

**MINUTES OF THE REGULAR BOARD MEETING
OF THE ILLINOIS SPORTS FACILITIES AUTHORITY
December 7, 2022**

A meeting of the Board of Directors of the Illinois Sports Facilities Authority was held on December 7, 2022 at 10:00 a.m.

Item 1. Call to Order

The Chair 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 Board were present: Leslie Darling, Rosemarie Andolino, Norm Bobins, Coco Soodek and Tarrah Cooper Wright. Board member Michael Forde participated via conference call and Board member Trisha Rooney joined at approximately 10:45. Frank Bilecki, P.J. Frayer, Dana Phillips Goodum, Maureen Gorski, Maria Saldaña and Russell Levine of the Authority's staff were also present at the meeting. In addition, John Corvino and Maacah Scott from the Chicago White Sox staff also attended the meeting.

Item 3. Approval of the Minutes

Chair Darling called for a motion to approve the minutes of the Regular Board Meeting held on September 21, 2022. Ms. Soodek moved to approve, and Ms. Cooper Wright seconded the motion. The minutes were unanimously approved.

Item 4. Office Business

Chair Darling noted that proposed Board meeting dates for 2023 were included in the Board Book under tab 4 and asked Board members to let Ms. Frayer know if any of the proposed dates presented a conflict. Ms. Frayer stated that the Board meeting dates were required to be posted by the end of the year.

Item 5. Chicago Park District

Representatives from ASM Global, the management company for Soldier Field, were asked to present the proposed 2023 Soldier Field Capital Budget. Also present was Steve Lux, the CFO for the Chicago Park District. Mr. McAndrews, from ASM Global, presented the proposed one-year capital plan for Soldier Field, which was included in the board book. He highlighted that a lot of the projects are phased projects and that some projects are close to completion. Mr. McAndrews also highlighted that most of the projects were related to the main building structure. Mr. McAndrews stated that the total budget request was \$3,564,405, which represents a 3% increase from the amount requested for 2022 and included a reserve amount.

Mr. Steve Lux thanked the Authority for the funding support not only for the capital expenditures, but also for the operating maintenance subsidy. Mr. Lux informed the Board that he anticipated coming back to the Board to add an additional project to this year's budget. The project he stated would be funded from reserve amounts.

Ms. Andolino noted that to the extent that the capital projects at Soldier Field were like projects at Guaranteed Rate Field, it could be beneficial for the Authority and the Park District to partner and

perhaps achieve some savings related to those projects. Ms. Andolino specifically noted that the LED lighting upgrades program at Guaranteed Rate Field had made great use of available rebates and incentives that could also apply at Soldier Field. Mr. McAndrews stated that certainly they could compare notes with Ms. Gorski.

Ms. Soodek asked whether expenditures for office computers and software upgrades were for the operation by ASM of Soldier Field or were for use by the Bears. Mr. LeFevour explained that it was for the operation of Soldier Field by the Park District and ASM as the manager.

Chair Darling asked for a motion to approve Resolution 23-03, A Resolution Approving Reimbursement for Certain Capital Improvements to be undertaken by the Chicago Park District. Ms. Andolino moved to approve, and Mr. Bobins seconded. Chair Darling called for a roll call vote.

A roll call vote was taken on the passage of Resolution 23-03.

Ayes: Chair Darling, Ms. Andolino, Mr. Bobins, Mr. Forde, Ms. Soodek, Ms. Cooper Wright

Nays: None

Abstention: None

Item 6. 2023 Capital Repairs/Improvements

Ms. Gorski presented the status report of the 2023 Capital Projects. She reported that 100% of the projects have been awarded or are under scope review in the bid process. She reported that LED Lighting for this year is complete and that the project had received approximately \$762,000 in rebates and incentives.

Ms. Gorski reported that two additional projects were being added to the Capital Budget, one was renovations to the visitor's weight room to add a women's locker room and the other was a flooring project to replace worn carpet in some areas. She stated she was requesting a redirection of funds within the Capital Budget to accommodate these two new projects and noted that there would be no overall increase in the Capital Budget. Chair Darling asked about continued outreach to MBE/WBE firms. Ms. Gorski reported that the White Sox were planning an in-person event for MBE/WBE firms and that the Authority would participate in the event. In addition, she reported that she continues to do outreach for every project.

Chair Darling asked for a motion to approve Resolution 23-04, a Resolution relating to Guaranteed Rate Fiscal Year 2023 Redirection of Funds. Ms. Andolino moved to approve and Ms. Cooper Wright seconded. Chair Darling called for a roll call vote.

A roll call vote was taken on the passage of Resolution 23-03.

Ayes: Chair Darling, Ms. Andolino, Mr. Bobins, Mr. Forde, Ms. Soodek, Ms. Cooper Wright

Nays: None

Abstention: None

Item 7. ISFA Audited Financials as of June 30, 2022

Ms. Phillips Goodum reported that Mueller & Co., LLP, and Prado & Renteria, performed the FY 2022 financial audit for the Authority. Ms. Phillips Goodum reported that the Authority's Financials are not prepared in accordance with GAAP and are prepared instead in accordance with the bond indenture basis of accounting. She stated that because of this, the auditors issued an adverse opinion based on GAAP and issued an unmodified opinion under the Indenture basis of accounting, which is a clean opinion.

John Fedus introduced himself and Kevin Bissell from PKF Mueller & Co and Hilda Renteria from Prado & Renteria. Mr. Bissell reviewed pages 1-3 of the audit, which is the Independent Auditor's Report. That portion of the audit he stated contains the opinion of the auditors and describes Management's Responsibilities and the Auditor's Responsibilities.

Mr. Bissell reviewed the statements themselves. He noted that pages 4-5 show the assets of the Authority as of June 30th and also presents prior year comparative information. He highlighted that cash and cash equivalents were up approximately \$3.3 million from 2021, noting that cash at end of fiscal year 2021 was down significantly due to the effects of COVID. He also noted the hotel tax receivables had started to bounce back from the effects of COVID. He reported that hotel tax revenue receivable increased at year end from \$5.6 million in FY 2021 to \$15.4 million in FY 2022. Mr. Bissell reported that long-term assets are up from the prior year primarily due to stadium improvements and that the Authority has approximately \$340 million of long term assets at year end.

Mr. Bissell then went on to review the schedule of liabilities. He indicated that accounts payable were up \$2.6 million from the prior year, noting that this increase is mostly in the Soldier Field Improvement Fund. He reported that long term liabilities were down \$8.4 million, noting that this was related to debt payments that were made during the year. He highlighted that the fund deficit decreased by \$13.3 million in total and noted that this improvement in equity can be seen in the large increase in fund balances of the Revenue Funds and the Comiskey Park Capital Improvement Fund.

Mr. Bissell then went on to review the schedule of revenue and expenses, noting that hotel tax revenues for the year were up \$30 million. He noted that the revenues also reflected the \$27.3 million that was received from the City of Chicago's share of the Local Government Distributive Fund.

As far as expenditures, Mr. Bissell noted that FY 2022 expenditures were up \$27.2 million from year before primarily related to debt service.

Mr. Bissell then reviewed the schedule of Other Financing Sources noting that this is where in the prior year column issuance of the 2021 new debt is reflected and the related transfer of funds to pay-off refunded debt service.

Mr. Bissell then commented on the Notes section of the Financials which he explained provides information related to the organization of the Authority, establishment of funds and accounting policies. He noted that the Notes section also includes discussion of some of the impacts of

COVID-19. He stated that the remainder of the Financial Statements included fund analysis that provides additional detail for information already covered.

Hilda Renteria then reviewed the letter from the auditors dated October 22, 2022, to the Authority that contained information required to be communicated pursuant to professional standards governing the auditors. She noted that there were no significant difficulties in dealing with management in performing and completing the audit. She further stated that discussions with management occurred in the normal course of auditor's professional relationship and responses were not a condition to retention of the auditors. She noted that the last section of the letter related to supplementary information.

Mr. John Fedus stated that if there were no further questions this was the conclusion of their presentation of the audit. Chair Darling asked the auditors if they thought there was a need to go into executive session to discuss the audit. Mr. Fedus stated that he did not think there was a need to go into executive session.

Chairman Darling asked for a motion to accept the Audited Financials, Mr. Bobins moved to accept, and Ms. Soodek seconded. Chair Darling called for a roll call vote to accept the Audited Financials.

A roll call vote was taken.

Ayes: Chair Darling, Ms. Andolino, Mr. Bobins, Mr. Forde, Ms. Soodek, Ms. Cooper Wright

Nays: None

Abstention: None

Item 8. Fiscal Year 2022 ISFA Operating Results through September 30, 2022

Ms. Phillips Goodum stated the net operating results for the 1st quarter of fiscal year 2023 were \$19.1 million. She noted that compared to the budget, actual results were unfavorable by \$254.9k. On the revenue side, Ms. Phillips Goodum reported that investment income and special events revenue had favorable variances.

On the expenditure side Ms. Phillips Goodum reported there were operational savings of \$49k due to open positions and savings in travel and training and marketing, net of legal and professional fee overages. She reported unfavorable variances in expenditures as result of accelerated requests for reimbursement from the Park District for Soldier Field improvements of \$62.6k and accelerated project start dates for Guaranteed Rate Field of \$330.5k.

In connection with the Chicago White Sox Maintenance subsidy, Ms. Phillips Goodum noted that the subsidy calculation will result in a total remittance to the White Sox of \$142.9k. She stated that the Authority remitted one-half of that amount, resulting in a negative variance of \$71.4k through September 30, 2022. She stated that the subsidy amount resulted from the disparity between the budgeted CPI of 3% versus actual CPI of 8.7%. Ms. Phillips Goodum reported that initially under the Management Agreement the Authority paid the White Sox a maintenance subsidy amount that increased based on a CPI calculation. She reported that as result of the 14th Amendment to the agreement, the subsidy amount was offset by annual debt service amounts of the Authority paid for bonds issued to finance certain improvements made at the request of the Chicago White Sox.

In terms of hotel tax revenue, she reported that through September hotel taxes are favorable by \$2.2 million. As of November 30, 2022, she reported that ISFA had net hotel taxes of \$26.3 million on a cash basis and that was 88% of the actual full amount received for FY 2022. She also noted that those hotel tax receipts were 95% of what was received for the same periods in 2018 and 2019. She, however, reported that even though hotel tax receipts are recovering to pre-Covid amounts the full year projected amounts for FY 2023 will not be enough to cover the full State Advance Amount requested for FY 2023. She reported the current estimated shortfall to be \$9.9 million which was down from the budgeted shortfall amount of \$17.9 million.

Mr. Bilecki reported that the Authority staff had conversations with the City's CFO and her staff related to these projections and potential shortfall. Mr. Bilecki reported that he had presented a short-term solution as well as a long-term solution to address the shortfall. He noted that in 2024, the Authority could have an opportunity to restructure the debt to lower annual debt service payments and therefore address the long term projected shortfall, but he noted that this could only be done if there were legislative changes that would allow extension of the term of the bonds beyond the term of the underlying term of the agreement between the Bears and the Park District. In terms of 2023 shortfall, he stated that the \$9.9 million projected shortfall could be addressed by eliminating the Soldier Field Reserve, which the City had actually proposed doing at the end of FY 2022. He stated that elimination of the reserve would not eliminate the requirement that the Authority pay the annual amount for Soldier Field Capital improvements and the maintenance subsidy amount. He stated that funding of the reserve is a requirement under the agreement between the Authority and the Park District, accordingly elimination of the reserve would require an amendment to that agreement. The Board members discussed the proposal and agreed that elimination of the reserve seemed to be the best solution to the projected shortfall, but understood that the Park District would have to agree. Several Board members noted that the City had to understand that if we didn't take steps to address this projected shortfall now there could be another draw on the City's Local Government Distributive Fund.

Item 9. Other Business

Chair Darling noted that there were Real estate Disclosure forms included in the Board Book that needed to be completed by Board members and returned to PJ by December 17, 2022.

Item 10. Public Comment

None

Item 11. Executive Session

Chair Darling asked for a motion to go into an Executive Session to discuss matters that are allowed to be discussed in executive session pursuant to section 2(c)(21) of the Open Meeting Act, review of Minutes of Closed Meetings. Ms. Andolino moved to go into executive session, and it was seconded by Ms. Cooper Wright. Motion was unanimously approved.

Item 12. Matters Arising out of Executive Session

Chair Darling asked for motion to keep executive session minutes reviewed in executive session confidential. Ms. Cooper Wright so moved and Ms. Andolino seconded. Motion was unanimously approved.


Item 13. Adjournment

Chair Darling adjourned the meeting at approximately 11:45 a.m.



Chair, Leslie Darling

ATTEST:



Secretary Michael Forde