



**Minnesota Sports Facilities Authority
2014 Legislative Report
January 15, 2014**

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Minnesota Sports Facilities Authority Commissioners

Michele Kelm-Helgen, Chair
Bill McCarthy, Vice Chair
Duane Benson, Secretary/Treasurer
Barbara Butts Williams
John D. Griffith

2013 Minnesota Statutes 3.197: REQUIRED REPORTS.

A report to the legislature must contain, at the beginning of the report, the cost of preparing the report, including any costs incurred by another agency or another level of government. No costs were incurred in preparing this report.



Section 1. Legislative Report Requirements

To: Senator Tom Bakk
Senator David Hann
Senator Roger C. Chamberlain
Senator Tom Saxhaug
Senator Bobby Jo Champion
Senator Julie Rosen
Senator Karin Housley
Senator Jeremy Miller
Senator Roger Reinert
Senator Kathy Sheran
Speaker Paul Thissen
Representative Kurt Daudt
Representative Bob Dettmer
Representative Mary Murphy
Representative Paul Anderson
Representative Joe Atkins
Representative Kathy Brynaert
Representative Jim Davnie
Representative Joe Hoppe
Representative Tim Kelly

Date: January 15, 2014

As required by 2012 Minnesota Statutes Chapter 299, Section 13, Subdivision 13, the Minnesota Sports Facilities Authority (Authority) must report to the chairs and ranking minority members of the legislative committees with jurisdiction over state government finance by January 15 of each year on the following:

- Any recommended increases in the rate or dollar amount of tax: **Nothing Recommended**
- Any recommended increases in the debt of the Authority: **Nothing Recommended**
- Overall work and role of the Authority: **Detailed in Section 2 below**
- The Authority's proposed operating and capital budgets & the Authority's implementation of these budgets: **Detailed in Section 3 below**



Section 2. Overall Work and Role of the Authority

Profile of Governance

The Minnesota Sports Facilities Authority (Authority) was established in 2012 as a political subdivision of the state of Minnesota for the purpose of developing a new multi-purpose stadium and related stadium infrastructure as a venue for professional football and a broad range of other civic, community, athletic, educational, cultural and commercial activities. The Authority will own and operate the new stadium, new stadium infrastructure and related facilities in accordance with the powers and authorities granted in the Laws of Minnesota Chapter 299, the stadium bill. The Authority will also act as the developer of the new stadium throughout the construction project.

The stadium bill was enacted on May 15, 2012 and 90 days after enactment the Metropolitan Sports Facilities Commission (Commission) was required to transfer its assets, liabilities, and obligations to the Authority and upon completion of the transfer, the Commission was abolished. Ownership and operation of the Metrodome stadium was then transferred to the Authority.

A board of five appointed commissioners governs the Authority. The Governor of the state of Minnesota appoints three members, and the Mayor of Minneapolis appoints two members. The first meeting of the Authority was held on June 22, 2012, and monthly board meetings have continued through the remainder of 2012 and 2013.

2013 in Review

Throughout 2013, the Authority and Minnesota Vikings negotiated and agreed to a number of key decisions in the planning and development of the new stadium. These decisions are documented in our Development and Use Agreements, which are available on our website, at www.msfa.com. The design, development, and construction of the stadium have been and will continue to be a collaborative process between the Authority and the Minnesota Vikings, as directed by the stadium legislation.

New Stadium Design

In May 2013, the Authority and MN Vikings unveiled the new stadium schematic design at a public event at the Guthrie Theater. The new stadium design is bold, iconic and reflects the City of Minneapolis and Minnesotans' feedback and values. The schematic design was formally approved by the City of Minneapolis in August 2013.



New Stadium Design Details:

- 1.7 million square feet
- Seating capacity of 65,400 (expandable to 72,000 for a Super Bowl)
- Multiple levels with two 360 degree concourses
- LEED-certified structure
- Skyway connection to adjacent parking ramp and the downtown core
- 5 pivoting glass doors opening to west plaza
- Transparent, ETFE roof will connect fans to outdoors
- 658 wheelchair & companion seating

Throughout the design phase, HKS, Inc, the stadium architect, worked with a number of local subcontractors on various aspects of the interior and exterior design. While not required by the stadium legislation, HKS, Inc made an aggressive commitment to diversity and equity. HKS, Inc, was able to establish and meet a Disadvantaged Business Enterprise and Targeted Group Business goal of 19% (11% women-owned and 8% minority-owned).

New Stadium Construction

In February 2013, the Authority and MN Vikings selected Mortenson Construction, along with Thor Construction, (Mortenson/Thor) as the construction manager for the new stadium. Mortenson Construction is a world-renowned construction company based in the Twin Cities region with extensive experience building sports and entertainment venues. Mortenson/Thor worked in conjunction with the rest of the project team to develop a construction timeline and schedule while pricing the design.

In November 2013, Mortenson/Thor established a Guaranteed Maximum Price (GMP) of \$763 million, which the Authority and MN Vikings agreed to, as the total construction cost of the new stadium. With the signing of the GMP, Mortenson/Thor assumes the cost over-run liability for this construction portion of the budget. Following the signing of the GMP, groundbreaking and construction of the new stadium commenced. A formal, public groundbreaking ceremony was held on December 3, 2013. After the last Vikings game in the Metrodome on December 29, 2013, excavation and demolition of the Metrodome began. The demolition of the Metrodome is well under-way, and will be completed in April 2014. Construction is estimated to take 33 months and will be completed in July 2016.



The new stadium construction project will provide enormous economic benefit to the region and state as it puts Minnesotans back to work. Approximately 7,500 workers will be employed on the project with a total of 4.5 million work hours. With approval from the Authority board in August 2013, Mortenson/Thor entered into a Project Labor Agreement (PLA) with the Minneapolis Building and Construction Trades Council. The PLA will promote a cost-effective, timely and safe construction process and ensures no project interruptions from labor disputes.

Equity Program

As required by stadium legislation, the Authority adopted the City of Minneapolis equity goals of a 20% goal (11% women-owned & 9% minority-owned) for the hiring of women and minority-owned businesses and 38% (32% minorities & 6% females) goal for hiring minorities and female workers. In order to meet these aggressive goals, the Authority has taken numerous steps to ensure it is in a strong position to comply, including:

- Adopting a formal Equity Plan, which will guide all workforce and targeted business efforts. The plan is available at the Authority website at www.msfa.com and has been adopted by Mortenson/Thor.
- Hiring a full-time Equity Director, Alex Tittle, to oversee the implementation of the Equity Plan and all compliance efforts.
- Contracting with an Employment Assistance Firm (EAF), Summit Academy OIC, to aid in outreach, recruitment and training of a diverse workforce.

The project provides an opportunity for targeted businesses to build capacity while being a part of the largest construction project in the state's history. For both aspects of the project, we are exceeding the goals. For construction, it is early in the project, but Mortenson/Thor is sending a strong message.

Equity Results to Date

The project provides an opportunity for targeted businesses to build capacity and be a part of the largest construction project in the state's history. For both aspects of the project, we are exceeding the goals. For construction, it is early in the project, but Mortenson/Thor is sending a strong message, as subcontractors are exceeding the targeted business goals, as shown in the following chart.



***For August 2013 – December 2013**

Targeted Business Type	Number of Businesses	Committed Dollars	Committed %	Goal %
WBE (Design)	13	\$3,567,630	11.11%	11%
MBE (Design)	17	\$2,852,690	8.89%	8%
WBE (Construction)	4	\$40,263,156	32%	11%
MBE (Construction)	9	\$13,570,104	11%	9%
VBE (Construction)	1	\$2,400,000	2%	No Goal
Total	44	\$62,653,580	N/A	N/A

Workforce compliance for this project is also exceeding the goal. Mortenson/Thor has conducted a number of production meetings with their subcontractors, where the MSFA was able to echo the importance of complying with the goals and ensuring that every qualified man or woman has the opportunity to work on this project.

***For August 2013 – December 2013**

Protected Class	Work Hours	Performance %	Goal %
Minority	2,507.75	34%	32%
Female	312	12%	6%
Veteran	8	>1%	No Goal

The resources are in place to ensure that the Equity Plan is properly run and is successfully integrated into the project. The Employment Assistance Firm, “EAF” was adopted by the MSFA and Vikings to provide a resource to the building trades and the contractors. The role of the EAF is to conduct outreach and/or train minorities, women and veterans for the construction industry, in the event that the contractor is not able to meet the hiring requirements for their scope of work on their own. The EAF was awarded to Summit Academy and they have coordinated sixteen community partners to outreach and train the needed workforce for this project.



The Authority has also established an Equity Oversight Committee to provide transparency. The Stadium Equity Oversight Committee has met twice in 2013 and has involved the public in the compliance process. During these meetings, professionals from the civil rights and equity community attend and provide insights and serve as a barometer for the project, to verify that the project is meeting the goals of the Equity Plan. The Construction Manager and Design Services Manager provide a report, which is analyzed by the committee.

Other Key Events

New Stadium Use & Development Agreements

In September 2013, the Authority and MN Vikings entered into key agreements that will govern the development and use of the new stadium. Through close collaboration and negotiation, the Authority and MN Vikings crafted a Development Agreement and Use Agreement for the new stadium. The Development Agreement generally sets out the agreement on how the development and construction will be handled between the Authority and the MN Vikings. The Use Agreement establishes the long-term use of the new stadium for the first 30 years. Both agreements are available at www.msfa.com.

Environmental Impact Statement

Throughout 2012 and 2013, the Authority worked closely with consultants, the city of Minneapolis, the State of Minnesota and the general public to undergo the required environmental review process. In August 2013, the Authority board determined that the Final Environmental Impact Statement (EIS) for the new stadium project is adequate under the Minnesota Environmental Policy Act (MEPA). The Authority subsequently issued findings of fact, conclusions, and an order to that effect. This final action brought the environmental review process for the new stadium project to a close. All documents relating to the EIS can be found at www.msfa.com.

Economic Development Payback

In July 2013, the Authority selected Ryan Companies to design and construct the required parking development and skyway connections to the new stadium. With this selection, the Authority, MN Vikings, Ryan Companies and the city of Minneapolis developed a tri-party agreement that will further develop the Downtown East (DTE) region of the city. On Friday, December 13, 2013, the Minneapolis City Council approved the agreement. This development will connect the new stadium to the downtown core through the Wells Fargo Office Towers, and will also generate mixed-use development such as retail, housing and a two-block park adjacent to the new stadium plaza. The Authority also purchased the DTE parking ramp previously owned by Minneapolis Ventures, LLC. Through this development, the Authority met the stadium legislation requirement of having 2,000 parking spaces within one block of the stadium, connected by skyway or tunnel to the stadium, and 500 parking



spaces within two blocks of the stadium, with a dedicated walkway on game days.

This development will further enhance new stadium programming and will attract future development and other major events to the region. A main purpose of the new stadium project had been to create jobs and spur economic development for the region and state. Before the Metrodome is demolished, the region is already seeing a major \$400 million development which will create 5,000 jobs, due to the stadium construction.

Attracting Major Events

Before major construction commenced on the stadium, the new stadium is already being considered as a host for several major national events. These events will bring tremendous economic benefits to the region as tens of thousands of visitors from all over the country come to these events and stay in local hotels, eat in restaurants, shop and enjoy the many retail and service establishments.

Super Bowl

The new stadium has already been selected as a finalist for the Super Bowl LII in 2018. New Orleans and Indianapolis were also selected as finalists. A decision will be made in May 2014.

NCAA Final Four

The Authority submitted a bid for the NCAA Final Four in the new stadium. The bid will be considered for years 2017-2020. Finalists will be announced in mid-January 2014, and a final decision will be made in November 2014.

Closing of Metrodome

2013 was the last year of the Metrodome operations. As owner and operator of the Metrodome, the Authority had the responsibility to close out operations and prepare for the demolition of the old stadium. The Authority worked with Mortenson/Thor to implement salvage, sale and disposal of Metrodome property.

The Authority has worked extensively to implement a common-sense salvage and assets disposition plan that strives to re-use and recycle as much as possible from the interior of the Dome. Over 90% of the dome's structure and interior fixtures and finishes will be re-used or re-cycled. Due to much interest in the seats, the Authority retained Albrecht Signs Company to sell seats to the public and non-profit organizations for reasonable prices. Schools and non-profit organizations could purchase seats for \$40 each. General seats for individuals could be purchased for \$60 each plus tax, and special



location seats, if available, could be purchased for \$80 per seat plus tax. As of today, over 15,000 seats have been sold to organizations and individuals.

Reports to Legislative Commission on Minnesota Sports Facilities

The Legislative Commission on Minnesota Sports Facilities was formed per the stadium legislation to provide financial oversight of the Authority and its operations. The Commission consists of the following members:

Senate Members:

Senator Bobby Jo Champion, Co-Chair
Senator Julie Rosen, Co-Chair
Senator Karin Housley
Senator Jeremy Miller
Senator Roger Reinert
Senator Kathy Sheran

House Members:

Representative Paul Anderson
Representative Joe Atkins
Representative Kathy Brynaert
Representative Jim Davnie
Representative Joe Hoppe
Representative Tim Kelly

The Authority provided periodic reports and updates to the Legislative Commission on Minnesota Sports Facilities at each of its regular meetings.

Section 3. MSFA 2013 Operating & Capital Budgets & Budget Implementation

Background Authority Budget Information

All activities of the Authority are accounted for in one enterprise fund. A “fund” is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The operations of each fund are monitored with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. The enterprise fund is used to account for the Authority’s activities, which are financed and operated in a manner similar to



private business enterprises where expenses, including depreciation, are recovered principally through user charges.

Capital construction and development activities are accounted for in a separate project budget. The master project budget is \$975,000,000.

The Authority approved the 2014-operating budget on December 13, 2013. A copy is attached and further background information is listed below.

The Authority approved the 2014-capital budget on December 13, 2013. The report is listed below.

MINNESOTA SPORTS FACILITIES AUTHORITY **2014 OPERATING BUDGET**

Highlights of the 2014 Budget

Revenues

The operating revenue budget for 2014 consists of a grant from the stadium project for operations for \$4,500,000.

Expenses

The operating expense budget for 2014 is \$4,387,005 and includes concession closeout costs, personal services, professional services, contractual building services related to closure of the Metrodome, audio visual costs, travel and meetings, supplies, utilities for related to the Metrodome, rent for new office space, insurance, communication and miscellaneous costs.

Non-Operating revenues and expenses for 2014 includes investment earnings of \$200,000, other contributions from the stadium project for reimbursement of stadium project expenses and stadium project expenses of \$1,015,095.

Transfers

The Authority has budgeted to transfer \$2,730,842 from the Repair and Maintenance account and \$2,376,594 from the Concession Reserve accounts to the operating account. Upon completion of the transfers these accounts will be closed.

Account Balances

Ending account balances are proposed to increase by \$312,995, from \$12,085,791 to \$12,398,786.

**MINNESOTA SPORTS FACILITIES AUTHORITY
YEAR 2014 BUDGET SUMMARY**

	<u>Budget 2014</u>
Revenues	
Operating Revenues:	
Concessions	\$ -
Admission tax	\$ -
Rent	\$ -
Charges for services	\$ -
Parking	\$ -
Miscellaneous revenues	\$ -
Grant from stadium project	\$ 4,500,000
Total operating revenues	<u>\$ 4,500,000</u>
 Expenses	
Operating expenses:	
Concession costs	\$ 239,000
Tenants share of concessions	\$ -
Facilities cost credit	\$ -
Personal services	\$ 2,193,505
Professional services	\$ 905,000
Contractual building services	\$ 106,000
Audio-visual maintenance costs	\$ 16,000
Travel and meetings	\$ 30,000
Supplies, repairs and maintenance	\$ 180,500
Utilities	\$ 367,000
Rent	\$ 130,000
Insurance	\$ 111,000
Communication	\$ 44,000
Miscellaneous	\$ 65,000
Subtotal operating expenses	<u>\$ 4,387,005</u>
Operating income/(loss)	\$ 112,995
 Non-Operating revenues/(expenses)	
Investment earnings	\$ 200,000
Other contributions from stadium project	\$ 1,015,095
Stadium project expenses	\$ (1,015,095)
Repairs, replacement and improvements	\$ -
Concession reserve	\$ -
Total non-operating revenues/(expenses)	<u>\$ 200,000</u>
Change in Account Balances	\$ 312,995
Beginning Account Balances	\$ 12,085,791
Ending Account Balances	<u><u>\$ 12,398,786</u></u>



**MINNESOTA SPORTS FACILITIES AUTHORITY
 2014 CAPITAL BUDGET**

On October 25, 2013, the Minnesota Sports Facilities Authority (Authority) approved the initial capital budget of \$50,000,000 for the first funding phase of the stadium project.

Then on November 22 2013, the Authority authorized approval for various project related agreements including the Amended and Restated Development Agreement. This agreement included a master project budget of \$975 million.

Now that the Development Agreement has been executed the Authority needs to approve a capital budget of \$975 million to allow for the expenditure of funds for project costs that are related to the stadium project as authorized in the Development Agreement. The Master Project Budget in the Development Agreement stated:

Uses:

Building construction	\$762,941,876
Site acquisition, parking, skyway	\$ 49,600,000
Furniture , fixtures and equipment	\$ 57,600,000
Soft costs	\$ 82,119,692
TCF Stadium costs	\$ 16,230,000
Xcel Service line	\$ 956,389
Owners contingency (net)	\$ 3,552,043
Environmental contingency	<u>\$ 2,000,000</u>
Total Uses	<u>\$975,000,000</u>

Sources:

State of Minnesota	
Appropriation grant	<u>\$498,000,000</u>
Minnesota Vikings and private contributions	
Term Loan - U.S. Bank	\$177,000,000
Owner's Equity	100,000,000
NFL G-4	<u>200,000,000</u>
	<u>\$477,000,000</u>
Total Sources	<u>\$975,000,000</u>

The Minnesota Vikings have committed to the project a Line of Credit of \$26,447,957 for when the contingency is exhausted and additional funding sources are needed for project costs.