

Illinois Sports Facilities Authority
Audit, Finance & Investment Committee Meeting
Thursday, September 20, 2018
10:00 P.M.
At the Offices of Sanchez Daniels & Hoffman
333 West Wacker, Suite 506
Chicago, IL
312-641-1555

AGENDA

1. **Call to Order** JR
2. **Roll Call** JR
3. **Approval of Minutes**
 - *A/F/I Committee Meeting of 5/9/18* **Action**
4. **Policy Regarding Key Roles within ISFA** MS
 - *Recommendation of the AFI Committee to the Full Board of Directors to Approve Resolution 19-02 A Resolution Adopting a Policy Regarding Segregation of Responsibilities* **Action**
5. **Audit Finance & Investment Committee Charter** JR
 - *Recommendation of the AFI Committee to the Full Board of Directors to Approve Resolution 19-03 A Resolution Adopting Charter for the Audit Finance and Investment Committee* **Action**
6. **Prevailing Wage Act Determination** JR
 - *Recommendation of the AFI Committee to the Full Board of Directors to Approve Resolution 19-04 A Resolution Approving Current Rates Under the Prevailing Wage Act* **Action**
7. **Fiscal Year 2018 Unaudited ISFA Operating Results** JR
 - *An overview of the Authority's fiscal year 2018 Actual Performance as compared to the Fiscal Year 2018 Budget, on a Pre-Audit Basis* **Information**
8. **Other Business**
9. **Adjournment**

MINUTES OF THE AUDIT, FINANCE, AND INVESTMENT COMMITTEE OF THE ILLINOIS SPORTS FACILITIES AUTHORITY

May 9, 2018

A meeting of the Members of the Audit, Finance, and Investment Committee of the Illinois Sports Facilities Authority was held on May 9, 2018 at 3:00 pm at the office of Loop Capital, 111 West Jackson Blvd., Suite 1901, Chicago, Illinois.

Item 1. Call to Order

Ms. Reynolds called the meeting to order at approximately 3:00 pm.

Item 2. Roll Call

Call of the Roll was taken and the following members of the committee were present: Jim Reynolds, Norm Bobins, Tim Rand, and Manny Sanchez participated via telephone conference. Jeff Yordon did not attend. Also present were Greg Bedalov, Dana Phillips Goodum, Maureen Gorski and Maria Saldaña of the Authority's staff.

Item 3. Approval of the Minutes

Mr. Reynolds asked for motion to approve the minutes of AFI meeting held on November 20, 2017; Mr. Sanchez moved to approve and Mr. Rand seconded. Motion to approve was approved by all those present.

Item 4. FY2018 ISFA Operating Results

Ms. Phillips Goodum then proceeded to go through the Operating Results for the third quarter ending in March. She stated that as of the end of the quarter the Authority had net revenues over expenditure of approximately \$24.7 million, this amount exceeded budgeted amount by approximately \$1.4 million. She stated that the hotel tax was under-performing by very small percentage amount. Mr. Reynolds asked that Ms. Phillips Goodum explain what was included in the line item "Authority Fee from the White Sox." Ms. Phillips Goodum explained it included base rent increased by CPI, conference center rent, and a subsidy amount that is based on a formula. Ms. Phillips Goodum then reported that she had performed FY 2018 year-end projections of revenues and expenditure to determine where she thought Authority's budget would end up. She stated that based on those projections she thought the Authority would end the fiscal year with approximately \$977,000 of net revenues over expenditures. She stated that because there are large debt service payments coming due, and other large expenditure coming due in the last quarter, the \$24.7 million of net revenues over expenditure at end of March would go down to approximately \$977,000 by year end.

Mr. Bedalov asked if the committee would like to see the end of year projections with quarterly operating results reports. The committee expressed an interest in having that provided and Ms. Phillips Goodum stated that she could provide that information going forward.

Item 5. FY2018 Transfers

Ms. Phillips Goodum stated that she was recommending that the Hotel Tax Reserve Variation Reserve Account fund amount be increased to \$26 from \$25 million and that the increase be funded with a year-end transfer into that account of \$1 million of surplus funds from the General Fund. She was further recommending that any remaining surplus amounts after the transfer into the Hotel Tax Reserve be transferred into the Comiskey Capital Improvement Fund. Ms. Phillips Goodum stated that Resolution 18-11, a Resolution Authorizing FY 2018 Transfers authorized the year-end surplus transfers she was recommending. Mr. Bobins moved for a motion to recommend for approval to the full Board Resolution 18-11, motion was seconded by Mr. Rand. Motion was then unanimously approved.

Item 6. Insurance Renewal for 2018-2019

Ms. Phillips Goodum stated that Resolution 18-12 was a resolution ratifying renewal of insurance coverage that had expired in March 15. Ms. Phillips Goodum pointed out that the premium for property insurance is the largest part of our insurance premium costs and that there had been an increase in the premium amount for property insurance due to increase in the property value and a slight premium rate increase. The committee then discussed issuing an RFP for insurance brokerage services for the next renewal period. It was decided that Ms. Phillips Goodum would prepare an RFP for insurance brokerage services in time for renewal for the following year. Mr. Bobins moved to recommend for approval to the whole Board Resolution 18-12 and motion was seconded by Mr. Rand. The motion was unanimously approved.

Item 7. FY2019 ISFA Proposed Budget

Ms. Phillips Goodum then went over the proposed fiscal budget for 2019. She stated that the biggest increase on the expenditure side was debt service which was \$2.4 million more than it was in FY 2018. The committee then discussed the growing debt service amount over the next 5-years. The committee members briefly discussed possibility of extending maturity on the outstanding bonds in order to decrease the annual debt service amount. Any extension of the maturity of the bonds and refunding would need legislative approval. The committee generally agreed that it was clear that in the later years under the current debt service the hotel tax receipts would not be able to cover the debt service amounts. It was generally agreed that Authority should take steps to be ready to request necessary legislative changes to deal with this debt service situation.

Ms. Phillips Goodum stated that Ordinance 18-01, was our annual budget Ordinance adopting budget for FY 2019. Ms. Saldana stated that new language was added to the Ordinance to explicitly authorize the CEO to execute contracts for capital projects that involved amounts in excess of the CEO Threshold Amount, as that term is defined in the Authority's Procurement Ordinance, provided that the capital projects were within the budgeted amounts. She explained this authority to execute contracts over the Threshold Amounts was only for capital projects. She stated that it already was the practice for the CEO to execute these contracts once budget was approved and this language just explicitly authorizes the practice. Committee discussed generally the practice and the Authority's obligation in connection with projects that Chicago White Sox undertake. Mr. Reynolds called for a motion to recommend for approval to the whole Board

Ordinance 18-0, An Ordinance Adopting the Budget for Fiscal Year 2019 and Making Appropriations for the Ordinary and Contingent Expenditures of the Authority. Mr. Sanchez moved to approve and it was seconded by Mr. Rand. Motion then was unanimously approved.

Item 8. FY2019 ISFA Chairman's Certificate

Ms. Phillips Goodum reported that it was time of year to prepare and file the Certificate of the Chairman requesting an advance from the State of the Authority's hotel tax. She stated that Resolution 18-13 authorized the filing of the Chairman's Certificate and that the amount of the advance that she was recommending was the same as last year, \$54 million. The committee members talked about the process and the possibilities of asking for more. Ms. Phillips Goodum stated that she thought we could increase amount to \$57 million and she would monitor hotel receipts. If there was a serious downturn in hotel taxes she could institute process to reduce future hotel receipts. Mr. Bobins moved to recommend to the full Board approval of Resolution 18-13 with stipulation that the amount requested under the Chairman's Certificate would be increased from \$54 million to \$57 million and Mr. Sanchez seconded the motion. Motion was unanimously approved.

Item 9. ISFA Policy Regarding Financial Transactions

Ms. Saldaña stated that Resolution 18-14 amends the Authority's rules regarding check writing and wire transfers to address some of the issues that came up last year in connection with wire transfers made related to the cancelled concert. She summarized that Section 1 of the Resolution addresses check writing authorization and Section 2 deals with authorization for wire transfers. She went on to state that Section 3 contains new requirements related to checks or wire transfers that are in excess of the CEO's Threshold Amount as that amount is defined in the Authority's Procurement Ordinance and for which there has not been express Board approval. This section requires that either the Chairman of the Board or the Chair of the AFI Committee must approve any check or wire that is over the threshold amount for which there has not been Board approval of a related contract. Mr. Reynolds asked for a motion to recommend for approval to the whole Board Resolution 18-14, Mr. Rand so moved and it was seconded by Mr. Bobbins. Motion was unanimously approved.

Item 10. Continuing Disclosure Undertaking

Ms. Phillips Goodum reported that Resolution 15-03 approved in 2014 authorized the creation of a formal continuing disclosure policy. Ms. Phillips Goodum stated that a formal continuing disclosure policy had been drafted and that now she just wanted the Board to formally accept and adopt the policy. Mr. Reynolds asked for a motion to recommend for approval the CDU Policy. Mr. Bobins so moved and Mr. Sanchez seconded the motion. Motion was then unanimously approved.

Item 11. Extension of Contract Current Auditors

Ms. Phillips Goodum stated that at the November meeting of the AFI Committee the committee had discussed extension of the contract with Mitchell & Titus for auditing services for FY 2018

financials. She state that Resolution 18-15 authorizes extension of the contract for auditing services for both Mitchell & Titus and Washington, Pittman, & McKeever. Mr. Reynolds moved to recommend for approval by the whole Board Resolution 18-15 and Mr. Rand seconded the motion. The committee then unanimously approved.

Item 12. Other Business

None.

Item 13. Adjournment

Mr. Reynolds made motion to adjourn and it was seconded by Mr. Rand, meeting was adjourned at approximately 4:30 p.m.

Chairman, Jim Reynolds

ATTEST:

Manuel Sanchez

A/F/I Minutes 5-9-18