

**PUBLIC BUILDING COMMISSION OF CHICAGO
MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON
OCTOBER 27, 2014**

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 October 27, 2014 at 1:00 p.m.

The following Committee members attended

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

Also attending:

Erin Lavin Cabonargi
Paul Spieles
Mary Pat Witry
Ilyas Lakada
Molly Sullivan
Langdon Neal, Neal & Leroy
Jeannette Sublett, Neal & Leroy

The reading of the minutes of the June 16, 2014 meeting, which had previously been distributed, was dispensed with and upon motion duly made and seconded the minutes of said meeting were unanimously adopted.

PBC General Council Langdon Neal provided an overview to the PBC Audit Committee of an Intergovernmental Agreement, approved by City Council on October 8, 2014, that provides that the City's Office of Inspector General ("IG") will serve as the Public Building Commission's (the "Commission") Inspector General effective January 1, 2015.

Committee members raised the following question to counsel. Does the IGA dilute the Commission's statutory legal authority and role as an independent governmental entity? The Audit Committee has requested a legal opinion as to whether the IGA is constitutional. The Commission was created pursuant to the Public Building Commission Act (50 ILCS 20/1 et seq.) as a separate municipal corporation and body politic for the purpose of facilitating the construction, acquisition and enlargement of public improvements. Should the City's IG serve as the Commission's IG, a separate municipal entity? The resolution creating the Commission was approved by the following governmental entities: Cook County, the Forest Preserve District of Cook County, the Chicago Park District, the Chicago School Board and the Metropolitan Sanitary District. Representatives of these governmental entities that approved said Resolution creating the Commission serves as Commissioners

and each governmental entity has its own IG.

The committee members also raised a series of other issues requiring response;

1. Expansion of IG's jurisdiction to include investigation of Commissioners:

The IG authorizes the IG to investigate the performance of Commission officers and extends the IG's jurisdiction to members of the Board in their capacity as Board members with respect to business matters occurring before the Board. The IG's authority to investigate the individual Commissioners creates additional liability and reputational risk to the individual Commissioners. Recognizing the role of the Board throughout the history of the Commission, the Audit Committee believes this expansion of authority appears to be unwarranted to ensure the Board's integrity.

2. The IG is authorized to issue public statements in the following circumstances:
 - a. if an investigations exonerates a person who is publicly known to have been under investigation and the person requests such a statement;
 - b. if an investigation, audit or program review concerns inefficient or wasteful management; and
 - c. In a Quarterly Report summarizing investigations resulting in sustained findings of misconduct.

In order to maintain and ensure the integrity of the Commission, the Audit Committee requests that all investigatory findings, audits or programs reviewed by the IG, remain confidential until the Board can issue its own decision as to whether the findings are sustained and supported by the evidence.

3. Whether the IGA will adversely impact the PBC's ability to do business with entities other than the City of Chicago?

The IG's jurisdiction will extend to the investigation of all PBC projects including worked performed by the PBC on behalf of Sister Agencies and governmental entities located outside of Cook County. Most of these governmental entities or agencies have their own Inspector General.

The Audit Committee unanimously agreed to defer a vote on the IGA awaiting a response from legal counsel.

The meeting was adjourned.