

**MINUTES OF THE SPECIAL BOARD MEETING
OF THE
ILLINOIS SPORTS FACILITIES AUTHORITY
FEBRUARY 27, 2014**

A Meeting of the Board of Directors of the Illinois Sports Facilities Authority was held on February 27, 2014 at 3:00 p.m. in the Board Room of the Illinois Sports Facilities Authority (the "Authority") located at 333 West 35th Street, Chicago, Illinois.

Item 1. Call to Order

The Chairman called the meeting to order at approximately 3:00 p.m.

Item 2. Roll Call

Call of the Roll was taken and the following members of the Authority were present: Emil Jones, Jr., Norman Bobins, Dennis Gannon, Elzie Higginbottom, Richard Price, Jim Reynolds; Quentin Young was absent. Also present were Kelly Kraft, Dana Phillips Goodum, Maureen Gorski, Mike Orr, Jeannie Romas and P.J. Frayer of Authority staff and representatives of the Chicago Park District ("Park District"), SMG, the Chicago White Sox and Goldman Sachs.

Item 3. Approval of Minutes

Upon motion made by Mr. Gannon and seconded by Mr. Reynolds the minutes of the Board's December 10, 2013 meeting were unanimously approved as submitted.

Item 4. CEO Report

Ms. Kraft stated that she attended the Stadium Managers Association Conference in Palm Springs and that she and a representative from Green Bay conducted a workshop for operators of publicly owned facilities. She also stated that staff continues to work closely with the Chicago White Sox to maintain the facility and that Mike Orr will give a complete update. Ms. Kraft also stated the Authority continues to make charitable giving a top priority. Finally, she stated that spring training has started with the team's first game tomorrow and that opening day is March 31st at 3:10 pm.

Item 5. Chicago Park District

Ms. Phillips Goodum stated that in accordance with the Operation Assistance Agreement, the Authority is required to assist the Park District in three ways: maintain the Reserve Fund; contribute to the Capital Improvement Fund and pay a maintenance subsidy directly to the Park District for Soldier Field. She also stated the Park District's capital improvement plan was included in the Board book and the Authority is required to make a deposit of \$2,731,818 in the Soldier Field Capital Improvement Fund for 2014 and that Park District representatives were

present to answer any questions. Mr. Gannon asked if there was a built in 3% annual increase and Ms. Phillips Goodum confirmed there was. Mr. Bobins asked what the money does. A Park District representative stated that it goes to make repairs necessary for the health and safety of the structure first and then other structural improvements as needed, including TV replacements, parking lots, LED lighting upgrades, servers and firewalls. Mr. Bobins asked if this is spent in one year and the Park District representative confirmed that it is.

Mr. Reynolds asked what happens if all the money is spent but there are more repairs and the Park District representative stated that anything above the amount the Authority provides is the Park District's responsibility and that they are limited to the funding provided to them by the Authority. The Park District representative also stated that if there are major funding projects needed in the future that matter will need to be resolved between themselves and the Bears. Mr. Reynolds asked if they are required to make certain capital improvements if a certain percentage of NFL teams have the same feature, as is done with this stadium. The Park District representative stated that the agreement has similar language but states that the work is done only to the extent funds are available and that they now have about \$3 million in reserve. Mr. Reynolds asked if the 11 year old stadium was at a point where the repair costs would significantly increase soon and the Park District representative stated that it was. Mr. Gannon stated that he was glad the representatives of the Park District were present and thanked them for their work with organized labor and that he has never received any complaints.

Upon motion made by Mr. Gannon and seconded by Mr. Bobins, the Board approved Resolution 14-03- A Resolution Approving Reimbursement for Certain Capital Improvements to be Undertaken by the Chicago Park District. The motion passed by a vote of five (5) including Chairman Jones, Mr. Gannon, Mr. Price, Mr. Bobins, Mr. Reynolds and one (1) abstention by Mr. Higginbottom.

Item 6. 2013 Season Audit Report

Ms. Phillips Goodum stated that Wolf & Company completed the 2013 Ticket Audit in January, which includes ticket fees and base rent. She further stated that paid attendance (per the Seventeenth Amendment) was 1,652,837, which does not meet the threshold of 1,925,000 thereby not triggering the net Ticket Fees. Ms. Phillips Goodum stated that the base rent for 2013 was \$1,561,221. Mr. Reynolds asked when the threshold was last passed and Mr. Higginbottom, referencing the board books, stated it was in 2010 and that it was close in 2012.

Upon motion by Mr. Reynolds and seconded by Mr. Higginbottom, the Board unanimously accepted the 2013 Season Audit Report.

Item 7. Fiscal Year 2014 ISFA Operating Results Through December 31, 2013

Ms. Phillips Goodum stated the Authority's net operating results through December 2013 exceeded budget by \$9.5 million and hotel tax revenue exceeded expectations by almost \$5

million. There was a permanent saving of audit fees of \$100,000 due to a finding by the Auditor General that the 2001 bond audit fulfilled the statutory requirements and the 2003 and 2008 bond audits are not required. She also stated that hotel tax is up by 14.6 % from 2013 actual results and FY2014 net collections through February 12, 2014 were 5.6% above the prior year. She stated that based on a rolling 12-month period, she conservatively projected \$39.5 to \$40 million in FY2014 net hotel tax. Mr. Bobins stated that he thought it would more likely be above \$40 million.

Ms. Phillips Goodum stated that the hotel tax collections lags by about 3 (three) months due to the Department of Revenue delay in collecting and processing the funds. Mr. Bobins asked for more explanation and asked why it wasn't on a 6 month cycle and Ms. Phillips Goodum stated it is not because she is required to report on a cash basis of receipts from what the Department of Revenue reports. She stated that the cash basis is the method that must be used in determining whether the City of Chicago will meet the threshold amount and thereby avoid the shortfall. She further stated that audit figures are done on an accrual basis based on the bond indentures. Mr. Higginbottom stated that she has four more months to report on that tax and with an average of \$2.2 million a month, that would be an additional \$9 million for a total of \$40 million. Mr. Gannon asked if she looked at the hotel occupancy rate provided by the convention bureau. She stated that she does consider that but she would like to create a model with a larger amount of historical data. Mr. Higginbottom asked where the hotel tax number was last year at this time and Ms. Phillips Goodum stated it was about \$29.5 million, up almost \$2 million. Mr. Higginbottom asked if she reflected the cold winter and its impact on hotel occupancy and Ms. Phillips Goodum confirmed that she did.

Item 8. Presentation of the FY2015 Preliminary Budget

Ms. Phillips Goodum stated that the preliminary budget for fiscal year 2015 is \$51,137,166 comprised of \$35.7 million for debt service, which is approximately 69.9% of the budget, \$12.8 million of contractual obligations, 25% of the budget and \$2.6 million of ordinary and operating expenditures, of which \$540,000 is commercial property and insurance costs. Mr. Reynolds asked what the difference is between the Soldier Field Capital Improvements of \$2.8 million and the Soldier Field Maintenance Subsidy. Ms. Phillips Goodum stated that the Authority keeps the Soldier Field Capital Improvement Fund and reimburses the Chicago Park District whereas the Subsidy is paid directly to them. Mr. Bobins asked what the difference is between maintenance and capital improvements. The Park representative stated that maintenance goes to the day to day operations whereas the improvement fund goes to larger projects like HVAC systems, escalator and pipe replacement and that SMG manages the stadium. An SMG representative stated they are paid on a contractual basis.

Mr. Price asked about the revenue from events and the SMG representative stated that football revenue goes to the team and that they generate revenue through concerts and other events. Mr. Reynolds asked how much they generated last year from special events and the SMG

representative stated it was \$3.6 million net profit and that major events such as soccer and hockey really help. Ms. Kraft asked if they have a budget to assist in getting events to Soldier Field and the representative confirmed that they did. Ms. Kraft stated the Authority doesn't really have a budget to attract events. Mr. Reynolds asked about the procedure they must follow to have events and the SMG representative stated they have set dates per their agreement. Mr. Reynolds recommended Ms. Kraft follow up with SMG for further suggestions.

Item 9. Report of the AFI Committee

Mr. Reynolds reported that the AFI Committee met on February 27th and approved that the Chairman and CFO evaluate different banks to consider if they will establish a new banking relationship. He further stated that they approved finalizing the contracts with the financial advisors and finally that the AFI will continue to monitor a refunding opportunity presented to them by the financial advisors.

Item 10. U.S. Cellular Field Capital Repairs

Mr. Higginbottom stated that the Construction Committee met on February 18th and discussed a number of capital improvement items for approximately \$11.8 million and the Clubhouse renovation which is required pursuant to the 75% rule of the Management Agreement, with a \$3.2 million budgeted amount. Mr. Orr stated that they are finishing the HVAC and will then move on to the waste and vent piping on a section by section basis. Mr. Orr stated that the concrete repairs were delayed due to the weather and the parking lot maintenance is something they are still looking at due to the storm water ordinance. He further stated that the painting is an ongoing project that is affected by weather and that the lighting retrofit is for fixtures only. Mr. Higginbottom stated that the facility is 23 years old but that they continue to proactively improve the infrastructure so as to maintain a world class facility.

Item 11. Events Report

Ms. Frayer reviewed upcoming events at the Authority, including Chicago Police vs. the Chicago Fire Department Game, IIT Game and some 5K runs. Mr. Reynolds stated he would like to have more events. Ms. Kraft stated that over the past five years, the Authority has spent approximately \$85K in fees to host community events and profits of roughly \$14K. She stated the boxing event brought in approximately \$100K profit with fees of approximately \$11K. She said that profits increased over 700% due primarily to the successful boxing event. She said that if the Board wanted to move in the direction of having more events they may want to consider a budget to attract events. Mr. Higginbottom stated the Authority did have a marketing person and Ms. Kraft stated the position is still open. Mr. Bobins stated he was not opposed to a line item budget for marketing and Mr. Price agreed. Mr. Reynolds recommended she propose a budget to the finance committee.

Item 12. **Executive Session**

Upon motion made by Mr. Bobins and seconded by Mr. Gannon, the Board unanimously resolved to adjourn to Executive Session at 4:00 p.m. to discuss litigation matters pursuant to Section 2(c)(11) of the Illinois Open Meetings Act.

Item 13. **Matters Arising Out of Executive Session**


There were no matters arising out of executive session.

Item 14. **Other Business**

There was no other business brought before the Board.

Item 15. **Adjournment**

Upon motion duly made by Mr. Reynolds and seconded by Mr. Bobins the Board meeting was adjourned at 4:15p.m.


Chairman, Emil Jones, Jr.

ATTEST:


Secretary, Elzie Higginbottom