

MINUTES OF THE REGULAR BOARD MEETING OF THE ILLINOIS SPORTS FACILITIES AUTHORITY

February 9, 2016

A meeting of the Board of Directors of the Illinois Sports Facilities Authority was held on February 9, 2016, at 10:00 a.m. in the Board Room of the Illinois Sports Facilities Authority located at 333 West 35th Street, Chicago, Illinois.

Item 1. Call to Order

The Chairman called the meeting to order at approximately 10:08 a.m.

Item 2. Roll Call

Call of the Roll was taken and the following members of the Authority were present: Manny Sanchez, Rosemarie Andolino, Timothy Rand, Jim Reynolds, Jeffrey Yordon, and Richard Price (participated by telephone). Norm Bobins did not attend. Also present were Lou Bertuca, Dana Phillips Goodum, and P.J. Frayer of the Authority's staff, and Tim Lefevour and two other members of the Chicago Park District.

Item 3. Introduction of ISFA's General Counsel

Chairman Sanchez introduced Anthony O'Neill as the Authority's General Counsel. Mr. O'Neill greeted the Board and thanked the members for the opportunity to serve at the Authority. Mr. O'Neill shared his background in private practice as a commercial litigator and his previous public service as a law clerk to the Honorable Charles P. Kocoras, U.S. District Court, Northern District of Illinois. Chairman Sanchez stated that Mr. O'Neill's appointment will reduce the Authority's expenses.

Item 4. Approval of the Minutes

Upon motion made by Mr. Reynolds and seconded by Mr. Rand, the minutes of the December 8, 2015, meeting were unanimously approved as submitted.

Item 5. Chicago Park District

Resolution 16-05 is a resolution for approving reimbursement for certain capital improvements to be undertaken by the Chicago Park District and the request of additional funds from the Soldier Field Improvement Fund by the Chicago Park District. Ms. Phillips Goodum discussed Section 4.3 of the Operation Assistance Agreement and the Authority's obligation to reimburse for capital improvements. Mr. Lefevour discussed the status of the physical structure of the property, Soldier Field stadium operations, and current projects funded by other partners. Upon motion made by Ms. Andolino and seconded by Mr. Yordon, Resolution 16-05 was unanimously approved as submitted.

Item 6. 2015 Season Audit Report

Ms. Phillips Goodum stated that Washington Pittman & McKeever is the firm that performed the 2015 Ticket Fee Audit. The threshold for attendance (1,925,000) was not met in 2015, so the Authority did not receive any net ticket fees (rent) for the past season, which is reflected in the audit report. Chairman Sanchez asked when the last time the White Sox exceeded the threshold of 1,925,000 in attendance. Ms. Phillips Goodum responded that 2010 was the last time the White Sox attendance exceeded the threshold. Chairman Sanchez also inquired what additional revenue inures to the Authority's benefit when attendance at White Sox games exceeds the threshold. Ms. Phillips Goodum responded that the Authority's portion of ticket revenue is subject to fee credits due to the Authority's obligation to pay a portion of the amusement tax and other city taxes or fees. The fees credits offset against the ticket fee revenue. Ms. Phillips Goodum stated that unless attendance levels far exceed the threshold, the Authority will not realize any revenue gain. Mr. Reynolds asked whether the Authority can audit the fees incurred by the White Sox annually. Ms. Phillips Goodum stated that the White Sox provide information to the auditors directly and not to the Authority. Mr. Reynolds concluded that the Finance Committee will prepare correspondence to the White Sox to learn more about what comprises the fee credits annually.

Upon motion made by Ms. Andolino and seconded by Mr. Yordon, the 2015 audit report was unanimously approved as submitted.

Item 7. Fiscal Year 2016 ISFA Operating Results through December 31, 2015

Ms. Phillips Goodum stated that the net operating results through December 31, 2015 are \$8.4 million above. The Authority's net expectations are below budget because it is missing \$6.3 million in subsidies from the city and state. Ms. Phillips Goodum reported that the hotel tax performance is doing well and the projection is that the Authority will realize tax revenue above its budgeted amount. The Authority has saved \$2.9 million in construction and operating expenses. Mr. Reynolds asked whether the Authority has taken money from its reserve funds and how long the Authority can survive without a state appropriation. Ms. Phillips Goodum stated that the Authority is using money in its reserve funds, and estimates that the Authority will exhaust reserve funds used to satisfy the Authority's contractual obligations by the end of 2017. Mr. Reynolds suggested that a correspondence regarding the Authority's current financial condition be prepared by the Authority and delivered to the Governor's office and legislature. Mr. Sanchez agreed and has raised these concerns with Mr. Bertuca previously. Mr. Bertuca stated that the Authority prepared a memorandum and delivered it to the staff for the Speaker of the Illinois House of Representatives and the staff for the President of the Illinois Senate. Mr. Bertuca stated that the Authority is working with elected officials to obtain the Authority's FY 2016 subsidies. The Speaker's staff recommended that the Authority communicate with the Governor's office to ensure the Authority's appropriation is included in a legislative spending plan for FY 2016. Ms. Andolino stated that the issue the Authority needs to understand fully is the Authority's ability to fund other contractual obligations in the absence of revenue and making recipients of the Authority's funds appreciate the impact of the budget impasse. Mr. Reynolds stated that the Authority should consider a contingency plan due to the budget impasse, and suggested a memorandum be prepared to evaluate these pressing issues. Ms. Phillips Goodum stated that the Authority's levy on hotel taxes does ensure the Authority's revenue base.

Item 8. Presentation of the FY2017 Preliminary Budget

Ms. Phillips Goodum stated that the preliminary FY2017 budget figure is \$53.9 million of expenditures for the year, and 96.1% of the expenditure is debt service and contractual obligations. The remaining 3.9% is operating expenses. Ms. Phillips Goodum stated that the debt service on the bonds increases 6.25% each year. Mr. Reynolds stated that the structure of the amortization schedule for the Series 2014 Bonds rises on the back end. Mr. Reynolds opined that modifying the bonds can be achieved by performing the following: (1) legislation to lift the bonding authority cap; and (2) the Chicago Bears extending its agreement with the Chicago Park District. Ms. Phillips Goodum mentioned that she is waiting for information from Choose Chicago regarding the financial impact of losing several concerts in Chicago next year. Ms. Phillips Goodman requested a meeting to discuss the strategy for preparation of the next Chairman's Certificate due on June 1, 2016. Mr. Reynolds stated that such discussion could take place at the next Finance Committee meeting.

Item 9. U.S. Cellular Field Capital Repairs

Ms. Phillips Goodum reported that the U.S. Cellular Field scoreboard repairs are in process. Ms. Frayer stated that the contractors are still on time and within budget, the only current issue relating to the discharge of fireworks. Mr. Bertuca stated that the Authority is covering the vast majority of the expenses for the scoreboard and was able to save the Authority money by launching a competitive bid for the scoreboards. The Authority undertook additional duties to raise the scoreboard to satisfy the White Sox concerns in connection with the installation of the scoreboards. In return, the White Sox agreed to support a concert managed by the Authority. Mr. Bertuca also stated that if the Authority does not have a concert by November 1, 2016, then the White Sox are contractually obligated to pay a monetary penalty to the Authority.

Ms. Phillips Goodum stated that the Authority undertook emergency repairs to the waste and vent piping in the Bard's room, which accelerated a phase of work that would have performed at some other point. Ms. Phillips Goodum also discussed the Authority's obligation to pay for security surveillance system upgrades. Mr. Rand inquired whether the Authority is monitoring minority business commitments. Ms. Phillips Goodum responded that the Authority is monitoring minority business commitments. Mr. Bertuca added that the Authority was over 36% MBE/WBE participation last year.

Item 10. Other Business

Mr. Bertuca stated that the Authority will host a sporting event in November 2016, and the Authority is in preliminary discussions with a certain artist for a concert in July 2016. Chairman Sanchez stated that the Authority previously encountered setbacks when scheduling Authority-managed events in the past due to the White Sox's right to veto such projects under the Management Agreement. Chairman Sanchez commended Mr. Bertuca for his efforts in working with the White Sox to secure these events.

Item 11. Adjournment

Upon motion duly made by Ms. Andolino and seconded by Mr. Reynolds the Board meeting was adjourned at 11:00 am.


Chairman, Manuel Sanchez

ATTEST:


Secretary, Jeffrey Yordon