

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

March 20, 2019

A meeting of the Board of Directors of the Illinois Sports Facilities Authority was held on March 20, 2019 at 10:00 a.m. at the offices of Sanchez Daniels & Hoffman at 333 West Wacker Drive, Suite 500, Chicago, IL.

Item 1. Call to Order

The Chairman called the meeting to order at approximately 10:00 a.m.

Item 2. Introduction of New Board Members

Chairman Sanchez deferred discussion to later in the meeting.

Item 3. Roll Call

Call of the Roll was taken and the following members of the Authority were present: Manny Sanchez, Rosemarie Andolino, Timothy Rand, Norm Bobins, and Ilan Shalit. Trisha Rooney joined the meeting at approximately 10:30 a.m. Also present were Greg Bedalov, P.J. Frayer, Dana Phillips Goodum, Maureen Gorski, Maria Saldaña and Russell Levine of the Authority's staff. In addition, John Corvino from the Chicago White Sox was in attendance.

Item 4. Election of Officers

Mr. Sanchez called for a motion to table the election of officers. Mr. Bobins moved to table the elections and Mr. Rand seconded the motion. The motion was unanimously approved.

Item 5. Approval of the Minutes

Chairman Sanchez called for motion to approve the minutes of the Regular Board Meeting held on December 6, 2018. Ms. Andolino moved to approve and Mr. Rand seconded. The minutes were unanimously approved.

Item 6. CEO Report

Mr. Bedalov reported on business non-baseball related events. He reported that Stadium Links, the organization that hosted the golf event at the stadium in 2018 was interested in coming back in 2019. Mr. Bedalov briefly explained that Stadium Links is an organization that sponsors and hosts golf like events in stadiums and essentially turns the stadium into a golf course. Stadium Links considered the event at Guaranteed Rate Field a success in 2018 and had committed to come back in October of 2019.

Mr. Bedalov went on to report that he attended the Stadium Managers Conference and met with other stadium managers and gained some insights regarding what others in the industry are doing. Mr. Bedalov reported that he has met with most of the major promoters in the industry and that the only promoter in the area that he had not met with was Jerry Michaelson of JAM Productions; but that he is in the process of setting up a meeting with him. Mr. Bedalov then reported that Life Style had approached ISFA about hosting an event called "Spring Awakening." This event had been hosted at a Park District park on the west side, but the park was no longer available. Mr. Bedalov stated that the event was an electronic dance music festival. The music is very loud and the local alderman had some objections to having GRF host the event.

Ms. Trisha Rooney joined the meeting.

Chairman Sanchez then returned to Item 2. Introduction of new Board members

Ms. Trisha Rooney introduced herself and stated that she was honored to serve on the ISFA Board and hoped to be helpful. She stated that she owns a document storage company called R4 Services, lives in the City and has 4 children. Mr. Ilan Shalit then introduced himself stating that he was originally from Houston, Texas, but has been in Chicago for past 20 years. He stated that he has 6 children, lives in the City and is also honored to serve on the ISFA Board. Mr. Shalit stated that he runs a proprietary trading firm.

Chairman Sanchez then returned the discussion back to Item 6. CEO Report

Mr. Bedalov summarized that for 2019, for a number of reasons including objections from the local alderman, the Spring Awakening event was an event that ISFA decided not to pursue. Mr. Sanchez emphasized that it was important to work with the local alderman and to seek input from his office. Mr. Bedalov then went on to state that ISFA is working on another potential event with a disc jockey known as Marshmellow, he then asked Ms. Frayer to give an update. Ms. Frayer reported that this proposed event is a parking lot event with an anticipated attendance of approximately 17,000 people; currently being scheduled for September 14th. Mr. Bedalov went on to report that he had discussed this event with the local alderman and the alderman was supportive. Ms. Frayer stated that the targeted audience for the event is young kids; ages ranging from 9-13. Mr. Bedalov stated that the proposed business terms for the event are that the promoter will pay a base rent amount plus all costs of operations.

Mr. Bedalov also reported that ISFA has met with Angela Ford from the Obsidian Group, a not for profit that raises awareness for African American cultural events. Ms. Ford has expressed an interest in using the stadium in June 2020 for a fundraising concert which would include performers like Earth Wind and Fire, Chaka Khan and Herbie Hancock.

Ms. Frayer reported that ISFA is also in discussions regarding an event on October 12, 2019, which would be a Latino themed event in the parking lots that would include food trucks.

Mr. Bedalov also reported that he had one more item to report on which was related to some changes that were made to the stadium over the winter by the Chicago White Sox. Mr. Bedalov then asked Mr. Corvino to discuss the changes. Mr. Corvino reported that CWS had partnered with

Goose Island to renovate the seating area in the right field corner of the stadium to create a new fan experience. Mr. Corvino stated that the changes resulted in a net loss of seating of 700 seats. He further stated that the net loss of seats could impact the amount paid to ISFA based on the Net Ticket Fee calculation under the Management Agreement which is dependent on paid attendance. The loss of seats could result in a loss of amount that would otherwise be due to ISFA. Accordingly, Mr. Corvino stated that CWS, has agreed that if CWS has a sold out game CWS will add the 700 seats into the calculation in determining Net Ticket Sales. In addition, the improvement will be considered a team improvement and CWS will be responsible for any increased costs in maintenance and insurance. Mr. Bedalov stated that this understanding will be memorialized in a letter agreement between CWS and ISFA.

Item 7. 2018 Season Audit Report

Ms. Phillips Goodum reported that the firm of Washington, Pittman & McKeever had completed the audit of the 2018 Season Base and Net Ticket Fees due to ISFA. The Paid Attendance per the 17th Amendment was determined to be 1,477,338, which did not exceed the Base Fee threshold of 1,925,000; accordingly, she stated, there were no Net Ticket Fees due to ISFA. Ms. Phillips Goodum stated that the audit confirmed that Base Rent for the season was \$1,634, 515. Ms. Phillips Goodum indicated that in addition to the audit report she had included a history of audited fees in the Board Book.

Mr. Sanchez asked for a motion to accept the 2018 Season Audit Report. Mr. Bobins moved to accept the report and motion was seconded by Mr. Rand. Motion to accept the report was unanimously approved.

Item 8. Fiscal Year 2019 ISFA Operating Results through December 31, 2018

Ms. Phillips Goodum presented Fiscal Year 2018 ISFA Operating Results for Six Months Ended on December 31, 2018. She stated that Revenues over Expenditure are doing better than budgeted by approximately \$5 million. She stated that some of this is due to timing of capital projects which are not as far along as originally anticipated. In terms of operating expenditures she stated to date ISFA had expended approximately \$346,000 less than budgeted and stated that some of that is due to open staff positions. In terms of the hotel tax revenue Ms. Phillips Goodum reported that revenues were approximated \$2.6 million over what was budgeted through end of December and that as of March reporting hotel revenues continued to do better than budgeted. She reported that we are on track to cover the State Advance Amount. Ms. Phillips Goodum then summarized the Full FY 2019 Projections versus Budget and indicated that she was projecting ending the year with revenues over expenditure exceeding budgeted amount by approximately \$2.5 million.

Mr. Bobins asked for status of the requests for proposals for auditing firms. Ms. Phillips Goodum reported that she was disappointed in the number of responses. Out of the 10 midsize firms informed of the RFP, ISFA received only 3 responses, one of which was the current auditor. She stated that a consultant had preliminarily evaluated the 3 responses. She stated that she and the consultant were trying to determine the reason for such a small number of responses by surveying the firms that did not respond. Ms. Phillips Goodum stated that at this point she was not sure she would be making a recommendation regarding a selection. Mr. Bedalov reported that he

understood that we had gotten preliminary evaluations of the responses by our outside consultant, but understood that evaluations were not complete and staff was not ready to make a recommendation at this point.

Item 9. Presentation of the FY2020 Preliminary Budget

Ms. Phillips Goodum presented the Proposed Fiscal Year 2020 Budget. She reported that on the revenue side the preliminary FY 2020 budget provided for hotel tax revenues being 3% over 2019 for a preliminary budget amount of approximately \$56.9 million. She briefly reviewed all other revenue sources and stated total revenue was projected to be \$67,463,113. On the expenditure side she stated total expenditures were preliminarily budgeted to be approximately \$62.7 million, of which approximately 73% is debt service and bond related fees and 23% is contractual obligations. The remaining 4% is operating expenses. Ms. Phillips Goodum noted that there would be some small adjustments to this budget, but it is pretty much set and that at May Board meeting she would be requesting that Board make decision regarding the advance from the state that would be included in the Chairman's Certificate.

Item10. Guaranteed Rate Field Capital Repairs

Ms. Gorski gave report on status of overall capital repairs for FY 2019. Ms. Gorski reported that most of the projects had been successfully completed. She reported that the lobby improvements had just been completed and lobby had just re-opened. Ms. Andolino noted that the lobby improvements was not just a beautification project, but that it was part of project to improve security at that main entrance. Ms. Gorski stated that she was requesting a re-direction of funds, she reported that there were a couple of projects, including the lobby renovation, where costs were higher than budgeted, but other projects were less, accordingly, total capital costs are within the total FY 2019 Capital Budget. Mr. Sanchez than asked for a motion to approve Resolution 19-08, A Resolution Relating to Guaranteed Rated Field Fiscal Year 2019 Redirection of Funds. Motion to approve was made by Ms. Andolino and was seconded by Mr. Rand. Resolution passed unanimously.

Item 11. Executive Session

There being no matters to be discussed in Executive Session, the Board did not go into Executive Session.

Item 12. Matters Arising Out of Executive Session

None

Item 13. Other Business

Mr. Sanchez and Ms. Frayer briefly discussed use of the ISFA suite and certain allocated tickets by Board members. Ms. Saldana reminded Board members that Statements of Economic interests were due to be filed by May 1st.

Item 14. Adjournment

Chairman Sanchez adjourned the meeting at approximately 11:15 a.m.



Chairman, Manuel Sanchez