings payment was increased by \$3,035,715 to equal the annual amount of \$8,500,000, there is an increase to stadium operating revenues-SMG of \$11,466,223, and there is an increase to stadium operating expenses-SMG of \$13,871,408 based on SMG's operating budget for the period from July 1, 2016 through December 31, 2016.

Also, a decrease adjustment was made to the budget for the payment from SMG of \$250,000 as this was moved to the stadium project budget.

The Authority's operating revenues for the fiscal year totaled \$20,378,637, operating expenses totaled \$12,366,185, and nonoperating net expenses were \$5,391,033. As of September 30, 2016 the account balance increased by \$2,621,419 and the ending account balance was \$6,103,425.

The Capital Reserve account revenues were \$3,000,000, there were no expenses, and the ending account balance was \$3,000,000 as of September 30, 2016.



The Concession Capital Reserve account revenues were \$128,174, there were no expenses and the ending account balance was \$128,174 as of September 30, 2016.

The budgetary comparison report for the U.S. Bank Stadium project trust account includes the project budget, actual revenues and expenses for 2012, 2013, 2014, 2015, first, second and third quarter 2016, 2016 year-to-date, and a project-to-date column. For the period from January 1, 2016 through September 30, 2016 the stadium project trust account non-operating (non-capital) revenues totaled \$569,372, project expenses were \$220,900,016, capital contributions were \$220,330,564, and the ending account balance was \$3,300. Project-to-date non-operating (non-capital) revenues totaled \$9,464,932, project-to-date expenses totaled \$1,098,358,099, project-to-date capital contributions were \$1,088,905,983 and the net ending account balance was \$3,300.

For period from January 1, 2016 through September 30, 2016 the Block 1 Parking Ramp expenses were \$371,359 and capital contributions were \$371,359. Project-to-date expenses were \$49,002,664 and capital contributions were \$49,002,664, and the account balance was \$0. The U.S. Bank Stadium project expenses and capital contributions also include \$16,164,063 for the Block 1 Parking Ramp.

Cash and Investment Summary as of September 30, 2016:

SUMMARY OF CASH AND INVESTMENTS	
Cash and Cash Equivalents:	
U. S. Bank - operating account	\$934,374.33
U.S. Bank - payroll account	\$1,000.18
Total Cash	\$935,374.51
Investments:	\$5,959,981.45
U.S. Bank investment account	
Total Cash and Investments	\$6,895,355.96
U.S. Bank stadium operating account, box office account, and marketing fund per SMG's report	\$4,658,670.75

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

MINNESOTA SPORTS FACILITIES AUTHORITY
 BUDGETARY COMPARISON SUMMARY - Q3 2016
 OPERATING ACCOUNT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN ACCOUNT BALANCE
 For the Period from January 1, 2016 through September 30, 2016

	2016 Budget Annual	2016 Q2 Actual 1/1/16-6/30/16	2016 Q3 Actual 1/1/16-9/30/16
Revenues:			
Stadium operating payments:			
State of MN operating payment	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
Vikings use fee - operating payment	8,500,000	4,857,143	6,678,572
Stadium operating revenue - SMG	11,466,223	-	7,174,137
Marketing fund payment from SMG	500,000	-	500,000
Charges for services	-	12,713	23,175
Miscellaneous revenue	-	1,001	2,753
Total operating revenues	26,466,223	10,870,857	20,378,637
Expenses:			
Operating expenses:			
Personal services	1,083,000	486,426	793,961
Professional services	1,934,625	1,037,402	1,441,984
Audio-visual maintenance costs	7,000	1,172	2,668
Travel and meetings	16,000	2,377	3,566
Supplies, repairs and maintenance	67,200	204,754	322,341
Rent and stadium contractual commitments and leases	1,014,667	126,789	447,645
Insurance	84,000	67,114	197,003
Communication	33,000	26,457	33,630
Miscellaneous	175,750	62,595	129,343
Parking operations	-	2,249	41,662
Stadium operating expenses - SMG	13,871,408	-	8,952,382
Subtotal operating expenses	18,286,650	2,017,335	12,366,185
Operating income/(loss)	8,179,573	8,853,522	8,012,452
Non-Operating revenues/(expenses):			
Investment income (loss)	40,000	(6,288)	1,013
Other contribution from project	800,000	-	-
Taxes-State of MN	1,361,000	-	-
Commemorative brick fundraising:			
Revenues	1,600,000	721,849	2,989,451
Expenses and contribution to project	(850,000)	(655,980)	(2,823,440)
Net commemorative brick fundraising	750,000	65,869	166,011
Stadium project expenses	(4,896,998)	(2,178,160)	(2,506,836)
Stadium turf cover	(1,223,533)	-	(1,223,533)
Pre-opening expense - SMG	(2,281,407)	(1,827,688)	(1,827,688)
Subtotal non-operating revenues/(expenses)	(5,450,938)	(3,946,267)	(5,391,033)
Change in Account Balance	2,728,635	4,907,255	2,621,419
Beginning Account Balance	3,482,006	3,482,006	3,482,006
Ending Account Balance	\$ 6,210,641	\$ 8,389,261	\$ 6,103,425

CAPITAL RESERVE ACCOUNT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN ACCOUNT BALANCE
For the Period from January 1, 2016 through September 30, 2016

	2016 Budget Annual	2016 Q2 Actual 1/1/16-6/30/16	2016 Q3 Actual 1/1/16-9/30/16
Revenues:			
Minnesota Vikings capital cost payment	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
State of MN capital cost payment	1,500,000	1,500,000	1,500,000
Total capital reserve revenues	3,000,000	3,000,000	3,000,000
Expenses:			
Capital expense	500,000	-	-
Change in Account Balance	2,500,000	3,000,000	3,000,000
Beginning Account Balance	-	-	-
Ending Account Balance	\$ 2,500,000	\$ 3,000,000	\$ 3,000,000

CONCESSION CAPITAL RESERVE ACCOUNT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN ACCOUNT BALANCE
For the Period from January 1, 2016 through September 30, 2016

	2016 Budget Annual	2016 Q2 Actual 1/1/16-6/30/16	2016 Q3 Actual 1/1/16-9/30/16
Revenues:			
Aramark Capital Reserve 2.5% payment	\$ -	\$ -	\$ 128,174
Total capital reserve revenues	-	-	128,174
Expenses:			
Capital expense	-	-	-
Change in Account Balance	-	-	128,174
Beginning Account Balance	-	-	-
Ending Account Balance	\$ -	\$ -	\$ 128,174

PROJECT TRUST ACCOUNTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN ACCOUNT BALANCE
As of September 30, 2016

	Project Budget 8/19/16	2012 Actual 08/01/12-12/31/12	2013 Actual 1/1/13-12/31/13	2014 Actual 1/1/14-12/31/14	2015 Actual 1/1/15-12/31/15	Q1-2016 Actual 1/1/16-3/31/16	Q2-2016 Actual 4/1/16-6/30/16	Q3-2016 Actual 7/1/16-9/30/16	2016 Year-to-Date TOTAL	Project-to-Date TOTAL
US BANK STADIUM PROJECT										
Revenues										
Miscellaneous Revenues										
Non-Operating Contributions	\$ -	\$ 833,181	\$ 588,346	\$ 6,328,588	\$ 1,145,445	\$ 104,727	\$ 162,321	\$ 302,324	\$ 569,372	\$ 9,464,932
	-	833,181	588,346	6,328,588	1,145,445	104,727	162,321	302,324	569,372	9,464,932
Expenses										
Miscellaneous Expenses										
Noncapitalizable project expenses	-	833,181	588,346	6,315,692	1,169,692	104,727	162,321	302,324	569,372	9,476,283
Capital improvement expenses-US Bank Stadium Project*										
Site Acquisition & Improvements	58,321,314	-	751,515	26,615,655	19,778,489	239,121	3,707,528	6,346,917	10,293,566	57,439,225
Construction Costs	905,640,773	-	15,902,234	274,863,786	441,952,844	53,046,418	76,270,167	34,272,027	163,588,612	896,307,476
Furnishings, Fixtures & Equipment	64,135,459	-	-	-	13,580,888	7,496,254	12,878,867	19,401,714	39,776,835	53,357,723
Development Costs	86,455,308	2,546,938	24,355,589	23,927,104	13,318,815	1,905,644	2,286,610	2,428,405	6,620,659	70,769,105
Other Project Costs	8,633,535	-	-	-	14,170	36,529	16,250,000	(16,235,557)	50,972	65,142
Project Contingency	6,525,698	-	-	-	-	-	-	-	-	-
Earnest deposit on Downtown East ramp	-	-	855,000	(855,000)	-	-	-	-	-	-
Prepaid project insurance	-	-	10,649,497	317,895	(24,247)	-	-	-	-	10,943,145
Subtotal expenses	1,129,712,087	3,380,119	53,102,181	331,185,132	489,790,651	62,828,693	111,555,493	46,515,830	220,900,016	1,098,358,099
Operating income/(loss)	(1,129,712,087)	(2,546,938)	(52,513,835)	(324,856,544)	(488,645,206)	(62,723,966)	(111,393,172)	(46,213,506)	(220,330,644)	(1,088,893,167)
Nonoperating revenues/(expenses):										
Interest	-	-	-	2,882	219	-	199	80	279	3,380
SBL sales revenues	-	-	3,426,786	5,564,687	6,483,069	1,480,796	1,534,283	1,733,928	4,749,007	20,223,549
SBL expenses	-	-	(3,426,786)	(5,564,687)	(6,483,069)	(1,480,796)	(1,534,283)	(1,733,928)	(4,749,007)	(20,223,549)
Subtotal nonoperating revenues/(expenses)	-	-	-	2,882	219	-	199	80	279	3,380
Capital Contribution*	1,129,712,087	2,546,938	52,513,835	324,869,440	488,645,206	62,723,966	111,393,172	46,213,426	220,330,564	1,088,905,983
Operating Transfer From/(To):										
Operating transfer from Operating account	-	-	-	1,523	-	-	-	-	-	1,523
Operating transfer to Operating account	-	-	-	(14,419)	-	-	-	-	-	(14,419)
Subtotal operating transfer from/(to)	-	-	-	(12,896)	- #	- #	- #	-	-	(12,896)
Change in Account Balance	-	-	-	2,882	219	-	199	-	199	3,300
Beginning Account Balance	-	-	-	-	2,882	3,101	3,101	3,300	3,101	-
Ending Account Balance	\$ -	\$ -	\$ -	\$ 2,882	\$ 3,101	\$ 3,101	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300
BLOCK 1 PARKING RAMP CONSTRUCTION**										
Expenses										
Capital improvement expenses										
Site Acquisition Costs	\$ 7,700,000	-	-	\$ 7,701,120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,701,120
Construction Costs	41,301,544	-	-	9,178,353	31,751,832	240,601	59,515	71,243	371,359	41,301,544
Subtotal expenses	49,001,544	-	-	16,879,473	31,751,832	240,601	59,515	71,243	371,359	49,002,664
Capital Contribution	49,001,544	-	-	16,879,473	31,751,832	240,601	59,515	71,243	371,359	49,002,664
Change in Account Balance	-	-	-	-	-	-	-	-	-	-
Beginning Account Balance	-	-	-	-	-	-	-	-	-	-
Ending Account Balance (Unaudited)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* The US Bank Stadium project analysis includes costs of \$16,164,063 and capital contributions of \$16,164,063 for the Block 1 parking ramp. 2016 contributions include \$12,250,000 representing vendor contributions to the US Bank Stadium project. For external reporting purposes, these contributions will be classified as deferred inflows and recognized as revenue evenly over the 10 year contract term, beginning August 1, 2016.

** The Block 1 parking ramp project budget is \$48,953,484 and the funding sources are \$16,321,092 from the US Bank Stadium and \$32,632,392 from the City of Minneapolis. As of 9/30/2016 US Bank Stadium contributed \$16,164,063 and the City contributed \$32,838,601 to this project.

*** Costs include \$1,120 of site acquisition costs that were budgeted in US Bank Stadium Project site acquisition.



December 16, 2016

MEMORANDUM

TO: MSFA Commissioners

FROM: Ted Mondale/Mary Fox-Stroman

SUBJECT: 2016 Amended Budget

Attached is a report that shows the original budget 2016, the recommended Budget 2016, actual revenues and expenses as of September 30, 2016, and the calendar year projection of revenues and expenses. As stated in the Budget Report Q3 - September 30, 2016 the Authority's original budget included budget the pro rata portion of the net operating income guarantee for the calendar year based on accounting for stadium operations as a service concession agreement with SMG and that operations would begin on August 1, 2016. Subsequently, on May 20, 2016, the Authority approved the SMG budget for the first year of stadium operations which would begin in July 2016 as the stadium reached substantial completion early and operations commenced as of July 1, 2016.

Based on the above fiscal year change and the additional research and analysis of the SMG agreement and GASB Statement No. 60 it was determined that stadium operations should be accounted for as a service management agreement. This accounting change then required an adjustment to the budget to remove the pro rata portion of the net operating income guarantee of \$2,812,500 and include budgeted revenues and expenses for stadium operations-SMG. The budget for the Minnesota Vikings payment was increased by \$3,035,715 to equal the annual amount of \$8,500,000, there is an increase to stadium operating revenues-SMG of \$11,466,223, and there is an increase to stadium operating expenses-SMG of \$13,871,408 based on SMG's operating budget for the period from July 1, 2016 through December 31, 2016.

In addition, there were several budget lines that were adjusted based on previous actions of the Authority and updates to the year-end projections.

The Authority approved the capital reserve expense budget of \$500,000 on June 17, 2016. The concession capital reserve budget was not previously included in the budget so the concession reserve revenue budget was increased by \$647,371.

Recommendation: *The Authority approves the amended budget for 2016 per the attached report.*

MINNESOTA SPORTS FACILITIES AUTHORITY
YEAR 2016 ACTUAL AND PROJECTION AND YEAR 2017 BUDGET
January 1, 2017 through December 31, 2017

	Original Budget 2016	Recommended Budget 2016	Actual 01/01/16-09/30/16	Projection 01/01/16-12/31/16
Operating Account				
Revenues:				
Stadium operating payments:				
State of Minnesota operating payment	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
MN Vikings operating payment	\$ 5,464,285	\$ 8,500,000	\$ 6,678,572	\$ 8,500,000
Stadium operating revenue-SMG	\$ 2,812,500	\$ 11,466,223	\$ 7,174,137	\$ 11,466,223
Marketing fund payment from SMG	\$ 750,000	\$ 500,000	\$ 500,000	\$ 500,000
Charges for services			\$ 23,175	
Miscellaneous revenues-energy rebates & Verizon payment		\$ 3,439,471		\$ 3,439,471
Miscellaneous revenues & Vikings signage & Audubon Soc. Payment			\$ 2,753	
Total revenues	<u>\$ 15,026,785</u>	<u>\$ 29,905,694</u>	<u>\$ 20,378,637</u>	<u>\$ 29,905,694</u>
Expenses:				
Personal services	\$ 1,083,000	\$ 1,100,077	\$ 793,961	\$ 1,100,077
Professional services	\$ 1,934,625	\$ 2,011,240	\$ 1,441,984	\$ 2,011,240
Audio-visual costs	\$ 7,000	\$ 4,285	\$ 2,668	\$ 4,285
Travel and meetings	\$ 16,000	\$ 5,148	\$ 3,566	\$ 5,148
Supplies, repairs and maintenance-network administration	\$ 67,200	\$ 444,992	\$ 322,341	\$ 444,992
Rent and stadium contractual commitments and leases	\$ 1,014,667	\$ 1,179,693	\$ 447,645	\$ 1,179,693
Insurance	\$ 84,000	\$ 199,430	\$ 197,003	\$ 199,430
Communication	\$ 33,000	\$ 39,488	\$ 33,630	\$ 39,489
Miscellaneous and marketing	\$ 175,750	\$ 163,495	\$ 129,343	\$ 163,495
Event cabin use fee		\$ 300,000		\$ 300,000
Vikings-share of rebates		\$ 385,405		\$ 385,405
Vikings-share of Verizon payment		\$ 1,216,259		\$ 1,216,259
Parking operations		\$ 41,495	\$ 41,662	\$ 41,495
Stadium operating expenses-SMG and SMG fee		\$ 13,871,408	\$ 8,952,382	\$ 13,871,408
Total expenses	<u>\$ 4,415,242</u>	<u>\$ 20,962,415</u>	<u>\$ 12,366,185</u>	<u>\$ 20,962,415</u>
Operating income (expense)	<u>\$ 10,611,543</u>	<u>\$ 8,943,279</u>	<u>\$ 8,012,452</u>	<u>\$ 8,943,280</u>
NonOperating revenues/(expenses):				
Investment earnings	\$ 40,000	\$ 1,104	\$ 1,013	\$ 1,104
Other contribution from project	\$ 800,000			
Taxes - State of Minnesota	\$ 1,361,000	\$ 1,686,000		\$ 1,686,000
Commemorative brick fundraising:				
Commemorative brick fundraising revenues	\$ 1,600,000	\$ 2,989,451	\$ 2,989,451	\$ 2,989,451
Commemorative brick fundraising expenses & contribution to project	\$ (850,000)	\$ (2,826,120)	\$ (2,823,440)	\$ (2,826,120)
Net commemorative brick fundraising	<u>\$ 750,000</u>	<u>\$ 163,331</u>	<u>\$ 166,011</u>	<u>\$ 163,331</u>
Stadium project expenses	\$ (3,934,030)	\$ (3,108,176)	\$ (2,506,836)	\$ (3,108,176)
Stadium project expense for Super Bowl seats	\$ (162,968)	\$ (162,968)		\$ (162,968)
Stadium project expense for FF&E deposits	\$ (800,000)			
Stadium turf cover		\$ (1,223,533)	\$ (1,223,533)	\$ (1,223,533)
Stadium mangement operator - SMG pre-opening expenses	\$ (2,281,407)	\$ (1,827,688)	\$ (1,827,688)	\$ (1,827,688)
Subtotal nonOperating revenues/(expenses)	<u>\$ (4,227,405)</u>	<u>\$ (4,471,930)</u>	<u>\$ (5,391,033)</u>	<u>\$ (4,471,930)</u>
Change in Account Balance	\$ 6,384,138	\$ 4,471,350	\$ 2,621,419	\$ 4,471,350
Transfers				
Transfer to Capital Reserve fund				
Beginning Operating Account Balance	\$ 3,482,006	\$ 3,482,006	\$ 3,482,006	\$ 3,482,006
Ending Operating Account Balance	<u><u>\$ 9,866,144</u></u>	<u><u>\$ 7,953,356</u></u>	<u><u>\$ 6,103,425</u></u>	<u><u>\$ 7,953,356</u></u>

Capital Reserve Account**Revenues:**

Minnesota Vikings Capital Cost payment	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
State of Minnesota Capital payment	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Total revenues	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

Expenses:

Capital expenses	\$ -	\$ 500,000	\$ -	\$ 349,708
Net Income/(loss)	<u>\$ 3,000,000</u>	<u>\$ 2,500,000</u>	<u>\$ 3,000,000</u>	<u>\$ 2,650,292</u>

Transfers:

Transfer from Operating account

Beginning Capital Reserve Account Balance	\$ -	\$ -	\$ -	\$ -
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Ending Capital Reserve Account Balance	<u><u>\$ 3,000,000</u></u>	<u><u>\$ 2,500,000</u></u>	<u><u>\$ 3,000,000</u></u>	<u><u>\$ 2,650,292</u></u>
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Concession Capital Reserve Account**Revenues:**

Aramark Capital Reserve Payment	\$ -	\$ 647,371	\$ 128,174	\$ 647,371
Total revenues	<u>\$ -</u>	<u>\$ 647,371</u>	<u>\$ 128,174</u>	<u>\$ 647,371</u>

Expenses:

Capital expenses	\$ -	\$ -	\$ -	\$ -
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Net Income/(loss)	<u>\$ -</u>	<u>\$ 647,371</u>	<u>\$ 128,174</u>	<u>\$ 647,371</u>
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Beginning Concession Capital Reserve Account Balance	\$ -	\$ -	\$ -	\$ -
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Ending Concession Capital Reserve Account Balance	<u><u>\$ -</u></u>	<u><u>\$ 647,371</u></u>	<u><u>\$ 128,174</u></u>	<u><u>\$ 647,371</u></u>
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December 16, 2016

MEMORANDUM

TO: MSFA Commissioners

FROM: Ted Mondale/Mary Fox-Stroman

SUBJECT: 2017 Budget

Attached is the 2017 Budget for the Minnesota Sports Facilities Authority for the period from January 1, 2017 through December 31, 2017. Highlights of the 2017 budget and a budget summary are included. This budget includes the operating account, the capital reserve account, and the concession capital reserve account.

Recommendation: *The Authority approves and adopts the Year 2017 Budgets.*

MINNESOTA SPORTS FACILITIES AUTHORITY

2017 BUDGET

SUMMARY

Highlights of the 2017 Budget

For fiscal year 2017 the Minnesota Sports Facilities Authority will have an operating account, a capital reserve account, and a concession reserve account. Highlights of each account are discussed below.

Operating Account

Revenues

The operating account revenue budget for 2017 consists of four revenue sources: State of Minnesota operating payment of \$6,120,000, Minnesota Vikings Use fee-operating payment of \$8,755,000, operating revenue-SMG of \$15,747,564 and miscellaneous revenues of \$372,750, for total revenues of \$30,995,314.

Expenses

The operating account total expense budget for 2017 is \$27,779,238 and includes personal services of \$931,000, professional services of \$1,568,960, audio-visual costs of \$6,000, travel and meetings of \$16,000, supplies/repairs/maintenance/network administration costs of \$187,000, rent/stadium contractual commitments/lease costs of \$933,114, insurance of \$217,000, communication of \$7,800, miscellaneous and marketing costs of \$114,800, event cabin license fee of \$300,000, and stadium operating expenses-SMG and SMG fee of \$23,497,564. The personal services budget includes salaries and benefits for employees. Professional services budget includes consulting services, legal and legislative representation services, and audit expenses. The rent, stadium contractual commitment and leases includes costs related to leases of the 1010 Metrodome Square building and leasing parking spaces at the Hennepin County Medical Center, and leasing parking spaces at the Mills Fleet Farm Parking Ramp.

Nonoperating revenues/(expenses) includes taxes from the State of Minnesota of \$1,686,000, and commemorative brick revenues of \$1,866,000 and commemorative brick expenses of \$1,213,246, for a total net operating revenues of \$2,340,754.

Account Balance

Budgeted change in account balance for the operating account is \$5,556,830, and then there is a budgeted transfer to capital reserve fund of \$2,000,000. The budgeted operating account ending account balance is \$11,510,186.

Capital Reserve Account

The capital reserve account revenue budget for 2017 consists of two revenue sources: State of Minnesota capital cost payment of \$1,545,000 and the Minnesota Vikings capital cost payment of \$1,545,000, for a combined total of \$3,090,000. Budgeted expenses for 2017 are \$3,673,000, budgeted transfer from the operating account is \$2,000,000, and the budgeted ending account balance is \$4,067,292.

Concession Capital Reserve Account

The concession capital reserve account revenue budget for 2017 consists of \$650,000 from the Aramark catering and concessions operation. Budgeted expenses for 2017 are \$661,293 and the budgeted ending account balance is \$636,078.

MINNESOTA SPORTS FACILITIES AUTHORITY
YEAR 2017 BUDGET
January 1, 2017 through December 31, 2017

	<u>Budget 2017</u>
<u>Operating Account</u>	
Revenues:	
Stadium operating payments	
State of Minnesota operating payment	\$ 6,120,000
Minnesota Vikings operating payment	\$ 8,755,000
Stadium operating revenue-SMG	\$ 15,747,564
Miscellaneous revenues	\$ 372,750
Total revenues	<u>\$ 30,995,314</u>
 Expenses:	
Personal services	\$ 931,000
Professional services	\$ 1,568,960
Audio-visual costs	\$ 6,000
Travel and meetings	\$ 16,000
Supplies, repairs and maintenance and network administration	\$ 187,000
Rent, stadium contractual commitments and leases	\$ 933,114
Insurance	\$ 217,000
Communication	\$ 7,800
Miscellaneous and marketing	\$ 114,800
Event cabin use fee	\$ 300,000
Stadium operating expenses-SMG and SMG fee	\$ 23,497,564
Total expenses	<u>\$ 27,779,238</u>
Net Income/(loss)	<u>\$ 3,216,076</u>
 Nonoperating revenues/(expenses):	
Investment earnings	\$ 2,000
Taxes-State of Minnesota	\$ 1,686,000
Commemorative brick fundraising:	
Revenues	\$ 1,866,000
Expenses	\$ (1,213,246)
Total nonoperating revenues/(expenses)	<u>\$ 2,340,754</u>
 Change in Account Balance	 \$ 5,556,830
 Transfers:	
Transfer to Capital Reserve fund	\$ (2,000,000)
 Beginning Operating Account Balance	 \$ 7,953,356
 Ending Operating Account Balance	 <u><u>\$ 11,510,186</u></u>

Capital Reserve Account**Revenues:**

Minnesota Vikings Capital Cost payment	\$	1,545,000
State of Minnesota Capital payment	\$	1,545,000
Total revenues	\$	<u>3,090,000</u>

Capital expenses	\$	3,673,000
Net Income/(loss)	\$	<u>(583,000)</u>

Transfer

Transfer from Operating Account	\$	2,000,000
Beginning Capital Reserve Account Balance	\$	2,650,292
Ending Capital Reserve Account Balance	\$	<u><u>4,067,292</u></u>

Concession Capital Reserve Account**Revenues:**

Concession Capital Reserve payment	\$	650,000
Total revenues	\$	<u>650,000</u>

Expenses	\$	<u>661,293</u>
Net Income/(loss)	\$	<u>(11,293)</u>

Beginning Concession Capital Reserve Account Balance	\$	647,371
Ending Concession Capital Reserve Account Balance	\$	<u><u>636,078</u></u>



December 16, 2016

MEMORANDUM

TO: MSFA Commissioners

FROM: Ted Mondale

SUBJECT: Contract Extensions

The Authority has entered into the following five contracts where the contract term ends on December 31, 2016. Staff would like to extend the term for these contracts to December 31, 2017 and to increase their contract amount as listed below.

1. **Atomic Data LLC** – provides IT hardware and software procurement or lease, technology support and issue resolution, e-mail reporting, document management support and storage, data center and application support services. Contract extension amount \$180,000
2. **C. H. Skiem Consulting LLC** – provides financial advisory services for the stadium project budget closeout, use agreement issue resolution, and capital planning. Contract extension amount \$120,000.
3. **Farstad.US LLC** – provides technology consulting services for the stadium project closeout. Contract extension amount \$60,000.
4. **RSM US LLP** – provides information technology consulting services specific to Microsoft Dynamics GP support and advisory services related to governmental and construction accounting. Contract extension amount \$100,000.
5. **The Macro Group, Inc.** – provides project management services for Authority document management system, coordination of AMI and their subcontractor, and identifies issues related to project completion. Contract extension amount \$60,000.

Recommendation: *The Authority authorizes the Chair and CEO/Executive Director to negotiate and execute a contract or contract extension with Atomic Data LLC, C. H. Skiem Consulting LLC, Farstad.US LLC, RSM US LLP, and The Macro Group, Inc. for the above listed amounts for terms to December 31, 2017.*