

**MINUTES OF THE BOARD MEETING
OF THE ILLINOIS SPORTS FACILITIES AUTHORITY
March 12, 2015**

A meeting of the Board of Directors of the Illinois Sports Facilities Authority was held on March 12, 2015 at 2:00 p.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 2:00 p.m.

Item 2. Roll Call

Call of the Roll was taken and the following members of the Authority were present: Manny Sanchez, Elzie Higginbottom, Dennis Gannon, Norm Bobins and Jim Reynolds (via conference call). Richard Price and Quentin Young were absent. Also present were Lou Bertuca, Dana Phillips Goodum, Maureen Gorski, Mike Orr, Jeannie Romas and P.J. Frayer of Authority staff, various members of the press, representatives of the Chicago Park District (the "District"), Chicago White Sox (the "Sox") and Mike Alvarez (public relations representative to the Authority).

Item 3. Approval of Minutes

Upon motion made by Mr. Bobins and seconded by Mr. Gannon the minutes of the Board's December 8, 2014 meeting were approved as submitted.

Item 4. CEO Report

Mr. Bertuca stated that he is grateful to be partnering with the Board and is looking forward to working with them. He stated that in the area of construction, the Authority's projects will be on time, under budget and exceed MBE/WBE numbers, as detailed later by Mr. Orr. Mr. Bertuca stated that the hotel tax is very encouraging due to an uptick in tourism and that due to the prudent fiscal planning of the Authority's CFO, Dana Phillips Goodum, he is confident the City will not be on the hook for any shortfalls and that he has directed the CFO to replenish the reserve fund to further insulate City taxpayers.

Mr. Bertuca indicated that he has spoken with the Board members about the three areas he intends to focus on, the first of which is establishing more meaningful partnerships to provide low income youth with more opportunities, including visits to the stadium to learn about teamwork, commitment and excellence. As such, he stated that the Authority partnered with World Sport Chicago to donate 500 tickets this season to low income children and has also partnered with the Sox to auction off the locker inventory, raising nearly \$10,000 for children's charities. Mr. Bertuca also stated that the Authority is hosting the National Ovarian Cancer Coalition 5K and the ALS Les Turner 5K, both worthy events. Secondly, Mr. Bertuca indicated he has focused on identifying efficiencies and savings which includes: reduction of the capital budget by 30% (a nearly \$3 million savings) under the guidance of Mr. Higginbottom; moving production of the annual report in house; switching financial advisory services to an "as needed" basis and looking at alternate banks to get a better deal.

Finally, Mr. Bertuca indicated he continues to seek new revenue sources and that the Roc Race, the Authority's largest revenue generator, is returning this July with an estimated 10,000

participants. Mr. Bertuca stated that recently local production crews have scouted the facility for shoot locations for shows such as Chicago Fire and Chicago PD. Finally, he stated that he is pursuing a large concert, which would clearly be the Authority's biggest revenue generator and that despite challenges he will continue to push hard. Chairman Sanchez stated that he is working in concert with the Executive Director to find entertainment for this fabulous venue, stressing it is a win for both US Cellular and the City of Chicago.

Item 5. Chicago Park District

Ms. Phillips Goodum stated that in accordance with the issuance of bonds and under the Operation Assistance Agreement, the Authority is required to provide on-going financial assistance to the District to maintain Soldier Field. Specifically, she stated that the deposit into the Soldier Field Capital Improvement Fund for 2015 is \$2.813 million, as outlined in Resolution 15-05. She further stated that the Resolution also includes a District request for an additional \$2 million from remaining cash in the Capital Improvement Fund for the Scoreboard/Control Room project at Soldier Field. Mr. Lux, District CEO, stated he was available to answer any questions and was appreciative of the subsidies provided to the District by the Authority. Mr. Bobins asked if the \$2 million request was from the remaining untapped balance of the fund and Ms. Phillips Goodum confirmed it was. Mr. Gannon asked how much would be remaining in the fund and Ms. Phillips Goodum stated it would be approximately \$1.7 million. Mr. Lux stated that the District has committed \$7 million to the project and will be seeking to recoup \$5 million from the Authority.

Upon motion made by Chairman Sanchez and seconded by Mr. Gannon the Board approved **Resolution 15-05**— A Resolution Approving Reimbursement for Certain Capital Improvements to be Undertaken by the Chicago Park District. The motion passed by a vote of four including Chairman Sanchez, Mr. Gannon, Mr. Bobins and Mr. Reynolds with Mr. Higginbottom abstaining. Mr. Reynolds then exited the meeting.

Item 6. 2014 Season Audit Report

Ms. Phillips Goodum stated that under the Management Agreement, the team is required to pay base rent and net ticket fees, depending on attendance. Ms. Phillips Goodum stated that Washington, Pittman & McKeever performed the 2014 Ticket Fee Audit, which includes ticket fees and base rent. She further stated that the net rent payment was ~~\$1,568,456~~ \$1,568,226 and that no ticket fees were due because paid attendance did not exceed the minimum threshold of 1,925,000 tickets. Mr. Bobins asked if the base rent increases and Ms. Phillips Goodum confirmed that it goes up every year by CPI with a base period of December 2010. Mr. Bobins asked about the increase after the threshold and Ms. Phillips Goodum stated that it was approximately \$3 for the first tier (also increasing by CPI so therefore approximately \$3.25 now) but also noted there are fee credits that offset the paid ticket attendance number. Mr. Higginbottom asked about the 2013 paid attendance and Ms. Phillips Goodum said it was approximately 1.8 million. Mr. Gannon stated that after the next 200,000, the ticket fees go up. Chairman Sanchez asked how the 17th amendment works in this area. Ms. Phillips Goodum said that tickets that are bartered, traded, comped or below \$3 are excluded, not to exceed 150,000 tickets. Mr. Gannon asked about anticipated attendance this year and Mr. Corvino of the Sox stated that the team is optimistic about attendance. Upon motion by Mr. Higginbottom and seconded by Mr. Bobins the Board unanimously accepted the 2014 Ticket Fee Audit Report.

Item 7. Fiscal Year 2015 ISFA Operating Results Through December 31, 2014

Ms. Phillips Goodum stated that net operating results through December 31, 2014 were up by \$16 million, which exceeds the budget by \$11.8 million. She further said that subsidies were timely resulting in a favorable budget variance of \$1.25 million. \$4.2 million of the favorable variance was due to the issuance of the 2014 bond refunding at a premium, noting that the bond indenture basis of accounting does not amortize the excess and rather it flows through the financial statements. Ms. Phillips Goodum also stated that net savings of \$5.7 million included construction project delays as well as deferred construction project costs, net bond interest and cost of issuance savings of \$970k and Sox maintenance subsidy savings of \$107.5k. Further, she said that operating costs are down by \$282.9k and that the Authority will see debt service savings of approximately \$1 million per year because of the refunding. Ms. Phillips Goodum stated that hotel tax is up by a net amount of \$721.6k, which is 7% above the fiscal year at the same time last year. Ms. Phillips Goodum stated that 60% of Authority revenue comes within the first six months of the year, so given last year's numbers and occupancy rates furnished by Choose Chicago, she is estimating hotel tax at \$42 million net. Mr. Gannon stated there are a lot of events coming to Chicago this summer. Chairman Sanchez asked about the refunding and Ms. Phillips Goodum stated it provides a \$16 million present value savings, nearly \$1 million annually. Chairman Sanchez stated that although he was not here, it is a significant savings and he was glad it occurred.

Item 8. Presentation of the FY2016 Preliminary Budget

Ms. Phillips Goodum stated that the preliminary budget for fiscal year 2016 is \$51.5 million comprised of: 70.4% for debt service (including 66.4% Soldier Field debt) and bond trustee fees; 25.2% for Sox and District contractual obligations and 3.5% for ordinary and operating expenses, of which 0.9% is commercial insurance. Chairman Sanchez asked why there was a reduction one year and Ms. Phillips Goodum said it was due to the Governor's veto, but that it was a misunderstanding that does not typically happen. Mr. Bobins asked about the Chairman's certificate number. Ms. Phillips Goodum estimates it will be \$47 million but stated that she must again review the numbers before she can confirm.

Item 9. Insurance Renewal for 2015-2016

Ms. Phillips Goodum stated that insurance expires March 15, 2015 and that therefore the Authority needs to bind coverage. Chairman Sanchez asked if Willis was still the Authority's broker and Ms. Phillips Goodum confirmed that they are. She stated that even with an increase in the stadium's value there was still a premium reduction in property coverage. She further explained that there is an overall savings in GL and Umbrella policies and an increase in public official's liability primarily due to additional coverage for protection of cyber information and a prior claim.

Upon motion made by Mr. Gannon and seconded by Mr. Higginbottom, the Board approved **Resolution 15-06** – A Resolution Authorizing the Renewal of the Public Officials Liability Insurance and Commercial Casualty and Liability Insurance for the Authority.

Item 10. U.S. Cellular Field Capital Repairs

Mr. Orr stated that capital projects are under budget, on time and exceeding the MBE/WBE goals. He further stated that these ongoing capital renovations reduce the servicing needed. Mr. Higginbottom stated that as portions of the facility continue to fall into obsolescence, the Authority continues to do what is necessary to implement the needed upgrades. Mr. Bobins asked about the

batting cages and the scoreboard. Mr. Orr stated that the batting cage project is complete and that the scoreboard is still in consideration as information is gathered.

Item 11. Executive Session

Upon motion made by Chairman Sanchez and seconded by Mr. Gannon, the Board unanimously resolved to adjourn to Executive Session at 2:35 p.m. to discuss personnel matters pursuant to Section 2(c)(1) of the Illinois Open Meetings Act and litigation matters pursuant to Section 2(c)(11) of the Illinois Open Meetings Act

Item 12. Matters Arising Out of Executive Session

There were no matters arising out of executive session.

Item 13. Other Business

There was no other business brought before the Board. Chairman Sanchez stated that he believes that the use of the Authority's suite should be encouraged to bring people to the facility. He further stated that he has invited the Governor and Mayor to opening day on April 10th and hopes that all Board members and staff will attend.

Item 14. Adjournment

Upon motion duly made Mr. Gannon and seconded by Mr. Higginbottom the Board meeting was adjourned at 3:00 p.m.


Chairman, Manny Sanchez

ATTEST:


Secretary, Lizie Higginbottom