



MINNESOTA SPORTS FACILITIES AUTHORITY REGULAR MEETING AGENDA

Friday, February 24, 2017, 11:00 A.M.

U.S. Bank Stadium-Hyundai Club

401 Chicago Ave, Minneapolis, MN 55415

1. CALL TO ORDER
2. ROLL CALL
3. ADOPTION OF AGENDA
4. APPROVAL OF AUTHORITY MEETING MINUTES
-Regular Meeting, December 16, 2016
5. CHAIR'S REPORT
6. BUSINESS
 - a. Action Items
 - i. Annual Appointment of Officers
 - ii. Appointment of Interim Executive Director
 - iii. Adoption of Equity of Plan for Capital Projects
 - iv. Approve Verizon DAS Expansion License Agreement Amendment
 - v. Approve Amendments to Owners Representative Agreement
 - vi. Approve Event Marketing Fund Budget
 - vii. Approve and Authorize Requests for Proposal for Government Relations Services and Public Relations Services
 - b. Report Items
 - i. Summary of Legislative Auditor Recommendation
 - ii. Legislative Update Report-Memorandum Legislation Affecting Authority
 - iii. Authority Response to Legislative Inquiry
7. PUBLIC COMMENTS
8. DISCUSSION
9. ANNOUNCE FUTURE MEETINGS – Friday, March 10, 2017, 9:00 A.M. – Board Meeting
10. ADJOURNMENT



MINNESOTA SPORTS FACILITIES AUTHORITY REGULAR MEETING MINUTES

Friday December 16, 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 9:00 AM.

2. **ROLL CALL**

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

Commissioners by Phone: Commissioner Sertich

3. **ADOPTION OF AGENDA**

Chair Kelm-Helgen presented the agenda. Commissioner Butts Williams moved approval of the agenda, seconded by Commissioner Griffith and approved unanimously – 5 YEAS, 0 NAYS

APPROVED

4. **APPROVAL OF AUTHORITY MEETING MINUTES**

Commissioner McCarthy moved approval of the November 18, 2016 Regular Meeting Minutes seconded by Commissioner Griffith and approved unanimously – 5 YEAS, 0 NAYS.

APPROVED

5. **CHAIR'S REPORT**

At the November MSFA board meeting, Sam 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. The three students then went on to present the same presentation at robotics competition, and they were awarded with first place. They are now reaching out and working with the 3M headquarters as a continuation of their project, announced Chair Kelm-Helgen.



Chair Kelm-Helgen stated that back by popular demand from the Metrodome, U.S. Bank Stadium hosted the first inline skating and running club on December 13th. Hundreds of people gathered within the stadium to participate, including the inventor of rollerblades. Participants in the inline skating and running club were excited that they were able to run and roller blade inside, as the outdoor temperature was cold.

It was announced on December 5, 2016 that Justin Bieber will be coming to U.S. Bank Stadium on August 18, 2017. Tickets went on Sale on December 9, 2016, and are still available for purchase, stated Chair Kelm-Helgen.

Also on December 5, 2016, it was announced that Guns N' Roses will be playing at U.S. Bank Stadium as well. The concert will be held on Sunday, July 30, 2017, and Tickets went on Sale on December 10, 2016.

Chair Kelm-Helgen stated that tickets are still available for purchase on www.ticketmaster.com, or at the box office ticket window at the stadium.

Cold Play will also be coming to U.S. Bank Stadium for their "A Head Full of Dreams Tour" on August 12, 2017. Tickets are still on sale, and are available for purchase, stated Chair Kelm-Helgen.

Monster Jam was held at the stadium on December 10, 2016 and December 11, 2016, and there was a great turnout of fans. Due to the high demand of the event, Monster Trucks announced that they will be coming back to the stadium on February 11, 2017.

Chair Kelm-Helgen also announced that the Monster Energy AMA Supercross will be coming to U.S. Bank Stadium on Saturday February 18, 2017. Supercross will involve motorcycle racing around the stadium on a dirt track.

6. BUSINESS

a. Action Items

i. 2017 MSFA Capital Budget and Long Term Capital Plan

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	\$349,708

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. Commissioner McCarthy moved to approve the recommendation. Commissioner Butts Williams seconded the motion. Commissioner Griffith abstained from voting.

APPROVED



2017 First-year Capital Budget				usbankstadium
				AN AECOM MANAGED FACILITY
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			
			usbankstadium <small>AN U.S. BANK FACILITY</small>
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 fir 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 effeciently.



2017 First-year Capital Budget			usbankstadium <small>AN CSCDC MANAGED FACILITY</small>	
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-Packers 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 separation 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 consistent with other areas in the Stadium.	



2017 First-year Capital Budget			 <small>AN ESPN 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 separation 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/Refresh	\$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 visibility 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	\$0	(\$4,500,000)	(\$3,500,000)	(\$2,250,000)	(\$2,850,000)	(\$13,100,000)
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>	
<small>(assumed beginning balance December 31, 2016 - \$2.65 million)</small>						

Discussion: Commissioner Griffith suggested that going forward, he believed it would be helpful to be provided an ROI stating why the stadium needs this, and if it has an appropriate return. CEO/Executive Director Mondale stated throughout the years, many things will need to be updated in the stadium, and that he would like to not have to go back to legislators for every change in the budget.

ii. 2017 MSFA Food Service

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	\$100,000
Total estimated Capital Expenditures	\$661,293

Given the existing Concession Capital Reserve Fund balance as of September 30, 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. Commissioner Griffith moved to approve the recommendation. Commissioner Butts Williams seconded the motion.



APPROVED

iii. Suite Use Policy

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.

¹ Minn. Stat. § 473J.13, subd. 3.

² Minn. Stat. § 473J.13, subd. 1.



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.

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
Commissioner McCarthy moved to approve the recommendation. Commissioner Butts Williams seconded the motion.

Discussion: Chair Kelm-Helgen stated that at this time, the amendment and implementation of the new Suite Use Policy is appropriate. For now, Chair Kelm-Helgen stated that we must restore the public's trust, and therefore, no family or friends will be allowed in the suite. The MSFA has heard the public's concerns, and the MSFA is listening. Chair Kelm-Helgen also stated that the policy could be amended in the future. Commissioner Sertich agreed with Chair Kelm-Helgen, and stated that the policy is appropriate for now, but the board would be willing to revisit the issue at a later time.

Commissioner Griffith agreed with Chair Kelm-Helgen, however; he believes that it is appropriate to have a spouse in the suite for marketing purposes, and Commissioner McCarthy agreed with Commissioner Griffith.

Council Lindgren also agreed with Commissioner Griffith about having spouses in the suite, and stated that legally a spouse or one friend is allowed. Council Lindgren continued to state that the suite usage for the MSFA was negotiated with the Vikings, and is stated in the use agreement. He reminded the public that no tax payer's money is being spent on the suites, as stated in said use agreement. Commissioner Sertich stated that in the Metrodome, the MSFC had three suites, and in U.S. Bank Stadium, the MSFA only has two. Council Lindgren commented on Commissioner Sertich's statement, and reported that the MSFA would not be able to eliminate another suite, due to potential quorum issues.

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.
 - 3) 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 [that] 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.).

APPROVED

iv. Budget Report-Q3 September 30, 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:	
U.S. Bank investment account	\$5,959,981.45
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.*

Discussion: Commissioner Griffith asked CEO/Executive Director Mondale and Finance Director Fox-Stroman how often the MSFA is audited and the results of the audits. Finance Director Fox-Stroman stated that the MSFA is audited once a year, and every year the MSFA has a clean audit.



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	<u>26,466,223</u>	<u>10,870,857</u>	<u>20,378,637</u>
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	<u>18,286,650</u>	<u>2,017,335</u>	<u>12,366,185</u>
Operating income/(loss)	<u>8,179,573</u>	<u>8,853,522</u>	<u>8,012,452</u>
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	<u>750,000</u>	<u>65,869</u>	<u>166,011</u>
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)	<u>(5,450,938)</u>	<u>(3,946,267)</u>	<u>(5,391,033)</u>
Change in Account Balance	<u>2,728,635</u>	<u>4,907,255</u>	<u>2,621,419</u>
Beginning Account Balance	3,482,006	3,482,006	3,482,006
Ending Account Balance	<u>\$ 6,210,641</u>	<u>\$ 8,389,261</u>	<u>\$ 6,103,425</u>



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	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Expenses:			
Capital expense	500,000	-	-
Change in Account Balance	<u>2,500,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Beginning Account Balance	-	-	-
Ending Account Balance	<u>\$ 2,500,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

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	<u>-</u>	<u>-</u>	<u>128,174</u>
Expenses:			
Capital expense	-	-	-
Change in Account Balance	<u>-</u>	<u>-</u>	<u>128,174</u>
Beginning Account Balance	-	-	-
Ending Account Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,174</u>



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

	Project Budget 8/19/16	2012		2013		2014		2015		2016		Project-to-Date TOTAL
		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
US BANK STADIUM PROJECT												
Revenues												
Miscellaneous Revenues												
Non-Operating Contributions		\$ 833,181	\$ 588,346	\$ 6,328,558	\$ 1,145,445	\$ 104,727	\$ 162,321	\$ 302,324	\$ 569,372	\$ 9,456,532		
		833,181	588,346	6,328,558	1,145,445	104,727	162,321	302,324	569,372	9,456,532		
Expenses												
Miscellaneous Expenses												
Noncapitalizable project expenses												
Capital improvement expenses-US Bank Stadium Project*												
Site Acquisition & Improvements		58,331,314	751,515	26,615,655	19,778,489	239,121	3,707,228	6,346,937	10,295,566	57,439,225		
Construction Costs		905,640,773	15,902,234	274,883,786	441,952,844	53,046,418	76,270,167	34,272,027	163,388,612	896,307,476		
Furnishings, Fixtures & Equipment		64,135,459	-	-	13,580,888	7,495,254	12,878,867	19,401,714	39,776,835	53,357,723		
Development Costs		86,453,208	-	-	13,318,815	1,985,644	2,286,810	2,428,405	6,620,659	70,789,105		
Other Project Costs		4,633,335	-	-	14,170	36,529	-	-	-	65,142		
Project Contingency		6,325,698	-	-	-	-	-	-	-	-		
Earnest deposit on Downtown East ramp		-	855,000	(855,000)	-	-	-	-	-	-		
Prepaid project insurance		-	10,648,497	317,895	(24,247)	-	-	-	-	-		
		3,380,119	53,102,181	331,085,132	489,750,651	62,828,693	111,555,493	46,515,830	220,900,016	1,098,358,099		
		(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)		
Subtotal expenses		3,380,119	53,102,181	331,085,132	489,750,651	62,828,693	111,555,493	46,515,830	220,900,016	1,098,358,099		
Operating income/(loss)		(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		
SRL sales revenues		-	3,425,786	5,564,687	6,483,069	1,480,796	1,534,883	1,733,928	4,749,007	20,223,549		
SRL expenses		-	(3,425,786)	(5,564,687)	(6,483,069)	(1,480,796)	(1,534,883)	(1,733,928)	(4,749,007)	(20,223,549)		
Subtotal nonoperating revenues/(expenses)		-	-	2,882	219	-	199	80	279	3,380		
Capital Contribution*												
		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)		-	-	1,523	-	-	-	-	-	1,523		
Operating transfer from Operating account		-	-	(14,419)	-	-	-	-	-	(14,419)		
Operating transfer to Operating account		-	-	(12,886)	-	-	-	-	-	(12,886)		
Subtotal operating transfer from/(to)		-	-	(26,805)	-	-	-	-	-	(26,805)		
Change in Account Balance		-	-	2,882	219	-	199	-	199	3,300		
Beginning Account Balance		-	-	-	2,882	3,101	3,101	3,300	3,101	3,101		
Ending Account Balance												
		\$ -	\$ -	\$ 2,882	\$ 3,101	\$ 3,101	\$ 3,101	\$ 3,300	\$ 3,300	\$ 3,300		
BLOCK 1 PARKING RAMP CONSTRUCTION**												
Expenses												
Capital improvement expenses												
Site Acquisition Costs			\$ 7,700,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,700,120	
Construction Costs			41,300,154	9,178,853	31,751,832	240,601	59,515	71,243	371,359	41,300,544		
			49,000,154	16,879,473	16,879,473	240,601	59,515	71,243	371,359	49,000,664		
Subtotal expenses			49,000,154	16,879,473	16,879,473	240,601	59,515	71,243	371,359	49,000,664		
Capital Contribution			49,000,154	-	-	-	-	-	-	-	49,000,664	
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. 2015 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 \$48,953,684 and the funding sources are \$16,321,091 from the US Bank Stadium and \$32,632,593 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.

*** Cost includes \$1,220 of the acquisition cost that was budgeted in US Bank Stadium Project the acquisition.



v. 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. Commissioner Griffith moved to approve the recommendation. Commissioner Butts Williams seconded the motion. Commissioner Griffith abstained from voting.

APPROVED



**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>



vi. 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. Commissioner Butts Williams moved to approve the recommendation. Commissioner McCarthy seconded the motion.

APPROVED

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.

vii. Approve Contract Extensions: Atomic Data LLC, C.H. Skiem Consulting LLC, Farstad.US LLC, RSM USLLP, and The Macro Group Inc.

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. Commissioner Griffith moved to approve the recommendation. Commissioner McCarthy seconded the motion.

APPROVED

7. **PUBLIC COMMENTS**

- i. Chuck Turchick: Mr. Turchick addressed the board about his concerns with the way the suites have been used and managed. He stated that he had addressed the board back in 2013 to implement his suggestions as to what should be included in the suite use policy, but the MSFA did not listen to his, nor the other citizen's, suggestions. He hopes that the MSFA will use his suggestions, and also apologize to the public for not being good stewards of the taxpayers' money or the public interest.
- ii. Captain Jack Sparrow: Captain Jack Sparrow recommended that the Minnesota Sports Facilities Authority demand that the word "Vikings" in the name "Minnesota Vikings", be changed to a different name. He believes that the football team should not be named after a group of people who glorified murder, rape, and slavery.

8. **DISCUSSION**

- i. CEO/Executive Director Mondale and Chair Kelm-Helgen thanked Commissioner Griffith for all of his service while on the board. His work was diligent, and he has a great amount of depth and experience, which was invaluable to the building of the stadium. It was noted that Commissioner Griffith is one of the reasons that the stadium was finished on time, and on budget.



9. ANNOUNCE FUTURE MEETINGS

Friday, January 20, 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 Butts Williams and approved unanimously – 5 YEAS, 0 NAYS.

APPROVED

The meeting was adjourned.

ADOPTED this 20th day of December 2017 by the Minnesota Sports Facilities Authority

Secretary, Bill McCarthy

Ted Mondale, CEO/Executive Director



February 24, 2017

MEMORANDUM

TO: MSFA Commissioners

FROM: MSFA

SUBJECT: Approve Post Construction Equity Plan

Pursuant Minnesota Statutes, Section 473J.12, the Authority instituted an equity plan to make every effort to employ, and cause the NFL team, the construction manager and other subcontractors, vendors, and concessionaires to employ women and members of minority communities when hiring during Stadium construction.

The Statute also requires that an equity plan be developed for capital repair, replacement and improvement of the Stadium. Authority staff has now prepared, and is requesting adoption of, the attached post construction equity plan to support construction projects funded out of capital reserves.

Recommendation: *The Authority authorizes the adoption of a post construction equity plan to support construction projects funded out of capital reserves.*

MINNESOTA MULTI-PURPOSE STADIUM FIRST PHASE CAPITAL IMPROVEMENTS EQUITY PLAN

Section 1. Purpose / Outline – Overall

- 1.1 Introduction. The State of Minnesota created the Minnesota Sports Facility Authority (“Authority”) to build the facility known as U.S. Bank Stadium (“Project”). The Authority is required by law to promote the involvement of women and members of minority communities in the construction of capital repairs, improvements, and replacements for the Project, as more completely described in Minn. Stat. § 473J.12. The Authority hereby adopts this comprehensive Equity Plan for the construction of the first phase of capital repairs, improvements, and replacements for the Project (“Capital Improvements Project”). The purpose of this Equity Plan is to implement the Authority’s statutory mandate to promote employment of women and members of minority communities, establish goals for construction contracts to be awarded to women-owned and minority-owned businesses, and establish workforce utilization goals in the construction of capital repairs, improvements, and replacements for capital improvements to the Stadium.
- 1.2 The Team. Minnesota Vikings Football, LLC (the “Team”) fully supports this Equity Plan.
- 1.3 Trade Contractor. The contractor hired by the Authority to perform construction of capital repairs, improvements, and replacements for capital improvement Projects to the Stadium shall be referred to as the “Trade Contractor”.
- 1.4 Targeted Business. In Sections 2-9 of the Equity Plan, the Authority establishes a Targeted Business Program. The Targeted Business Program sets an 11% and 9% goal for construction contracts for Capital Improvement Projects to be awarded to women- and minority-owned Minnesota-based business enterprises, respectively. The Targeted Business Program defines specifically how the goals may be met, the parameters of the necessary and reasonable good faith efforts to meet the goals, the requirements for reporting and monitoring, and the consequences of a Trade Contractor’s failure to make good faith efforts to achieve the goals.
- 1.5 Veterans. In Section 18 of the Equity Plan, the Authority establishes a Veterans Inclusion Program. The Authority honors the service of our veterans and intends to supplement its statutory mandate by creating the Veterans Inclusion Program to ensure that our veterans have every opportunity to participate in the Project. The Veterans Inclusion Program will include efforts to include small veteran-owned businesses in the construction contracts to be awarded by the Trade Contractor. The Veterans Inclusion Program will also include efforts to utilize veterans in the construction workforce.

- 1.6 Workforce. In Sections 10-16 of the Equity Plan, the Authority establishes a Workforce Program. The Workforce Program sets a 32% and 6% goal for workforce utilization for Capital Improvement Projects of minorities and women, respectively. The Workforce Program defines specifically how the goals may be met, the parameters of necessary and reasonable good faith efforts to meet the goals, the requirements for reporting and monitoring, and the consequences of a Trade Contractor's failure to make good faith efforts to achieve the goals.
- 1.7 Scope / Flowdown. As more specifically articulated in the Trade Contract Agreement to be entered into between the Authority and the Trade Contractor, this Equity Plan applies to the Trade Contractor and the Trade Contractor's Subcontractors and Suppliers of any tier.
- 1.8 Monitoring and Compliance. As more specifically described throughout the Equity Plan, the Authority has primary responsibility to monitor and audit the Trade Contractor's compliance with the Targeted Business Program, the Workforce Program, and the Veterans Inclusion Program.

Section 2 Targeted Business Program

- 2.1 The Authority recognizes the legislature's mandate that the Authority establish and require Trade Contractors to exercise good faith efforts to meet goals for construction contracts for Capital Improvement Projects to be awarded to women- and minority-owned business enterprises ("Targeted Businesses") in a percentage at least equal to the minimum used for City of Minneapolis development projects. In furtherance of the intention of such mandate, the Authority also finds it appropriate to adopt this Targeted Business Program to establish participation goals for construction contracts entered into by the Authority's Trade Contractors for Capital Improvement Projects and their various Subcontractors and Suppliers of all tiers.
- 2.2 The Authority establishes this Targeted Business Program based on, among other things, the study completed by National Economic Research Associates, Inc. for the City of Minneapolis captioned "The State of Minority- and Women-Owned Business Enterprise: Evidence from Minneapolis" dated October 21, 2010 ("Disparity Study"), and supplemental reports. The Authority adopts this Targeted Business Program for purposes of, among other things, ensuring a "level playing field" for WBE/MBE firms, fostering equal opportunity for WBE/MBE firms in contracts with the Authority, and reducing the relevant disparities identified in the Disparity Study.
- 2.3 The Authority hereby adopts the participation goals for work included in the Trade Contract Agreement, based on the Disparity Study, and provided to the Authority by the City of Minneapolis. The Authority reserves the right to update these goals with input from the City of Minneapolis including, without limitation, after the full scope of work of a particular Capital Improvements Projects

becomes known. The goals, expressed as a percentage of the “Cost of the Work” as that term is defined by the Trade Contract Agreement are as follows:

- (a) 9% participation by MBE firms, as defined below, and
- (b) 11% participation by WBE firms, as defined below.

(“Targeted Business Goal”).

2.4 The Authority will require the Trade Contractor to make required good faith efforts to achieve the goals set forth in Section 2.3.

- 2.5 The Authority adopts this Targeted Business Program to define more specifically how the goals may be met, the parameters of the Trade Contractor’s required good faith efforts to meet the goals, the requirements for reporting and monitoring, and the consequences if the Trade Contractor fails to meet the goals and fails to make good faith efforts to achieve the goals.

Section 3. Definitions – Targeted Business. For purposes of the Targeted Business Program:

3.1 “MBE” means a Minnesota-based business that meets one or more of the following criteria:

- (a) Certified by the Minnesota Uniform Certification Program (“MUCP”) as an MBE (as that term is used by MUCP) and found in the MUCP directory at: <http://mnucp.metc.state.mn.us/>;
- (b) Certified by the Minnesota Department of Administration and classified as a Targeted Group (TG) business in the directory for the Minnesota Department of Administration Materials Management website at: <http://www.mmd.admin.state.mn.us/process/search/>. The business also must have one or more of the following designations used in the Department of Administration’s website: (A), (B), (H), (I), or (E). (The legend at the bottom of the directory page of the website provides this information.) Firms identified solely by a (D), (L), (M), (R), or (W) (which represent disabled-owned firms; firms in economically disadvantaged geographic areas; and woman-owned firms) do not meet the definition of an MBE;
- (c) Certified by the Central Certification Program (CERT) as an MBE (as that term is used by CERT) and found in the CERT directory. The CERT directory will be made available by the Authority.

- 3.2 “WBE” means a Minnesota-based business that that meets one or more of the following criteria:
- (a) Certified by the Minnesota Uniform Certification Program (“MUCP”) as a WBE (as that term is used by MUCP) and found in the MUCP directory at: <http://mnucp.metc.state.mn.us/>;
 - (b) Certified by the Minnesota Department of Administration and classified as a Targeted Group (TG) business in the directory for the Minnesota Department of Administration Materials Management website at: <http://www.mmd.admin.state.mn.us/process/search/>. The business also must have the (W) designation used in the Department of Administration’s website, denoting a woman-owned business;
 - (c) Certified by the Central Certification Program (CERT) as an MBE (as that term is used by CERT) and found in the CERT directory. The CERT directory will be made available by the Authority.
- 3.3 “Targeted Business” means an MBE or WBE.
- 3.4 “Subcontractor” means any entity the Trade Contractor contracts with for any part of Capital Improvement Projects, including without limitation Sub-subcontractors and Suppliers of any tier to the Trade Contractor.
- 3.5 “Subcontract” means any contract entered into by the Trade Contractor or a Subcontractor for any part of Capital Improvement Projects.
- 3.6 “Good Faith Efforts” means the required good faith efforts described in this Targeted Business Program.

Section 4. Achievement of Participation Goals – Targeted Business

- 4.1 The Authority will require the Trade Contractor to use Good Faith Efforts to achieve the Targeted Business Goals through the Subcontracts entered into between the Trade Contractor and its Subcontractors, which in turn may enter into various agreements with lower-tier Subcontractors.
- 4.2 The Trade Contractor is not required to meet the goals of this Targeted Business Program for each individual Subcontract it enters into. Instead, the Trade Contractor may meet, or make Good Faith Efforts to meet, the goals of this Targeted Business Program by aggregating participation from all of its Subcontractors. As part of its Good Faith Efforts, the Trade Contractor may request participation at different levels from different Subcontractors.
- 4.3 The Trade Contractor may count toward the Targeted Business Goal the value (or a percentage of the value, as discussed below) of the various Subcontractors’

contracts for work performed on Capital Improvement Projects only after the MBE or WBE is certified as such as described in Sections 3.1 and 3.2.

- 4.4 Whether the Trade Contractor achieves the goals of this Targeted Business Program will be evaluated and determined as a Capital Improvement Project progresses and at the end of the Capital Improvement Project based on the total Cost of the Work as defined in the Trade Contract Agreement. If the total dollar amount of MBE and WBE contracts meets or exceeds the established Targeted Business Goal, then the Authority will determine that the goals of this Targeted Business Program have been met.
- 4.5 The Authority will utilize the following guidelines, plus the guidelines in Appendix A, in determining the percentage of WBE/MBE participation that will be counted toward the Targeted Business Goal:
 - (a) The value of work performed by a firm after it has ceased to be certified as an MBE or WBE will not be counted toward the Targeted Business Goal.
 - (b) If an MBE or WBE's certification lapses, the value of work performed by a firm during any period of lapsed certification will not be counted toward the Targeted Business Goal.
 - (c) Only amounts paid to and performed by an MBE or WBE will be counted toward the Targeted Business Goal; participation of a Subcontractor will not be counted until the amount has been paid to the Subcontractor.

Section 5. Compliance Monitoring and Reporting – Targeted Business

- 5.1 The Authority intends to monitor the Trade Contractor's efforts to achieve the Targeted Business Goal. The Trade Contractor will cooperate with the Authority's monitoring plan and requests as outlined in this section.
- 5.5 Solicitation Phase – Trade Contractor. During the solicitation phase (between each Subcontract's pre-bid meeting and the bid due date), the Trade Contractor shall:
 - (a) Comply with the Trade Contractor's Targeted Business Enterprise Plan required by the Trade Contract Agreement; and
 - (b) Submit all relevant documentation to the Authority, including without limitation:
 - (i) The Targeted Business Commitment and Information form (attached hereto as Exhibit A) for each bid, which shall identify by name the WBE or MBE that is committed to be used on the specific

Subcontract; the scope of work; and the contract value or percentage of total Subcontract amount represented by the WBE or MBE; and

(ii) The Subcontractor Information Form (attached hereto as Exhibit B), signed by the committed WBE or MBE and the bidder identifying the work and contract value at time of bid.

5.6 Post-Bid Review Phase – Authority. During the post-bid review phase (between each Subcontract’s bid due date and completion of Exhibit A), the Trade Contractor shall:

(a) Provide Good Faith Effort documents and a plan to carry out Good Faith Efforts during the construction phase;

(b) Request any adjustments to applicable MBE and WBE contract values based on commercially useful function determinations, incorrect Targeted Business Goal value calculations, or Targeted Business certification rulings; and

(c) Request review from the Authority of Exhibit A within 14 calendar days of each bid. The Authority will award a Pass/Award, Pass/Waiver, or Fail for each such Exhibit A submitted by the Trade Contractor, based on the following criteria:

(i) Pass/Award – Bidder committed to contract with MBE and WBE firms that meet or exceed each respective goal for that contract. A Pass/Award signifies that the bidder is to continue in the contract award process;

(ii) Pass/Waiver – Bidder did not meet the Targeted Business Goal, but demonstrated sufficient Good Faith Efforts. A Pass/Waiver signifies that the bidder is to continue in the contract award process; or

(iii) Fail – Bidder did not meet the Targeted Business Goals and did not demonstrate sufficient Good Faith Efforts. A Fail signifies that the bidder is not recommended to continue in the contract award process.

5.7 Post-Bid Review Phase – Trade Contractor. During the post-bid review phase (between each Subcontract’s bid due date and completion of the Authority’s review of Exhibit A), the Trade Contractor shall:

(a) Provide to the Authority all requested Good Faith Effort documentation within 3 calendar days of the bid; and

(b) Provide to the Authority a Good Faith Efforts Plan from the Trade Contractor and each selected Subcontractor for the construction phase

within 10 calendar days of the bid. This Good Faith Efforts Plan shall address, among other things, how the Subcontractor and Trade Contractor intend to address changes to anticipated Targeted Business participation including, for example, changes in participation counting made by the Authority during the bid review phase and changes in scope during the construction phase.

- 5.9 Construction Phase – Trade Contractor. During the construction phase (between the award of each Subcontract and final payment), the Trade Contractor shall:
- (a) Provide one point of contact to the Authority for the construction phase of the Project;
 - (b) Actively participate in documenting Good Faith Efforts and monitoring;
 - (c) Work to identify, prevent, and resolve contract-related issues with Targeted Business concerns on the Project;
 - (d) Identify all Targeted Business work for each monthly Application for Payment in a timely and efficient manner, as more specifically described in Section 7.9(f);
 - (e) Enter applicable data, including payment data, in the LCP Tracker system operated by the City of Minneapolis Department of Human Rights or other system designated by the Authority; and
 - (f) Submit to the Authority on a monthly basis complete and accurate Targeted Business utilization data including, without limitation, the following:
 - (i) Total Project Cost of the Work;
 - (ii) Total Value of approved Contract Revisions;
 - (iii) Total Value of approved Change Orders to each Subcontractor and Targeted Business;
 - (iv) Time period for which the monthly report covers. This period shall begin on the first day of each month and end on the last day of each month;
 - (v) Total of all Applications for Payments made by the Trade Contractor to the Authority as of the last day of the reporting period;
 - (vi) Total payments received by the Trade Contractor from the Authority as of the last day of the reporting period;

- (vii) Name of each WBE, MBE, and VBE the Trade Contractor and/or Subcontractor has committed to use at time of respective bid;
- (viii) Identification of Subcontractors that have hired each WBE, MBE, and VBE;
- (ix) Identification of each business as a WBE, MBE, and VBE;
- (x) Total contract value for each committed Subcontractor, WBE, MBE, and VBE;
- (xi) Changes, if applicable, to the total contract value for each committed Subcontractor, WBE, MBE, and VBE;
- (xii) Identification of WBE, MBE, and VBE as a Contractor, Supplier, or Broker;
- (xiii) Value of work or supplies claimed by the WBE, MBE, and VBE during the report period;
- (xiv) Value of work or supplies to be counted towards the respective WBE, MBE, and VBE goal during the report period; and
- (xv) Total value of work or supplies invoiced to date and paid to date for each WBE, MBE, and VBE, which information the Authority may require the Trade Contractor to submit to the Authority on a form substantially similar to the Trade Contract Agreement Equity Plan Progress Report attached hereto as Exhibit C, which form the Authority may amend, from time to time, in its sole discretion.

Section 6. Participation Counting – Targeted Business

- 6.1 Guidelines regarding how MBE and WBE participation is counted toward the Targeted Business Goal are described in Appendix A.

Section 7. Commercially Useful Function – Targeted Business

- 7.1 The Authority will determine whether an MBE or WBE is performing a commercially useful function (“CUF”) as described in Appendix B.

Section 8. Good Faith Efforts – Targeted Business

- 8.1 The Trade Contractor’s responsibility to provide Good Faith Efforts documentation, a Good Faith Efforts Plan, and otherwise engage in Good Faith

Efforts as described by the Targeted Business Plan are independent obligations and are required even if the Targeted Business Goals are met.

- 8.2 The Authority will determine whether the Trade Contractor has made Good Faith Efforts to achieve the Targeted Business Goal as described in Appendix C.

Section 9. Consequences of Failure to Meet Goals and Failure to Make Good Faith Efforts – Targeted Business

- 9.1 At the end of a Capital Improvement Project, and before the Authority makes Final Payment to the Trade Contractor, the Authority shall determine, in the Authority's sole discretion, whether the Trade Contractor met the Targeted Business Goal. If the Trade Contractor fails to meet these goals, the Authority shall also determine, in its sole discretion, whether the Trade Contractor made Good Faith Efforts to meet the Targeted Business Goal.
- 9.2 If the Authority determines the Trade Contractor failed to make Good Faith Efforts to meet the Targeted Business Goal, the Trade Contractor shall be liable to the Authority for the Authority's actual damages for the Trade Contractor's failure to make Good Faith Efforts. The Authority also shall withhold payment to the Trade Contractor as follows:
 - (a) The Authority shall determine whether the Trade Contractor failed to make Good Faith Efforts for the entire Capital Improvement Project or for only a part of it.
 - (b) If the Authority determines the Trade Contractor failed to make Good Faith Efforts for the entire Capital Improvement Project, the Authority shall deduct payment to or assess damages against the Trade Contractor in an amount the Authority deems appropriate.
 - (c) If the Authority determines the Trade Contractor failed to make Good Faith Efforts for only part of the Capital Improvement Project, the Authority shall withhold payment to or assess damages against the Trade Contractor in an amount the Authority deems appropriate..
 - (d) The Authority shall make all determinations in Section 9.2(a)-(c) in the Authority's sole discretion.
- 9.3 Intentionally or recklessly false reporting of Targeted Business data, Good Faith Efforts regarding efforts to achieve Targeted Business goals, or the commercially useful function of reported Targeted Business participation shall be subject to the Minnesota False Claims Act. This liability also flows down and applies to Subcontractors and Suppliers of all tiers to the extent they intentionally or recklessly report similar false data regarding Targeted Business participation on the Project.

Section 10. Workforce Program

- 10.1 The Authority recognizes the legislature’s mandate that the Authority establish construction workforce goals for utilization of women and minorities during construction of a Capital Improvement Project in a percentage at least equal to the current City of Minneapolis goals, and which also includes efforts to include workers from City of Minneapolis zip codes that have high rates of poverty and unemployment.
- 10.2 In furtherance of the intention of such mandate, the Authority finds it appropriate to adopt this Workforce Program to establish construction workforce utilization goals for the construction work performed by the Authority’s Trade Contractor and its various Subcontractors for Capital Improvement Projects.
- 10.3 The Authority adopts the following construction workforce utilization goals that have been adopted by the City of Minneapolis and which are based on the underlying data and intent of the workforce goal program established by the Minnesota Civil Rights Act as implemented by the Minnesota Department of Human Rights:
- 32% minority
- 6% female
- (“Workforce Goals”)
- These Workforce Goals are subject to change in the Authority’s sole discretion based on, for example, the availability of various categories of trade labor, the competition for qualified labor from other concurrent projects, and any changes in the understanding of the supporting data.
- 10.4 The Authority adopts these Workforce Goals because they are the goals adopted by the City of Minneapolis for development projects in the City during the time period 2013 – 2016. The City of Minneapolis, in turn, adopted these goals based on the goals promulgated by the Minnesota Department of Human Rights for Hennepin County.
- 10.5 These goals were first established by the Minnesota Department of Human Rights. The City of Minneapolis then adopted these same goals. Achievement of these goals may be impacted by the nature of the Minnesota workforce, the number of individuals from licensed trades needed for a particular Capital Improvement Project, the number of other large construction projects that will compete for workers with a Capital Improvement Project, and the availability issues these and other factors create.

- 10.6 The Trade Contractor is required to make Good Faith Efforts (as defined below) set forth in Section 12.3 to achieve the Workforce Goals.

Section 11. Definitions – Workforce. For purposes of the Workforce Program:

- 11.1 “Minority” has the same meaning as “minority” in the Minnesota Department of Human Rights regulations, as follows:
- (a) Black, persons having origins of any of the Black African racial groups not of Hispanic origin;
 - (b) Hispanic, persons of Mexican, Puerto Rican, Cuban, Central American, South American, or other Spanish culture or origin, regardless of race;
 - (c) Asian and Pacific Islander, persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands; and
 - (d) American Indian or Alaskan Native, persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification.
- 11.2 “Subcontractor” means any entity the Trade Contractor contracts with for any part of a Capital Improvement Project performing work on the job-site. “Subcontractor” also includes Subcontractors of any tier to the Trade Contractor.
- 11.3 “Good Faith Efforts” means the necessary and reasonable efforts to meet the Workforce Goals, including without limitation the Good Faith Efforts described in this Workforce Program and Section 15.

Section 12. Affirmative Action Certificate - Workforce.

- 12.1 The Trade Contractor and all Subcontractors are required to submit affirmative action plans and obtain a certificate of compliance from the Authority, the City of Minneapolis Department of Human Rights, the Minnesota Department of Human Rights, or other governmental body as determined by the Authority in its sole discretion, pursuant to Minn. R. 5000.3560, subp. 1(A). The Trade Contractor and all its Subcontractors must maintain certificates of compliance throughout a Capital Improvement Project, regardless of any exemptions that might otherwise apply under the Minnesota Department of Human Rights regulations.

Section 13. Compliance & Counting- Workforce.

- 13.1 The extent to which hours worked on a Capital Improvement Project by minority and female workers count toward the Workforce Goals shall be determined as provided by Appendix D.

Section 14. Monitoring and Reporting – Workforce.

- 14.1 The Trade Contractor is responsible for accurately collecting data from its own workforce of minorities and women and those of its Subcontractors of all tiers and promptly and regularly reporting it to the City and other governmental entities as directed by the Authority. The Trade Contractor shall collect and report the data in a manner and form prescribed by the City or other governmental entities.
- 14.2 The Authority may request certain compliance and auditing services from the City of Minneapolis and the Minnesota Department of Human Rights. These services may include, for example, spot checking and on-site-auditing of the workforce utilization numbers reported by the Trade Contractor and its Subcontractors of all tiers.
- 14.3 The Trade Contractor must provide, at minimum, a report containing the following information on a monthly and cumulative basis throughout a Capital Improvement Project, separated by Subcontract, by trade, and supported by certified payrolls including every person who works on the Capital Improvement Project jobsite as part of the Trade Contract Agreement:
 - (a) total hours of employment on the Capital Improvement Project;
 - (b) total hours of employment of women;
 - (c) total hours of employment of minorities; and
 - (d) employee zip codes.

Section 15. Good Faith Efforts – Workforce.

- 15.1 The Trade Contractor's responsibility to use Good Faith Efforts as described by the Workforce Program is an independent obligation and is required even if the Workforce Goals are met.
- 15.2 The Authority will determine whether the Trade Contractor has made Good Faith Efforts to achieve Workforce Goals as described in Appendix E.

Section 16. Consequences of Failure to Meet Goals and Failure to Make Good Faith Efforts – Workforce.

- 16.1 Intentionally or recklessly false reporting of workforce data, good faith efforts regarding efforts to achieve workforce goals, or the commercially useful function of reported workforce labor shall be subject to the Minnesota False Claims Act. This liability also flows down and applies to the Trade Contractor's Subcontractors of all tiers to the extent they intentionally or recklessly report

similar false data regarding workforce participation by minorities or women on the Capital Improvement Project.

- 16.2 If the Trade Contractor or its Subcontractors of any tier do not utilize Good Faith Efforts to achieve the Workforce Goal, then the Trade Contractor (a) shall be liable for paying the Authority the costs of the Authority's compliance enforcement in making its Good Faith Efforts determination and (b) shall cure the Workforce Goal shortfall to the extent caused by its lack of Good Faith Efforts. If the Trade Contractor cannot cure the shortfall caused by its lack of Good Faith Efforts due to the stage of construction and/or its schedule status on the Capital Improvement Project, the Authority may impose appropriate damages on the Trade Contractor in its sole discretion, which damages may constitute without limitation, paying the Authority the cost to train the number of minorities and women that reasonably would have been employed on the Capital Improvement Project but for the Trade Contractor's lack of Good Faith Efforts, so that they are trained and available to work on future projects. The cost of proper training shall be determined by the Authority in its sole discretion, which determination will be final and binding on the Trade Contractor unless arbitrary and capricious.

Section 17. Data Collection and Reporting

- 17.1 The Trade Contractor and Subcontractors shall promptly and regularly comply with the Authority's requests to submit data, in electronic form or otherwise as directed by the Authority, regarding the Targeted Business Program, the Workforce Program, and other aspects of this Equity Plan.

Section 18. Veterans Inclusion Program

- 18.1 For purposes of the Veterans Inclusion Program, a small veteran-owned business ("VBE") is a firm certified as a Service-Disabled Veteran Owned Small Business (SDVOSB) or a Veteran Owned Small Business (VOSB) by the United States Department of Veteran Affairs. Each VBE also must be a Minnesota-based business.
- 18.2 To encourage participation in the Project by VBEs, during the pre-solicitation phase (between the award of the Trade Contract Agreement and the pre-bid meeting(s) for each Subcontract), the Trade Contractor will:
- (a) work with business support organizations in the veteran community to ensure Minnesota-based VBEs are aware of opportunities on the Project;
 - (b) participate in a Project information session meeting for the particular Capital Improvement Project designed for VBEs; and
 - (c) solicit VBEs to participate in the Project's small "meet and greet" sessions.

- 18.3 To encourage participation in the Project by VBEs, during the pre-solicitation phase (between the award of the Trade Contract Agreement and the pre-bid meeting(s) for each Subcontract), the Trade Contractor shall:
- (a) participate in Project information session meetings designed for VBEs; and
 - (b) solicit VBEs to participate in the Project’s small “meet and greet” sessions.
- 18.4 During the construction phase (between the award of each Subcontract and final payment), the Trade Contractor and the Authority will monitor, count, and report VBE participation in the Project in the same manner as the Targeted Business Program as outlined in the Equity Plan, including without limitation Section 7.9(f) and Appendices A, B, and C.
- 18.5 To encourage participation in the Project by veterans as part of the construction workforce, the Trade Contractor will collaborate with and communicate Project job and training opportunities to veterans organizations, such as Minnesota Department of Veteran Affairs, Helmets to Hardhats, and other veterans organizations that provide employment and training assistance.
- 18.6 To encourage participation in the Project by veterans as part of the construction workforce, the Trade Contractor shall:
- (a) Collaborate with any employment assistance firm(s) the Authority may hire and the employment program(s) the Authority may establish to increase recruitment and training of Minnesota veterans for the Project; and
 - (b) Identify veterans in the data, including payment data, entered into the LCP Tracker system operated by the City of Minneapolis Department of Civil Rights or other system designated by the Authority.



APPENDIX A - Targeted Business Participation Counting

- (a) When a Targeted Business participates in a contract, count only the value of the work actually performed by the Targeted Business toward the Targeted Business Goal.
 - (1) Count the entire amount of that portion of a contract that is performed by the Targeted Business's own forces. Include the cost of supplies and materials obtained by the Targeted Business for the work of the contract, including supplies purchased or equipment leased by the Targeted Business (except supplies and equipment the Targeted Business Subcontractor purchases or leases from the Trade Contractor or its affiliate).
 - (2) Count the entire amount of fees or commissions charged by a Targeted Business firm for providing a bona fide service, such as professional, technical, consultant, or managerial services, or for providing bonds or insurance specifically required for the contract, toward Targeted Business Goal, provided the fee is reasonable and not excessive as compared with fees customarily allowed for similar services.
 - (3) When a Targeted Business subcontracts part of the work of its contract to another firm, the value of the subcontracted work may be counted toward Targeted Business goals only if the Targeted Business's Subcontractor is itself a Targeted Business. Work that a Targeted Business subcontracts to a non-Targeted Business firm does not count toward Targeted Business Goal.
- (b) When a Targeted Business performs as a participant in a joint venture, count a portion of the total dollar value of the contract equal to the distinct, clearly defined portion of the work of the contract that the Targeted Business performs with its own forces toward Targeted Business Goal.
- (c) Count expenditures to a Targeted Business contractor toward Targeted Business Goal only if the Targeted Business is performing a commercially useful function on that contract.
 - (1) A Targeted Business performs a commercially useful function when it is responsible for execution of the work of the contract and is carrying out its responsibilities by actually performing, managing, and supervising the work involved. To perform a commercially useful function, the Targeted Business must also be responsible, with respect to materials and supplies used on the contract, for negotiating price, determining quality and quantity, ordering the material, and installing (where applicable) and paying for the material itself. To determine whether a Targeted Business is performing a commercially useful function, evaluate the amount of work subcontracted, industry practices, whether the amount the firm is to be paid under the contract is commensurate with the work it

is actually performing and the Targeted Business credit claimed for its performance of the work, and other relevant factors.

- (2) A Targeted Business does not perform a commercially useful function if its role is limited to that of an extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of Targeted Business participation. In determining whether a Targeted Business is such an extra participant, examine similar transactions, particularly those in which Targeted Businesses do not participate.
 - (3) If a Targeted Business does not perform or exercise responsibility for at least 30 percent of the total cost of its contract with its own work force, or the Targeted Business subcontracts a greater portion of the work of a contract than would be expected on the basis of normal industry practice for the type of work involved, presume that it is not performing a commercially useful function.
 - (4) When a Targeted Business is presumed not to be performing a commercially useful function as provided in paragraph (c)(3) of this section, the Targeted Business may present evidence to rebut this presumption, including normal industry practices for the type of work involved.
- (d) Use the following factors in determining whether a Targeted Business trucking company is performing a commercially useful function:
- (1) The Targeted Business must be responsible for the management and supervision of the entire trucking operation for which it is responsible on a particular contract, and there cannot be a contrived arrangement for the purpose of meeting Targeted Business goals.
 - (2) The Targeted Business must itself own and operate at least one fully licensed, insured, and operational truck used on the contract.
 - (3) The Targeted Business receives credit for the total value of the transportation services it provides on the contract using trucks it owns, insures, and operates using drivers it employs.
 - (4) The Targeted Business may lease trucks from another Targeted Business firm, including an owner-operator who is certified as a Targeted Business. The Targeted Business who leases trucks from another Targeted Business receives



credit for the total value of the transportation services the lessee Targeted Business provides on the contract.

- (5) The Targeted Business may also lease trucks from a non-Targeted Business firm, including from an owner-operator. The Targeted Business who leases trucks from a non-Targeted Business is entitled to credit for the total value of transportation services provided by non-Targeted Business lessees not to exceed the value of transportation services provided by Targeted Business-owned trucks on the contract. Additional participation by non-Targeted Business lessees receives credit only for the fee or commission it receives as a result of the lease arrangement. *The Trade Contractor or Subcontractor is not required to obtain additional permission to use this “matching manner” method of counting participation described in this paragraph (d)(5).

Example to this paragraph (d)(5): Targeted Business Firm X uses two of its own trucks on a contract. It leases two trucks from Targeted Business Firm Y and six trucks from non-Targeted Business Firm Z. Targeted Business credit would be awarded for the total value of transportation services provided by Firm X and Firm Y, and may also be awarded for the total value of transportation services provided by four of the six trucks provided by Firm Z. In all, full credit would be allowed for the participation of eight trucks. With respect to the other two trucks provided by Firm Z, Targeted Business credit could be awarded only for the fees or commissions pertaining to those trucks Firm X receives as a result of the lease with Firm Z.

- (6) For purposes of this paragraph (d), a lease must indicate that the Targeted Business has exclusive use of and control over the truck. This does not preclude the leased truck from working for others during the term of the lease with the consent of the Targeted Business, so long as the lease gives the Targeted Business absolute priority for use of the leased truck. Leased trucks must display the name and identification number of the Targeted Business.
 - (7) All Targeted Business suppliers and trucking firms on the Project are required to participate in a semi-annual Targeted Business Counting Check with the Authority to ensure accurate reporting.
- (e) Count expenditures with Targeted Businesses for materials or supplies toward Targeted Business goals as provided in the following:



- (1)
 - (i) If the materials or supplies are obtained from a Targeted Business manufacturer, count 100 percent of the cost of the materials or supplies toward Targeted Business Goal.
 - (ii) For purposes of this paragraph (e)(1), a manufacturer is a firm that operates or maintains a factory or establishment that produces, on the premises, the materials, supplies, articles, or equipment required under the contract and of the general character described by the specifications.
- (2)
 - (i) If the materials or supplies are purchased from a Targeted Business regular dealer, count 60 percent of the cost of the materials or supplies toward Targeted Business Goal.
 - (ii) For purposes of this section, a regular dealer is a firm that owns, operates, or maintains a store, warehouse, or other establishment in which the materials, supplies, articles or equipment of the general character described by the specifications and required under the contract are bought, kept in stock, and regularly sold or leased to the public in the usual course of business.
 - (A) To be a regular dealer, the firm must be an established, regular business that engages, as its principal business and under its own name, in the purchase and sale or lease of the products in question.
 - (B) A person may be a regular dealer in such bulk items as petroleum products, steel, cement, gravel, stone, or asphalt without owning, operating, or maintaining a place of business as provided in this paragraph (e)(2)(ii) if the person both owns and operates distribution equipment for the products. Any supplementing of regular dealers' own distribution equipment shall be by a long-term lease agreement and not on an ad hoc or contract-by-contract basis.
 - (C) Packagers, brokers, manufacturers' representatives, or other persons who arrange or expedite transactions are not regular dealers within the meaning of this paragraph (e)(2).



- (3) With respect to materials or supplies purchased from a Targeted Business which is neither a manufacturer nor a regular dealer, count the entire amount of fees or commissions charged for assistance in the procurement of the materials and supplies, or fees or transportation charges for the delivery of materials or supplies required on a job site, toward Targeted Business goals, provided the fees are reasonable and not excessive as compared with fees customarily allowed for similar services. Do not count any portion of the cost of the materials and supplies themselves toward Targeted Business goals.
- (4) Fill, sand, gravel and other natural materials are counted at the supplier value of 60% regardless of point of origin ownership.
- (5) A Targeted Business certified as a supplier may perform both the supplier role and broker role under the same contract. Items purchased directly and solely by the Targeted Business supplier from the manufacturer will be counted at the supplier value of 60%. Items purchased directly and solely by the Targeted Business supplier from another supplier or wholesaler will only count at the broker rate of 5%.
- (6) Specialized or “to specification” equipment purchases are presumptively considered only able to be brokered.
- (7) A Target Business certified as a broker may only count at the broker rate of 5% for all project work.
- (8) The determination between supplier and broker action may change for Targeted Business suppliers from bid/commitment phase to construction phase.
- (9) A Targeted Business contractor who performs the installation, connection, application of materials may only count the cost of supplies or materials towards the goal if:
 - (i) The Targeted Business purchases the supplies or materials itself and
 - (ii) Industry practice supports and is structured for the supplies or materials to be purchased by the Targeted Business, including without limitation structural steel, rebar, and paint and other coatings.



- (f) Participation by a woman-owned Targeted Business certified as an MBE counts only toward the Targeted Business Goal for MBEs, even if the MBE is certified as a WBE or is able to be certified as a WBE.



APPENDIX B – Targeted Business Commercially Useful Function (“CUF”)

CUF Site Visits

- (a) The Trade Contractor will perform at least one site visit for each Targeted Business performing under a contract on the Project for the purpose of determining whether the Targeted Business is performing a “commercially useful function” (“CUF”) as described in Appendix A.
- (b) The Trade Contractor will conduct at a minimum one site visit for each Targeted Business to determine that the Targeted Business is providing a CUF. The Trade Contractor will document each site visit and applicable support documentations.
- (c) CUF site visits are intended to be performed on the construction site or applicable place of business. In situations when it is not feasible to perform the CUF site visit on location, the Targeted Business will provide all documentation to demonstrate CUF compliance.
- (d) CUF site visits documentation includes photographs, brief interviews with staff, correspondence, and copies of business transactions.
- (e) The CUF site visit will be documented in a standardized form and retained by the Trade Contractor and sent to the Authority.
- (f) Data from the CUF form sent by the Trade Contractor to the Authority will be retained by the Authority for auditing purposes. CUF Review
- (g) The Authority may conduct a CUF Review if the Authority has concerns whether a Targeted Business is performing a commercially useful function.
- (h) The Authority performs a CUF Review by collecting data, including site visit reports, photographs, and interview information. The Authority then analyzes the data and produces a CUF Finding which may, in the Authority’s discretion, provide adjustments to whether and how the Targeted Business’ participation is counted toward the Targeted Business Goals.



APPENDIX C – Targeted Business Good Faith Efforts

- (a) The Trade Contractor must make Good Faith Efforts to achieve the Equity Plan’s Targeted Business Goal. Many of the Good Faith Efforts are described in the Plan, including without limitation the monitoring and reporting activities in various phases. This Appendix identifies a non-exclusive list of factors the Authority may consider when determining whether the Trade Contractor has exercised Good Faith Efforts.
- (b) The Authority shall determine if the Trade Contractor has made adequate Good Faith Efforts. If the Trade Contractor fails to make adequate Good Faith Efforts, the consequences are discussed in the Plan.
- (c) Because the Trade Contractor may not be a Targeted Business, the Trade Contractor’s Good Faith Efforts to achieve the Targeted Business Goal also must focus on obtaining participation of Targeted Business firms hired by the Trade Contractor as Subcontractors or qualified joint venture partner.
- (d) The Trade Contractor must make the Good Faith Efforts described herein beginning with its solicitation of potential Subcontractors.
- (e) Documentation. The Authority has developed the forms described in the Plan and may develop such other forms, affidavits, and other documentation the Authority deems appropriate for the Trade Contractor to document its Good Faith Efforts to meet the Targeted Business Goal and allow the Authority to determine whether Good Faith Efforts have been made. The Trade Contractor and its Subcontractors shall complete the forms the Authority requests them to complete.
 - (1) The Authority shall determine what information is required from the Trade Contractor, proposed Subcontractors, or others as the Authority deems appropriate to evaluate the Trade Contractor’s Good Faith Efforts, and shall determine what reviews, examinations and assessments of information are appropriate for such evaluation.
 - (2) Before the Trade Contractor enters into a contract with any Subcontractor, the Trade Contractor must submit to the Authority any forms that the Authority deems appropriate.
 - (3) The Trade Contractor must require its Subcontractors to engage in similar Good Faith Efforts as required by the Authority, and to similarly flow down their Good Faith Efforts requirements to lower tier Subcontractors. References in these



requirements to the Trade Contractor shall also be deemed to refer to its Subcontractors and such lower tier Subcontractors with respect to their obligations to use Good Faith Efforts.

(f) Removal of MBE or WBE

(1) The Trade Contractor shall notify the Authority before the Trade Contractor terminates a contract with a Targeted Business, changes the scope of the Targeted Business's contract, or otherwise releases a Targeted Business from performing work on the Project ("Removal Action").

(2) The Authority will permit the Trade Contractor to take a Removal Action when:

(i) The work committed to the Targeted Business was eliminated or adjusted via approved change order.

(ii) The Authority has verified that the Targeted Business is no longer in business or is unable to perform acceptable work under the contract.

(iii) Any legal situation that impacts the ability for the Targeted Business to perform work.

(iv) The Targeted Business has defaulted on the terms of its Subcontract and can no longer perform the work as required.

(3) To the extent a proper Removal Action is taken by the Trade Contractor, the Trade Contractor must make Good Faith Efforts as described herein to replace those firms with other Targeted Business firms, or otherwise increase Targeted Business participation to offset the loss of Targeted Business participation.

(g) Non-Exclusive List of Factors. In addition to compliance with the various reporting and monitoring requirements described in this Equity Plan or developed by the Authority, the following is a list of non-exclusive factors the Authority may consider in making a determination whether the Trade Contractor has made adequate Good Faith Efforts to meet the Targeted Business Goal:

(1) Soliciting through all reasonable and available means (attendance at pre-bid meetings, advertising and/or written notices) the interest of as many Targeted



Business firms as reasonably possible presently certified in the scopes of work of the contract.

- (2) Soliciting Targeted Business firms in reasonably sufficient time prior to bid opening or the proposal deadline to allow Targeted Business firms to respond to solicitations, or allowing sufficient time for Targeted Business firms to respond to solicitations prior to finalizing selections of Subcontractors. The Trade Contractor must determine with certainty if the Targeted Business firms are interested by taking and documenting appropriate steps to follow up on initial solicitations.
- (3) Selecting portions of the work to be performed by Targeted Business firms in order to increase the likelihood that the participation goals will be achieved. This includes, where appropriate, breaking contract work into smaller units to facilitate Targeted Business participation.
- (4) Providing interested Targeted Business firms with adequate information about the requirements of the contract in a timely manner to assist them in responding to a solicitation.
- (5) Negotiating in good faith with interested Targeted Business firms and providing written documentation of such negotiation with each such business. In determining whether the Trade Contractor negotiated in good faith, the Authority may consider a number of factors including price, scheduling and capabilities as well as the contract goal.
- (6) The fact that there may be some additional costs involved in finding and using Targeted Business firms is not itself sufficient reason for the Trade Contractor's failure to meet the participation goals as long as such costs are reasonable.
- (7) If requested by a solicited Targeted Business firm, the Trade Contractor must make reasonable efforts to assist such Targeted Business firms in obtaining financing, training, or insurance as may be appropriate for their work on the Project, provided that the Trade Contractor need not provide financial assistance toward this effort.
- (8) Effectively using the services of minority/woman community organizations; minority/woman contractors' groups; local, state and federal business assistance offices; and other organizations as allowed on a case-by-case basis to provide assistance in the solicitation and placement of Targeted Business firms.



APPENDIX D – Workforce Compliance and Counting

Pursuant to Section 12.7 of the Equity Plan, the Authority may seek advice from the City of Minneapolis and the Minnesota Department of Human Rights for the purpose of establishing additional policies, procedures, and forms for the workforce program, including compliance and counting.

Until the Authority, in its sole discretion, adopts specific policies, procedures, and forms regarding how workforce participation by minorities and women is counted toward the Workforce Goal, the Authority will use the following guidelines:

- (a) The Workforce Goal is expressed as a percentage of the total hours worked by individuals performing eligible work (“Workforce Work”) as part of the Construction Services Agreement, whether the workers are employed by the Trade Contractor or Subcontractors of any tier;
- (b) Workforce Work means work performed on the Project job-site; and
- (c) Every hour of Workforce Work performed by an eligible minority or woman counts toward the Workforce Goal.
- (d) Every hour of Workforce Work performed by an eligible minority woman counts toward both the minority Workforce Goal and the female Workforce Goal.



APPENDIX E – Workforce Good Faith Efforts

- (a) The Trade Contractor must make Good Faith Efforts to achieve the Equity Plan’s Workforce Goal. Many of the Good Faith Efforts are described in the Plan, including without limitation cooperation with the monitoring and reporting activities. This Appendix identifies certain minimum requirement for Good Faith Efforts as well as a list of additional non-exclusive factors the Authority may consider when determining whether the Trade Contractor has exercised Good Faith Efforts.
- (b) The Trade Contractor is required to take the following steps as part of its Good Faith Efforts:
 - (1) Make a good faith effort to maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which the Trade Contractor's employees are assigned to work. The Trade Contractor must specifically ensure that all lead supervisors, superintendents, and other on-site supervisory personnel are aware of and carry out the Trade Contractor’s obligation to maintain such a working environment, with specific attention to minority or female persons working at such sites or in such facilities.
 - (2) Establish and maintains a current list of minority and female recruitment sources, provide written notification to minority and female recruitment sources and to community organizations when the contractor or its unions have employment opportunities available, and maintain a record of the organizations' responses.
 - (3) Utilize the Construction Works database to maintain a current file of the names, addresses, and telephone numbers of each minority and female off-the-street applicant and minority or female referral from a union, a recruitment source, or community organization and of what action was taken with respect to each person. If the person was sent to the union hiring hall for referral and was not referred back to the Trade Contractor by the union or, if referred, not employed by the Trade Contractor, this must be documented in the file with the reason therefore, along with whatever additional actions the Trade Contractor may have taken.
 - (4) Provide immediate written notification to the Authority when the union or unions with which the Trade Contractor has a collective bargaining agreement has not referred to the Trade Contractor a minority person or woman sent by the Trade Contractor, or when the Trade Contractor has other information that the union referral process has impeded the Trade Contractor’s efforts to meet its obligations.



- (5) Develop on-the-job training opportunities and/or participate in and pay for training programs for the areas which expressly include minorities and women, including upgrading programs and apprenticeship and trainee programs relevant to the contractor's employment needs, especially those programs funded or approved by the state of Minnesota. The Trade Contractor must provide notice of these programs to the sources compiled under Paragraph (b)(2).
- (6) Disseminate the Trade Contractor's equal employment opportunity policy by providing notice of the policy to unions and training programs and requesting their cooperation in assisting the Trade Contractor in meeting its equal employment opportunity obligations; by including it in any policy manual and collective bargaining agreement; by publicizing it in the company newspaper, annual report, etc.; by specific review of the policy with all management personnel and with all minority and female employees at least once a year; and by posting the company equal employment opportunity policy on bulletin boards accessible to all employees at each location where construction work is performed.
- (7) Review, at least annually, the company's equal employment opportunity policy and affirmative action obligations under these specifications with all employees having any responsibility for hiring, assignment, layoff, termination, or other employment decisions including specific review of these items with on-site supervisory personnel such as superintendents, general lead supervisors, etc., prior to the first day of construction work at any job site. A written record must be made and maintained identifying the time and place of these meetings, persons attending, subject matter discussed, and disposition of the subject matter.
- (8) Disseminate the Trade Contractor's equal employment opportunity policy externally by including it in any advertising in the news media, specifically including minority and female news media, and providing written notification to and discussing the Trade Contractor's equal employment opportunity policy with other contractors and Subcontractors with whom the Trade Contractor does or anticipates doing business.
- (9) Direct its recruitment efforts, both oral and written, to minority, female, and community organizations, to schools with minority and female students, and to minority and female recruitment and training organizations serving the contractor's recruitment area and employment needs, including zip codes in the City of Minneapolis with high rates of poverty and unemployment. Not later than one month prior to the date for the acceptance of applications for apprenticeship or other training by any recruitment source the Trade Contractor must send



written notification to organizations such as the above, describing the openings, screening procedures, and tests to be used in the selection process.

- (10) Encourage present minority and female employees to recruit other minority persons and women.
 - (11) Ensure that seniority practices, job classifications, work assignments, and other personnel practices do not have a discriminatory effect by continually monitoring all personnel and employment related activities to ensure that the equal employment opportunity policy and the Trade Contractor's obligations under these specifications are being carried out.
 - (12) Ensure that all facilities and company activities are nonsegregated except that separate or single-user toilet and necessary changing facilities shall be provided to assure privacy.
 - (13) Document and maintain a record of all solicitations of offers for subcontracts from minority and female construction contractors and suppliers, including circulation of solicitations to minority and female contractor associations and other business associations.
 - (14) Conduct a review, at least annually, of all supervisors' adherence to and performance under the Trade Contractor's equal employment opportunity policies and affirmative action obligations.
- (c) The following is a list of additional non-exclusive factors the Authority may consider when determining whether the Trade Contractor has exercised good faith efforts:
- (1) Timely submission of compliance review reports;
 - (2) Trade Contractor's cooperation with on-site compliance reviews and audits;
 - (3) Trade Contractor's compliance with making available records or other information as required by the Workforce Program;
 - (4) Participating in voluntary associations which assist in fulfilling one or more of their good faith obligations in Paragraphs (b)(1) to (b)(14). The efforts of a contractor association, joint contractor-union, contractor-community, or other similar group of which the Trade Contractor is a member and participant, may be asserted as fulfilling any one or more of its obligations provided that the Trade Contractor actively participates in the group, makes every effort to assure that the group has a positive impact on the employment of minorities and



women in the industry, ensures that the concrete benefits of the program are reflected in the Trade Contractor's minority and female workforce participation, makes a good faith effort to meet its individual goals and timetables, and can provide access to documentation which demonstrates the effectiveness of actions taken on behalf of the Trade Contractor. The obligation to comply, however, is the Trade Contractor's and failure of such a group to fulfill an obligation must not be defense for the Trade Contractor's noncompliance.

- (d) The Authority also may consider whether the Trade Contractor takes prompt corrective action if and when it becomes aware that any of the following conditions exist with regard to its workforce:
- (1) underutilization of women or minorities in any job group;
 - (2) minority or female employees move laterally, vertically, at a lesser rate than nonminority or male employees;
 - (3) a selection process eliminates minorities or women at higher rate than nonminority or male employees;
 - (4) pre-employment inquiries and application forms do not satisfy state law requirements;
 - (5) descriptions of jobs do not accurately reflect functions involved;
 - (6) selection procedures are not valid predictors of job performance;
 - (7) disproportionately high rejection of women or minorities by hiring supervisors;
 - (8) women, minorities, and disabled persons who are not participating in company-sponsored activities;
 - (9) segregation still exists at some facilities;
 - (10) disparities by minority group status or sex in terms of length of service and type of job held;
 - (11) managers, supervisors, or employees lack interest in company equal employment opportunity policies;
 - (12) underrepresentation of women or minorities in training or career improvement programs;



- (13) techniques for evaluating effectiveness of its equal employment opportunity programs have not been established; and
- (14) inadequate display of equal employment opportunity posters.

Exhibit A



**TRADE CONTRACT AGREEMENT EQUITY PLAN
TARGETED BUSINESS COMMITMENT AND INFORMATION FORM**

Proposer Company Name: _____

Check ONE of the following:

No Targeted Business participation is committed on this project

The following Targeted Business (MBE & WBE) participation is committed on this project:

Firm Name <small>(Legal business name used for Targeted Business certification)</small>	WBE MBE <small>(Check one)</small>		How will firm participate? <small>(subcontractor, consortium, joint venture)</small>	Description of work	Estimated dollar value of participation	Estimated percentage of total bid
	WBE	MBE				

Total WBE % _____ Total MBE % _____

(Form continued on next page. Use copies of page 1 of this form if additional space is needed to list committed Targeted Businesses and attach such copies to the form.)



On behalf of the Proposer identified below, I certify that:

(Check ONE of the following)

No Targeted Business (MBE or WBE) participation is committed on this project.

Proposer is committed to use the Targeted Business contractor(s) listed in this form on this project at the stated percentage(s).

I further certify that I have read the Targeted Business requirements found in the Trade Contract Agreement Equity Plan. I am authorized on behalf of the Proposer to submit this certification to the Minnesota Sports Facilities Authority. This certification is a material representation of fact on which the Authority may rely in awarding the contract.

Proposer Name:

By: _____ Date:

Name: _____ Title: _____

Exhibit B



**TRADE CONTRACT AGREEMENT AGREEMENT EQUITY
TARGETED BUSINESS INFORMATION FORM**

Check ONE of the following:

- No Targeted Business will be used by Proposer on this project.
- Targeted Businesses are proposed to be used on this project.

The following is

- 1) a list of Targeted Businesses proposed to be used on the project AND
- 2) a list of Targeted Businesses who were considered by the Proposer for the project but were not selected by the Proposer:

1) TARGETED BUSINESS PROPOSED TO BE USED ON THE PROJECT:

Firm Name	Address	Telephone Number

2) TARGETED BUSINESS WHO WERE CONSIDERED BUT WERE NOT SELECTED:

--	--	--

Minnesota Sports Facilities Authority

900 South 5th Street, Minneapolis, MN 55415

**TRADE CONTRACT EQUITY PLAN
TARGETED BUSINESS COMMITMENT AND INFORMATION FORM**

Firm Name	Address	Telephone Number

(Form continued on next page. Use copies of page 1 of this form if space is needed to list additional Targeted Businesses and attach such copies to the form.)



CERTIFICATION

On behalf of the Proposer identified below, I certify that the information provided in this form is true and correct.

Proposer
Name:

B y :

D a t e :

Name:
Title:

END OF DOCUMENT

Exhibit C

TCA Equity Plan Progress Report*

1. Project #:		9. Original Contract Amount:	
2. Project Title:		10. Change Orders To Date:	
3. Construction Trade		11. Revised Contract Amount:	\$0.00
4. Type of Services:		12. Total Earned To Date:	
5. Contract #:		13. Contract Dollars Remaining:	\$0.00
6. Contract Award Date:		14. Amount Paid to Date:	
7. Payment Claim #:		15. Percent Paid to Date:	
8. Progress Report #:			

PROJECT GOAL 11% WBE 9% MBE	CONTRACT COMMITMENT ___% WBE ___% MBE		
Reporting Period: From ___ to ___		___ Interim Report	___ Final Report

A) W/MBE Subcontractor (SEE INSTRUCTION 1)	B) \$\$ Amount of Original W/MBE	C) Non- W/MBE Sub- contractor	D) \$ Amount to Non- W/MBE	E) \$ Amount in Change Orders to W/MBE Contract	F) Total W/MBE Contract \$\$ Amount	G) \$\$ Amount to be paid to W/MBE	H) \$\$ Amount Paid To W/MBE	I) W/MBE%	
					\$0.00			#DIV/0!	
					\$0.00			#DIV/0!	
					\$0.00			#DIV/0!	
					\$0.00			#DIV/0!	
					\$0.00			#DIV/0!	
					\$0.00			#DIV/0!	
	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -		
Total W/MBE Contract \$\$ Amount as % of Total Contract Amount (#11):								#DIV/0!	
\$\$ Amount Paid to W/MBE To Date as % of Total Contract Amount Paid To Date (#14)								#DIV/0!	#DIV/0!

Explanation if W/MBE Goal Not Being Met or Other Comments: _____ **Total W/MBE %** _____

Signature:		Date:	
Title:			

INSTRUCTIONS:

1. List each W/MBE Subcontractor only once. Insert appropriate information in Columns A), B), E), G), and H).
2. Complete Columns C) and D) only for each non-W/MBE Subcontractor hired by the W/MBE Subcontractor.
3. Column D) shall include all W/MBE Change Order amounts passed along to Non-W/MBE.

Authority Representative Signature _____ **Date** _____

*Note that formatting may change.



February 24, 2017

MEMORANDUM

TO: MSFA Commissioners

FROM: MSFA

SUBJECT: Approve Verizon DAS Expansion License Agreement Amendment

MSFA has entered into a DAS License with Verizon provides for the design, implementation, and hosting of carrier neutral Distributed Antenna Services to support Cellular voice and data transmission throughout the U.S. Bank Stadium Site.

MSFA desires to execute an Amendment to the DAS License Agreement to allow Verizon to fund and implement enhancements to the DAS which will prepare U.S. Bank Stadium for the NFL Super Bowl and NCAA Final Four events. For the right to expand the capacity of the DAS network, Verizon will pay MSFA an additional \$40,000.00 per year, beginning January 1, 2018 and each subsequent anniversary for a period consistent with the term of the DAS License Agreement.

The staff is requesting authority to finalize and enter into an Amendment to the DAS License Agreement, and invoice for the initial expansion Payment.

Recommendation: The Authority Board authorizes staff to finalize and enter into an Amendment to the DAS License Agreement, and invoice for the initial expansion Payment.



February 24, 2017

MEMORANDUM

TO: MSFA Commissioners

FROM: MSFA

SUBJECT: Approve Amendments to Owner's Representative Agreement

The Owner's Representative Agreement with Hammes Company Sports Development, Inc. ("Hammes") expires on February 28, 2017. There are construction, project close-out tasks and financial tasks that will continue past the contract expiration date. Hammes has offered to continue their Owner's Representative services at a reduced staffing level for the period from February 1, 2017 through March 31, 2017 on (1) an actual hourly fee basis and actual reimbursable expenses for February and (2) an amount not-to-exceed \$75,000.00, plus a fixed monthly reimbursed expense amount of \$8,975.00 for March. It is anticipated that Owner's Representative Agreement with Hammes will need to be extended beyond March 31, 2017, and the tasks are still being defined for that anticipated extension, which will be recommended at the next meeting of the MSFA Commissioners.

Recommendation: The MSFA authorizes the Chair and CEO/Executive Director to execute Amendments No. 4 and No. 5 to the Owner's Representative Agreement with Hammes Company Sports Development, Inc. on an actual hourly fee basis for February and an hourly fee basis not-to-exceed \$75,000.00 (plus a fixed monthly reimbursed expense amount of \$8,975.00) for March.



February 24, 2017

MEMORANDUM

TO: MSFA Commissioners

FROM: MSFA

SUBJECT: Approve Event Marketing Fund Budget

On October 9, 2015 the Authority authorized the Chair and CEO/Executive Director to negotiate and execute a contract with Irwin Seating Company, Inc. for the purchase of 1924 seats for a contract amount of \$162,968.37 plus use tax of \$11,204.08, for a combined total of \$174,172.45.

Irwin Seating Company, Inc. has fabricated the seats and is ready to ship or store the seats.

An event marketing fund of \$500,000 was established in 2016 and is maintained by SMG per section 5.5(d) of the Management and Pre-Opening Services Agreement with SMG. The initial investment of \$500,000 was from the Manager's (SMG) Capital Investment. The Authority and SMG have agreed that the purchase of these seats is needed for the Super Bowl event that will be held in the stadium in February 2018 and that the seats should be an expense of the event marketing fund.

Recommendation: *The Authority approves an event marketing fund budget of \$174,173 for the purchase of the 1924 seats from Irwin Seating Company, Inc.*



February 24, 2017

MEMORANDUM

TO: MSFA Commissioners

FROM: MSFA

SUBJECT: Approve and Authorize Request for Proposals for
Government Relations Services and Public Relations Services

MSFA is soliciting qualifications/proposals for a full service, governmental relations contractor to represent it with the Minnesota State Legislature, Executive Branch, City of Minneapolis, Hennepin County and other public bodies in connection with the funding related public infrastructure, use, and operation of a multi-use stadium.

In addition, MSFA is soliciting qualifications/proposals for an individual or firm to provide public relations counsel and creative services contractor to support in proactive and crisis communications, responding to time sensitive issues, developing newsletters, public relations and local and community communications plans.

The staff is requesting authorization to issue a Request for Proposals for Government Relations Services, and Public Relations Counsel and Creative Services.

Recommendation: *The Authority authorizes the issuance of a Request for Proposals for Government Relations Services and Public Relations Services.*



February 24, 2017

MEMORANDUM

TO: MSFA Commissioners

FROM: Jay Lindgren, General Counsel

SUBJECT: Summary of Legislative Auditor Recommendations

The Office of the Legislative Auditor released its findings regarding the use of the MSFA owned suites on February 7, 2017.

Specific findings by the Auditor regarding the use of Authority Suites have been largely addressed by the revised suite use policy adopted by the Board on December 16, 2017. This policy sets up clear guidelines regarding the strict marketing purpose of guests in the MSFA owned suites going forward and requires a detailed record keeping system. The Auditor expressed concerns about two areas in the revised policy. First, the Auditor questioned whether it was sufficient for individual Commissioners and executive staff to make determinations of whether a marketing purpose is satisfied. Second, the Policy contains a list of proper attendees that may serve a marketing purpose and includes the phrase "Other." The Auditor also expressed concern over the category of "Other" guests being allowed in the policy. I believe the intention of allowing "others" was to maintain some level of flexibility in determining who might serve a marketing purpose, and not to create an exception to the guiding rule that any guest must clearly serve a marketing purpose, but this deserves further attention from the Board. I recommend that the Board discuss how you want to address these two specific areas.

In addition, please note that the Auditor has recommended the following legislative steps:

- The Legislature should enact a law to control the Authority's use of complimentary tickets to events at the U.S. Bank Stadium.
- The Legislature should consider enacting a law that would allow one or both of the Authority's suites at the U.S. Bank Stadium to be used for nonprofit charitable purposes.
- The Legislature should exercise more oversight of the Authority.
- The Legislature should consider enactment of laws to control the use of complimentary tickets at all sports and entertainment facilities built with public money.

MEMORANDUM

TO: Minnesota Sports Facilities Authority
FROM: Lockridge Grindal Nauen, P.L.L.P., State Government Relations
DATE: February 21, 2017
RE: Legislation Affecting the Authority

H.F. 778 / S.F. 626: Minnesota Sports Facilities Authority data classification provided, board appointments modified, duties modified, and use of stadium suites restricted.

House Research Summary, February 16, 2017

- **House authors:** Anderson, S.; Hoppe; Scott; Barr, R.; Knoblach; Nash; Fenton; Dettmer
- **Senate authors:** Rosen; Kiffmeyer; Nelson
- **House committee action:** Passed Government Operations and Elections Policy, re-referred to State Government Finance. Passed State Government Finance, as amended, and re-referred to Ways and Means.
- **Senate committee action:** Introduced and referred to State Government Finance and Policy and Elections.
- **Status:** Met policy deadline in House, awaits action in Senate.

H.F. 291 / S.F. 604: Convention center data classification clarified.

Senate Counsel & Research Summary, February 15, 2017

- **House authors:** Scott; Anderson, S.; Pugh; Miller; Lucero; Howe; O'Neill
- **Senate authors:** Limmer; Kiffmeyer; Rosen
- **House committee action:** Passed Civil Law and Data Practices Policy, re-referred to State Government Finance. Amended onto H.F. 778 (above) in State Government Finance.
- **Senate committee action:** Passed Judiciary and Public Safety Finance and Policy, as amended, and re-referred to State Government Finance and Policy and Elections.
- **Status:** Met policy deadline in House and Senate. Travelling within H.F. 778.

H.F. 1211: Stadium suite disposal required.

- **House authors:** Howe; Bahr, C.
- **House committee action:** Introduced and referred to Government Operations and Elections Policy.
- **Status:** Awaits committee action in House, no Senate companion introduced.

S.F. 900: Super Bowl admissions sales tax exemption modification; Minnesota sports facilities commission operating and capital expenses sales tax reimbursement requirement.

- **Senate authors:** Bakk; Tomassoni; Rosen; Senjem; Gazelka
- **Senate committee action:** Introduced and referred to Taxes.
- **Status:** Awaits committee action in Senate, no House companion introduced. Not subject to policy deadlines.

NOTES:

1st deadline - March 10, 2017 at midnight

2nd deadline - March 17, 2017 at midnight

3rd deadline - March 31, 2017 at midnight

There is no yearly deadline for the introduction of bills. However, each year the Legislature establishes deadlines for committee action on bills. From Joint Rules ([2.03, Deadlines](#)):

- "The deadlines do not apply to the House committees on Capital Investment, Ways and Means, Finance, Taxes, or Rules and Legislative Administration, nor to the Senate committees on Capital Investment, Finance, Taxes, or Rules and Administration."
- "The first deadline is for committees to act favorably on bills in the house of origin."
- "The second deadline is for committees to act favorably on bills, or companions of bills, that met the first deadline in the other house."
- "The third deadline is for committees to act favorably on major appropriation and finance bills."



February 24, 2017

MEMORANDUM

TO: MSFA Commissioners
FROM: Jay Lindgren, General Counsel
SUBJECT: Response to Legislative Inquiry

A letter, dated February 14, 2017, was sent to each of you and the Authority's Executive Director from Representative Kelly Fenton and Representative Sarah Anderson. The letter is attached. The letter inquires about delegations of contract signature authority that were granted in 2016 from the Board to the Chair and CEO/Executive Director ("Executive Director"). This memorandum is intended to provide background information to frame a discussion among the Board at your February 24 meeting and guide preparation of a written response to the legislators.

As detailed below, the reason for these delegations was to allow additional private contributions to be made to the Stadium. There were no additional public monies spent through these contracts. Rather, the Board approved the receipt of private contributions by amending the Project Budget and these contracts allowed those private dollars to be spent for improvements to the publicly-owned Stadium.

Current Board-approved Policy

The Board has a properly approved and adopted Procurement Policy (revised 12/13/2013). The Policy provides:

The CEO/Executive Director has purchasing power for the Authority. The CEO/Executive Director may make the following expenditures on behalf of the Authority pursuant to the CEO/Executive Director's duties without obtaining Authority approval prior to such expenditure:

- (a) CEO/Executive Director may approve contracts for goods and services up to \$250,000
 - 1) The CEO/Executive Director may authorize a construction contract Project Change Order (PCO) from 10% up to \$500,000, whichever is greater, of original value per each PCO.
 - 2) The CEO/Executive Director may authorize construction contract change orders up to \$250,000.

The Chair and the Executive Director each have the authority to give necessary approvals as required by the Construction Services Agreement for construction of the new stadium by Mortenson Construction. Delegations of signature authority to executive staff are a common and legally recognized tool for the management of political subdivisions. In my opinion, the amounts within the existing Procurement Policy are consistent with those granted by similar government entities to senior staff.

May through November Delegations of Signature Authority

Near the end of the Stadium project, the Board made additional delegations of authority to the Chair and Executive Director on a rolling, monthly basis to aid Project completion. Specifically, the Board approved an authorization for the Chair and Executive Director to negotiate and execute contracts at certain amounts until the time of the next regular monthly Board meeting. The specific delegations were:

- not to exceed \$2 million from the May Board meeting until the June Board meeting
- not to exceed \$2 million from the June Board meeting until the July Board meeting
- not to exceed \$2 million from the July Board meeting until the August board meeting
- not to exceed \$2 million from the August Board meeting until the September board meeting
- at the September Board meeting, this delegation was reduced to a maximum of \$1 million until the October Board meeting
- at the October Board meeting, this \$1 million delegation was extended until the November Board meeting

A detailed accounting is currently under review and additional information will be provided at the February 24 Board meeting.

Each of these delegations of authority to contract were publicly noticed and acted upon during open meetings of the Board. Copies of the Board memorandum for each authorization are attached. The minutes from each corresponding Board meeting are available on the Authority's website.

This Delegated Authority Primarily Allowed Additional Vikings' and Verizon Contributions

The primary purpose of these delegations of contract authority were for contract increases included in the Master Project Budget and/or for requests of the Minnesota Vikings to allow the Vikings to make additional financial contributions to the Stadium project and for additional investment Verizon for the cellular communications systems that benefit all attendees. Each of the financial contributions by the Vikings are detailed in the Development Agreement (or amendments thereto) which were discussed and voted upon by the Board in public meetings. The receipt of these private contributions are authorized in the Stadium Act (see Minnesota Statutes, Section 473J.09, subd. 7). As the construction came to a close and the Vikings prepared for their inaugural season, they chose to invest additional funds into the Stadium. These additions are referred to as "Privately Financed Enhancements" within the agreements between the Authority and the Vikings. In essence, this procedure allowed the Vikings to gift to the public additional contributions to the publicly-owned Stadium. This resulted in Stadium enhancements that benefit both the Vikings and the other public events held at the Stadium.¹

¹ The May delegation of authority was for "contract amendments with Mortenson Construction, or other contractors." At the request of the Vikings, this language was expanded to also apply to "other contracts" as long as the amounts contracted for were within the Project Budget or funded by the Vikings. The Vikings requested this change because they were concerned that some of their proposed Privately Financed Enhancements would require contracts with companies that did not fall within the scope of the language "other contractors."

Significant Board Limitation on Delegated Authority

Each temporary delegation of authority was limited by the Project Budget. The Project Budget can only be adopted by and approved by the Board. The Board made numerous adjustments to the Project Budget at its public meetings. None of these Project Budget amendments changed the amount of public funds that were spent on the Stadium. Rather, the amendments reflected private monetary contributions to the Stadium Project. All contracted amounts were either currently reflected in a Board-approved Project Budget or the result of direct financial contributions from the Vikings.



February 14, 2017

Minnesota Sports Facilities Authority
Members & Executive Director
1005 4th Street South
Minneapolis, MN 55415

via electronic delivery

Members of the Authority and Executive Director Mondale:

The release last week of the Office of Legislative Auditor's (OLA) report on the Minnesota Sports Facilities Authority's (MSFA) use of luxury suites at the US Bank Stadium makes clear the need for more transparency and accountability. Yet knowing the full extent of the MSFA's abuse of that privilege only raises more questions. Specifically, it is troubling that just two people – Chair Kelm-Helgen and Executive Director Mondale – had carte blanche authority to enter into million dollar public contracts with little or no oversight.

According to MSFA records, the authority has a standing policy that any contract amendment less than \$250,000 could be approved without authorization from the full authority. However, from at least May through October 2016, Ms. Kelm-Helgen and Mr. Mondale were permitted to enter into contracts and contract amendments up to \$2,000,000 in total without full board approval. From October through November 2016, the same officers were given authority to enter into contracts up to \$1,000,000 in total without full board approval.

This power began in limited form by permitting Ms. Kelm-Helgen and Mr. Mondale to negotiate and execute contract amendments with Mortenson Company and other construction contractors, but evolved into broad authority to enter into apparently almost any contract under \$2,000,000. The reason most commonly cited in authority minutes for this shortcut was "to help close out the Stadium project in an efficient manner."

The ability to delegate contracting authority in this manner is, at best, unclear. Relevant sections of law authorize the authority, as established in Minn. Stat. 473J.07 to enter into contracts for various purposes. No ability to delegate high dollar or any contracts is provided. In fact, the full authority routinely discussed and approved other contracts and amendments of low and high value during this period. Authority members have an obligation to understand, vet and oversee any contract entered into by the authority and any money spent by the authority. Members cannot do that if they have little or no knowledge of high dollar contracts negotiated and approved by just two people.

In addition to the questionable delegation of contracting authority, it is concerning that the MSFA has entered into two \$200,000 per year contracts with Tunheim Partners for "advisory services" concentrated on communications support. A significant part of Ms. Kelm-Helgen's defense of her highly salaried position is that she is responsible for authority communications. The outline of responsibilities for the MSFA Chair indicate that public and intergovernmental relations are the main

duties. To supplement Ms. Kelm-Helgen's role, the authority employs a full-time communications director.

MSFA minutes from September 18, 2015 indicate the authority broke from the Minnesota Sports Facilities Commission's practice of "paying for [Tunheim's] services with purchase orders" to enter into an ongoing professional services contract. Given the in-house services available, the need for an outside communication firm's services on anything other than a per-project basis appears extravagant. In fact, the only documentation of Tunheim's work - a communication plan for the stadium's ribbon cutting and grand opening - indicate that a per-project contract for strategic communications is more appropriate.

That principals and employees of Tunheim Partners have donated thousands of dollars to DFL candidates makes the contract appear even more questionable. Given the MSFA Director of Communications previously served in the same position for Mr. Mondale's gubernatorial bid, it is nothing if not consistent that the MSFA would provide a large contract to a firm with a long history of donating to and being on the payroll of Governor Dayton. The MSFA's system of patronage appears to come with a sign: only Democrats need apply.

The critical ethical and legal issues raised by the OLA and delegated contracting authority underscore the dire need for reform. Minnesotans are tired of their money being used to pad the pockets of and pay perks to political allies and bureaucrats who should be focused on public service.

At your earliest convenience, please provide a list of all contracts entered into by Ms. Kelm-Helgen and Mr. Mondale under the above referenced delegated authority, a complete copy of Tunheim Partners' contracts with the authority, and any Tunheim Partners' work product delivered under the professional services contract(s). In addition, we would appreciate clarification on the legal basis for delegating the ability to negotiate and approve high value contracts to the authority chair and its executive director, rather than obtaining approval from the full authority.

We look forward to working together to ensure that the authority's ethical lapses do not repeat themselves.

Sincerely,



Representative Kelly Fenton
Assistant Majority Leader
District 53B - Woodbury



Representative Sarah Anderson
Chair, State Government Finance Committee
District 44A - Plymouth



May 20, 2016

MEMORANDUM

TO: MSFA Commissioners

FROM: Ted Mondale

SUBJECT: Delegation of Authority to Execute Certain Contract Revisions

Under current MSFA policies, all contract amendments in excess of \$250,000 require Board approval. As we move into the final weeks of construction, amendments to the existing agreements with Mortenson Construction or other contractors may require immediate revision to meet the deadline. Staff is requesting authorization to delegate to the Chair and CEO/Executive Director a time-limited authorization to execute contract amendments in excess of \$250,000, but not to exceed \$2 million in total unless otherwise approved by the Board. All amounts expended under any amendment would be limited to the existing amended Master Project Budget which has been approved by the Board unless funds are provided by the Team, in which case the Budget would also increase by the amount of the Team contribution. This delegation would terminate on the date of the next Board meeting, and a report will be provided to the Board at that time.

Recommendation: *Until June 17, 2016, the MSFA authorizes the Chair and CEO/Executive Director to negotiate and execute contract amendments with Mortenson Construction, or other contractors, not to exceed \$2 million in total as long as the amount of contract increases are otherwise included in the Master Project Budget or funded by the Vikings, in which case the Master Project Budget will be increased, under direction of the Chair and CEO/Executive Director, in the amount of the Vikings' contribution.*



June 17, 2016

MEMORANDUM

TO: MSFA Commissioners

FROM: Ted Mondale

SUBJECT: Delegation of Authority to Execute Certain Contracts and Contract Revisions

At the May Board meeting, you gave the Chair and CEO/Executive Director additional authority to make contract amendments, up to a total of \$2 million, in order to help close out the Stadium project in an efficient manner. This delegation of authority expires on June 17, 2016. Staff requests an extension of this authority until the next regular Board meeting and further requests clarification to make clear the Board's action grants the Chair and CEO/Executive Director authority to negotiate and execute other contracts that may be required on an urgent basis, not only to amend existing contracts.

Recommendation: Until the next regular meeting of the MSFA Board, the MSFA authorizes the Chair and CEO/Executive Director to negotiate and execute (1) contract amendments with Mortenson Construction, or other contractors, and (2) other contracts not to exceed \$2 million in total as long as the amount of contract increases are otherwise included in the Master Project Budget or funded by the Vikings, in which case the Master Project Budget will be increased, under direction of the Chair and CEO/Executive Director, in the amount of the Vikings' contribution.



July 15, 2016

MEMORANDUM

TO: MSFA Commissioners

FROM: Ted Mondale

SUBJECT: Delegation of Authority to Execute Certain Contracts and Contract Revisions

At the June 2016 Board meeting, you gave the Chair and CEO/Executive Director additional authority to make contract amendments and execute other contracts that may be required on an urgent basis, up to a total of \$2 million, in order to help close out the Stadium project in an efficient manner. This delegation of authority expires on July 15, 2016. Staff requests an extension of this authority until the September 2016 regular Board meeting.

Recommendation: Until the September regular meeting of the MSFA Board, the MSFA authorizes the Chair and CEO/Executive Director to negotiate and execute (1) contract amendments with Mortenson Construction, or other contractors, and (2) other contracts not to exceed \$2 million in total as long as the amount of contract increases are otherwise included in the Master Project Budget or funded by the Vikings, in which case the Master Project Budget will be increased, under direction of the Chair and CEO/Executive Director, in the amount of the Vikings' contribution.



August 19, 2016

MEMORANDUM

TO: MSFA Commissioners

FROM: Ted Mondale

SUBJECT: Delegation of Authority to Execute Certain Contracts and Contract Revisions

At the July 2016 Board meeting, you gave the Chair and CEO/Executive Director additional authority to make contract amendments and execute other contracts that may be required on an urgent basis, up to a total of \$2 million, in order to help close out the Stadium project in an efficient manner. This delegation of authority will expire upon the date of the September 2016 regular Board meeting. Since the July 2016 Board meeting, the Chair and CEO/Executive Director have executed a number of contract amendments and other contracts necessary to complete work on the Project that have reduced this \$2 million contracting authority. Staff therefore requests an extension of this authority with a revised limit of \$2 million (in total) until the September 2016 regular Board meeting.

Recommendation: *Until the next regular meeting of the MSFA Board, the MSFA authorizes the Chair and CEO/Executive Director to negotiate and execute (1) contract amendments with Mortenson Construction, or other contractors, and (2) other contracts not to exceed \$2 million in total as long as the amount of contract increases are otherwise included in the Master Project Budget or funded by the Vikings, in which case the Master Project Budget will be increased, under direction of the Chair and CEO/Executive Director, in the amount of the Vikings' contribution.*



September 16, 2016

MEMORANDUM

TO: MSFA Commissioners

FROM: Ted Mondale

SUBJECT: Delegation of Authority to Execute Certain Contracts and Contract Revisions

At the August 2016 board meeting you gave the Chair and CEO/Executive Director additional authority to make contract amendments and execute other contracts that may be required on an urgent basis, up to a total of \$2 million, in order to help close out the stadium project in an efficient manner. This delegation of authority expires on September 16, 2016.

Staff requests authority to make contract amendments and execute other contracts up to a total of \$1 million until the October 2016 regular board meeting which is scheduled to be held on October 21, 2016.

Recommendation: The MSFA authorizes the Chair and CEO/Executive Director to negotiate and execute the following (1) contract amendments with M.A. Mortenson Company or other contractors, and (2) other contracts, not to exceed \$1 million in total as long as the amount of the contract increases are included in the Master Project Budget or funded by the Vikings. The Master Project Budget will be increased, under the direction of the Chair and CEO/Executive Director, in the amount of the Vikings' contribution. This authority extends until the October 2016 board meeting.



October 21, 2016

MEMORANDUM

TO: MSFA Commissioners

FROM: Ted Mondale

SUBJECT: Delegation of Authority to Execute Certain Contracts and Contract Revisions

At the September 16, 2016 board meeting you gave the Chair and CEO/Executive Director additional authority to make contract amendments and execute other contracts that may be required on an urgent basis, up to a total of \$1 million, in order to help close out the stadium project in an efficient manner. This delegation of authority expires on October 21, 2016.

Staff requests authority to make contract amendments and execute other contracts up to a total of \$1 million until the November 2016 regular board meeting which is scheduled to be held on November 18, 2016.

Recommendation: The MSFA authorizes the Chair and CEO/Executive Director to negotiate and execute the following (1) contract amendments with M.A. Mortenson Company or other contractors, and (2) other contracts, not to exceed \$1 million in total as long as the amount of the contract increases are included in the Master Project Budget or funded by the Vikings. The Master Project Budget will be increased, under the direction of the Chair and CEO/Executive Director, in the amount of the Vikings' contribution. This authority extends until the November 2016 board meeting.