



Minnesota Ballpark Authority Meeting Minutes – February 27, 2008

Chair Cramer called the meeting of the Minnesota Ballpark Authority for February 27, 2008 to order at 1:00 PM. The roll was taken. Commissioners Joan Campbell and Barb Sykora were absent. Kathleen Lamb, Legal Counsel, was present.

Commissioner John Wade moved approval of the agenda, seconded by Commissioner Michael Vekich and approved unanimously – 3 YEAS, 0 NAYS.

APPROVED

Commissioner Vekich moved approval of the January 18, 2008 minutes, seconded by Commissioner Wade and approved unanimously – 3 YEAS, 0 NAYS.

APPROVED

PUBLIC COMMENT

- Ron Edwards said that he has been awaiting statistical data since the agreement with the Minnesota Ballpark Authority and the Civil Right Department had been consummated. He said that he was disappointed that there had been no preliminary indication to the Minneapolis Civil Rights Commission about this data presented today. He noted the role of the Commission is equal to that of the Civil Rights Department and he is concerned that information is not being provided to the Commission in a timely manner. He hopes that with the presentation of the Minneapolis Civil Rights Department there will be a close examination. Mr. Edwards said that he is disappointed that the Civil Rights Department did not share with the Commission that they were coming here today to make a presentation.

CHAIR REPORT

- Chair Cramer had no report.

EXECUTIVE DIRECTOR REPORT

Executive Director Kenney reported the following:

The Hennepin County Board approved the ballpark infrastructure design budget and final GMP ballpark budget yesterday and the County Commissioners expressed a strong interest in seeing the Minnesota Ballpark Authority (MBA) and others work to extend the district enhancements around the Ballpark.

- The MBA and City of Minneapolis continue to meet on a number of issues including the conversion of Second Avenue North, the development of the Transportation Management Plan, the Cedar Lake Bike Trail design, and the potential extension of the pedestrian bridge along Target Center to First Avenue North. These meetings will occur bi-monthly and continue into next year.
- MBA staff will be meeting with the City of Minneapolis and leaders of the ABC working groups to discuss design modifications of the parking ramps located closest to the Ballpark.

ACTION ITEMS

08-MBA-03 Resolution: To approve updated infrastructure design documents and a revised Ballpark budget and authorize the Chair and Executive Director to approve and execute conforming amendments to the Development Agreement and approve conforming amendments to the Construction Management Agreement.

Background:

Approval of Updated Design Documents

The Development Agreement approved by the MBA Board and executed by the Chair and the Executive Director provides the terms and conditions pursuant to which Hennepin County and the Authority will participate in the design, construction, and financing of the Ballpark. The Development Agreement requires the County and Authority to approve the Ballpark and infrastructure design and budget at two phases: 1) at the schematic design phase (approved last April by the MBA Board in Resolution 07-MBA-06), and 2) at the preliminary, or phased-guaranteed maximum price (pGMP) phase.

The MBA Board exercised its second approval last November adopting resolution 07-MBA-26, exclusive to the Ballpark design. The infrastructure plans were excluded from the Board's approval in order to allow the architect and construction manager additional time to reconcile design and budget issues.

The infrastructure design approval is now before the MBA Board. The MBA's project representative believes that the current infrastructure design is consistent with the previous design that was presented to and approved by the MBA Board last April and is consistent with the plans reviewed by the Ballpark Implementation Committee. The current infrastructure plan will cost about \$17 million more than was estimated in April 2007 due to additional components, poor soils, complex utility relocations and increased costs of the 6th Street bridge/plaza. Sufficient funds are available within the \$105,000,000 Site Acquisition and Public Infrastructure Budget to pay for this infrastructure plan (the \$105 million figure includes \$90 million that Hennepin County is statutorily permitted to contribute and \$15 million that the Minnesota Twins agreed to contribute to mitigate the impact on non-land infrastructure items from property acquisition costs in excess of the budgeted amount of \$23 million), but will require a reallocation within the budget of funds initially allocated to off-site enhancements. This budget reallocation will eliminate, at this time, funds for off-site enhancements. The MBA's project representative recommends approval of the updated design documents for the infrastructure.

While the allocation for off-site enhancements has been cut from this budget, it should be noted that the public spaces in the ballpark site plan have been improved significantly from what was originally proposed in 2006.

For example, this budget will fund major pedestrian bridge improvements along 7th Street, a public plaza between 6th Street and 7th Street, and a direct stair connection from the new 6th Street pedestrian bridge to the existing skyway system. This budget also provided the resources necessary to move the BNSF rail line and the 5th Street bridge abutment to provide a corridor for the Cedar Lake Trail and to improve the functionality of the ballpark.

These improvements were added based on more in depth study of the site through the Environmental Impact Statement (EIS) process, additional work by the project design team, and in response to input from the Ballpark Implementation Committee.

The MBA recognizes that further enhancements can be made with respect to how the ballpark is connected to the neighborhood and further opportunities can be created for new development in this area of downtown Minneapolis. The MBA is poised to lead a discussion and work with others to identify additional infrastructure priorities and potential partnerships to fund these additional enhancements.

Revised Ballpark Budget

The current Ballpark budget is \$390,000,000, with \$260,000,000 contributed by Hennepin County and \$130,000,000 contributed by the Minnesota Twins. According to the Development Agreement, the Team is responsible for paying for any cost overruns in excess of a Ballpark budget of \$390 million.

The cost of the Ballpark design approved by the MBA Board last November will exceed the Ballpark budget because the design includes a high quality exterior finish and distinctive architectural elements that were not originally part of the plan. The Team is committed to delivering a first-class ballpark, and is contributing an additional \$22,400,000 to the Ballpark budget. A comparison of the April 2007 project budget with the proposed new budget is attached. Neither Hennepin County's nor the MBA's contribution will increase.

Appropriate amendments of the Development Agreement and the Construction Management Agreement relating to the foregoing will be entered into by the respective parties.

The revised Ballpark budget includes estimated amounts for Ballpark furniture, fixtures and equipment in the "Soft Costs/FF&E" line item. The actual FF&E to be provided and the cost thereof will be subject to further refinement. The provision of and funding for Ballpark FF&E may be made or provided by the use of contingency, obtaining of sponsorships, and reuse of existing furniture, fixtures and equipment. In the event the final FF&E plan results in an overall increase in the Ballpark budget, the Team would be responsible for those expenses, as a Ballpark cost overrun. The Team will agree in the Development Agreement amendments to work with the Ballpark Authority and County project representatives to determine the final FF&E budget by March, 2009.

BE IT RESOLVED, that the MBA Board, consistent with the provisions of the Development Agreement and the Construction Management Agreement, approves the recommendation by the MBA project representative that the current guaranteed maximum price (GMP) phase infrastructure designs are consistent with the schematic-phase design plans approved by the MBA Board and contain the important elements previously shown to and approved by the MBA Board;

BE IT FURTHER RESOLVED, that the MBA Board approves a revised Ballpark budget from \$390 million to \$412.4 million, reflecting an additional contribution of \$22.4 million by the Team to fund Ballpark enhancements with no additional County or MBA contribution;

BE IT FURTHER RESOLVED, that the MBA Board authorizes the Executive Director and the MBA project representative to review and approve the final Ballpark FF&E budget presented by team representatives, no later than March 30, 2009;

BE IT FURTHER RESOLVED, that the Chair and Executive Director are authorized to approve the form of and execute on behalf of the MBA conforming amendments to the Development Agreement, and to approve on behalf of the MBA the form of conforming amendments to the Construction Management Agreement, and to approve and to execute as may be necessary or appropriate in their reasonable discretion any other agreements, instruments or amendments relating thereto, provided that the execution thereof by the Chair and Executive Director shall be conclusive as to their approval thereof.

DISCUSSION 02-27-08:

Mr. Kenney stated that this resolution represents the final project budget. The project team did a good job of getting the fundamentals right. The original concept plans of 2006 have been improved by adding significant bridge and plaza connections at 6th and 7th Streets, which will serve the ballpark and downtown well. Mr. Kenney stated the cost of the land was not known until late last year so planning and design were done in a period of uncertainty, but he is pleased with the outcome. Mr. Kenney invited Jerry Bell to speak on the Twin's additional commitment to the ballpark budget.

Mr. Bell said that the Twins felt it was important to build the ballpark right the first time and wanted to add the elements of stone and other enhancements to the ballpark now. Since the ballpark will be part of Minneapolis and Minnesota landscape for generations these improvements are a good investment to the project.

Commissioner Vekich moved to approve the resolution. Commissioner Wade seconded the motion. The motion was approved unanimously – 3 YEAS, 0 NAYS

APPROVED

08-MBA-04 Resolution: To revise previous authorization for the Chair and Executive Director to enter into a professional services agreement with SRF Consulting Group, Inc. (SRF), for engineering, design, construction support, and preparation of construction documents associated with the conversion of 2nd Avenue North from one-way to two-way traffic.

Background:

At the October 12th, 2007 Board meeting, Resolution 07-MBA-25 was presented, by which staff requested authority to enter into a new contract agreement with SRF Consulting, Inc., to provide design services for the conversion of 2nd Ave. North from one-way to two-way traffic. Authorization was given for that work, in an amount not-to-exceed \$125,000, and with a contract term ending on September 30th, 2009.

During the preparation of this new contract, staff examined the status of other, pre-existing SRF Consulting contracts with Hennepin County. They are listed as follows, with their present values:

County Contract #A052286 – EIS Studies	\$499,815.89
County Contract #A070402 – 5 th Street Bridge Redesign	\$408,037.00
County Contract #A071364 – Streetscape Planning	\$75,284.00

In discussions with SRF, County, project and city staff, it appears likely that miscellaneous design services may be required of SRF for the indeterminate future, for any or all of the design scopes of work contained within the County contracts. Given that all of these contracts are nearing their pre-approved contract amounts, it is likely that County Board authorization will be required in the near future, for any proposed amendments.

Additionally, in order to satisfy project insurance provisions regarding professional liability, there is a need to have SRF subcontract for design services by Kimley-Horn Associates, who is the lead designer for the Northstar commuter rail project.

Staff Recommendation:

It is the recommendation of staff that the MBA Board authorize the following actions:

1. Close out the three pre-existing County contracts referenced above.
2. Consolidate any remaining scopes of work contemplated in the County contracts into the new SRF contract with the MBA.
3. Consolidate any remaining budget from the pre-existing County contracts into the new SRF/MBA contract.
4. Authorize SRF Consulting Inc. to enter into a subcontract with Kimley-Horn for certain design services associated with coordination of the Northstar commuter rail work.
5. Increase the previously authorized amount of the new SRF/MBA contract from \$125,000 to the not-to-exceed amount of \$400,000.

All work performed under this contract shall be paid on a time and materials basis, and all terms and conditions and billing rates from the previous Hennepin County contracts shall apply, unless specifically negotiated and agreed to between the Parties.

The costs for this scope of work fall within the project’s current infrastructure budget.

BE IT RESOLVED that MBA’s Chair and Executive Director are authorized to enter into a Professional Services Agreement with SRF Consulting Group, Inc. for engineering, design, construction support, and preparation of construction documents associated with the following activities: Ongoing design support services associated with the EIS findings; ongoing design support services associated with 5th Street bridge/ballpark/Northstar coordination; ongoing traffic, signal, and streetscape design services as required for 2nd Avenue North and the ballpark project district; in a not-to-exceed amount of \$400,000 without further Board action.

Discussion:

- Ed Hunter said that the MBA approved a resolution last October to establish a new contract with SRF for design services to convert Second Avenue to two-way traffic. Since then three existing contracts between SRF and Hennepin County have been re-examined to find out how much work remained on those project scopes. It has since become apparent that the previous authorized scope was lacking in funds to complete the conversion of Second Avenue from Washington Avenue to 12th and Glenwood Avenue. Staff now recommends closing out the existing three contracts with SRF and the County. The contracts are close to completion but there

are some remaining funds that could be consolidated and incorporated into a new contract with SRF in an amount not to exceed \$400,000.00. There are funds available in the infrastructure budget to cover this amount.

- Chair Cramer asked if any upcoming streetscape planning should be included in this new contract. Mr. Hunter said no, that would be treated as a separate issue.

Commissioner Vekich moved the resolution. It was seconded by Commissioner Wade.

The motion was approved unanimously – 3 YEAS, 0 NAYS

APPROVED

DISCUSSION ITEMS

A. Women and Minority Employment Goals - James Patterson, Minneapolis Civil Rights Department. Mr. Patterson said that he is the Manager of Contract Compliance for the Minneapolis Civil Rights Department. He is before the MBA Board to present the Department's first quarterly report for goal monitoring of the ballpark project for the MBA. Mr. Patterson said that of the goals that have been established for the project, to date the women labor participation is being exceeded while minority labor participation has fallen short. The Minneapolis Civil Rights Department recently met with Lynn Littlejohn from Mortenson Construction to discuss Mortenson's reports. There are committed dollars of \$57,088,499 to Small Women Minority Business Enterprise (SWMBE) of which \$6,505,766 has been paid out so far. The Civil Rights Department is now working on a verification process with contractors involved on the project. Mr. Patterson said that they have set up a procedure with Mortenson for visiting the site so that they can monitor the project to see that people of color and women are being represented and have been calling contractors to see if minority people are available on the bench to work on this project. Mortenson tells them that the spring construction season will bring more opportunities in carpentry positions which will increase minority participation. Chair Cramer asked that the numbers prepared by the Minneapolis Civil Rights Department be made more transparent with the next report so that the Civil Rights Commission and other interested parties are aware of this process. Mr. Patterson ensured Chair Cramer that they will correct this oversight.

Commissioner Vekich asked if the calculations of what is over and under are being straight lined to come up with deficits and overages and also, if the \$57 million is total hours worked. Mr. Patterson replied that the numbers are straight lined and it is \$57 million of the committed dollars for the companies involved. This figure is on top of the labor hours and the percentages for the businesses are on the bottom.

Commissioner Wade asked Mr. Patterson if the Minneapolis Civil Rights Department has been satisfied with Mortenson Construction's attempt to comply in this matter and if the labor force has been coming from Local 49 union. Mr. Patterson said at this point he is satisfied with Mortenson's attempts to meet the hiring goals for the project. He said that the Civil Rights Department will continue to work with Mortenson to make the reporting system stronger. Mr. Patterson said that it is his understanding that Local 49 is the predominant local union but when the project moves from heavy equipment to more carpentry work that will change. Commissioner Wade stated that in a recent Local 409 report that operators and engineers articulated that "numerous women and persons of color were members of Local 49". He asked Mr. Patterson if he knew what the numbers of women and minorities in this Union were. Mr. Patterson said that he does not have actual numbers from Local 49. Commissioner Wade said not only would it be interesting to find out what those numbers are but also what that Union is doing to recruit people of color into those trades.

B. Community Participation – John Wood, Senior Vice President, Mortenson Construction. Mr. Wood wants this project to be one that we can all be proud of for what is achieved in these hiring goals. The Ballpark’s success should not only be measured by whether it is on time and on budget, but also by these other important objectives of the project. Mr. Wood said that he wants there to be no doubt about Mortenson’s commitment to ensuring that these goals are met, that we maximize the opportunity for employment from our community of people of color and women in construction work, and that we meet the goals that have been set for business participation. He is not content with what has been achieved to date. He said that although this project has expended less than 10% of total labor to date and vast amounts are yet to come, there could have been higher participation to date which applies to the major sub-contractors on the project and Mortenson’s labor participation on the project. That does allude to type of work done to date but that only goes so far. Mortenson intends to set the example for the sub-contractors to follow and they have taken corrective steps in the last 10 days to improve Mortenson’s participation in their work force and Mr. Wood has personally communicated with senior leadership of each one of their major sub-contractors to reiterate the importance of this element of the project.

Commissioner Wade said that we need to build a base now and for the future in our workforce and look at recruiting minority people into training programs now. He said that he is curious how this is being done with organized labor. He also asked Mr. Wood what Mortenson is saying to their sub-contractors about meeting these requirements. Mr. Wood said the message is that meeting these requirements is an essential measurement of the success of this project and Mortenson is not prepared to tolerate any lack of effort.

Commissioner Vekich asked if there was a sufficient workforce available to complete the needed 207,000 hours for this project. Mr. Wood replied that Mortenson set that goal knowing the bar would be higher than previous projects but would not have set a goal that they did not think was achievable.

Chair Cramer asked Mr. Patterson if SWMBE goals can be achieved by adding materials passed through the hands of firms that qualify as minority and women owned business and is there any way to know over time what percentage of business goals will be achieved in that way versus someone who is actually hiring on the site. Mr. Patterson said that they will look at that.

Mr. Louis King - President and CEO, Summit Academy OIC:

Mr. King said that Summit Academy is an accredited vocational training institute in North Minneapolis. They are the only community based organization of their kind on the North side. In 2003 Summit Academy launched a program called ‘100 Hard Hats’ which aimed to meet a labor shortage projected by the state to occur in 2013. They recently issued a report five years into the project looking into the rear view mirror and also continue to look forward on this project. Mr. King said that the core of this operation is its partnerships with corporations such as Veit, Welsh Companies, Target, Sherwin-Williams, and Graco. Mortenson and the MBA are also important partners but their role with Summit Academy is more situational related to these stadium projects. The 100 Hard Hats program was not built to address these specific projects. It was built to address the long term structural shortage of labor. Summit Academy has met with Mortenson and discussed minority participation for the ballpark project. The project was equipment intensive at the beginning, but Summit Academy believes that contractors coming to the site are serious about these community participation goals. This and the Gopher Stadium project represent \$60 million dollars in wage opportunities in those 25% minority goals. This has a tremendous impact in getting people involved who will meet the long term structural employment needs of this community. The projection of labor needs supplied by Mortenson gives Summit Academy a basis to plan for the future.

Mr. King introduced Alex Tittle, Support Services Manager of Summit Academy. Mr. Tittle reported that Mortenson recently hired another individual from Summit Academy. Summit Academy currently has a bench of 20 recently graduated carpenters ready for the workplace. This type of labor will be expected on the project in the springtime. Summit Academy anticipates 50 students available in the next 20 weeks. Enrollment occurs every 10 weeks so they expect every 10 weeks a graduating class of 15 students. They have three general trades, pre-apprentice carpenter, pre-apprentice carpenter/plumbing, and carpenter/residential electrician. Recruitment has taken a positive turn recently in that there was a record breaking enrollment of 102 students to their program in February.

Mr. King closed with the following statistics: the average person coming to Summit made \$5300 in the previous period. Of the entrants, 70% were unemployed and had a high school diploma or G.E.D. The current placement into the work force is averaging \$16.83/hour or \$35,000. This is changing people's lives. Summit Academy has engaged various community networks including American Indian OIC of South Minneapolis and the East Metro OIC of St. Paul. The Stair Step Foundation with a network of 40 churches has been engaged and is getting the word out. Summit Academy purchased 52 weeks of advertisement in the Spokesman and is hosting community seminars. Commissioner Wade said that he would like to tour Summit Academy and Mr. King said he would be happy to host a tour.

C. Review of 2008 Staff Work Plan – Susie Helget reported that following a work session of the MBA Board last November, she prepared a draft strategic plan comprised of discussion items from the meeting. After discussions between staff and MBA Board members, it has been decided that this document will be utilized as a staff work plan rather than an MBA Board strategic plan and will be used as a tool to measure the work of MBA staff over the year. Ms. Helget said that Commissioners have expressed a desire to develop a strategic plan for the Authority and have requested a work session to discuss this further. Commissioner Vekich has brought up some specific questions about our goals as an organization that will be discussed further at the work session.

D. Construction and Planning Update – Dan Mehls, Mortenson Construction. Mr. Mehls stated that finalizing the Guaranteed Maximum Price (GMP) and the scope of what we are building for the ballpark is a major milestone. He said that there are now 24 months left to finish the project. The concrete superstructure is 15% complete and Mortenson will continue to pour concrete for the next year. Structural steel and enclosure materials are on the way. Bridge work is well underway. The first deck pour will begin next week and continue through the next three months. By summer they will have decked across the top of the Interstate. For enclosure materials, Mortenson is in the process of preparing detailed shop drawings. A glass contract has been awarded to Interclad Corporation. Off-site there will be a lot of stone and glass systems manufactured that will show up on site in the fall. On the procurement side there are two remaining bid packages. Bid Package #6 will go out for bid later this month which includes the playing field, bold facing glass, mechanical/electrical work, steel stairs and back up systems for the glass and pre-cast. Final design Bid Package #7 is due in early May and includes the rest of the design, primarily interior and exterior masonry, scoreboards, food service equipment, and landscaping. By the end of 2008, everything should be under contract. Mr. Mehls said the project is on an aggressive schedule and there is a significant amount of materials that need to be fabricated and delivered on site over the next eight months.

Lynn Littlejohn, Mortenson Construction - Ms. Littlejohn said regarding the Civil Rights Departments presentation, Mortenson continues to provide monthly information to them on

awards made to SWMBE so they can track Mortenson's progress from a commitment perspective. They are also providing the Civil Rights Department with the workforce utilization reports that are provided to Mortenson from all of the subcontractors performing work on the site. Currently of the 30% goal 32% has been committed to Minority owned businesses. Of the \$57 million committed to SWMBE, \$17 million has been committed to small businesses, \$20 million to minority owned businesses and \$22 million to women owned businesses. Ms. Littlejohn stated as more work commences on the site and more subcontractors come to the site those payment amounts will start to increase but what has been committed through procurement is a higher amount than what was recorded in terms of what has been paid out. Commissioner Vekich inquired if 'committed' meant what Mortenson already had actual contracts for. Ms. Littlejohn said that is correct. Commissioner Vekich asked what Mortenson does to get more individuals involved. Ms. Littlejohn replied that Mortenson works with Summit Academy as Mr. King discussed earlier and also recruits from other community based agencies such as the Urban League, Women in Ventures, Women in Trades and other organizations in the Twin Cities area. She said that by the end of June they hope to be in excess of 20% minority participation as the concrete and decking work continues and provides more opportunity for there to be more hiring and more women and people of color to come on the site. Commissioner Vekich asked of the 206,000 hours reported are 'brand new' hours included in existing work force for sub-contractors. Littlejohn says it includes existing hours plus some new hours. Commissioner Vekich asked that new hours be tracked separately next month to see how we are impacting the new work force. Commissioner Wade asked if Mortenson was tracking state demographics given the current labor shortage. Littlejohn replied that Mortenson does look at this to try to get an idea what could be available in the short and long term.

E. MBA Financial Report – Colleen Livermore. Ms. Livermore presented the January 2008 income and expense statements for the MBA, highlighting the new year's budget for the operating fund and explaining that the negative budget/actual variance for January is due to the fact that the County Sales Tax Contribution budget is straight line amortization over twelve months, but that the County only makes a transfer twice a year, in accordance with the agreements. In addition, with the start of 2008, inception to date information for the project, as recorded in the MBA's capital project's fund, will only be available on the project reports included by Ed Hunter each month. Annual activity on the project will be available in the income and expense statements.

Colleen Livermore provided a brief update of the status of the audit and agreed upon procedures of the MBA's 2007 activity as follows:

- The financial statement audit for the period ended 12/31/07 will be performed by the Office of the State Auditor. In communications with them, they have confirmed that they will not be performing in-depth reviews but will be performing those tests considered necessary to render an opinion on fairness of the financial statements and to meet governmental auditing and reporting requirements. All end-of-the-year adjustments are believed to be complete, with the year ending with \$104 million in the construction trust at Wells Fargo. As an additional point of interest, Ms. Livermore noted that the last of the initial \$45 million contribution from the Twins was spent in January.
- In order to fulfill the Board and MBA Staff's desire for a more in-depth review of transactions within the capital projects fund, Virchow Krause is continuing with its quarterly work based on agreed upon procedures between the MBA and Virchow Krause. The second quarter's work is beginning this week with a meeting scheduled Friday afternoon at the Mortenson work site. A report on the results of this quarter's work should be available at the March meeting.

Next Meeting:

- March 21, 2008

There being no further business, Commissioner Wade moved to adjourn. Commissioner Vekich seconded the motion. The motion was approved unanimously -3 YEAS, 0 NAYS. The meeting of the Minnesota Ballpark Authority for February 27, 2008 was adjourned at 2:25 P.M.