



**MINNESOTA SPORTS FACILITIES AUTHORITY  
MEETING AGENDA  
May 26, 2017, 9:00 A.M.**

**U.S. Bank Stadium – Hyundai Club  
401 Chicago Avenue, Minneapolis, MN 55415**

1. CALL TO ORDER / ROLL CALL
2. ADOPTION OF AGENDA
3. APPROVAL OF PRIOR MEETING MINUTES – April 28, 2017
4. CHAIR’S REPORT
5. BUSINESS
  - a. Action Items
    - i. Approval Change in Fiscal Year
    - ii. Approve 2017–18 Casualty Insurance Program
  - b. Reports
    - i. Legislative Update
    - ii. Executive Director
6. PUBLIC COMMENTS
7. DISCUSSION / NEW BUSINESS
8. ANNOUNCEMENT OF NEXT MEETING
9. ADJOURNMENT

\*Please note the MSFA will no longer be providing paper copies of documents at board meetings



**MINNESOTA SPORTS FACILITIES AUTHORITY  
Minutes of April 28, 2017 Meeting**

**U.S. Bank Stadium - Hyundai Club  
401 Chicago Avenue, Minneapolis, MN 55415**

1. **CALL TO ORDER**

Chair Blatz called the meeting of the Minnesota Sports Facilities Authority (“MSFA” or “Authority”) to order at 9:00 A.M.

2. **ROLL CALL**

Commissioners Present: Kathleen Blatz, Bill McCarthy and Tony Sertich

Commissioner Participating by Teleconference: Barbara Butts Williams

3. **ADOPTION OF AGENDA**

Chair Blatz confirmed that Commissioner Butts Williams could hear and understand the other Board members personally present at the meeting. She then presented the proposed agenda for the meeting, and Commissioner Sertich moved approval of the agenda as presented. That motion was seconded by Commissioner McCarthy and unanimously adopted.

4. **APPROVAL OF PRIOR MEETING MINUTES**

Chair Blatz confirmed that everyone had received a draft of the Board’s prior meeting minutes and had the opportunity to review them. Commissioner Butts Williams moved to approve the March 10, 2017 meeting minutes as presented. That motion was seconded by Commissioner Sertich and unanimously adopted. *See, Exhibit A.*

5. **CHAIR’S REPORT**

Chair Blatz stated that Rick Evans, the MSFA’s Executive Director, began working at the MSFA on March 13, 2017, and “hit the ground running”. She reported that she and Mr. Evans have been meeting with numerous organizations involved with U.S. Bank Stadium (“Stadium”), including SMG (the Stadium’s operating company), Aramark (the Stadium’s food concessionaire), the Minnesota Vikings, the Super Bowl LII and NCAA Final Four local organizing committees, the City of Minneapolis, Green Minneapolis

(operator of The Commons), Mortenson Construction and several of the subcontractors that worked on the Stadium, as well as representatives of the public and various special interest groups. Those meetings have been very productive, and Chair Blatz expressed her gratitude to the participants for their time in providing background information regarding their respective interests and roles with the Stadium.

Chair Blatz mentioned that Patrick Talty, General Manager of SMG, will be providing an overview of the Stadium's operations later in the meeting, and recommended that SMG provide periodic status reports to the Board throughout the year.

6. **BUSINESS**

a. **Action Items**

i. **Appointment of Responsible Authority and Compliance Official under the *Minnesota Government Data Practices Act***

Chair Blatz mentioned that the MSFA is governed by the *Minnesota Government Data Practices Act* ("MGDPA"), which requires the Authority to designate an individual responsible for the collection, use and dissemination of Authority data. The MGDPA also requires the designation of a data practices compliance official. Chair Blatz recommended that Rick Evans be the MSFA's designated individual. See, Exhibit B.

Commissioner Butts Williams thanked Chair Blatz for clarifying the requirements of the MGDPA, whereupon Commissioner Sertich moved and Commissioner McCarthy seconded the motion to approve the following recommendation, which was unanimously approved:

*The Minnesota Sports Facilities Authority adopts Resolution 2017-1 appointing Executive Director Richard G. Evans as Responsible Authority and Compliance Official under the Minnesota Government Data Practices Act.*

ii. **Appointment of MSFA Representatives to SDC Group**

Mr. Evans stated that the MSFA's former Chair and CEO/Executive Director served as the MSFA's representatives on the Stadium design and construction group ("SDC Group"), and it was necessary to appoint their replacements. He briefly explained the purpose of the SDC Group and its role in allowing the MSFA to move efficiently forward with concluding any remaining Stadium construction-related issues, See, Exhibit C.

At the conclusion of Mr. Evans' remarks, Commissioner McCarthy moved and Commissioner Sertich seconded the motion to approve the following recommendation, which was unanimously approved:

*The Minnesota Sports Facilities Authority appoints Chair Kathleen Blatz and Executive Director Richard G. Evans as the Authority Representatives to the SDC Group, and authorizes the Executive Director to provide written notice of these appointments to the Minnesota Vikings.*

**iii. Release of Parking Maintenance Trust Funds; Delegation of Authority to Executive Director to Release Future Trust Fund Amounts**

Mr. Evans explained that the MSFA owns two parking ramps adjacent to the Stadium that are managed by Denison Parking, Inc. (“Denison”). Denison is seeking reimbursement from parking revenues that have been deposited into a Trust Account created for the benefit of the MSFA to pay ramp maintenance expenses. *See, Exhibit D.*

Commissioner McCarthy asked if this matter would need to come back to the Board once the funds are released, and Mr. Evans responded that payments from the Trust Account periodically could be presented for review and ratification by the Board. He stated that the funds currently are being held in the Trust Account and Denison will be providing itemization of all parking ramp related expenses, which will be reviewed to ensure they are accurate and justified. Chair Blatz recommended that this issue be presented to the Board for review semi-annually.

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

*The Minnesota Sports Facilities Authority (1) authorizes release to Denison Parking of \$43,426 from the appropriate Trust Account for reimbursement of maintenance costs; (2) delegates to the Executive Director the authority to review future requests for release of maintenance amounts held in the Trust Account and, based on the Executive Director’s judgment, release properly documented amounts; and (3) directs the Executive Director to report to the Board on a semi-annual basis the payment of parking ramp maintenance costs.*

**iv. Authorization to Negotiate and Execute Amendment to *Development Agreement* regarding Vikings’ Designated Capital Improvements**

Mr. Evans stated that there exist a number of important documents between the MSFA and the Minnesota Vikings, including the *Development Agreement*, which, among other things, outlines the policies and procedures for making capital improvements to the Stadium, and the *Use Agreement*, which requires the MSFA to establish an annual Capital Funding Plan (“CFP”) to guide capital enhancements to the Stadium. He explained that the *Use Agreement* grants the Vikings the right for five years to annually designate \$750,000 from the CFP for capital improvements specifically identified in the *Development Agreement*. Mr. Evans reported that the Vikings are now requesting greater flexibility as to what capital items can be funded by the \$750,000 annual allowance, and that granting the Vikings’ request requires an amendment to the *Development Agreement*. *See, Exhibit E.*

Chair Blatz commented that she views this recommendation as also providing the Authority with more flexibility. She noted that the list of potential design additions to the Stadium far exceeds the \$750,000 that the Vikings are able to annually designate, and this would allow for additional items to be included on the capital improvements list. Some of the originally designated items are no longer needed, while new items have been identified.

Following discussion regarding the Board's interest in reviewing Viking-designated enhancements, upon a motion by Commissioner Sertich that was seconded by Commissioner McCarthy, the following recommendation was unanimously approved:

*The Minnesota Sports Facilities Authority authorizes the Executive Director to negotiate, and the Chair and Executive Director to execute, an amendment to the Third Restated and Amended Development Agreement (Development Agreement) between the MSFA and Minnesota Vikings Football Stadium, LLC (Vikings), allowing the Vikings to designate (for the period specified in Section 5.6(a)(ii) of the Second Amended and Restated Stadium Use Agreement between the MSFA and the Vikings) capital enhancements other than those specified on Exhibit I-2 of the Development Agreement, which capital enhancements will be subject to the reasonable review and approval of the Executive Director and brought before the MSFA Board annually for consideration and possible inclusion in the MSFA's Capital Funding Plan.*

**v. Lease Agreement with Metropolitan Council Relating to Metro Transit Equipment**

Mr. Evans reported that the Metropolitan Council ("Met Council") recently approached the Authority on behalf of Metro Transit regarding the need to locate signal equipment for the light-rail line that runs immediately adjacent to the Stadium. Metro Transit has determined that the equipment should be located in the underground parking ramp owned by the MSFA. Mr. Evans reported that following discussion with representatives of the Met Council, MSFA staff was recommending that the Board authorize a long-term lease for three (3) spaces in the Downtown East Parking Ramp. See, Exhibit F.

Upon the motion of Commissioner Sertich that was seconded by Commissioner McCarthy, the following recommendation was unanimously approved:

*The Minnesota Sports Facilities Authority authorizes the Executive Director to negotiate, and the Chair and Executive Director to execute, a lease agreement with the Metropolitan Council, and all related documents, consistent with this memorandum.*

**vi. Authorize Negotiation and Amendment of the Owner's Representative**

Mr. Evans explained that there still remain a number of critical Stadium construction close-out tasks, and recommended that the Authority extend its contract with Hammes Sports Development Company, Inc. through December 31, 2017, to continue serving as owner's representative in order to ensure all construction tasks and related financial responsibilities are completed in a timely and efficient manner. See, Exhibit G.

Upon the motion of Commissioner McCarthy that was seconded by Commissioner Sertich, the following recommendation was unanimously approved:

*The MSFA authorizes the Executive Director to negotiate, and the Chair and Executive Director, to execute Amendment No. 7 to the Owner's Representative Agreement with Hammes Company Sports Development, Inc. on a hourly fee basis plus reimbursed expenses.*

**b. Reports**

**i. Legislative Update**

Amos Briggs of Lockridge Grindal Nauen P.L.L.P. provided an update on legislation potentially affecting the MSFA that currently is under consideration in the 2017 legislative session. See, Exhibit H.

Following Mr. Briggs' report, Commissioner Sertich expressed his concern about HF788 where there currently is a gap between the proposed termination date of the MSFA's current Board and the start date of the new Board. He stated it is important that there is a governing body to oversee the Stadium during any transition period. In response, Mr. Briggs outlined the time lines currently set forth in the proposed legislation. Chair Blatz emphasized that it is important that any potential timing gap be addressed and corrected in the pending legislation.

**ii. Equity Update**

Alex Tittle, MSFA's Equity Consultant, presented the Stadium's equity operations plan and reported on the first quarterly equity meeting that was held April 29, 2017. See, Exhibit I.

Commissioner McCarthy thanked Mr. Tittle for his work and dedication to the equity program. Mr. Evans stated that he attended the April 29 public meeting, and he was impressed by Mr. Tittle's presentation and his good working relationship with the various constituent communities. Mr. Evans thanked Mr. Tittle for leading the MSFA's equity program, which has been very successful. Commissioner Butts Williams commented that she also attended the April 29 meeting, and stated she was impressed by Mr. Tittle's hard work. She added that there is still a lot of work to be done. Chair Blatz stated that the equity portion of any major project, such as the Stadium's construction and operations, is always difficult to pull together, and she believes that the Authority's success in both phases can serve as an example for the rest of the nation.

Following further discussion, Mr. Tittle's equity report was unanimously accepted as presented.

**iii. SMG**

Chair Blatz recognized Patrick Talty, SMG's General Manager, who provided an update on past and future events, SMG employment statistics, and ongoing operations at the Stadium. A copy of the slides presented by Mr. Talty are attached as Exhibit H.

Commissioner Butts Williams congratulated SMG for its hard work in ensuring a successful opening of the Stadium. She asked what the Stadium could do better, and what SMG had learned from the project and the equity hiring process. Mr. Talty responded that he would like to meet with Mr. Tittle to further discuss the equity program, and stressed how great the community partners have been in helping market careers at the Stadium. Chair Blatz acknowledged and thanked Mr. Talty for his leadership of SMG's local team at the Stadium, and asked how many SMG-managed facilities nationwide had hosted Super Bowls and NCAA Final Four tournaments. Mr. Talty responded that Super Bowl LII will be the 34<sup>th</sup>

Super Bowl that SMG has been involved with, and 15 of those were held at SMG-managed stadiums. He stated that SMG also has been involved with 15 NCAA Final Four tournaments.

iv. Executive Director Update

Mr. Evans gave the Executive Director report and noted that soon after arriving on the job, he realized the Stadium is a lot more than simply a world-class facility, it's a vibrant \$1 billion enterprise. He stated there had been nearly 500 events at the Stadium during its first nine months of operation. Mr. Evans mentioned that the MSFA staff currently is comprised of only five employees, whose critical role is to at all times represent and protect the public's interest. He mentioned that the majority of his time so far had been spent attending meetings in an effort to get to know the MSFA's partners relative to the Stadium project, and to assist with problem-solving so that progress can continue.

Mr. Evans thanked Chair Blatz and the MSFA's staff and various consultants and advisors for their patience and assistance during his first seven weeks on the job. He mentioned that his number one priority is resolving the outstanding issues relating to the Stadium's exterior metal panels, and stated that while other construction close-out projects are nearly completed, the ongoing operations phase is running at full tilt. In conclusion, Mr. Evans noted that an Executive Director update will be a regular Board meeting agenda item going forward.

7. **PUBLIC COMMENTS / DISCUSSION**

There were no public comments or additional matters raised for discussion.

9. **ANNOUNCEMENT OF NEXT MEETING**

It was announced that the next meeting of the MSFA Board will be held May 26, 2017 at 9:00 A.M.

10. **ADJOURNMENT**

There being no further business to come before the Board, Commissioner McCarthy made a motion to adjourn the meeting, which was seconded by Commissioner Butts Williams and unanimously adopted. The meeting was adjourned at 10:30 A.M.

***Approved and adopted the 26<sup>th</sup> day of May 2017, by the Minnesota Sports Facilities Authority.***

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TONY SERTICH, Secretary/Treasurer

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RICHARD G. EVANS, Executive Director



May 26, 2017

**MEMORANDUM**

TO: MSFA Commissioners

FROM: Rick Evans, Executive Director  
Mary Fox-Stroman, Director of Finance

SUBJECT: Change in Fiscal Period

MSFA staff is requesting Board authorization to change the financial reporting period of the Authority from a January 1-December 31 fiscal year, to a July 1-June 30 fiscal year in order to conform MSFA's fiscal year-end with the fiscal year-end of the State of Minnesota, SMG stadium operations, and Aramark catering and concessions operations. This change will require an 18-month transition period from January 1, 2016 through June 30, 2017 for budgetary and financial reporting purposes.

MSFA's financial reporting period has been the calendar year since the Authority began operations on August 1, 2012. This fiscal period was consistent with the practice of the Metropolitan Sports Facilities Commission, the MSFA's predecessor.

The fiscal period issue first arose on April 17, 2017 when staff met with representatives of the Office of the Legislative Auditor (OLA) during the discussion of the annual audit of MSFA's Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2016. The OLA inquired about the timing of the audited financial reports of SMG and Aramark for their first fiscal year of operations from July 1, 2016 through June 30, 2017. Staff had a subsequent meeting with the OLA and discussed the option, desirability and feasibility of changing MSFA's fiscal year-end to June 30, 2017. The OLA mentioned that changing the year-end to June 30 would potentially reduce their audit scope and expense as they would then be able to rely on the work performed by auditors hired by SMG and Aramark.

Key issues to consider when changing a fiscal period include: comparability of financial results and fiscal statistics as there will be an 18-month transition period rather than the standard 12-month period; adoption of a revised budget for this transition period and adoption of the 2017-18 budget at the Board's June 2017 meeting; and delayed publication of the CAFR for the 18-month fiscal period until the fall of 2017.



**Recommendation: The MSFA approves changing its fiscal year from January 1 through December 31, to July 1 through June 30. This change will require the MSFA to have an 18-month transition period from January 1, 2016 through June 30, 2017 for the CAFR and the 2016-17 budget. Staff will present a revised 2016-17 budget for the 18-month period, and a 2017-18 budget for the fiscal period from July 1, 2017 to June 30, 2018 at the Board's June 2017 meeting. Publication of the CAFR will occur in the fall of 2017.**



May 26, 2017

**MEMORANDUM**

**TO:** MSFA Commissioners  
**FROM:** Rick Evans, Executive Director and Mary Fox-Stroman, Director of Finance  
**SUBJECT:** Casualty Insurance Program

The Minnesota Sports Facilities Authority (MSFA) has a comprehensive casualty insurance program which includes the following policies: commercial general liability, excess liability, commercial automobile and garage keepers legal liability, crime, public officials and employment practices liability, pollution legal liability and environmental impairment liability, and workers compensation and employer liability. CBIZ marketed this program and obtained competitive quotes for the policy period from June 17, 2017 through June 17, 2018. CBIZ also requested a quote for a new line of coverage, cyber/privacy liability, and is in the process of finalizing the policy application. Following is a summary of each policy and the policy premiums.

**Commercial general liability.** National Casualty (K&K) offered a renewal quote for the commercial general liability policy for a premium of \$50,081.84. This premium is flat and is not subject to audit. General liability limits are \$1 million per occurrence, \$2 million products/completed operations aggregate, \$2 million employee benefits liability aggregate, and \$2 million liquor liability aggregate. There is a \$1,000 per claim deductible for employee benefits, and \$0 deductible for all other claims. This policy includes terrorism coverage.

**Excess liability.** The commercial excess liability program has a layered approach where each layer is in excess of the primary liability policies and the underlying excess layer. The program is structured to combine the layers to achieve the total required limits of liability and cost parameters. The program has three layers for a total of \$50 million per occurrence and in the aggregate. The following insurers offered renewal quotes:

<u>Layer</u>	<u>Carrier</u>	<u>Premium</u>
Layer 1 - \$10 million lead excess-primary policies	National Casualty (K&K)	\$20,293.62
Layer 2 - \$15 million excess of \$10 million	National Casualty (K&K)	\$15,750.00
Layer 3 - \$25 million excess of \$25 million	Great American	<u>\$37,500.00</u>
	<b>Total</b>	<b>\$73,543.62</b>

**Commercial automobile/garage keepers legal liability.** National Casualty (K&K) offered a renewal quote for the commercial automobile liability and physical damage policy. Limits are: bodily injury/property damage \$1 million, uninsured/underinsured motorist \$1 million, personal injury protection \$20,000, and \$100,000 for hired auto physical damage.



National Casualty (K&K) also quoted coverage for the garage keepers legal liability policy with limits of \$1 million per location. This policy covers the two parking facilities and the leased parking areas. Deductibles are \$1,000 per auto, \$5,000 maximum and \$1,000 collision for each customer's automobile.

The combined premium for both policies is \$4,680.25 and the policies include terrorism coverage.

**Crime.** Travelers offered a quote for crime coverage for a premium of \$1,575.00. The policy limits are \$1 million for employee dishonesty, forgery and alteration, money and securities on premises and in transit, computer fraud and funds transfer fraud, money orders and counterfeit currency fraud, credit card fraud, and client coverage with a \$10,000 deductible. There is a \$50,000 limit for claim expense with \$0 deductible. This policy includes terrorism coverage.

**Cyber/privacy liability.** Lloyds of London offered a quote for cyber/privacy liability for an estimated premium of \$14,088.10, and this premium is subject to change based on the carrier's approval of the MSFA's policy application. The policy limits are \$5 million security and privacy liability, multimedia liability, and privacy regulatory defense and penalties and is subject to a \$15,000 per claim deductible and a waiting period for business interruption losses. This policy includes terrorism coverage.

**Public officials and employment practices liability.** Indian Harbor offered a quote for public officials and employment practices liability coverage for a premium of \$17,107.63. The policy limits are \$5 million per claim and annual aggregate for each wrongful act or series of continuous, repeated or interrelated wrongful acts with a \$10,000 deductible per claim. This policy includes terrorism coverage.

**Pollution legal liability and environmental impairment liability.** Great American offered a quote of \$23,496.00 to add the leased parking locations to the pollution legal liability and environmental impairment liability policy currently written for the stadium site. The policy limits are \$25 million per claim and annual aggregate for onsite and offsite remediation and third party claims with a \$5,000 deductible. This policy includes terrorism coverage.

**Workers Compensation.** SFM offered a renewal quote the workers compensation policy for a premium of \$4,788.00. The policy limits are statutory for Part A and \$1 million bodily injury by accident/disease for Part B employers' liability. The policy provides terrorism coverage. The premium is subject to an audit of payroll costs.

### Insurance Carrier Ratings

A.M. Best Company, Inc., annually publishes *Best's Insurance Reports* which presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a rating which attempts to measure the comparative position of the company or association against industry averages.



The ratings for the insurance carriers for the MSFA’s casualty program are rated A+ (superior) or A (excellent) as shown below.

**INSURANCE SUMMARY**

Policy Type	Carrier	AM Best Rating	6/17/16-6/18/17 Premium	6/17/17-6/17/18 Premium
Commercial General Liability	National Casualty (K&K)	A+ XV	\$44,559.55	\$50,081.84
Excess Liability	National Casualty (K&K) and Great American	A+ XV A+ XIV	\$71,916.50	\$73,543.62
Commercial Automobile/Garage keepers Liability	National Casualty (K&K)	A+ XV	\$4,421.85	\$4,680.25
Crime	Travelers	A+XV	\$6,506.75	\$1,575.00
Cyber/Privacy Liability	Lloyds of London	Not rated	n/a	\$14,088.10
Public Officials and Employment Liability	Indian Harbor	A XV	\$17,382.32	\$17,107.63
Pollution Legal Liability and Environmental Impairment	Great American	A+XIV	\$38,712.96	\$23,496.00
Workers Compensation	SFM	Not rated	\$4,788.00	\$4,788.00
CBIZ annual fee	Broker fee		\$30,000.00	\$30,000.00
		Total	\$218,287.93	\$219,360.44

***Recommendation: The MSFA Executive Director will finalize negotiations and execute contracts for the above casualty insurance program at U.S. Bank Stadium. The property insurance program will be presented at a future board meeting.***

**LEGISLATIVE UPDATE  
WILL BE PROVIDED AT  
THE MEETING**