



MINNESOTA SPORTS FACILITIES AUTHORITY MEETING AGENDA

**Thursday June 28, 2018, 8:00 A.M.
U.S. Bank Stadium – Medtronic Club
1005 South 4th Street
Minneapolis, MN 55415**

1. CALL TO ORDER
2. APPROVAL OF PRIOR MEETING MINUTES – May 18, 2018
3. BUSINESS
 - A. Presentations
 - i. Local Organizing Committee – Final Four Update
 - ii. SMG – Final Four Stadium Update
 - iii. SMG – Darkening Solution
 - B. Action Items
 - i. Approve Negotiation and Execution of Contracts – Darkening Solution**
 - ii. Approve Revisions to Procedures for Planning and Procurement - Capital Enhancements**
 - iii. Approve FY 2019 Salary Increases**
 - iv. Approve – MSFA FY 2018-2019 Budget**
 - v. Approve Contract – Professional Audit Services – CliftonLarsonAllen LLP**
 - C. Reports
 - i. 3rd Quarter Budget Report – March 31, 2018
 - ii. Executive Director’s Report
4. PUBLIC COMMENTS
5. DISCUSSION
6. ANNOUNCEMENT OF NEXT MEETING – July 13, 2018 at the Minneapolis Central Hennepin County Library: 300 Nicollet Mall, Minneapolis, MN
7. ADJOURNMENT

****Items in bold require action***



MINNESOTA SPORTS FACILITIES AUTHORITY
Meeting Minutes – May 18, 2018
Friday, May 18, 2018, 9:00 A.M.
Mill City Museum
710 South Second Street, Minneapolis, MN 55401

1. CALL TO ORDER

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

2. ROLL CALL

Commissioners present: Chair Michael Vekich, Barbara Butts Williams, Tony Sertich, Bill McCarthy, and Laura Bishop

3. APPROVAL OF MEETING MINUTES – April 20, 2018. See, Exhibit A.

4. BUSINESS

a. Action Items

i. Approve Parking Agreement with Timeshare Systems, Inc.

James Farstad, the MSFA’s Executive Director, explained that per the Stadium Use Agreement, the Minnesota Sports Facilities Authority (MSFA) is obligated to develop a parking plan that provides the Minnesota Vikings with the use of 2,500 parking spaces on game days, which includes 2,000 parking spaces within one block of the stadium and 500 spaces that are within two blocks of the stadium. Mr. Farstad provided an update on the renewal of the Parking Agreement with Timeshare Systems, Inc. See, Exhibit B.

Commissioner Butts Williams asked if the parking agreement is an annual renewal, and Mr. Farstad confirmed that the contract is renewed on a yearly basis.

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

The MSFA approves and authorizes the Chair and Executive Director to execute the agreement with Timeshare Systems, Inc. for the use of 935 game-day parking spaces for a cost of \$434,981.25 and 125 spaces for SMG to lease for nine MSFA events for a cost of \$30,058.59.

ii. Approve 2018-2019 Casualty Insurance Program

Mary Fox-Stroman, the MSFA's Director of Finance, and Ezell Jones, Vice President of Business Development at CBIZ, presented the 2018-2019 comprehensive casualty insurance program. See, Exhibit C.

Chair Vekich asked Ms. Fox-Stroman and Mr. Jones if there are any changes in the coverage limit, and they confirmed that there were no changes. Chair Vekich inquired how the 2018-2019 premium compares to the 2017-2018 premium, and Ms. Fox-Stroman stated that the 2018-2019 insurance premium is \$2,030 less than the previous year.

Commissioner McCarthy asked Ms. Fox-Stroman and Mr. Jones about automobile insurance. He stated that he is aware the MSFA owned a pick-up truck and inquired if the MSFA still owns the car. Ms. Fox-Stroman stated that the MSFA sold the car for a small amount, and that there is no car insurance included in the 2018-2019 plan. However, if an employee needs to rent a car for business purposes, the MSFA does have insurance to protect the rented vehicle.

Chair Vekich stated that Mr. Jones has worked with the MSFA for many years and asked if the MSFA should be concerned about any issues within the building. Mr. Jones stated that it is impossible to control the unknown, but he has not seen any uncovered exposures.

Commissioner Bishop moved and Commissioner Butts Williams seconded the motion to approve the following recommended motion, which was unanimously adopted:

The MSFA approves and authorizes procurement of the above listed policies for the casualty insurance program. Policy premiums may be adjusted based on final policy negotiations with each carrier. The property insurance program will be presented at a future board meeting.

iii. Approve Interim Agreement Regarding Additional Team Capital

Mr. Farstad stated that the SDC Group that manages the Project on behalf of the MSFA and the Team has authorized an expenditure from owner's contingency Project funds in the amount of \$351,135.73 to reimburse SMG for certain costs of operating the Stadium's HVAC system during the initial commissioning of the Stadium ("Utility Commissioning Costs"). See, Exhibit D.

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

The MSFA Board authorizes the Chair and the Executive Director to negotiate and execute an interim agreement (and/or Use Agreement amendment) with the Minnesota Vikings regarding the Team's

authority to designate an additional \$351,135.73 of Capital Improvements in the MSFA's Capital Funding Plan pursuant to the terms of this memorandum.

iv. Appointment of Executive Director

Throughout the hiring process, Mr. Vekich explained that 74 diverse candidates applied for the position, and 14 applicants were screened by Minnesota Management and Budget (MMB). See, Exhibit E.

Chair Vekich announced that without reserve, he recommends James Farstad as the MSFA's Executive Director, and is requesting board approval for his appointment. He noted that Mr. Farstad's work ethic is excellent, he is accomplished, and his vast knowledge of the stadium which makes him qualified for the position. He announced that Mr. Farstad will receive the same compensation as the prior Executive Director and will not qualify for a raise until a year of employment. Chair Vekich also announced that Mr. Farstad, along with staff, will be having yearly performance reviews with the board members.

Commissioner Bishop congratulated Mr. Farstad and stated that he is very qualified for the position.

Commissioner Butts Williams congratulated Mr. Farstad, stated that she has worked with him for many years, and supports Chair Vekich's appointment.

Commissioner McCarthy congratulated Mr. Farstad and thanked Chair Vekich for his transparency throughout the hiring and interviewing process.

Chair Vekich, Commissioner McCarthy, Commissioner Sertich, Commissioner Butts Williams, and Commissioner Bishop unanimously approved of Mr. Farstad's appointment, and the following recommended motion was adopted:

The MSFA Board appoints James Farstad as Executive Director, to serve at the pleasure of the Board, at an annual salary of \$165,333.00

b. Report Items

i. Executive Director Report

Mr. Farstad stated that the MSFA has received proposals from companies who are interested in providing and installing the blackout curtains, which is a requirement for hosting the NCAA Final Four. The procurement process is coming along, and he expects to award a proposer and announce a proposer at the June board meeting. He also noted that the MSFA has published 17 Request for Proposals (RFPs), and Purchase Orders for nine of the projects have been approved and processed. Mr. Farstad also stated that equipment improvements for the stadium and the repairs to the parking ramp have been completed, just in time for the 2018-2019 NFL season. Lastly, he announced that U.S. Bank

Stadium will be breaking the Guinness World Record for the largest pillow fight. Over 50,000 pillows will be provided free of charge to the attendees of the Pulse concert.

5. **PUBLIC COMMENT / DISCUSSION**

1. Ann Laughlin – Audubon Chapter of Minneapolis: Ms. Laughlin stated that the Audubon Chapter of Minneapolis will be hosting an upcoming presentation featuring Michael Measure, a Fatal Light Awareness expert from Canada. The presentation will discuss legislative solutions for migratory bird glass collisions, and Ms. Laughlin invited the MSFA board members to attend the presentation on June 13, 2018. Lastly, Ms. Laughlin thanked Jenn Hathaway, the MSFA’s Director of Communications, for providing tours to the bird experts who visited Minneapolis to observe the stadium and the impact it may have on the birds.

2. Ezell Jones, Vice President of Business Development at CBIZ: Mr. Jones made comments about diversity in Twin Cities and the importance of diversity at U.S. Bank Stadium. He complemented the MSFA board for setting strong inclusion and equity goals.

6. **ANNOUNCEMENT OF NEXT MEETING**

Chair Vekich announced that the next MSFA meeting will be held June 28, 2018, at 9:00 A.M. in the Medtronic Club at U.S. Bank Stadium.

7. **ADJOURNMENT**

There being no further business to come before the MSFA, the meeting was adjourned at 10:00 A.M.

Approved and adopted the 28th day of June 2018, by the Minnesota Sports Facilities Authority.

Tony Sertich, Secretary/Treasurer

James Farstad, Executive Director



MEMORANDUM

TO: MSFA Commissioners

FROM: James Farstad, Executive Director

SUBJECT: Contract award to bluemedial, Inc. and Chicago Flyhouse

DATE: June 28, 2018

On February 6, 2018, the MSFA issued a request for proposals seeking vendors to design, coordinate, supply, construct, install, commission, and test a darkening solution for U.S. Bank Stadium. The system is intended to blackout the various windows and doors, as required by various events, on a temporary and reusable basis. Since that time, staff and consultants have been engaged with various vendors to identify the best engineering and operational system.

Staff recommends the award of the contract to bluemedial, Inc. for the ETFE roof solution in an amount estimated not to exceed \$3,200,000 and a separate contract to Chicago Flyhouse for the darkening solution work on the vertical wall surfaces in an estimated amount not to exceed \$1,400,000, a contingency of \$600,000 for a total project amount of \$5,200,000. Chicago Flyhouse will be partnering with Gopher State Lighting, Indy Lift Incorporated, Freight Dynamics, and Allied Electrical & Industrial to complete the work, and the targeted business participation on this project will be 9% WBE and 1% MBE.

This solution needs to be completed prior to the Final Four in April 2019. Installation of the system prior to the Final Four was a condition of the NCAA award to the local organizing committee and was included in the bid submitted by the local organizing committee. Funding for the system is consistent with the MSFA's long-range capital plan and agreements between the NCAA and the local organizing committee.

Recommended Motion: *The MSFA Board authorizes the Chair and the Executive Director to negotiate and execute a contract with bluemedial, Inc. and Chicago Flyhouse, for an estimated project amount of \$5,200,000. Any remaining uncommitted funds may be used for other capital projects.*



MEMORANDUM

TO: MSFA Commissioners

FROM: James Farstad

SUBJECT: Revisions to Procedures for Planning and Procurement of Capital Enhancements

DATE: June 28, 2018

Procurement of capital improvements to U.S. Bank Stadium is governed by both State law and internal MSFA policies and procedures. The Board-adopted "Procurement Policy" sets out the general procurement process, consistent with State law. The Procurement Policy has been in place throughout the MSFA's existence, and updated by the Board on occasion. On March 10, 2017, the Board adopted an additional document entitled Procedures for Planning and Procurement of Capital Enhancements ("Capital Procedures"). This detailed and extensive document provides for an orderly process for annual approval by the Board of an annual Capital Funding Plan and for the efficient procurement of capital improvements authorized under an approved annual Capital Funding Plan. The Capital Procedures includes detailed steps and forms that must be completed. Over the last several months, staff has been engaged in a continuous improvement process to increase efficiency of the procurement process. Revisions to the Capital Procedures will be required to implement these efficiency objectives. It will also probably be necessary to revise the Capital Procedures, at least in part, on an on-going basis in order to maintain efficiency while also complying with State law and the Procurement Policy. For these reasons, staff recommends that authority to revise the Capital Procedures should be delegated to the Chair and Executive Director, as long as all revisions are consistent with the Procurement Policy.

Recommended Motion: *The MSFA Board delegates to the Chair and the Executive Director the authority to make revisions to the Capital Procedures, as long as such revisions are consistent with the Board-adopted Procurement Policy.*



MEMORANDUM

TO: MSFA Commissioners

FROM: James Farstad, Executive Director

SUBJECT: FY2018-2019 Salary Recommendation for MSFA Staff

DATE: June 28, 2018

The MSFA's human resources consultant, Sara Noah, researched salary data to assist in the recommendation for FY2018-2019 salary increases. Ms. Noah gathered information from published salary surveys, online public sector salary information, and she contacted various local units of government. Her research showed that published surveys projected 2018 salary budget increases of 3% to 3.2%. It also showed that two of the 2018 salary plans for the State of Minnesota had general increases of 2.25% with additional performance-based salary increases of up to 3.5% (for a total increase of up to 5.75%). The data from other metropolitan units of government had general (structure) increases of 2.0% to 2.75%, with performance or step increases of up to an additional .75% to 5% for 2018.

Based on the research data, it is recommended that the FY2018-2019 salaries be adjusted as follows:

- Director of Finance increase by 3%.
- Director of Communications increase by 3%.
- Finance Assistant increase by 3% and an additional increase of 4% due to the addition of new responsibilities for this position. The title of this position would change to Accountant and this position would be exempt.
- Project Coordinator increase by 3% and an additional increase of 3.5% due to addition of new responsibilities for this position.

The MSFA has an estimated annualized salary expense of \$607,728 for fiscal year 2018-2019 which includes the salaries for: MSFA Chair, Executive Director, Director of Finance, Director of Communications, Finance Assistant/Accountant, and Project Coordinator. The cost of the recommendation for the 2018-2019 salary increases is \$15,883.

Recommended Motion: *The MSFA approves a salary structure increase of 3% for the four MSFA staff positions listed above, and an additional increase of 4% for the Finance Assistant/Accountant position and an additional increase of 3.5% for the Project Coordinator position, effective July 1, 2018.*



MEMORANDUM

TO: MSFA Commissioners

FROM: James Farstad, Executive Director
Mary Fox-Stroman, Director of Finance

SUBJECT: 2018-2019 Budget

DATE: June 28, 2018

Attached is the 2018-2019 Budget for the fiscal period from July 1, 2018 to June 30, 2019 for the Operating account, Capital Reserve account, and the Concession Capital Reserve account. The budget includes a narrative that presents highlights of each account and the line item budget.

Also, attached is a memo describing SMG's Fiscal Year 2018-2019 Operating Budget for U.S. Bank Stadium and the line item budget.

Recommended Motion: *The MSFA Board adopts the attached 2018-2019 Budget for the fiscal period from July 1, 2018 through June 30, 2019 for the operating account, the capital reserve account, and the concession capital reserve account. The MSFA authorizes the Chair and the Executive Director to make adjustments to the detailed revenue and expense budget lines within the operating account budget and to adjust the project budgets within the capital reserve project budget and concession capital project budget.*

MINNESOTA SPORTS FACILITIES AUTHORITY

2018-2019 BUDGET

SUMMARY

U.S. Bank Stadium will begin its third year of operations on July 1, 2018. Attached is the Fiscal Year 2018-2019 Budget for the period from July 1, 2018 through June 30, 2019. The budget includes three accounts, the operating account, capital reserve account, and concession capital account, and highlights of each account are discussed below.

OPERATING ACCOUNT

Operating Revenues

Budgeted revenues for the operating account consist of the following five revenue sources:

State of Minnesota operating revenues	\$ 6,484,384
Minnesota Vikings operating revenues	\$ 9,017,650
Stadium operating revenues-SMG	\$ 32,667,250
NCAA Mens Final Four Concessions	\$ 1,800,000
Miscellaneous revenues	\$ 64,200
Total budgeted operating revenues	<u>\$ 50,033,484</u>

Operating Expenses

Budgeted expenses for the operating account include the following uses:

Personal services	\$ 815,370
Professional services	\$ 1,864,450
Supplies, network support costs	\$ 221,000
Stadium contractual commitments	\$ 857,641
Insurance	\$ 190,916
Event cabin license fee	\$ 300,000
NCAA Mens Final Four event expenses	\$ 6,492,588
Miscellaneous expenses	\$ 516,668
Stadium operating expenses-SMG and SMG fee	<u>\$40,720,144</u>
Total budgeted operating expenses	<u>\$51,978,777</u>

Personal Services

The personal services budget includes the Chair's salary and the salaries and benefits for the following five full-time MSFA employees:

MSFA Personnel (full-time positions)

Executive Director	1.0
Director of Finance	1.0
Director of Communications	1.0
Accountant	1.0
Project Coordinator	<u>1.0</u>
Total full-time positions	<u>5.0</u>

Employee benefits include: health insurance, dental insurance, long-term disability insurance, life insurance, and retirement benefits from Minnesota State Retirement System.

Professional Services

Professional services includes a variety of professional consulting services. The MSFA will continue to utilize the services of professional consultants for the following services:

- Legal services and Legislative Representation
- Document Management Consulting
- Employment Assistance Services
- Environmental and Engineering Services
- Financial Accounting, Auditing and Consulting Services
- Human Resources Consulting
- Investment Management Services
- Planning Services

Stadium Contractual Commitments and Leases

The stadium contractual commitments and leases includes costs related to securing parking as required in the Stadium Act. The MSFA also has a long-term lease with Hennepin County for use of the Hennepin County Medical Examiner space for the U.S. Bank Stadium plaza area.

Insurance

Insurance includes commercial general liability, excess liability, public officials and employment practices liability, crime insurance, and cyber liability. It also includes garage keepers liability insurance for the leased parking areas.

NCAA Mens Final Four Event Expenses

The NCAA Mens Final Four Event expenses includes cost for preparation and hosting the three NCAA Mens' Final Four Basketball games at U.S. Bank Stadium.

Miscellaneous

Miscellaneous expenses includes a variety of smaller expenses including: travel, meetings and training expenses, postage expenses, communication expenses, MSFA board member expenses, license and inspection fees, and bank fees.

Nonoperating revenues/(expenses)

Non operating revenues/(expenses) include the following:

Revenues - Investment income	\$ 60,000
Revenues - Taxes - State of Minnesota	\$1,854,554
Expenses-Stadium project expenses	<u>(\$ 210,000)</u>
Net Nonoperating revenues	<u>\$1,704,554</u>

Transfers

Budgeted transfers include a transfer to the capital reserve account of \$1,000,000 to fund various capital projects.

Account Balance

Beginning account balance	\$ 7,578,252
Change in account balance	<u>(\$1,240,739)</u>
Ending account balance	<u>\$ 6,337,513</u>

Attached is SMG's Fiscal Year 2018-2019 Operating Budget for U.S. Bank Stadium and a detailed memo describing its operations for Year 3.

CAPITAL RESERVE ACCOUNT

Capital Reserve Revenues:

The capital reserve account has total budgeted revenues of \$5,076,080 as described below:

Minnesota Vikings capital payment	\$1,639,091
State of Minnesota capital payment	\$1,636,989
Minnesota LOC 2019 NCAA Final Four Contributions	<u>\$1,800,000</u>
Total capital reserve revenues	<u>\$5,076,080</u>

- Per the terms of the Stadium Use Agreement between the MSFA and the Minnesota Vikings Football Stadium, LLC (Stadco), Stadco was required to contribute annually \$1,500,000 to the MSFA beginning in 2016, and this amount increases annually by an adjustment factor of 3%. The MSFA received \$1,500,000 in 2016, \$1,545,000 in 2017, \$1,591,350 in 2018, and the estimated contribution for 2019 is \$1,639,091.
- Per Minnesota Statute, 473J.12, subd.4 the state was required to contribute \$1,500,000 to the MSFA beginning in 2016 and this amount increases annually by an adjustment factor. The MSFA received \$1,500,000 in 2016, \$1,524,597 in 2017, \$1,589,310 in 2018, and the estimated amount for 2019 from the State of Minnesota is \$1,639,989.

- The Minnesota Local Organizing Committee (LOC) for the 2019 NCAA Mens Final Four has committed to contributing \$1,800,000 toward the payment for the Darkening Solution capital project.

Capital Reserve Expenses:

The 2017-2018 capital reserve account budget included 100 projects, however, not all of the budgeted project funds will be expended by June 30, 2018. Therefore, the unspent funds at June 30, 2018 need to be rolled forward.

Amended 2017-2018 Budget	\$3,769,231.00
Capital project funds spent through 6/27/2018	<u>(\$1,807,168.66)</u>
Balance to Roll Forward	<u>\$1,962,062.34</u>

In addition, in the 2018-2019 budget there are ten new planned capital projects and an unspecified project budget that total \$6,950,000 as listed below. Staff will present a project budget request for the unspecified projects and the Team Designed projects at a subsequent MSFA board meeting.

	<u>Budget</u>
Capital Budget Roll Forward	<u>\$1,962,063</u>
New Capital Projects:	
Darkening Solution	\$5,200,000
ADA Seating platform modifications	\$250,000
ADA Door modifications	\$ 20,000
Additional security cameras Phase 1	\$ 50,000
AMP Room modifications	\$ 130,000
Cooling in Food service pantries	\$ 75,000
Gates and Locks at Restroom locations Phase 1	\$ 50,000
Exterior Gate and Canopy project-Phase 1	\$ 75,000
Project budgets unspecified	\$ 250,000
Water infiltration system improvement	\$ 100,000
Team Designated Projects	<u>\$ 750,000</u>
Total 2018-2019 Capital Expenses	<u>\$6,950,000</u>
Total Capital Reserve Expenses	<u>\$8,912,063</u>

Transfers

Budgeted transfers include:

Transfer from the operating account	\$1,000,000
Transfer from the concession capital reserve account	<u>\$ 600,000</u>
Total Transfers	<u>\$1,600,000</u>

Account Balance

Beginning account balance	\$5,108,122
Change in account balance	<u>(2,235,983)</u>
Ending account balance	<u>\$2,872,139</u>

CONCESSION CAPITAL RESERVE ACCOUNT

Concession Capital Reserve Revenues:

Aramark Sports and Entertainment (Aramark), is the catering and concessionaire at U.S. Bank Stadium, and they are obligated to pay 2.5% of gross sales to the MSFA on a monthly basis for the concession capital reserve account. The 2018-2019 budget includes budgeted revenues of \$850,000. These funds are designated for concession related capital projects as described below.

Concession Capital Reserve Expenses

The 2017-2018 concession capital reserve account budget included 31 projects, however, not all of the budgeted project funds will be expended by June 30, 2018. Therefore, the unspent funds at June 30, 2018 need to be rolled forward.

Amended 2017-2018 Budget	\$2,638,944.00
Concession capital project funds spent through 6/27/2018	<u>(\$1,803,889.56)</u>
Balance to Roll Forward	<u>\$835,054.44</u>

In addition, in the 2018-2019 budget there is a budget of \$250,000 for new unspecified concession capital projects. Staff will present a project budget request for the unspecified concession capital projects at a subsequent MSFA board meeting.

	<u>Budget</u>
Capital Budget Roll Forward	<u>\$ 835,055</u>
New Concession Capital Projects – unspecified	<u>\$ 250,000</u>
Total Concession Capital Reserve Expenses	<u>\$1,085,055</u>

Transfers

Budgeted transfers include:

Transfer to the Capital Reserve account	<u>\$ 600,000</u>
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Account Balance

Beginning account balance	\$1,471,951
Change in account balance	<u>(\$ 835,055)</u>
Ending account balance	<u>\$ 636,896</u>

Budget Change Authority

The MSFA funds the cost of operations, capital improvements and concession capital improvements from current resources and the reserve account balances.

The Chair and Executive Director have the authority to make line item budget adjustments within an account and to establish and adjust budget line items.

MINNESOTA SPORTS FACILITIES AUTHORITY
YEAR 2018-2019 BUDGET
July 1, 2018 to June 30, 2019

Operating Account		Budget 2019
Revenues:		
Stadium operating payments		
State of Minnesota operating payment	\$	6,484,384
Minnesota Vikings operating payment	\$	9,017,650
Stadium operating revenue-SMG	\$	32,667,250
NCAA Final Four concessions	\$	1,800,000
Miscellaneous revenues	\$	64,200
	Total revenues	\$ 50,033,484
Expenses:		
Personal services	\$	815,370
Professional services	\$	1,864,450
Travel and meetings	\$	16,000
Supplies and network administration	\$	221,000
Rent, stadium contractual commitments and leases	\$	857,641
Insurance	\$	190,916
Communication	\$	5,520
Miscellaneous and marketing	\$	495,148
NCAA Final Four event expense	\$	6,492,588
Event cabin license fee	\$	300,000
Stadium operating expenses-SMG and SMG fee \$530,803	\$	40,720,144
	Total expenses	\$ 51,978,777
	Operating income/(loss)	\$ (1,945,293)
Nonoperating revenues/(expenses):		
Revenues-Investment earnings	\$	60,000
Revenues-Taxes-State of Minnesota	\$	1,854,554
Expenses-Stadium project costs	\$	(210,000)
	Total nonoperating revenues/(expenses)	\$ 1,704,554
	Net income	\$ (240,739)
Transfers:		
Transfer to Capital Reserve fund	\$	(1,000,000)
	Change in Account Balance	\$ (1,240,739)
	Beginning Operating Account Balance	\$ 7,578,252
	Ending Operating Account Balance	\$ 6,337,513

Capital Reserve Account		
Revenues:		
Minnesota Vikings Capital Cost payment	\$	1,639,091
State of Minnesota Capital payment	\$	1,636,989
Minnesota NCAA LOC Final Four 2019 Contribution	\$	1,800,000
	Total revenues	\$ 5,076,080
Capital expenses	\$	8,912,063
	Net Income/(loss)	\$ (3,835,983)
Transfers:		
Transfer from Operating Account	\$	1,000,000
Transfer from Concession Capital Account	\$	600,000
	Total transfers	\$ 1,600,000
	Change in Account Balance	\$ (2,235,983)
	Beginning Capital Reserve Account Balance	\$ 5,108,122
	Ending Capital Reserve Account Balance	\$ 2,872,139

Concession Capital Reserve Account		
Revenues:		
Concession Capital Reserve payment	\$	850,000
	Total revenues	\$ 850,000
Expenses		
	\$	1,085,055
	Net Income/(loss)	\$ (235,055)
Transfers:		
Transfer to Capital Reserve Account	\$	(600,000)
	Change in Account Balance	\$ (835,055)
	Beginning Concession Capital Reserve Account Balance	\$ 1,471,951
	Ending Concession Capital Reserve Account Balance	\$ 636,896



**2018-2019 U.S. Bank Stadium
SMG Operating Budget Highlights
July 1, 2018 – June 30, 2019**

Direct Event Income

Event Income consists of direct revenue related to all non-NFL events held in the Stadium, along with game-day expense reimbursement from the Minnesota Vikings. The operating budget includes Rental Income of approximately \$4.2 million driven primarily by concerts, family events, and room rentals for corporate and private events. Food & Beverage Commissions represent the percentage earned on concessions and catering for all non-NFL events held in the Stadium. For non-NFL ticketed events the Stadium retains a share of Novelty Sales, which is budgeted at \$150,000 for the year. Service Income represents the revenue to the Stadium for the services required to hold these events and could include security, guest experience, medical staff, police, traffic control and housekeeping.

Other Event Income

The Stadium has budgeted \$5.4 million in Other Event Income. This includes revenue from the successful Stadium tour program. Commissions and facility use fees on all paid tickets to events at the venue are also included in Other Event Income.

Communications, Signage, and Other

The Stadium also budgeted for \$1.5 million of Communications income, non-exclusive event Signage income, and Other income for the coming fiscal year.

Other Income

SMG's operating budget reflects annual contractual payments required to be made by the Minnesota Vikings and the Operating Payment pursuant to Minn. Stat. §473J.13, subd. 2(b) in the amounts of \$9.0 and \$6.2 million respectively.

Operating Expenses

Operating Expenses consist primarily of Personnel Costs of \$5.8 million and estimated Utilities of \$4.9 million. Contracted Services of \$2.1 million includes security, cleaning, and other building contractors. General and Administrative includes costs such as insurance, advertising, professional fees, training, and office supplies, while Operations, Repairs & Maintenance includes expenses such as maintenance agreements, snow and trash removal, and maintenance supplies. Minnesota Vikings Event Day Expenses represent the reimbursable gameday expenses incurred by the Stadium to hold the preseason and regular season games. Service Expenses represent the direct costs to the Stadium of holding Non-NFL events and could include security, guest experience, medical staff, police, traffic control and housekeeping.

	Total
Event Income	
Direct Event Income	
Rental Income	4,206,044
Food and Beverage Commissions	5,160,490
Novelty Sales	150,000
Minnesota Vikings Event Day Reimbursement	5,000,000
Service Income	11,311,014
Total Direct Event Income	25,827,548
Other Event Income	
Stadium Tour Income	507,500
Ticket Related Income	4,078,904
Facility Fees	788,559
Total Other Event Income	5,374,963
Communications, Signage, and Other	1,464,739
Total Event Income	32,667,250
Other Income	
Minnesota Vikings Rent	9,017,650
Operating Payment per Section 473J.13, Subd. 2(b)	6,198,401
Total Other Income	15,216,051
Adjusted Gross Income	47,883,301
Operating Expenses	
Personnel Costs	5,841,289
Contracted Services	1,654,800
General and Administrative	2,009,506
Operations, Repairs & Maintenance	3,717,871
Minnesota Vikings Event Day Expenses	5,000,000
Service Expenses	17,088,873
Utilities	4,877,002
Total Operating Expenses	40,189,341
Net Income (Loss) From Operations	7,693,960



June 28, 2018

MEMORANDUM

TO: MSFA Commissioners

FROM: James Farstad and Mary Fox-Stroman

SUBJECT: 3rd Quarter Budget Report – March 31, 2018

Attached are two budget reports. First, is the fiscal year 2017-2018 budget report for the nine-month period ending March 31, 2018 for the operating account, capital reserve account, and concession capital reserve account. Second, is the project-to-date budget report for the U. S. Bank Stadium project trust account from project inception through March 31, 2018.

Operating Account

The operating account is used to account for MSFA operations including SMG’s operation of U.S. Bank Stadium. Following is a summary of the fiscal year 2017-2018 operating account activities for the nine months ending March 31, 2018:

Operating revenues	\$33,977,405
Operating expenses	<u>(\$33,700,573)</u>
Operating income	\$ 276,832
Net nonoperating revenues	<u>\$ 1,685,084</u>
Change in account balance	\$ 1,961,916
Beginning account balance	<u>\$ 6,170,730</u>
Ending account balance	<u>\$ 8,132,646</u>

Capital Reserve Account

A capital reserve account is used to account for U.S. Bank Stadium capital improvements. Following is a summary of the fiscal year 2017-2018 capital reserve account activities for the nine months ending March 31, 2018:

Capital reserve revenues	\$3,180,660
Capital reserve expenses	<u>(\$1,427,742)</u>
Change in account balance	\$1,752,918
Beginning account balance	<u>\$4,034,631</u>
Ending account balance	<u>\$5,787,549</u>

Concession Capital Reserve Account

The concession capital reserve account is used to account for concession capital improvements at U.S. Bank Stadium. Following is a summary of the fiscal year 2017-2018 concession capital reserve account activities for the nine months ending March 31, 2018:

Concession capital reserve revenues	\$ 864,761
Concession capital reserve expenses	<u>(\$1,471,430)</u>
Change in account balance	\$ (606,669)
Beginning account balance	<u>\$ 711,080</u>
Ending account balance	<u>\$ 104,411</u>



U.S. Bank Stadium Project Trust Account

The project trust account was established to account for construction of U.S. Bank Stadium. The attached budget report presents the project budget, actual revenues and expenses from 2012 to 2017, fiscal year 2017-2018 activities for the nine months ending March 31, 2018, and project-to-date totals. Following is a high-level summary of the U.S. Bank Stadium project trust account activities through March 31, 2018:

U.S. Bank Stadium Project Trust Account:

	<u>Project Budget</u>	<u>7/1/17-3/31/2018</u>	<u>Project-to-Date</u>
Project revenues:			
Noncapital contributions		\$ 972,578	\$ 18,973,990
Capital contributions	<u>\$1,131,753,337</u>	<u>\$1,062,148</u>	<u>\$1,097,936,656</u>
Total revenues	<u>\$1,131,753,337</u>	<u>\$2,034,726</u>	<u>\$1,116,910,646</u>
Project expenses	<u>(\$1,131,753,337)</u>	<u>(\$2,034,726)</u>	<u>(\$1,118,147,051)</u>
Income	\$ -	\$ -	(\$ 1,236,405)
NonOperating Income/(Expense):			
Interest income		\$ 266	\$ 7,253
SBL sales revenues		\$3,253,735	\$ 25,000,000
SBL sales expenses		<u>(\$1,217,541)</u>	<u>(\$ 22,963,806)</u>
Net NonOperating income	\$ -	\$ 2,036,460	\$ 2,043,447
Net transfers		-	<u>\$ 1,236,405</u>
Change in account balance	\$ -	\$2,036,460	\$ 2,043,447
Beginning account balance	\$ -	<u>\$ 6,987</u>	-
Ending account balance	\$ -	<u>\$ 2,043,447</u>	<u>\$ 2,043,447</u>



SUMMARY OF CASH AND INVESTMENTS as of March 31, 2018	
Cash and Cash Equivalents:	
U. S. Bank - operating account	\$2,051,849.18
U.S. Bank - payroll account	\$1,000.25
U.S. Bank - SMG managed pre-opening account	\$62,268.82
U.S. Bank – SMG managed accounts – operating account, box office account, and event marketing account	\$23,020,285.15
U.S. Bank-Trust accounts for construction project*	\$1,010,229.70
Total Cash and Cash Equivalents	\$26,145,633.10
Investments:	
U.S. Bank investment account	\$10,919,657.25
Total Investments	\$10,919,657.25

* This account includes interest income and funds received from the OCIP insurance carrier for the unspent portion of the loss reserve fund. The balance in the cash account for the returned loss reserve funds is \$1,002,832.71.

MINNESOTA SPORTS FACILITIES AUTHORITY
 Budget Report for Fiscal Year 2017-2018
 Operating Account, Capital Reserve Account, Concession Capital Reserve Account
 Q3 - July 1, 2017 to March 31, 2018

	Annual Budget	7/1/17-03/31/2018 Actual
Operating Account		
Operating Revenues:		
Stadium Operating Revenues:		
State of Minnesota Operating Revenues	\$ 6,198,387	\$ 4,573,791
Minnesota Vikings Operating Revenues	\$ 8,755,000	\$ 6,566,247
Revenues from Stadium Operations	\$ 24,198,063	\$ 22,659,162
Miscellaneous Revenues	\$ 51,679	\$ 178,205
Total Operating Revenues	<u>\$ 39,203,129</u>	<u>\$ 33,977,405</u>
Operating Expenses:		
Personal Services	\$ 912,400	\$ 520,017
Professional Services	\$ 2,049,837	\$ 1,895,838
Supplies and Network Administration and Support	\$ 219,000	\$ 178,558
Stadium Contractual Commitments and Leases	\$ 789,231	\$ 931,380
Insurance	\$ 216,200	\$ 168,702
NFL Reimbursement for Sales Tax Exemption	\$ 1,600,000	\$ -
Super Bowl LII	\$ 1,000,000	\$ -
Miscellaneous	\$ 455,124	\$ 418,433
Expenses from Stadium Operations	\$ 31,203,276	\$ 29,587,645
Total Operating Expenses	<u>\$ 38,445,068</u>	<u>\$ 33,700,573</u>
Operating Income	<u>\$ 758,061</u>	<u>\$ 276,832</u>
Nonoperating Revenues/(Expenses):		
Investment Earnings	\$ 30,000	\$ 55,091
Taxes-State of Minnesota	\$ 1,859,793	\$ 1,854,554
Commemorative Brick revenues	\$ -	\$ 387,850
Commemorative Brick expenses	\$ -	\$ (194,229)
Stadium project expenses	\$ -	\$ (418,182)
Total Nonoperating Revenues	<u>\$ 1,889,793</u>	<u>\$ 1,685,084</u>
Net Income before Transfers	<u>\$ 2,647,854</u>	<u>\$ 1,961,916</u>
Transfers:		
Transfer to Capital Reserve Account	\$ (1,400,000)	\$ -
Change in Account Balance	<u>\$ 1,247,854</u>	<u>\$ 1,961,916</u>
Beginning Operating Account Balance	<u>\$ 6,170,730</u>	<u>\$ 6,170,730</u>
Ending Operating Account Balance	<u>\$ 7,418,584</u>	<u>\$ 8,132,646</u>
Capital Reserve Account		
Revenues:		
Minnesota Vikings Capital Revenues	\$ 1,591,350	\$ 1,591,350
State of Minnesota Capital Revenues	\$ 1,549,597	\$ 1,589,310
Total Revenues	<u>\$ 3,140,947</u>	<u>\$ 3,180,660</u>
Capital Expenses:		
Capital Expenses:	\$ 3,769,231	\$ 1,427,742
Total Capital Expenses	<u>\$ 3,769,231</u>	<u>\$ 1,427,742</u>
Net Income before Transfers	<u>\$ (628,284)</u>	<u>\$ 1,752,918</u>
Transfers:		
Transfer from Operating Account	\$ 1,400,000	\$ -
Transfer to Concession Capital Reserve Account	\$ (1,700,000)	\$ -
Total Transfers	<u>\$ (300,000)</u>	<u>\$ -</u>
Change in Account Balance	<u>\$ (928,284)</u>	<u>\$ 1,752,918</u>
Beginning Capital Reserve Account Balance	<u>\$ 4,034,631</u>	<u>\$ 4,034,631</u>
Ending Capital Reserve Account Balance	<u>\$ 3,106,347</u>	<u>\$ 5,787,549</u>
Concession Capital Reserve Account		
Revenues:		
Concession Capital Reserve Revenues (2.5%)	\$ 850,000	\$ 864,761
Total Revenues	<u>\$ 850,000</u>	<u>\$ 864,761</u>
Capital Expenses:		
Capital Expenses:	\$ 2,638,944	\$ 1,471,430
Total Capital Expenses	<u>\$ 2,638,944</u>	<u>\$ 1,471,430</u>
Net Income/(Loss) before Transfers	<u>\$ (1,788,944)</u>	<u>\$ (606,669)</u>
Transfers:		
Transfer from Capital Reserve Account	\$ 1,700,000	\$ -
Change in Account Balance	<u>\$ (88,944)</u>	<u>\$ (606,669)</u>
Beginning Concession Capital Reserve Account Balance	<u>\$ 711,080</u>	<u>\$ 711,080</u>
Ending Concession Capital Reserve Account Balance	<u>\$ 622,136</u>	<u>\$ 104,411</u>

