

**MINUTES OF THE AUDIT, FINANCE, AND INVESTMENT COMMITTEE
OF THE ILLINOIS SPORTS FACILITIES AUTHORITY
DRAFT SUBJECT TO APPROVAL**

September 20, 2018

A meeting of the Members of the Audit, Finance, and Investment Committee of the Illinois Sports Facilities Authority was held on September 20, 2018 at 10:00 a.m. at the offices of Sanchez Daniel & Hoffman 333 West Wacker, Suite 500, Chicago, Illinois.

Item 1. Call to Order

Ms. Reynolds 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 committee were present: Jim Reynolds, Manny Sanchez and Jeff Yordon. Mr. Norman Bobins joined the meeting after the roll call vote and Mr. Tim Rand 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 May 9, 2018; Mr. Sanchez moved to approve and Mr. Yordon seconded. Motion to approve was approved by all those present.

Item 4. Policy Regarding Key Roles within ISFA

The Committee then considered Resolution 19-02, A Resolution Adopting a Policy Regarding Segregation of Responsibilities. Ms. Phillips Goodum reported that this resolution was in response to an audit finding. Mr. Reynolds called for a motion to recommend for approval to the full Board, Resolution 19-02; Mr. Yordon moved to approve and Mr. Sanchez seconded. Motion to approve was approved by all present.

Item 5. Audit Finance & Investment Committee Charter

The Committee then considered Resolution 19-03, A Resolution Adopting Charter for the Audit, Finance and Investment Committee. Ms. Phillips Goodum reported that the Charter for the Audit Finance and Investment Committee was first drafted at the time that ISFA was in process of developing a Standard Operating and Procedures Manual. She indicated that the draft of the Charter had been reviewed, but had never been formally adopted. The Charter outlines purpose of the Committee including membership, number of meetings during the year and authority and responsibilities of the Committee. Mr. Reynolds stated that the Charter basically outlines best practices for a committee such as the AFI committee. Mr. Reynolds then asked for a motion to

approved and recommend to the full Board Resolution 19-03. Mr. Yordon moved to approved and Mr. Sanchez seconded; motion was approved by all those present.

Item 6. Prevailing Wage Determination

The Committee then considered Resolution 19-04, a resolution approving current rates under the Prevailing Wage Act of Illinois. Ms. Phillips Goodum explained that this is a standard annual resolution pursuant to which the Board establishes for ISFA prevailing wages for construction trade work for construction projects at Guaranteed Rate Field. Ms. Phillips Goodum explained that establishing prevailing wages is something that is required under the Prevailing Wage Act of Illinois. Mr. Reynolds asked what ISFA's role was in ensuring compliance with the Prevailing Wage Act. Ms. Gorski explained that contractors are required to sign affidavits and under penalty of law sign sworn statement that each contractor is paying individuals the prevailing wages. She also added that ISFA uses a consultant that confirms rates and does monitoring to ensure compliance on specific projects. Mr. Bedalov stated that he has reviewed the monitoring process with Ms. Gorski and the use ISFA's consultant, Trinal. Mr. Reynolds requested that Mr. Bedalov make sure that monitoring process is adequate. The Committee then had a general discussion regarding indemnification language in standard ISFA contracts and issues that may arise as result of having to use certain contractors used by the White Sox in connection with any special events that ISFA may be hosting.

Mr. Reynolds then called for a motion to recommend for approval Resolution 19-04, Mr. Yordon moved to recommend and Mr. Sanchez seconded and motion was approved by all those present.

Item 7. Fiscal Year 2018 Unaudited ISFA Operating Results

Ms. Phillips Goodum discussed fiscal year 2018 actual performance as compared to the fiscal year 2018 budget. On the revenue side Ms. Phillips Goodum reported that actual hotel tax revenue is approximately 2.4% over the budgeted amount and investment income is well above what was budgeted. In connection with expenses she stated that we have some savings in capitals expenditures, but that those savings were as a result of deferred projects that would be taken up in FY 2019. She also informed the Committee that the State Advance had been paid back in full.

Ms. Phillips Goodum also reported that for first quarter of FY 2019, the hotel tax is 8.6% over the FY 2018 first quarter. She stated that there were a record numbers of hotel stays in Chicago through the September reporting period which includes hotel stays through the end of June.

Item 8. Other Business

Mr. Sanchez wanted to discuss issues related to our outstanding bonds and strategy for addressing increasing debt service. Mr. Bobins joined the meeting. Mr. Reynolds indicated that the debt service jumps up at around 2025 and would exceed hotel revenues. This would be an issue for the City because City revenue would make up any deficit. The Committee discussed generally a strategy for approaching the State and the City regarding legislative changes that would accommodate any necessary restructuring of debt service. It was decided that ISFA should retain a Financial Advisor to run some analysis and that we approach the City's Chief Financial Officer

to advise her of the upcoming issues related to the increasing debt service and the need to re-structure. It was recommended that we approach PFM Financial Advisors to perform some of this preliminary analysis.

In addition the Committee had a general discussion regarding promoting and marketing of special events at Guaranteed Rate Field and our current use of outside consultant.

Ms. Phillips Goodum then brought up the issue of converting our financials to GAAP. She had prepared for the committee members, a list of Pros and Considerations for a conversion. She stated that a big issue would be that under GAAP ISFA's outstanding bond amount would be in excess of statutory limits because of the accreted value of the Soldier Field bonds. She also stated that we would have to retain Bond Counsel to advise and opine on any changes we may need to make to underlying bond indentures and impact to continuing disclosure requirements. In addition she stated we would need additional staff to convert and to maintain GAAP accounting. Mr. Bobins expressed some concern regarding non-GAAP accounting, but understood issues raised by Ms. Phillips-Goodum. Mr. Reynolds recommended that we defer the conversion for now, but to continue the discussion.

Item 13. Adjournment

Mr. Reynolds made motion to adjourn and it was seconded by Mr. Rand, meeting was adjourned at approximately 11:00 a.m.

Chairman, Norm Bobins

ATTEST:

Manuel Sanchez