

**PUBLIC BUILDING COMMISSION OF CHICAGO
MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON
JUNE 30, 2015**

The Audit Committee Meeting of the Public Building Commission of Chicago was held in the Board Room on the 2nd Floor, Richard J. Daley Center on June 30, 2015 at 1:00 p.m.

The following Committee members attended

Commissioner Cabrera – Chairman *
Commissioner Samuel Wm. Sax, Member *
Commissioner Byron Brazier, Member *

Also attending:

Felicia S. Davis *
Paul Spieles *
Mary Pat Witry *
Lori Lypson *
Eileen Ryan
Ilyas Lakada *
Tanya Foucher-Weekly
Lisa Giderof
Ray Giderof
Langdon Neal, Neal & Leroy *
Jeannette Sublett, Neal & Leroy *
Angela Cipolla, Deloitte
Kathleen Candela, Deloitte
Alan Truesdell, Deloitte
Andre Wiggins, MB Real Estate

* Indicates also attended Executive Session

The meeting was called to order. The reading of the minutes of the April 9, 2015 meeting, which had previously been distributed, was dispensed with and upon motion duly made and seconded the minutes of said meeting were unanimously adopted.

Pursuant to Section 2.06(g) of the Open Meetings Act, a public comment period was held. No comments or statements were presented by any persons.

The PBC Comptroller Tanya Foucher Weekley reported on the Comprehensive Annual Financial Report (CAFR) for the years ended December 31, 2014 and 2013. The Government Finance Officers Association (GFOA) awarded the PBC a Certificate of Achievement Award for Excellence in Financial Reporting for its CAFR for the fiscal year ended December 31, 2013. The assets of the Commission exceeded liabilities by \$77.9 million at December 31, 2014. Of this amount, \$59.3 million was included net of investment in capital assets and \$18.6 million was restricted for use by the Daley Center and for Commission operations. The Commission's total net position decreased by \$5.4 million and \$3.7 million for the years ended December 31, 2014 and 2013 respectively. The decrease in net position for the year ended December 31, 2014, is attributable to decreases in project revenue. The Executive Director outlined her initiatives to increase the PBC's position as the builder of choice for its clients including a review of client fee structure and outreach to the PBC's sister

agencies to ensure that the PBC delivers on each client's expectations and goals. The PBC Comptroller Tanya Foucher-Weekley reported on the status of the Intergovernmental Agreement (IGA) between the City of Chicago Office of the City Treasurer (CTO) and the PBC regarding the CTO providing the PBC with financial management services including asset allocation strategies to increase the PBC's return on its investment bond portfolio. The IGA was approved by the PBC Board at its April 2015 Board meeting and approval of the IGA is expected by the Chicago City Council at the July 2015 City Council meeting. The PBC Comptroller's Report was accepted by the Audit Committee.

Next, Kathleen Candela, the Lead Client Service Director for Deloitte & Touche. Kathleen introduced the Deloitte team in attendance. Ms. Candela provided the required auditor communications for the 2014 Audit. Deloitte reported three errors corrected by management prior to the issuance of financials, though none were considered significant to the presentation of the financial statements; two of which were reclassification errors and one final error, overstatement of prepaid expenses was reported by Deloitte. Deloitte reported that there were no material weaknesses or significant deficiencies in the internal control over financial reporting. Control deficiencies were reported over net investment in capital assets; overstating the retainage payable accrual and by enhancing the PBC's current construction accrual process to include accruals for certain of its larger projects. Deloitte recommended that Management utilize a method to include all other projects for the same purpose for the construction accrual process.

The Report by Deloitte & Touche, LLP was accepted by the Audit Committee.

Next, an Executive Session was convened under Section 5 ILCS 120/2 (c) (11) of the Open Meetings Act to discuss potential litigation.

An Executive Session was convened for the purpose of discussing a settlement and potential litigation. PBC Legal Counsel presented a report on the status of certain requirements contained in a Settlement Agreement with a PBC Contractor. Next, Legal Counsel reported on the status of a Report of Investigation prepared by the former PBC Inspector General dated January 2015. The Audit Committee accepted the Report of PBC Legal Counsel. No Action was taken by the Audit Committee during the Executive Session which required a vote during the Open Meeting.

The meeting was then re-convened into the regular session and adjourned.