

**MINUTES OF THE REGULAR BOARD MEETING
OF THE ILLINOIS SPORTS FACILITIES AUTHORITY
DRAFT SUBJECT TO BOARD APPROVAL**

May 21, 2020

A meeting of the Board of Directors of the Illinois Sports Facilities Authority was held on May 21, 2020 at 10:00 a.m. Due to the Governor's Disaster Proclamation the meeting was held via audio and video conference.

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 all were in attendance via audio and/or video: Chairman Manuel Sanchez, Rosemarie Andolino, Norm Bobins, Leslie Darling, Michael Forde, Trisha Rooney and Ilan Shalit. Also, in attendance were P.J. Frayer, Dana Phillips Goodum, Maureen Gorski, Maria Saldaña and Russell Levine, of the Authority's staff and John Corvino, Vice President and General Counsel of the Chicago White Sox.

Item 3. Approval of Minutes

Chairman Sanchez called for a motion to approve the minutes of the Regular Board Meeting held on February 12, 2020. Mr. Bobins moved to approve and Ms. Darling seconded. Motion to approve was unanimously approved.

Item 4. Guaranteed Rate Field Renovations, Capital Repair & Improvements

Ms. Gorski was asked to give the Guaranteed Rate Field Construction Report. She stated that she first wanted to report that the proposed FY2021 Capital Budget had been reduced from \$8.75 million initially proposed at February meeting to \$6.75 million. The reduction came about as result of recognition that ISFA's projected hotel taxes would be severely impacted as result of the pandemic. Ms. Gorski noted that approximately \$1.5 million of the FY2021 Capital budget was being funded from funds that were being carried over from the FY2020 Capital Budget, which included approximately \$500,000 of rebates from Com Ed related to the field lightening project. She reported that MBE/WBE participation on capital projects for calendar year 2019 was 31% and 7%, respectively, which exceeded the goals of 25% and 5%. She stated that she is asking the Board to approve a re-direction of funds which includes the allocation of the \$1.5 million from FY2020 capital funds to FY2021 capital projects. Further, she stated that the numbers included with the re-direction of funds resolution reflected where she thought ISFA would end up by end of FY2020. Chairman Sanchez called for a motion to approve Resolution 20-10, A Resolution Relating to Guaranteed Rate Fiscal Year 2020 Redirection of Funds. Motion to approve Resolution 20-10 was made by Mr. Bobins and seconded by Mr. Shalit. Resolution was approved unanimously. Ms. Andolino commented that she thought the FY 2021 Capital Budget included projects that were

reasonably required and appreciated work that was done to reduce the budget down from what was originally presented in February.

Item 5. FY2019 ISFA Operating Results Projections

Ms. Phillips Goodum summarized projected Financial Operating Results for FY2020. She reported that page 2 of 5 of her report included summary of where she projected the Authority would be at end of FY2020 with hotel taxes reported on a cash basis. She advised that the State collection and processing procedures lag by 3 months and as a result she reports hotel taxes to the Board on a cash basis which includes stays from April 1st to March 30th of the following year. On a cash basis, she stated that she expected the Authority to end the year with net hotel taxes of \$51.7M and with excess revenues over expenditures of approximately \$2.5 million. This was primarily due to savings in general operations, savings from the 2019 debt refinancing, as well as savings from capital projects that were deferred. Ms. Phillips Goodum stated that page 5 shows the accrual basis projected net results. On the accrual basis, she stated that the Authority's hotel tax results reflected revenue from hotel stays for the period July 2019 through March 2020 and projections for April 2020 through June 2020. As a consequence of COVID-19 and hotel tax trending downward, April 2020 through June 2020 projected hotel stays are expected to sharply decline. She stated that the projected accrual basis on page 5 is lower than the cash basis as a result of adjusting for decreased revenue from hotel stays during the period of April through June 2020. She stated that page 5 of her report reflects an accrual basis projected net hotel tax revenue of \$37.4 million, which is down by \$14.3 million from the cash basis, and a projected net loss of \$11.9 million.

Item 6. 2019 Season Schedule of Fees to the Authority Audit Report

Ms. Phillips Goodum reported that Mitchell & Titus completed the 2019 Season Schedule of Fees to the Authority in April 2020. She noted that this audit is required by the Management Agreement and that under the Management Agreement CWS is required to pay the Authority a minimum Base Fee per Season and Net Ticket Fees for each Season in which paid attendance exceeds 1,925,000 tickets. She stated that paid attendance did not exceed the 1,925,000 and the audit confirms that the Base Fee for 2019 is \$1,647,955. Ms. Phillips Goodum asked the Board to grant a motion to accept the audit report. Ms. Darling made a motion to accept the report and the motion was seconded by Ms. Andolino. Motion to accept was unanimously approved.

Item 7. FY2020 Transfers

Ms. Phillips Goodum reported that based on her projections she anticipated that there would be approximately \$3.4 million of available surplus funds at the end of FY2020. She asked the Board to approve Resolution 20-11 which authorizes the transfer of all such remaining funds into the Hotel Tax Reserve Account. Chairman Sanchez called for a motion to approve Resolution 20-11, a Resolution Authorizing End of Fiscal Year 2020 Transfers. Motion to approve was made by Mr. Bobins and was seconded by Ms. Andolino. The motion was unanimously approved.

Item 8. Insurance Renewal for 2020-2021

Ms. Phillips Goodum stated that all the Authority's requisite types of insurance coverage expired on March 15, 2020. She reported that she gathered the necessary information to complete the application in January and worked with the Authority's insurance brokers to ensure no disruption in coverage. She noted that page 2 of her report under Tab 8 included a summary table that summarized types of insurance and costs. The total insurance costs for renewal was \$547,330 which was an increase of \$101.7K, approximately 22.8% over last year. She summarized the various reasons why costs were up for the renewal period. She stated that Resolution 20-12 would be a ratification of the renewal of the insurance coverage, the premiums and brokerage fees associated with such renewal totaling \$547,330. Chairman Sanchez called for a motion to approve Resolution 20-12, A Resolution Authorizing the Renewal of the Public Officials Liability Insurance and Commercial Casualty and Liability Insurance for the Authority. Ms. Rooney moved to approve, and Mr. Bobins seconded. The motion was unanimously approved. There was a brief discussion regarding business interruption insurance and what that covers in the Authority's case. Ms. Phillips Goodum did explain that in connection with the pandemic the hotel tax revenue losses are not covered since hotel tax revenues are not based on anything necessarily happening at the stadium.

Item 9. FY2021 ISFA Proposed Budget

Ms. Phillips Goodum stated that the Proposed FY2021 Budget anticipated budgeted expenditures of approximately \$63.8 million. Ms. Phillips Goodum stated that 96.5% of the budget is comprised of debt service, trustees fees and contractual obligations under the Management Agreement related to Guaranteed Rate Field and under the Operations Assistance Agreement related to Soldier Field. She reported that operating costs totaling \$2.24 million included \$574K in commercial insurance costs. Also, she stated that since the initial budget presented in February 2020, the operating budget was reduced by \$212K, which represents an operating budget cut of approximately 9%. On the revenue side Ms. Phillips Goodum reported that because of the pandemic and the stay at home orders, projected hotel tax revenues are the biggest challenge facing the Authority. She stated that the 2021 Budget includes a projected net hotel tax amount of approximately \$28.5 million which is a 45% decline from FY 2020. Ms. Phillips Goodum reported that she had discussed the projected hotel tax revenue amount of \$28.5 million with City officials and indicated that they thought it was a little high, but they did not offer an alternative amount. Accordingly, she was keeping the projected amount in the budget, but of course would monitor this on an ongoing basis. Mr. Bobins reported that he too had a conversation with City officials and that they were satisfied with proposed projected hotel tax revenue amount included in the budget for now, but they requested that the Authority closely monitor hotel tax receipts and if there was reason to believe that receipts were going to fall short of the amount necessary to reimburse the State Advance that the Authority revisit whether it could transfer additional amounts from the hotel tax reserve to make up any potential short fall. Ms. Phillips Goodum pointed out that the proposed budget already included using approximately \$25.3 million of funds in the Hotel Tax Reserve. She reported that after use of those funds for FY2021 budget there would be approximately \$5 million in Hotel Tax Reserves that could be used to cover a potential shortfall. Mr. Bobins suggested that Board revisit the issue in December. Ms. Andolino suggested that there be some interim reporting to the Board of hotel tax receipts prior to December Board meeting. Ms. Phillips Goodum agreed to provide a monthly

report as information became available. Mr. Bobins also reported that City had requested that the Authority coordinate with MPEA regarding possible legislative relief related to bond debt service since that was the Authority's biggest costs.

Mr. Forde asked that Mr. Corvino report on status of 2020 season. Mr. Corvino generally reported there is not much certainty at this point, but that the teams are working diligently on several issues and working towards having a season starting at the end of July.

Chairman Sanchez called for a motion to adopt Ordinance 20-01, An Ordinance Adopting the Budget for FY2021 Making Appropriations for the Ordinary & Contingent Expense of the Authority. Mr. Bobins moved for adoption of the Ordinance and Ms. Andolino seconded. The motion was unanimously approved.

Item 10. FY2021 ISFA Chairman's Certificate

Ms. Phillips Goodum stated that by June 1st the Authority is required to file its request for funding for FY2021 with State Comptroller and the State Treasurer. The request for funding is done by filing the Chairman's Certificate. She stated that bearing in mind the decline in the projected hotel taxes the amount for board consideration is \$38.5 million which consists of \$10 million in subsidy amounts from the City and State and a State Advance amount of approximately \$28.5 million and use of a portion of the hotel Tax Reserve for the remaining FY2021 expenditures budgeted. The Resolution Authorizing the Chairman's Certificate includes an allocation of approximately \$25.3 million from the Hotel Tax Reserve to cover expenditures for FY2021. Chairman Sanchez called for a motion to approve Resolution 20-13, A Resolution Regarding the Filing of the Chairman's Certificate. Ms. Rooney moved to approve, and motion was seconded by Mr. Bobins. The motion was unanimously approved.

Item 11. Hotel Tax Reserve Variation Account

Ms. Saldana reported that the Authority had created a Real Estate Account in the general fund to provide for funding of projects related to land relevant to the Authority. She stated that the account had been funded with surplus hotel tax receipts after funding of the Hotel Tax Reserve. She stated that the account has approximately \$7.1 million. She reported that since the Hotel Tax Reserve is being depleted by approximately \$25.5 million for the FY2021 budget, it was being recommended that \$7 million from the Real Estate Account get transferred to the Hotel Tax Reserve to begin to replenish that account. Chairman Sanchez called for a motion to approve Resolution 20-14, A Resolution Authorizing a Transfer of Funds from the Real Estate Account to the Hotel Tax Variation Account. Mr. Bobins moved to approve and a motion was seconded by Mr. Forde. The motion was unanimously approved.

Item 12. 2020 ISFA Ethics Ordinance

Ms. Saldana stated that as result of certain legislative changes the Authority needed to make certain amendments to its Ethics Ordinance previously adopted in September of 2009. She stated that the legislative changes were mainly related to the establishment of anti-sexual harassment policies, including providing for reporting and review mechanisms. Ms. Phillips Goodum requested that the

title of the Ordinance be changed to "Amended and Restated Ethics Ordinance." Chairman Sanchez agreed with the change and then asked for a motion to adopt Ordinance 20-02, the Amended and Restated Ethics Ordinance for the Illinois Sports Facilities Authority. Motion to adopt was made by Ms. Darling and Ms. Rooney seconded. The motion was unanimously approved.

Item 13. Other Business


None


Item 14. Public Comment

None


Item 15. Adjournment

Chairman Sanchez adjourned the meeting at approximately 11:00 a.m.



Chairman, Manuel Sanchez


ATTEST:



Secretary, Leslie Darling
