**November 1, 2017**

**Statement of Michael Vekich, MSFA Chair,**

**to the Minnesota House State Government Finance Committee**

Thank you, Madam Chair and members. We appreciate the opportunity to come before you today.

I am Michael Vekich, chair of the Minnesota Sports Facilities Authority. I took over as chair of the Authority on July 22, 2017 to lead the board in oversight of U.S. Bank Stadium. The MSFA serves as a steward of this world-class, state asset on behalf of the public. It is our responsibility, on behalf of taxpayers, to ensure that the intent of the stadium legislation is met.

Joining me today is Rick Evans, MSFA Executive Director, who joined the MSFA in March of 2017.

I would like to start by briefly outlining the roles of the MSFA and of the stadium operator, SMG, before addressing the recent changes in security firms at the stadium.

The MSFA is a political subdivision of the state that has been given the responsibility of overseeing the operations, marketing, capital maintenance, and has the ultimate responsibility for U.S. Bank Stadium. As you may know, SMG is a worldwide venue management firm that specializes in managing publicly owned facilities. In August of 2014, the MSFA entered into a 10-year contract with SMG to manage, operate, maintain and market U.S. Bank Stadium.

Throughout my professional career, I’ve evaluated numerous organizations – both in the public and private sectors – to improve efficiency, transparency and financial stability. Some of those organizations have required major changes, while others have only required some moderate adjustments. I’ve led the MSFA for a little over three months, so I’m still evaluating the overall enterprise; but I can tell you that the operations at U.S. Bank Stadium are certainly not broken. As a stadium in its relative infancy, this facility will continue to evolve through meeting, exceeding, and creating new best practices for the industry.

As the facility enters the second year of operation, it is a resource for all Minnesotans, as it was intended to be. From youth football, to high school championships, to major concerts and professional sporting events, the stadium has events for almost every interest level and offers the public many opportunities for utilization.

I am proud of the work that is being done at this facility. I think the best way to truly understand the many complex layers of the stadium is to witness our operations first-hand. In that regard, on behalf of the MSFA Board, I would like to extend an invitation to all members of this committee to come for a tour of our operations to learn more about the work we do.

In the first calendar year, the stadium hosted:

* More than 1.6 million visitors
* Over 600 events in 365 days
* 95 dates for community events including:
  + Eight days for Minnesota State High School League football and soccer events; and
  + More than 140 high school and college baseball games.
* And, of course, hosted hundreds of private functions and corporate events.

This week alone we have 3 days of Minnesota State High School League soccer championships; 2 youth football events; an adult football league; and we are beginning education-based, STEM-focused stadium tours for schools.

The stadium has and will host events in Minnesota that attract people from all over the country and the world, including many high-profile events that put Minnesota in the international spotlight.

While the stadium as a venue is proving to be a successful enterprise, we are here today to specifically answer questions about security.

I understand the process of hiring a security firm for U.S. Bank Stadium - for 24/7 security and events - took 5 months and included reviewing proposals and qualifications, interviewing firms, observing security operations at other NFL stadiums, contacting references and discussing the merits of all proposals.

The safety and security of guests and employees at U.S. Bank Stadium is our highest priority. The process to hire a security firm began in 2015. The final decision to award a contract to Monterrey Security was based on several factors including the firm’s demonstrated ability to perform security operations.

In June, 2017, upon being made aware of concerns relating to Monterrey Security’s operations in the State of Minnesota, the MSFA and SMG initiated an investigation into Monterrey’s operations. Two former federal prosecutors with the Maslon law firm conducted the investigation, which was focused on Monterrey’s compliance with established regulations and policies in the fulfillment of its contract.

In July, 2017, at the request of the MSFA, SMG proactively developed a contingency plan with other qualified security firms involved in the original RFP process. This contingency plan would put U.S. Bank Stadium in the strongest position if the allegations against Monterrey proved true and they were not granted a license renewal to perform security duties in the state of Minnesota. The MSFA directed SMG to be ready for a seamless transition with strong, immediate security services if the Monterrey contract needed to be terminated. The Maslon law firm’s findings were finalized in late September. The investigation uncovered serious breaches of representations and warranties in Monterrey’s contractual obligations, including:

* Monterrey used creative job titles as justification to ignore state requirements for the private security industry.
* Monterrey consistently employed people with disqualifying criminal histories, including felonies, to perform security at U.S. Bank Stadium.
* Monterrey had not conducted proper background checks on individuals who were providing protective services.
* Monterrey failed to properly train its employees in accordance with the state law.
* Potential billing irregularities, which we continue to investigate, and if found, will be addressed.

After receiving the complete Maslon report, with the MSFA’s permission, SMG finalized contracts with Whelan Event Staffing Services and G4S Secure Solutions, and notified Monterrey that its contract had been terminated.

While Monterrey’s failure to comply with established regulations and policies did not lead to any operational security issues at the stadium, it was SMG’s and MSFA’s fiduciary responsibility to terminate the contract.

The transition from Monterrey to G4S and Whelan occurred on the evening of September 25th, six days prior to the next Vikings home game, and went very smoothly. G4S and Whelan have integrated qualified people previously employed by Monterrey into their respective operations at the stadium.

The decision to terminate Monterrey was made in the context of serving our foremost priority: The safety and security of our guests and employees, and it continues to be our highest priority.

Thank you for the opportunity to speak with you. We will be happy to respond to any questions.