**October 12, 2017**

**Statement from Mike Vekich, chair MSFA,**

**To the State Government Finance Committee**

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

I am Michael Vekich, chair of the MSFA, and I am joined by Patrick Talty, General Manager of U.S. Bank Stadium.

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

MSFA is a political subdivision of the state that oversees the operations, maintenance and finances of U.S. Bank Stadium, among other duties.

SMG is a worldwide venue management group that specializes in managing publicly owned facilities – in August of 2014, the MSFA entered into a 10 year contract with SMG.

SMG, along with Aramark, Whelan Security and G4S employ over 3,000 people on a regular Vikings game day.

In my short time as chair, I have been impressed with U.S. Bank Stadium as it is really an enterprise.

In the first year alone, the stadium hosted:

More than 1.6 million visitors;

2 major concerts in 2016, with two more this year;

Over 600 events (community events, corporate meetings, weddings, large trade shows);

8 Minnesota State High School League events (football and soccer); and

More than 140 high school and college baseball games.

The stadium has or will host new events in Minnesota, which brings in people from all over the country and the world.

As you know, in February, U.S. Bank Stadium is hosting Super Bowl LII (52).

Next summer, we will host our 2nd X Games.

In 2019 we will host the NCAA Men’s Final Four basketball tournament.

As the facility enters the second year of its operational life, it is living up to the spirit of the stadium legislation, that it be a resource for all Minnesotans. From youth football, to high school championships, to concerts and Vikings games, the stadium has events for almost every interest level.

We are here today to answer questions about the recent termination of Monterrey Security’s contract at U.S. Bank Stadium.

The safety and security of guests and employees at U.S. Bank Stadium is our highest priority, and the stadium’s security firm is certainly a major partner in that mission.

Since coming on board in July, I have reviewed the process by which SMG, the Vikings and the MSFA selected the security firm for the stadium.

This process took 5 months: reviewing proposals and qualifications, including licensing, interviewing firms, contacting references, discussing the merits of all proposals.

The contract process to hire a security provider began in 2015, was thorough and data driven. The final decision to award a contract was based on the firm’s demonstrated ability to perform security operations.

This past May, the MSFA was made aware of the State of Minnesota Board of Private Detective and Protective Agent Services' investigation into Monterrey Security’s operations at U.S. Bank Stadium.

The MSFA and SMG took the allegations made against Monterrey very seriously. The MSFA and SMG began an investigation into Monterrey’s operations to ensure that it was performing in compliance with established regulations and policies of the Protective Services board and Monterrey’s contract with SMG.

At the request of MSFA, SMG devised a contingency plan with other qualified proposers that would leave U.S. Bank Stadium in the strongest position possible if the allegations were true.

Maslon LLC’s findings, which were finalized in September, led the MSFA and SMG to swiftly terminate Monterrey Security’s contract.

The investigation uncovered serious breaches of representations and warrantees in Monterrey’s contractual obligations:

* Monterrey had not implemented the training program they proposed in their RFP;
* Monterrey had not conducted proper background checks on individuals who were providing protective services; and
* Maslon found billing irregularities, which they continue to investigate.

As the investigation continued, SMG negotiated contracts with Whelan and G4S to replace security services if needed.

While Monterrey’s failure to comply with established regulations and policies has not led to any operational security issues, it was SMG’s and MSFA’s fiduciary responsibility to terminate their contract. The safety and security of our guests and employees is our highest priority.

The transition from Monterrey to G4S and Whelan occurred the evening of September 25th and went very smoothly. G4S and Whelan have integrated qualified people previously employed by Monterrey into its operations at the stadium.

I want to reiterate that visitors to U.S. Bank Stadium were safe, are safe, and will continue to be safe.

Thank you for the opportunity to speak with you. Mr. Talty and I stand for questions.