

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

September 30, 2015

A meeting of the Board of Directors of the Illinois Sports Facilities Authority was held on September 30, 2015 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 10:00 a.m.

Item 2. Roll Call

Call of the Roll was taken and the following members of the Authority were present: Manny Sanchez, Jeff Yordon, Tim Rand, Rosemarie Andolino, Norm Bobins and Jim Reynolds (arriving late). Richard Price was 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 White Sox, Mike Alvarez (public relations representative to the Authority) and representatives of the Governor's Office.

Item 3. Approval of Minutes

Upon motion made by Ms. Andolino and seconded by Mr. Rand, the minutes of the Board's May 27, 2015 meeting were unanimously approved as submitted.

Item 4. CEO Report

Mr. Bertuca stated that ISFA developed and implemented a strategy to avoid a fiscal calamity whereby ISFA collaborated with the Illinois Department of Revenue (the "IDOR") and the Comptroller's office to cause warrants to be issued so that the ISFA hotel tax transfer could occur. He stated that ISFA made the argument that this monthly transfer process is not conditioned upon an appropriation for the amounts in question. Further, he stated that ISFA made arguments both orally and in writing that the lack of a FY2016 budget was not an impediment to issue certifications and cause warrants to be drawn for payment. He stated that ISFA's hotel tax is not contingent on an appropriation, even without a State budget. Mr. Bertuca thanked staff and offered his gratitude to IDOR and the Comptroller's for working with ISFA on this matter. Mr. Bertuca indicated ISFA will continue to monitor the situation and, if needed, follow up with new legislation to further insulate ISFA from State budgetary matters.

Mr. Bertuca stated that ISFA is looking to utilize the facility for at least one major sporting event in 2016 and that for the first time ever, ISFA is being actively pitched to artists and bands by a major concert promoter and ISFA is encouraged that dates for next fall will soon be announced. Mr. Bertuca thanked the Chairman and indicated that the CWS have conceded to allow ISFA to make profits on certain scoreboard advertising for ISFA sponsored special events and that this is a huge revenue generating opportunity for ISFA going forward. He further stated that ISFA has cut its budget by 12.5% from FY15 to FY16. Mr. Bertuca stated that ISFA has successfully cut the

capital budget by \$3M while maintaining the structural integrity of the building. Mr. Bertuca thanked Ms. Frayer for her efforts with the National Ovarian Cancer Coalition Event, which raised a record \$418K for a great cause.

Chairman Sanchez stated that he is certain that everyone is aware of what happened at McPier, including the default and downgrading which had significant fiscal consequences. He stated he is very pleased with the efforts of staff and especially the Executive Director and but for these efforts, the situation could have resulted in a default or other problems. He also stated that although not out of the woods yet, these efforts speak volumes about ISFA's leadership and he couldn't be more proud.

Item 5. Prevailing Wage Act Determinations

Ms. Phillips Goodum indicated that effective June 1st of each year, there is an increase in prevailing wages in Cook County which the CWS must follow as well. She further stated that the Prevailing Wage Act requires the Authority to approve prevailing wages for tradesmen at the first Board meeting of each fiscal year. Upon motion made by Mr. Yordon and seconded by Ms. Andolino the Board unanimously adopted **Resolution 16-01– A Resolution Approving Current Rates Under the Prevailing Wage Act**. The Chairman asked if this was an annual occurrence or if there was ever a time it was not approved. Ms. Phillips Goodum confirmed it was done each year and that the resolution has always been approved.

Item 6. Fiscal Year 2015 Unaudited ISFA Operating Results

Ms. Phillips Goodum stated that auditors are here and that so far there have not been any material issues and that she was presenting the members with the pre-audited numbers. She further stated that there was a loss of \$2.4M, which was less than what was originally budgeted and that this reflects draws on the Comiskey Capital and Soldier Field Improvement Funds. Using Comiskey Capital Improvement Fund as an example, she stated that this fund receives required cash transfers in an amount that is less than what is budgeted for necessary construction and repairs resulting in a drawdown of cash reserves. This fund's activity is not really an operating loss, but rather represents a cash draw down of reserves. Ms. Phillips Goodum stated that absent those two funds, there would have been a \$407K net positive result. She further stated there has been a nice increase in hotel tax revenue, which is 9.8% above 2014 results on a cash basis and 13.4% above on an accrual basis. Mr. Bobins asked when the Authority had settled up with the State for this past year and Ms. Phillips Goodum stated that ISFA fully paid back the advance in March 2015. Ms. Andolino stated that Ms. Phillips Goodum estimates conservatively so that there will not be any financial challenges later on. Chairman Sanchez hopes that going forward the facility will be better utilized and that revenue from special events will be in the 6 figures instead of 5 figures.

Item 7. U.S. Cellular Field Capital Repairs

Ms. Andolino stated that the Construction Committee met and has had the opportunity to discuss the video scoreboard project. She wanted to commend the ISFA team on the superb quality of the condition of the facility and maintaining this asset while working to ensure that ISFA is getting value for services. Mr. Orr stated that ISFA will be doing four major projects this year that have

been phased over the past several years. Mr. Yordon asked about the concrete repairs and Mr. Orr stated it relates to expansion joints and that finishing the project is sensitive to the weather. Ms. Andolino stated that seats need to be removed to do the expansion joint repairs and that due to the cold weather the concrete won't cure and that it is time sensitive. Chairman Sanchez asked how often this type of work is done and Mr. Orr stated that the lifespan is 10 years and that this is not necessarily an annual repair, but more dependent on the wear and tear of the area.

Ms. Andolino stated the video scoreboard repair needs to be done and that the ISFA team did a great job assuring the competitiveness of the bid and received great pricing. Mr. Bertuca stated that the Board approved phase one in the spring, which included the two sideboards. He stated that the project would be expanded to add phase two, which includes the center scoreboard. He also stated that while installation will occur this year, the expenditure will not be made until FY17. Mr. Bertuca further stated that it was prudent to bid these options together for several reasons, including ISFA's ability to capture a significant savings by manufacturing the boards at the same time while also providing consistency of panels for all the boards. Mr. Yordon asked who the vendor was and Mr. Bertuca stated that has not been announced yet. Ms. Andolino also stated that in addition to the facility remaining competitive with other venues, the higher quality of the product will enhance revenue for ISFA and CWS. Mr. Bertuca stated that early he discussed that during ISFA events, ISFA can now sell ads on the new boards and that this was a big concession which creates a new revenue source ISFA never had. Chairman Sanchez stated that putting the two phases together as Mr. Bertuca mentioned was great for ISFA and that ISFA was able to secure a great price given the two bidders competing against each other. Ms. Andolino stated ISFA is obligated under the management agreement to do the center scoreboard next year, so this approach provides better value and consistency and applauded Mr. Bertuca and his team for their efforts. Chairman Sanchez stated that the ISFA team has an excellent relationship with tenant and that he looks forward to this expanding and growing further. Mr. Reynolds arrived.

Upon motion made by Mr. Bobins and seconded by Mr. Rand, the Board unanimously adopted **Resolution 16-02 – A Resolution Authorizing Expenditures Relating to U.S. Cellular Field Capital Repairs for FY2016.**

Mr. Orr stated that MBE/WBE exceeded participation and that CY2014 Project Participation numbers for MBE is 37.41% and WBE is 7.45%. Mr. Orr stated that due to the specialized good and services for the scoreboard project, MBE/WBE numbers will be lower next year but ISFA is looking to makeup these numbers in other projects, such as waste and vent piping. Ms. Andolino noted that they exceeded the numbers of 25/5 and that the ISFA team works hard for local participation within the community. Mr. Reynolds asked if ISFA used waivers and to date and Mr. Orr stated they have not. Mr. Reynolds asked if ISFA keeps track of the firms afterwards and Mr. Orr stated that ISFA uses Trinal for FTE hours but not where the firms are after project completion. Mr. Reynolds stated that the purpose of MBE/WBE is to help firms grow and it would be interesting to see how the firms are doing afterwards. Mr. Orr stated that ISFA is Taylor for electric and Continental painting and is always looking for increased participation. Chairman Sanchez indicated this facility is committed to minority participation. Mr. Reynolds asked for some type of report. Ms. Andolino stated that tracking firms is a big undertaking and that it may be advantageous for ISFA to meet with the Urban League to help ISFA with these types of programs and help ISFA get to the next level and invited Mr. Reynolds to join.

Item 8. Executive Session

Upon motion made by Chairman Sanchez and seconded by Mr. Rand the Board unanimously resolved to adjourn to Executive Session at 10:40 a.m. to discuss litigation matters pursuant to Section 2 (c)(11) of the Illinois Open Meetings Act and personnel matters pursuant to Section 2(c)(1) of the Illinois Open Meetings Act.

Item 9. Matters Arising Out of Executive Session

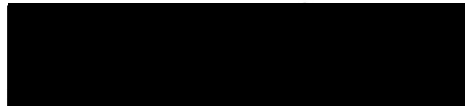
The Board returned to open session at 11:00 a.m. Chairman Sanchez stated that ISFA has created a separate email address for each member at the request of the Governor's Office and that going forward all ISFA business should be done on these emails. Mr. Yordon asked for business cards and the Chairman stated they will be made available.

Item 10. Other Business

The Chairman indicated that due to changes in the Board, a new secretary needed to be elected. Upon motion by Chairman Sanchez and seconded by Ms. Andolino, the Board unanimously elected Mr. Yordon as Secretary. There was no other business brought before the Board.

Item 11. Adjournment

Upon motion duly made by Mr. Rand and seconded Mr. Yordon, the Board meeting was adjourned at 11:00 a.m.


Chairman, Manuel Sanchez

ATTEST


Secretary, Jeffrey Yordon

Minutes 9/30/15