



Public Building Commission of Chicago
Board Meeting
July 10, 2012



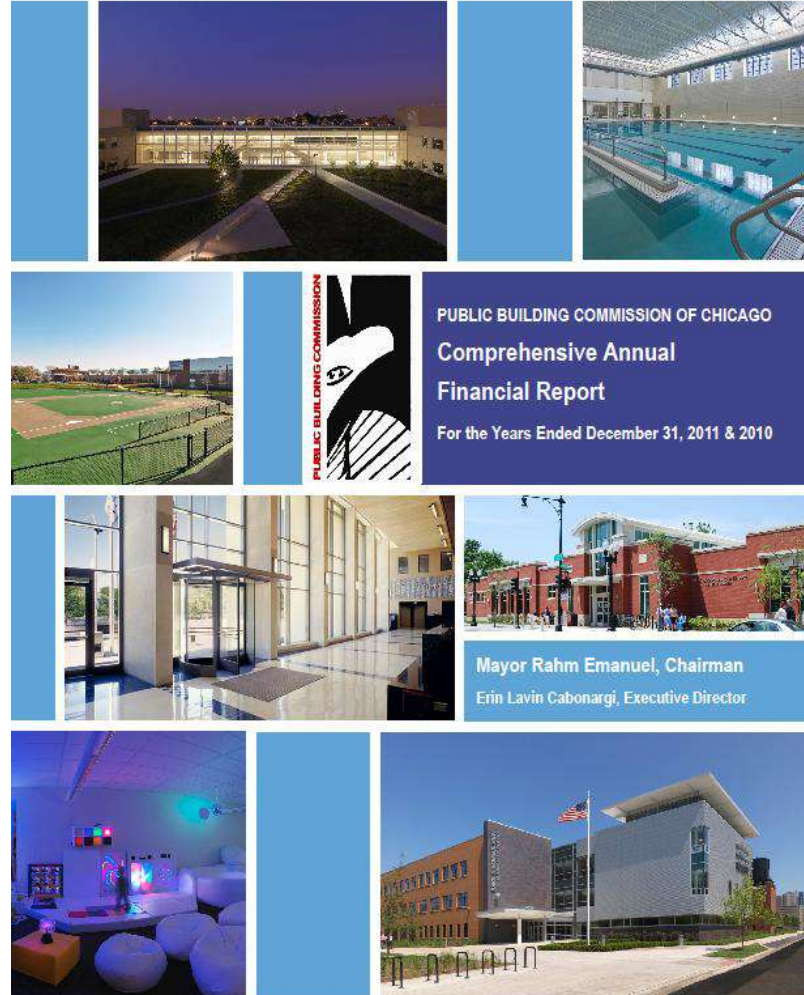


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Comprehensive Annual Financial Report





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Introduction

The Comprehensive Annual Financial Report (CAFR) has been prepared by the PBC. This report reflects Fiscal Years ended 12/31/2011 and 2010. The CAFR was submitted to the Government Finance Officers' Association (GFOA) for consideration for their Certificate of Achievement for Excellence in Financial Reporting. The PBC won this award for the first time for its 2009 financials, and again for its 2010 financials.

The CAFR includes an introductory section including a transmittal letter and org chart, the financial section which includes the traditional financial statements and a statistical section which includes demographic information as well as financial and operating data related to the PBC's current programs.

PBC is proud to report on its exemplary performance in areas such as Environmentally Sustainable Development (LEED), Market Conditions, M/WBE and EEO results and is also proud to benchmark itself against many of our client agencies who prepare CAFR's and annually receive this distinction from the GFOA.



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Independent Audit

The PBC Act requires the Commission's financial statements to be audited annually by independent certified public accountants. The fiscal year 2011 audit was conducted by Deloitte & Touche LLP ("Deloitte") with support from Washington, Pittman & McKeever, a minority-owned certified public accounting firm and Velma Butler Associates, a women-owned certified public accounting firm. An unqualified audit opinion, rendered by Deloitte, is included in the financial section of this report.



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Audit Trends

- Audit adjustments reduced from high of 55 in 2007 audit to only one audit adjustment in 2011
- Management letters were issued in 2006 and 2007 citing material weaknesses and significant deficiencies; no management letters were issued for 2010 and 2011 audits
- Cost of audit is down from \$243,000 for 2006 and 2007 audits to \$188,000 for 2011 audit
- The audit team included M/WBE participation for the first time in 2009 audit and years since
- Completion within 6 months of financial close allows eligibility for submission of CAFR to GFOA for award program



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Financial Health



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- Operations and maintenance costs for the Daley Center decreased by 20% in 2011, down to \$14.2 M.
- Administrative expenses decreased by 15% from 2010 actuals, down to \$11 M. The decrease from 2011 budgeted of \$18.3 M was 39.9%, as management initiatives were implemented throughout 2011 in light of declining workload (WIP).
- Investment income increased for the first time in four years, despite the pool of funds invested being 11.9% smaller than in 2010.
- All above contributed to \$6.6 M increase in net assets.





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Major Initiatives



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1. Chicago Public Schools Summary

Modern Schools Across Chicago

- 17 projects completed between 2008 and 2011
- 2 projects to open in 2012
- 1 project to open in 2013
- Funded through combination of TIF funds and CPS bonds
- Trending \$133 M under authority provided for 20 projects (\$1.1 B)

Other CPS projects

- 10 addition or renovation projects completed since 2008
- 12 more authorized, including new
Jones College Preparatory High School in South Loop
- Trending \$22 M under authority provided for 22 projects (\$307 M)



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1. Chicago Public Schools Details

Modern Schools Across Chicago

In June 2006, the City of Chicago announced an ambitious program to build or renovate more than 20 new and existing schools for the Chicago Public Schools (CPS). MSAC pursues an innovative funding strategy that, upon completion, will provide more than \$1 B in new or improved infrastructure for the school district. The first facility completed was Miles Davis Replacement Elementary School, opening in the Englewood community in September, 2008. Since that time, sixteen more projects have been completed. Two schools are scheduled to open in 2012, with one more in the construction phase and still more in the planning stage. The Commission has been granted the development authority for a total of twenty MSAC projects. At the time of issuance of this report, these projects illustrate excellent cost performance, collectively trending \$133 M under the original budget commitments made by the Commission, \$1.1 B in total.





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1. Chicago Public Schools Details, Continued

Other CPS Projects

In addition to the MSAC program, the Commission has completed ten other school addition or renovation projects since 2008 and has been authorized for twelve more, including a seven-story new high school facility in the South Loop. The Commission's cost performance on these projects is commendable as well, collectively trending \$22 M under Original budget commitments made by the Commission, \$307 M in total.

All of the projects are being financed through bonds issued by both CPS and the City, and backed by resources from various Tax Increment Finance (TIF) districts throughout the City. The use of the TIF funds demonstrates the value new school buildings can have in increasing development in community areas.





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2. Chicago Public Library Summary

- 5 new branch facilities opened to date trending under budget by \$5M under the original budget commitments made by the commission of \$52 M.
- 2 new branch facilities in development.
- 2 renovations completed and one renovation/addition under construction.
- Funded through combination of TIF funds and City GO bonds





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2. Chicago Public Library Details

The Commission has also partnered with Chicago Public Library (CPL) on a program that includes the construction of new branch libraries as well as addition and renovation projects throughout the City. The first facility in this program, the Beverly Branch Library, opened in 2009. Since that time, four more facilities have opened and three more are in various stages of development. Like the MSAC program, the library program will utilize TIF funding where available, recognizing that libraries are also important development anchors in City neighborhoods. The five libraries opened by the Commission reflect excellent cost performance, currently trending \$5 M under budget authority of \$52 M.





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3. Security Camera Installation & Integration Summary

- Over \$60M spent since 2007 on City network
- Additional clients now include CPS, CTA, City Colleges of Chicago and most recently, Cook County





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3. Security Camera Installation & Integration Details

In recent years, the Commission has worked with numerous client partners to develop and enhance networks of security cameras and tie those cameras into the Office of Emergency Management and Communications' (OEMC) system, supporting first responders. The City's OEMC network includes approximately \$60.8 M of network infrastructure and public right-of-way surveillance coverage deployed since 2007. In addition to the City of Chicago, clients have included Chicago Public Schools (CPS), Chicago Housing Authority (CHA), Chicago Transit Authority (CTA) and City Colleges of Chicago (CCC). The Commission is supporting these clients with specification development, procurement and deployment of surveillance systems allowing clients to improve the overall security of their facilities. Discussions are ongoing with additional clients to determine if similar opportunities for collaboration are present.





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3. Security Camera Installation & Integration Details

For CPS, the PBC provided planning, design, installation, and system commissioning services for a High School Security Program in 2011. The program included the installation of 579 security cameras at 14 high-risk high schools. For CT A, the PBC provided planning, design, installation, and system commissioning services for a CTA Rail Station Security Camera Program. The program included the installation of 96 security cameras at five CTA rail stations. For CCC, the PBC integrated 980 CCC security cameras into the OEMC security camera network.

The Commission continues to work with OEMC to create and implement the city-wide strategy to integrate all public right-of-way cameras into the OEMC network for availability to first responders and emergency management teams, and to implement multiple surveillance solutions supporting the City's initiatives which are funded by federal Department of Homeland Security grants.





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4. Energy Performance Contracting Summary

- Daley Center project completed in 2011
- Annual operational savings of \$600,000 covers the financing requirements
- Working with City of Chicago and CPS on potential programs and additional clients to follow





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4. Energy Performance Contracting Details

The Commission has engaged in Energy Performance Contracting, with its pilot project completed in the Daley Center in 2011. The energy conservation measures implemented at the Daley Center included lighting upgrades, water conservation modifications to public restrooms, energy management system optimization, conversion of the chilled water loop to variable flow, new boiler controls, variable air boxes for fan systems and upgrades to condenser water controls, chiller motors, starters and compressors. The improvements will reduce carbon emissions by more than 2,500 tons, the equivalent of planting 572 acres of trees or removing 461 trucks from area roads. These improvements are guaranteed to save approximately \$9 M over the fifteen-year financing term, and beyond. The guaranteed energy savings is leveraged to attain private financing so that no taxpayer funding is required to be invested in the energy retrofits.

The Commission is currently providing planning phase services to the City of Chicago and the Chicago Public Schools for large-scale energy retrofit programs. These programs will be implemented in a number of public facilities including high schools, elementary schools, police stations, fire houses, libraries and large office buildings. Anticipated energy retrofits will be lighting, building automation systems, boilers, chillers, air handling units, motors, starters and compressors.