



STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL

PROGRAM AUDIT

ILLINOIS HIGH SCHOOL ASSOCIATION
SITE SELECTION FOR BOYS BASKETBALL FINALS

JUNE 1996

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*To the Legislative Audit Commission, the Speaker and
Minority Leader of the House of Representatives, the
President and Minority Leader of the Senate, the
members of the General Assembly, and the Governor:*

This is our report of the Program Audit of the Illinois High School Association's Site Selection For Boys Basketball Finals. The audit was conducted pursuant to Legislative Audit Commission Resolution Number 105, adopted June 14, 1995.

The audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The report is transmitted in conformance with Section 3-14 of the Illinois State Auditing Act.

A handwritten signature in black ink, appearing to read "William G. Holland".

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Auditor General

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June 1996

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

REPORT DIGEST

Program Audit

**Illinois High School Association
SITE SELECTION FOR BOYS BASKETBALL FINALS**

SYNOPSIS

In January 1995, the Illinois High School Association (IHSA) requested written proposals for the boys basketball State final tournaments. The IHSA received proposals from the Assembly Hall, Peoria, and Redbird Arena. The Assembly Hall had hosted the tournament previously.

On May 2, 1995, the IHSA selected Peoria's proposal to host the finals. Peoria offered at least \$150,000 in cash sponsorship, least arena rent, lowest arena commissions on merchandise sales, lower hotel rates, and some free space for new events (such as the "March Madness Experience") for each of the next three years. The Peoria Civic Center, however, has 4,900 fewer seats than the Assembly Hall.

The IHSA is an association whose mission is to serve member public and private schools. The IHSA is not subject to State purchasing laws. By requesting proposals, the IHSA injected competition in the site selection process, but the manner and basis for soliciting and evaluating proposals may be improved through the following:

- Developing written contracting policies for State final tournaments.
- Indicating minimum requirements and essential criteria, including their relative importance.
- Keeping complete records of Board meetings and the site selection process.
- Enhancing the IHSA's conflict of interest disclosure form.

AUDIT OBJECTIVES

The Legislative Audit Commission adopted Resolution Number 105 on June 14, 1995. It directed the Auditor General to audit the Illinois High School Association's (IHSA) solicitation and evaluation of proposals for the boys basketball State final tournaments. (p.1)

REPORT CONCLUSIONS

From 1919 to 1995, boys high school basketball State finals were played in Champaign, Illinois. In January 1995, the IHSA requested written proposals for the first time to inject competition in the site selection process. The IHSA did not issue a written request for proposals but briefed arenas and provided a list of topics for which it wanted information, such as financial terms, seating, parking, and lodging.

Proposals were received from Peoria, the Assembly Hall, and Redbird Arena. The IHSA projected 1996 net revenue at the Assembly Hall to be \$476,674. Comparatively, it projected net revenue at Peoria, even with lower ticket prices than at the Assembly Hall, to be \$665,918, a difference of \$189,244. Audit calculations indicated the projected difference should have been \$127,293.

On May 2, 1995, the IHSA selected Peoria's proposal. It offered at least \$150,000 in cash sponsorship, least arena rent, lowest arena commissions on merchandise sales, lower hotel rates, and some free space for new events ("March Madness Experience") for each of the next three years. The Peoria Civic Center, however, has 4,900 fewer seats than the Assembly Hall.

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laws. By requesting proposals, the IHSA injected competition in the site selection process, but the manner and basis for soliciting and evaluating proposals may be improved through the following:

- *Developing written contracting policies for State final tournaments.*
- *Indicating minimum requirements and essential criteria, including their relative importance.*
- *Keeping complete records of Board meetings and the site selection process.*
- *Enhancing the IHSA's conflict of interest disclosure form. (pp. 1-2)*

SOLICITING PROPOSALS

Prior to 1995, the IHSA selected sites by negotiating with the arena that had previously hosted the tournament. However, more arenas had become interested in hosting tournaments. IHSA officials said they decided to inject competition into the site selection process for boys basketball, girls basketball, girls volleyball, boys dual team wrestling, and boys individual wrestling tournaments.

In January 1995, the IHSA requested written proposals for the first time. The IHSA identified potential arenas, briefed them on its needs, and provided a list of specifications.

The IHSA did not indicate minimum requirements, selection criteria, and the relative importance of criteria. Specifying minimum requirements, such as the number of seats, parking spaces, and hotel rooms desired, and identifying the relative importance of each criteria may have helped arenas determine whether to propose and what to propose.

Only boys basketball and girls volleyball received more than one written proposal. The IHSA selected the same sites for 1996—2000

that had previously hosted the tournament for the four tournaments other than boys basketball. Digest Exhibit 1 summarizes the site selection process. (pp. 3, 9-14)

Digest Exhibit 1
SITE SELECTION PROCESS

January 11, 1995	Letter invited arenas to a January 24 meeting at IHSA.
January 24	IHSA gave presentation, provided specifications, and answered questions.
March 1	Deadline for submitting written proposals.
Month of March	IHSA met with arenas to discuss the proposals.
April 13	IHSA sent a survey to member high schools regarding boys basketball tournament.
May 2	IHSA Board chose Peoria to host boys basketball State finals.

SOURCE: IHSA documents and arenas.

ARENAS' PROPOSALS

Peoria's proposal offered an annual cash sponsorship of at least \$150,000 for 1996—1998. Also, IHSA officials said they had been very satisfied with Peoria's community support in other IHSA tournaments but indicated that community support at the Assembly Hall had been weak. Digest Exhibit 2 on the next page compares the three written proposals received by the IHSA. (pp. 17-19)

◆ *Hotels*

IHSA officials said accommodations were a concern because Champaign area hotels had

over-booked rooms during past tournaments. Champaign-Urbana had 2,795 rooms which the Assembly Hall said would increase to 3,109 rooms in 1996. Peoria guaranteed discount rates on 790 of over 2,900 rooms and did not require multiple night reservations. (p. 20)

◆ *Seats*

The Assembly Hall had the most seats with over 16,000, followed by the Peoria Civic Center with 11,100. During 1990—1995, attendance exceeded the Civic Center's capacity in 29 of 48 (60 percent) boys basketball final sessions. In 1995, the highest attendance at a session at the Assembly Hall was 13,001; the average was 11,419. In 1996, all seats were sold at the Civic Center. (p. 21)

◆ *Other Events*

Peoria's proposal offered a concept for a "March Madness Experience" which included many new exhibitions and events for fans, such as the three point challenge, free throw challenge, 3 on 3 hold the court challenges, and mini hall of fame. It was intended to be similar to the NCAA "Fan Jam." (p. 22)

EVALUATION PROCESS

On April 3, 1995, the Board of Directors requested a survey of member schools regarding boys basketball. Survey results indicated to the IHSA that a traditional location was more important to Division 5 schools (which includes Champaign—Urbana) while lodging was more important to the other schools. Division 5 schools rated the importance of a traditional location at 4.27 (out of 5.00) while the average for all the other responding schools was 3.46. Economy of hotel rooms was rated the highest by all the responding schools (4.41). (pp. 23-24)

Digest Exhibit 2
COMPARISON OF ARENAS' 1996 PROPOSALS

FACTOR	ASSEMBLY HALL	PEORIA	REDBIRD ARENA
Arena Rent and Expenses	\$149,179 projected by the Assembly Hall based on a formula.	\$53,600 in estimated direct expenses.	\$158,600 projected by Redbird Arena based on a formula.
Community Support	Resolutions of support from hotels and restaurants. In-kind support and promotional advertising that vendors valued at \$71,595.	Cash sponsorship of at least \$150,000/year. In-kind support (e.g., rent-free arena at \$109,400) that Peoria valued at \$115,000.	"Tournament Ambassadors" to solicit cash and in-kind sponsorships.
Hotels	Rack rates or discounts offered by 19 hotels with 1,966 rooms. Multiple hotels for teams.	Guaranteed discount for 790 rooms. No multiple night stay required. One hotel for all teams.	Rack rates or discounts and no multiple night stay required. Two hotels for teams.
Seating Capacity	Over 16,000	11,100	10,017
Parking	Over 4,000 spaces, \$2.00 per day.	8,360 spaces, most \$3.00 to \$3.50/entry.	7,804 campus spaces for free.
Commissions Payable to Arena	28% commission if arena sells; 18% if IHSA sells.	No sales by arena. *	20% commission if arena sells; 10% if IHSA sells.
Other Events	All costs sponsored for The Happening (a shooting and dunking contest).	March Madness Experience and The Happening for only some charges.	Catering and judges' lodging costs for The Happening.

* 10% commission rate projected by the IHSA for program sales by non-arena sellers.

SOURCE: IHSA Site Proposal Analysis and Recommendation, IHSA income/expense statements, arenas' written proposals and attachments, and interviews with IHSA and arena officials.

◆ **Revenues And Expenses**

The IHSA projected its net revenue would be \$189,244 more if the tournament was held in Peoria (\$665,918) instead of at the Assembly Hall (\$476,674). Our review of the proposals indicated the difference in IHSA's projected net revenue should have been \$127,293 (Peoria \$651,161 v. the Assembly Hall \$523,868). (pp. 24-25)

◆ **IHSA's Analysis**

The IHSA prepared a Site Proposal Analysis and Recommendation which was given to the Board of Directors to help them select the site for boys basketball finals. It concluded that the Assembly Hall's proposal was less attractive than Peoria's proposal, that housing concerns in Champaign—Urbana were not adequately addressed, and that community

support and corporate involvement remained a concern. It recommended selecting Peoria's proposal, lowering ticket prices (from \$6/10 to \$4/6/8), and paying for participating teams' hotel rooms (estimated to cost the IHSA \$57,600).

The Board accepted the recommendation on May 2, 1995. An IHSA press release stated Peoria's proposal would reduce ticket prices, house all competing teams in the same hotel, conduct tournament-related events, provide seats closer to the basketball court, and stabilize hotel rates. (pp. 25-27)

◆ *Evaluation Instrument*

The IHSA developed an instrument to evaluate proposals. The instrument, titled "Site Proposal Evaluation Form," was specific and contained spaces to evaluate in detail the factors in the specifications given to arenas. The instrument was not actually completed but IHSA officials said it was used as a guide. Completing the form could help reduce discrepancies, increase accountability, and evaluate proposals more consistently. (p. 27)

CONTRACTING POLICY

The IHSA did not have written contracting policies and procedures for soliciting, evaluating, and selecting arenas for State final tournaments.

Written policies and procedures can help formalize management goals, establish controls, set personnel responsibilities, document the solicitation process, formulate criteria, ensure consistency, and permit future reviews against expected standards of performance.

In addition, complete records of the contracting process were not kept. Since the IHSA is an association that serves member

schools, it can improve accountability by keeping records of significant meetings, events, and decisions. (p. 29)

◆ *Board Meetings*

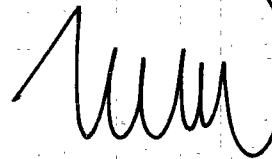
The IHSA did not keep minutes of the meeting at which the Board of Directors decided to move the site for boys basketball State finals. The IHSA said they voluntarily try to comply with the Open Meetings Act. The Act requires a summary of discussion on all matters proposed, deliberated, or decided, and a record of any votes taken (5 ILCS 120/2.06). (pp. 30-31)

◆ *Disclosure Form*

The IHSA has a Conflict of Interest form that personnel associated with contracting are required to complete. However, the form does not require disclosure of all relationships with public or private organizations. The form could have included entities with whom the IHSA does business, such as the University of Illinois, the Peoria Area Convention and Visitors Bureau, the Peoria Civic Center, and the Illinois State University. (p. 32)

RECOMMENDATIONS

This report makes three recommendations to improve the site selection process. IHSA officials agreed with the recommendations; their written comments are in Appendix F.



WILLIAM G. HOLLAND, Auditor General

WGH\AD
Springfield

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Chapter 1 **INTRODUCTION**

The Legislative Audit Commission adopted Resolution Number 105 on June 14, 1995 (Appendix A). The Resolution directed the Auditor General to conduct a program audit of the Illinois High School Association's decision to move the boys high school basketball finals from the University of Illinois Assembly Hall to the Peoria Civic Center. The Resolution contains the following determinations:

- Whether the manner of soliciting proposals for alternate sites was adequate and in conformity with applicable laws and prudent business practices; and
- Whether the manner and basis for evaluating proposals for alternate sites were adequate and in conformity with applicable laws and prudent business practices.

REPORT CONCLUSIONS

The Illinois High School Association (IHSA) sponsors many athletic tournaments with boys basketball being the largest tournament. From 1919 to 1995, the boys basketball State finals were played in Champaign, Illinois.

In January 1995, the IHSA requested written proposals for the first time for its five major indoor tournaments, namely boys basketball, girls basketball, girls volleyball, boys dual team wrestling, and boys individual wrestling. IHSA officials said their goal was to inject competition to influence site selections and arrangements. The IHSA did not issue a written request for proposals but briefed arena officials and provided a list of topics for which it wanted information, such as financial terms, seating, parking, and lodging. The IHSA asked arena officials for their best written proposals and told them negotiations would not be permitted.

On April 3, 1995, the IHSA selected the same sites for all the major indoor tournaments for the years 1996—2000 except boys basketball. Only boys basketball and girls volleyball received more than one proposal. Boys basketball received proposals from the University of Illinois Assembly Hall, Illinois State

University Redbird Arena, and the Peoria Area Convention and Visitors Bureau (with the games to be held at the Peoria Civic Center).

On May 2, 1995, the IHSA selected the Peoria Civic Center as the site for boys basketball finals. Peoria offered a competitive proposal with at least \$150,000 in cash sponsorship, least arena rent, lowest arena commissions on merchandise sales, lower hotel rates, and some free space for new events ("March Madness Experience") for each of the next three years. The Peoria Civic Center has 11,100 seats while the Assembly Hall is larger with over 16,000 seats.

The IHSA projected 1996 net revenue at the Assembly Hall to be \$476,674. Comparatively, they projected net revenue at Peoria, even with lower ticket prices than at the Assembly Hall, to be \$665,918, a difference of \$189,244. Audit calculations indicated the projected difference should have been \$127,293.

The IHSA is an association whose mission is to serve member public and private schools. It is not subject to State purchasing laws. By requesting proposals, the IHSA injected competition in the site selection process, but the manner and basis for soliciting and evaluating proposals may be improved through the following:

- Developing written contracting policies for State final tournaments.
- Indicating minimum requirements and essential criteria, including their relative importance.
- Keeping complete records of Board meetings and the site selection process.
- Enhancing the IHSA's conflict of interest disclosure form.

BACKGROUND

The Illinois High School Association, founded in 1903, is a non-profit voluntary association. An association is defined by Black's Law Dictionary as "the act of a number of persons in uniting together for some special purpose or business." The IHSA has tax status as a 501(c)3 entity as defined in the Internal Revenue Code, which means it is exempt from federal taxes. The IHSA is also exempt from State taxes but pays sales tax on merchandise it sells.

The IHSA's mission is to serve member schools through the conduct of interscholastic activities (see Exhibit 1-1). The IHSA conducts State final athletic tournaments in 25 sports (see Appendix B) in addition to activities such as chess, debate, drama, music, speech, and a scholastic bowl. Nearly 1,200 local tournaments

and/or meets are hosted each year by member schools, leading up to these State final events under the auspices of the IHSA.

Between 1919 and 1995, the high school boys basketball State final tournaments were held in Champaign. Since 1963 they have been held at the University of Illinois Assembly Hall. Oak Park hosted the first tournament in 1908, followed by Bloomington (1909—1910), Peoria (1911 and 1913), Decatur (1912 and 1914—1917), and Springfield (1918).

When the Assembly Hall's contract for boys basketball and individual wrestling expired after the 1994 tournaments, the IHSA requested a one year extension, which was agreed upon on June 17, 1994. The extension provided the IHSA time to explore opportunities with arenas, including the Assembly Hall, for its five major indoor events: boys basketball, girls basketball, girls volleyball, boys dual team wrestling, and boys individual wrestling. These contracts expired in the same year (1995) so proposals could be requested simultaneously.

Written proposals for these tournaments were requested in January 1995 and received by March 1, 1995. Only boys basketball and girls volleyball received more than one proposal. Boys basketball received proposals from Redbird Arena, the Assembly Hall, and the Peoria Area Convention and Visitors Bureau (with games to held at the Peoria Civic Center). Girls volleyball received proposals from Redbird Arena, Metro Center (Rockford), and Prairie Capital Convention Center (Springfield). The IHSA's site selection process for girls volleyball was similar to but less extensive than boys basketball.

On April 3, 1995, the IHSA selected the same sites for the next five years (1996—2000) for the four major indoor tournaments other than boys basketball: Redbird Arena would continue to host girls basketball, girls volleyball, and boys dual team wrestling, while the Assembly Hall would continue to host boys individual wrestling. The IHSA had indicated it would consider deciding sites for all five tournaments by April 3, but the site selection for boys basketball was postponed until May 2, 1995, when the Peoria Civic Center was selected to host the 1996—1998 finals.

Exhibit 1-1
IHSA'S MISSION

"The Illinois High School Association will serve member schools by providing leadership in the development, supervision and conduct of interscholastic activities which enrich the educational experiences of high school students. It will provide for equitable participation opportunities and positive recognition to students, while working cooperatively with schools to enhance the achievement of desired educational goals."

SOURCE: 1995—1996 IHSA Official Handbook.

IHSA Operations

The IHSA has a constitution, by-laws, rules, policies, administrative procedures, and guidelines. They are published in the IHSA Official Handbook which is updated annually. When a school renews its annual membership, it accepts the IHSA constitution and by-laws as regulations for interscholastic activities.

The constitution addresses matters such as membership, board of directors, elections, officers, and assessments. The by-laws address matters such as responsibilities of principals, qualifications of coaches, sportsmanship, and athletic eligibility.

In Fiscal Year 1995, the IHSA operated on revenues of \$4.54 million and expenses of \$4.49 million. Net revenues were \$49,709 (see Exhibit 1-2). Boys basketball provided the most revenue (30%) while administration and operations of the association were the largest expense (54%).

Any Illinois public or private school recognized by the State Board of Education may become a member of the IHSA. On June 30, 1995, the IHSA had 754 members: 634 were public schools and 120 were private schools.

Board Of Directors

The Illinois High School Association is governed by a Board of Directors (Board) that makes programmatic decisions, such as which site to select for tournaments. The seven Board members who selected the site for boys basketball State finals are indicated in Exhibit 1-3.

The Board is responsible for determining IHSA policy, interpreting rules, and employing the Executive Director and staff to aid in administering IHSA programs. The IHSA has 25 employees including an executive director, an associate executive director, and four associate directors.

<i>Exhibit 1-2</i> <i>IHSA REVENUES AND EXPENSES</i> <i>June 30, 1995</i>	
REVENUES	
■ Boys Basketball	\$1,379,559
■ Girls Basketball	319,211
■ Other Tournaments	1,913,311
■ Other ²	<u>929,513</u>
	\$4,541,594
EXPENSES	\$4,491,885
NET REVENUE	\$49,709
¹ Other athletic tournaments and also contests (e.g., music, chess, and scholastic bowl).	
² Investments, sales, awards, etc.	
SOURCE: IHSA 1995 Financial Statement and Supplementary Data.	

The Directors of the Board are school principals who are elected to three-year terms, one from each of the seven geographic divisions (see map in Exhibit 1-4). They meet most months and are reimbursed for expenses.

<i>Exhibit 1-3</i> IHSA BOARD OF DIRECTORS <i>May 2, 1995</i>	
DIVISION	SCHOOL
Division 1	Chicago Fenger — President
Division 2	Hoffman Estates High School — Vice President
Division 3	Downers Grove South
Division 4	Savanna — Secretary
Division 5	Mount Zion
Division 6	Monmouth High School
Division 7	Marion High School
SOURCE: Illinois High School Association officials.	

Applicable Statutes

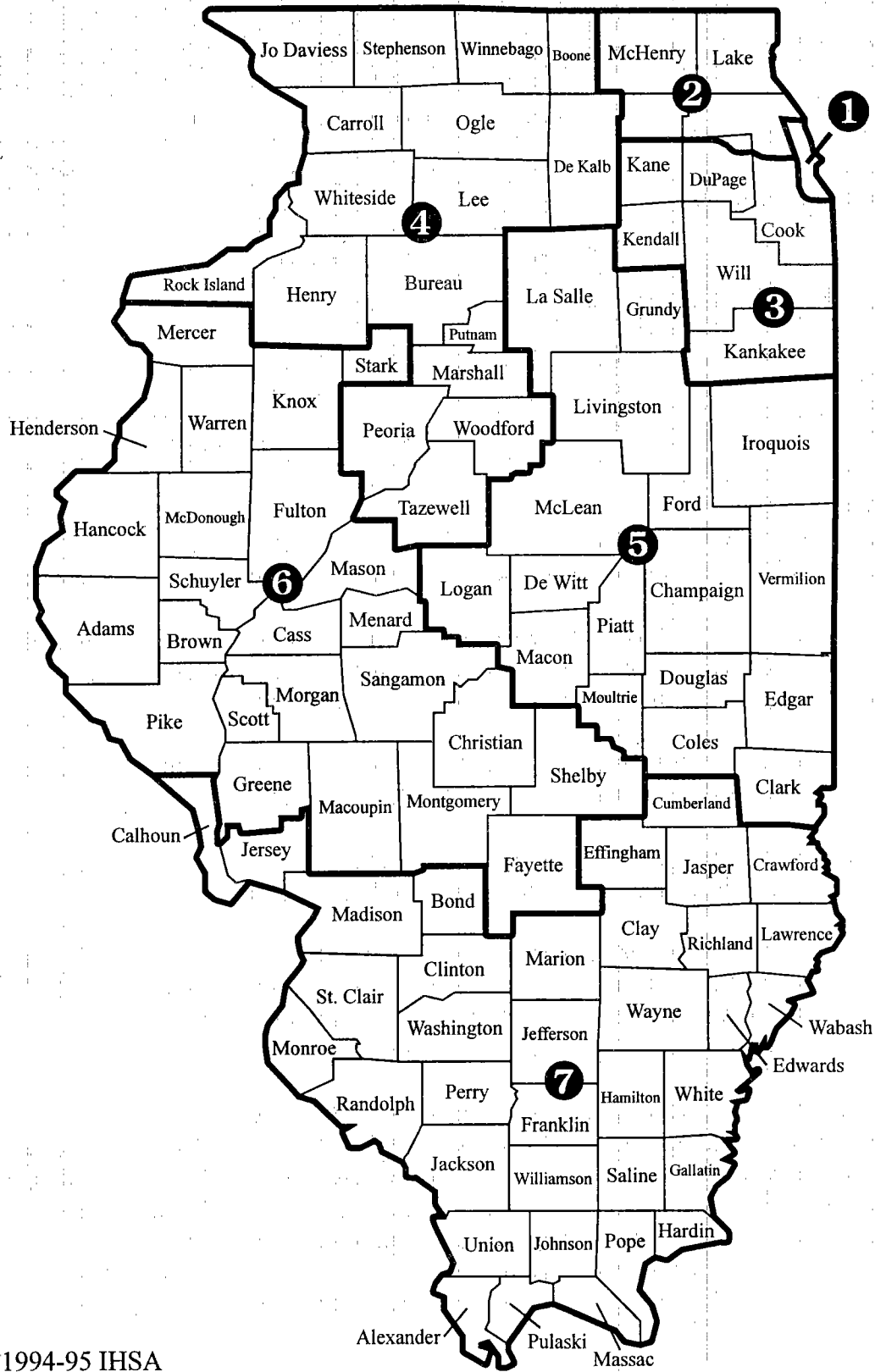
The IHSA is not created by State law. It is a non-profit voluntary association. It does not receive appropriations from the General Assembly nor is it subject to the Illinois Purchasing Act, which establishes specific requirements for procuring goods and services for State agencies.

However, a statute that is applicable to the IHSA is Article 10 of the School Code. It establishes three requirements that associations such as the IHSA must satisfy before they can receive membership dues from schools (105 ILCS 5/10-22.40):

1. Permit a post audit by the Auditor General under the Illinois State Auditing Act (located at 30 ILCS 5/1-1 *et seq.*).
2. Submit an annual report to the State Board of Education dealing with trends in female participation in athletic competition.
3. Be subject to, or voluntarily comply with, the public access provisions set forth for State agencies in Sections 3 and 4 of the State Records Act which concern access to information about public funds and photocopying (located at 5 ILCS 160/3 and 160/4).

In addition, the School Code states that section 5/27-1, titled "Areas Of Education Taught — Discrimination On Account Of Sex," is violated if a high school participates in a post-season high school basketball tournament which is not identically structured for both boys and girls. Identically structured means having the same number of boys and girls teams playing in their respective tournaments at any common location. The statute explains that "common location" does not have to mean the same city. For example, the 1996 girls basketball finals were held in

Exhibit 1-4
IHSA GEOGRAPHIC DIVISIONS



Source: 1994-95 IHSA
Official Handbook

Normal at Redbird Arena while boys basketball finals were held in Peoria at the Civic Center.

SCOPE AND METHODOLOGY

This program audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit's objectives are specified in Legislative Audit Commission Resolution Number 105, which calls for a program audit of IHSA's decision to relocate the high school boys basketball State finals to the Peoria Civic Center. The Resolution requires an audit of IHSA's solicitation and evaluation of proposals for the tournament site. Accordingly, we gathered information using the methods shown in Exhibit 1-5.

The audit generally did not encompass an assessment of the three one-year contracts with Spectator Management Group as operator of the Peoria Civic Center.

We requested the Ticket Master contract between Peoria and Ticket Master but Peoria officials told us it was confidential and could not be provided.

The IHSA hires a private firm to conduct an annual financial audit. The Auditor General's Office performs a limited scope compliance audit of the IHSA every two years which determines

Exhibit 1-5 AUDIT METHODS

- Reviewed State statutes and guidelines in IHSA's Official Handbook.
- Examined the IHSA's documentation regarding the decision to seek written proposals, the solicitation of proposals, and the evaluation of such proposals.
- Examined documentation from the three organizations that submitted written proposals: Illinois State University Redbird Arena, Peoria Area Convention and Visitors Bureau, and University of Illinois Assembly Hall.
- Interviewed representatives from the IHSA and the three organizations that submitted written proposals.
- Toured the basketball facilities of Redbird Arena, the Civic Center, and the Assembly Hall.
- Surveyed neighboring states' high school associations to determine how they selected sites for basketball tournaments.
- Reviewed the basketball specifications of the National Collegiate Athletic Association for comparison with IHSA.
- Reviewed IHSA's process for selecting a site for the girls volleyball tournament for comparison since it was the only other IHSA tournament that received more than one written proposal.

compliance with statutory requirements, such as whether the IHSA permits the Auditor General to conduct an audit, submits required reports to the State Board of Education, supplies State liaisons information given to the IHSA Board of Directors, and complies with public access sections of the State Records Act.

Our Fiscal Year 1994—1995 limited scope compliance audit is being released simultaneously with this program audit. It does not have any material findings. Previous limited scope compliance audits had no significant findings relevant to this audit.

This audit tested management controls that were significant to the audit objectives. Test results are disclosed in the following chapters. Management controls are reflected in an organization's structure, policies, procedures, decision processes, internal evaluations, and reporting systems.

The audit examined all aspects of performance relating to site selection for the boys basketball finals including goals, efforts, operations, outputs, outcomes, and compliance with regulations. Only a few general laws and no administrative rules applied to the IHSA; no applicable laws concerned solicitation and evaluation of tournaments.

This audit did not rely on computer-processed data and, therefore, did not test general or application controls. The criteria for this audit were generally based upon prudent business practices due to a lack of laws that applied to the IHSA.

The IHSA cooperated fully in the conduct of this audit and IHSA officials said they welcomed our recommendations for improvement.

REPORT ORGANIZATION

The remainder of this report is organized into four chapters. Chapter 2 reviews IHSA's solicitation of proposals for the boys basketball State final tournaments. Chapter 3 discusses the three arenas' written proposals. Chapter 4 examines IHSA's evaluation of the proposals for boys basketball finals. Chapter 5 discusses other administrative matters that came to our attention during the audit. The appendices contain the audit resolution, IHSA's tournament schedule, site specifications, comparison of the Assembly Hall's 1996 proposal with 1992—1995 contracts, Site Proposal Evaluation Form, and IHSA's response.

Chapter 2 **SOLICITING PROPOSALS**

The IHSA's manner of soliciting proposals was generally adequate and conformed with prudent business practices. State procurement laws do not apply to the IHSA. The IHSA requested competitive proposals for five major tournaments in 1995, including boys basketball, with the goal of injecting competition. A written request for proposal was not issued, but IHSA officials met with arena representatives and indicated the factors that needed to be addressed in proposals. Previously, the IHSA had only negotiated with an arena that had hosted the tournament.

The 1995 solicitation process resulted in viable proposals. However, the IHSA should consider improving some areas. The IHSA listed general factors it wanted addressed. Minimum requirements for these factors could be established, such as seating capacity, arena facilities, parking spaces, or financial terms, to help ensure that proposals meet the IHSA's needs. The criteria and their relative importance could be communicated to proposers. Providing arena officials more time could also be considered.

SOLICITATION PROCESS

Prior to 1995, the IHSA selected tournament sites by negotiating with the arena that had hosted the tournament previously. However, more arenas had become interested in hosting the IHSA tournaments. The IHSA Director said they decided to inject competition into the site selection process.

On January 11, 1995, the IHSA contacted major Illinois arenas to inform them that it would be seeking written proposals for five major tournaments: boys basketball, girls basketball, girls volleyball, boys dual team wrestling, and boys individual wrestling.

IHSA officials met with arena representatives on January 24, 1995, to present their expectations and to answer questions. The IHSA Director asked arena representatives to submit their best proposals on any of the five major indoor finals and said he was looking for creativity. He informed them they would not be permitted to improve their proposal through future negotiations nor would they see the

expiring contract with the Assembly Hall or the other arenas' written proposals. Exhibit 2-1 summarizes the events that transpired during the site selection process.

<i>Exhibit 2-1</i> SITE SELECTION PROCESS	
January 11, 1995	Letter invited arena representatives to a January 24 meeting at IHSA.
January 24	IHSA gave presentation, provided specifications, and answered questions.
March 1	Deadline for submitting written proposals.
Month of March	IHSA met with arena representatives to discuss their proposals.
April 3	IHSA Board selected sites for four major indoor tournaments other than boys basketball.
April 13	IHSA sent a survey to member high schools regarding boys basketball finals.
April 28	IHSA Director drafted recommendation for the Board.
May 2	IHSA Board chose the Peoria Civic Center to host boys basketball Class A & AA State final tournaments.
SOURCE: IHSA documents and arena interviews.	

Audit Criteria

The Legislative Audit Commission directed this audit to determine whether the IHSA's manner of soliciting proposals for boys basketball finals was adequate and conformed with applicable laws and prudent business practices.

As discussed in Chapter 1, the IHSA is not subject to State purchasing laws but is subject to prudent business practices. Such practices require treating all potential proposers equitably and following the procedures below during the solicitation process:

- Identify all potential proposers who could meet requirements.
- Provide potential proposers the same information and allow sufficient time to respond.
- Indicate to potential proposers any minimum requirements and principal evaluation criteria, including their relative importance.

Identifying Proposers

On January 11, 1995, the IHSA invited major Illinois arena representatives to a meeting at the IHSA office on January 24. The letter from the Executive Director said the IHSA would describe events and accommodations necessary to host the State indoor tournament finals for its five major tournaments. The letter added:

"We have had very successful tournaments using, for the most part, the facilities of Illinois State University and the University of Illinois and we are not dissatisfied in any way with these facilities. Facilities have been constructed in a number of communities throughout the state which now provide new options for our consideration. We believe it is important to examine these options, especially as IHSA needs change and new facilities which appear capable of meeting the needs of our events become available."

The IHSA identified all potential arenas sufficiently large to hold the boys basketball State final tournaments. In recent years, the average attendance at these finals has exceeded 10,000 fans. This invitation was sent to the following ten major arenas in Illinois:

- Assembly Hall in Champaign
- Peoria Civic Center in Peoria
- Mark of the Quad Cities in Moline
- Metro Centre in Rockford
- Prairie Capital Convention Center in Springfield
- Redbird Arena in Normal
- Rosemont Horizon in Rosemont
- Southern Illinois University Arena in Carbondale
- United Center in Chicago
- University of Illinois Chicago Pavilion in Chicago.

Site Specifications

Prior to seeking competitive proposals in 1995, the IHSA only had general guidelines for selecting the site for regional tournaments. These guidelines included items such as the school must formally request to host the tournament, have adequate facilities, and cooperate with IHSA's policies.

Since the State finals were a larger event, the IHSA developed more comprehensive guidance, titled "Specifications For IHSA State Final Tournament Site Proposals." These specifications were distributed to arena officials at the January 24, 1995, meeting and applied to all five tournaments (see Exhibit 2-2 and Appendix C).

The specifications were intended to guide arena officials that wanted to submit a written proposal for any major indoor tournament. They listed 13 factors for which the IHSA wanted information, such as availability dates, seating capacity, accommodations, financial terms, facilities, insurance, and marketing support.

Because the specifications did not state what the IHSA needed but rather asked what proposers could offer, proposers responded with varied information.

For example, the specifications asked for information about parking, rather than for the specific number, cost, or distance of parking spaces. The same was also true for hotels. The specifications did not ask for the number of hotel rooms, rates, discounts, or multiple night reservation requirements.

However, such specific elements were later included about one or more arenas in the analysis provided to the Board for selecting a site. If the specifications had indicated the elements that the IHSA would be evaluating, proposers could have provided the information which would have made it possible to compare proposals more similarly.

We compared the IHSA's specifications to those of the National Collegiate Athletic Association (NCAA) titled "NCAA Division I Men's Basketball Championship 1998, 1999, and 2000 Final Four Facility/Site Specifications." NCAA specifications contained 18 pages of details, including the number of seats required, the number of hotel rooms needed, and the percent of revenues that the NCAA would pay, among other things. Details such as these help arena personnel prepare their proposal.

We also contacted the high school associations of regional states to identify their specifications for boys basketball. Iowa, Ohio, and Wisconsin officials indicated they have specifications similar to the IHSA. However, for over 25 years Iowa's tournament has been at the Veterans' Auditorium while Wisconsin's has been at the

Exhibit 2-2
SITE SPECIFICATIONS

The IHSA requested all proposals for hosting a State Final athletic event to include specific data and explanation regarding the following:

1. Guaranteed availability of dates
2. Seating capacity
3. Team accommodations
4. Financial terms and facility services (e.g., rent, parking, ticketing)
5. Competition areas and required equipment
6. Special factors
7. Insurance
8. Event television
9. Media accommodations
10. Meeting/meal functions
11. Term of contract
12. Marketing support
13. Other factors

SOURCE: "Specifications For IHSA State Final Tournament Site Proposals."

University of Wisconsin. Officials of four other states said their specifications included the following:

- MISSOURI: guaranteed availability dates, rent, facilities, seating capacity, ticketing, parking, and other factors.
- MINNESOTA: arena cost, facilities, seating capacity, ticketing, parking, hotels, team accommodations, security, commissions, group meals, advertising, marketing support, and other factors.
- MICHIGAN: expenses, housing, corporate sponsorship, food service, management, site preparation, concessions, pageantry, and safety considerations.
- INDIANA: location, personnel, finances, accommodations, and restaurants for regional tournaments (the finals are at the Indianapolis Hoosier Dome).

The IHSA's specifications listed more factors than the regional states. However, the IHSA did not indicate principal evaluation criteria and their relative importance, or state any minimum requirements, such as the number of seats, parking spaces, hotel rooms, meeting rooms, or financial terms that were desired. Such information would have helped arena officials determine whether to propose and what to propose. For example, the IHSA's analysis submitted to the Board indicated Redbird Arena was not recommended because its size and parking were limited, and its facilities were the least adequate.

The Assembly Hall officials said the IHSA's specifications were vague and open to interpretation. These officials noted the specifications asked what arenas could offer instead of telling what the IHSA wanted. They added they were unaware of the importance of extra activities. IHSA officials said they had not known extra activities would become as important because it was Peoria that developed the March Madness Experience, which is similar to the NCAA's "Fan Jam."

Since they found the specifications to be vague, the Assembly Hall officials said they asked the IHSA for clarification. However, they found the IHSA's answers to be inadequate so they made assumptions about what was significant. The Assembly Hall officials said they emphasized seating, financial terms, and full service staffing. The Assembly Hall officials told us that criteria such as attendance, parking, safety, marketing, and location were not the determining factors but Peoria's sponsorship money was. Peoria offered at least \$150,000 in cash sponsorship to the IHSA while the other proposing arenas did not.

Officials from Peoria and Redbird Arena were satisfied with the IHSA's solicitation and evaluation process. Officials from the Peoria Area Convention and Visitors Bureau and the Peoria Civic Center said they found the IHSA's process to be professional with nothing done on an individual basis. Redbird Arena manager said he felt that the IHSA shared enough background information for proposers to address the stated criteria.

Response Time

The Assembly Hall officials indicated that more preparation time could have helped improve their proposal. They received the IHSA's site specifications on January 24, 1995 and had until March 1, 1995 to submit proposals for any of the five tournaments. The written proposals included information to address the IHSA specifications, along with letters from community leaders, hotels, restaurants, and university officials.

The unsuccessful proposers said a significant amount of time was needed to gather community data and prepare a marketing plan (e.g., solicit corporate sponsorships). Such information had to be prepared for each tournament they wanted to host. The Assembly Hall submitted two written proposals (boys basketball and boys individual wrestling) while Redbird Arena submitted four written proposals (boys basketball, girls basketball, girls volleyball, and boys dual team wrestling).

Before the IHSA formally announced it would be seeking competitive proposals in January 1995, the IHSA's plan to seek proposals became known by two of the arenas who later submitted written proposals. Peoria officials said they learned in January 1994 that the IHSA's contract for boys basketball finals with the Assembly Hall was expiring and they began planning their proposal in early 1994. The Assembly Hall officials said the IHSA indicated in June 1994, when their contract was renewed for one year, that competition may be used to award the contract in 1995.

We asked officials from the NCAA, the high school associations of regional states, and the two unsuccessful arenas how much time was typically provided to prepare athletic proposals:

- NCAA officials said they allowed proposers one to six months to submit proposals, depending on which of their 80-plus tournaments was being bid. For the men's basketball Final Four, proposers were allowed one month because they were familiar with the specifications.

- Officials of the high school association of Minnesota said they allowed seven weeks, while Missouri officials said they allowed three to four months.
- The Assembly Hall officials said they generally had six to twelve months to prepare proposals and that five weeks to prepare proposals for the IHSA tournaments was comparatively short.
- Redbird Arena said they had varying times to prepare proposals but noted that some events do not require marketing plans with the proposal, as was necessary for the boys basketball finals; these marketing plans can take a lot of time to prepare.

SUMMARY

The IHSA requested written proposals for the five major indoor tournaments in 1995 to inject competition. The IHSA identified large Illinois arenas, briefed officials on its needs, and provided them a list of specifications. Arena representatives were requested to submit a proposal considering the factors listed in the specifications. However, the IHSA did not indicate minimum requirements, selection criteria, and relative importance of criteria. Arenas could have also been allowed more time to respond since negotiations were not permitted.

RECOMMENDATION NUMBER 1

The Illinois High School Association should consider specifying minimum requirements, informing proposers of the essential criteria and their relative importance, and determining whether additional response time would improve written proposals.

ILLINOIS HIGH SCHOOL ASSOCIATION'S RESPONSE

Our objective in providing somewhat general criteria to proposers was to stimulate their creativity in developing proposals within broad parameters rather than specific bids on a much less creative basis. However, we recognize that there is merit in more clearly specifying minimum requirements and essential criteria. We also recognize that there may be merit in providing more response time than we did on this occasion. We will consider both these suggestions in future site proposal solicitations.

Chapter 3
ARENAS' PROPOSALS

The IHSA received three written proposals for the boys basketball State final tournaments. Peoria offered to provide at least \$150,000 in cash sponsorship, charge the least rent, not require multiple night hotel reservations, and charge the lowest commissions. The Assembly Hall offered the most seats, free group meals, and no charge for "The Happening" (shooting and dunking contest). Redbird Arena had the highest rent, free parking, and fewest seats.

COMPARISON OF PROPOSALS

On March 1, 1995, the IHSA received three written proposals for the boys basketball State final tournaments from the Assembly Hall, Redbird Arena, and the Peoria Area Convention and Visitors Bureau. Each arena proposed different financial terms and offered different facilities to the IHSA, such as the number of seats, parking, rent, and commissions. The arenas' proposals are discussed below and summarized on the next page.

Arena Rent

The Peoria Civic Center proposed to charge the least rent for the 1996 basketball final tournaments. The Civic Center's normal rent was \$109,400, which it offered to waive, and charge only direct costs, which it estimated would be \$53,600.

The Assembly Hall proposed to charge \$149,179 for rent and expenses while Redbird Arena proposed charging \$158,600.

The projections in Exhibit 3-1 were provided by the arenas so each is based on different ticket sales and prices.

<i>Exhibit 3-1</i> ARENA RENT Projection for 1996			
	Assembly Hall ¹	Civic Center ²	Redbird Arena ³
Rent	\$149,179	\$0	\$64,600
Expenses	\$0	\$53,600	\$94,000
TOTAL	\$149,179	\$53,600	\$158,600
¹ Assembly Hall rent based on \$6 and \$10 tickets and 1993-94 attendance of 83,868. ² Civic Center offered to charge only expenses, and guaranteed a sellout of up to 88,800 seats. ³ Redbird Arena estimated rent based on \$10 ticket prices and total attendance of 74,000.			
Source: Arenas' proposals.			

Exhibit 3-2
COMPARISON OF ARENAS' 1996 PROPOSALS

FACTOR	ASSEMBLY HALL	PEORIA	REDBIRD ARENA
Arena Rent and Expenses	\$149,179 projected by the Assembly Hall based on a formula.	\$53,600 in estimated direct expenses.	\$158,600 projected by Redbird Arena based on a formula.
Community Support	Resolutions of support from hotels and restaurants. In-kind support and promotional advertising that vendors valued at \$71,595.	Cash sponsorship of at least \$150,000/year. In-kind support (e.g., rent-free arena at \$109,400) that Peoria valued at \$115,000.	"Tournament Ambassadors" to solicit cash and in-kind sponsorships.
Hotels	Rack rates or discounts offered by 19 hotels with 1,966 rooms. Multiple hotels for teams.	Guaranteed discount for 790 of over 2,900 rooms (27%). No multiple night stay required. One hotel for all teams.	Rack rates or discounts and no multiple night stay required. Two hotels for teams.
Seating Capacity	Over 16,000	11,100	10,017
Parking	Over 4,000 spaces, \$2.00 per day.	8,360 spaces, most \$3.00 to \$3.50 per entry.	7,804 campus spaces for free.
Commissions Payable to Arena	28% commission if arena sells; 18% if IHSA sells.	No sales by arena. *	20% commission if arena sells; 10% if IHSA sells.
Other Events	All costs sponsored for The Happening (a shooting and dunking contest).	March Madness Experience and The Happening for only some charges.	Catering and judges' lodging costs for The Happening.
Group Meals	Free.	Extra charge.	Extra charge.
<p>* 10% commission rate projected by the IHSA for program sales by non-arena sellers. SOURCE: IHSA Site Proposal Analysis and Recommendation, IHSA income/expense statements, arenas' written proposals and attachments, and interviews with IHSA and arena officials.</p>			

IHSA's rent and expenses at the Assembly Hall were proposed to be lower in 1996 due to a different formula. In 1995, rent was \$87,764 and expenses were \$95,882 for a total of \$183,646 in arena rent. Commissions charged by the Assembly Hall on program and merchandise sales were \$21,173 for a total of \$204,819. The IHSA's net revenue was \$497,293 in 1995 (see Exhibit 3-3).

<i>Exhibit 3-3</i>			
BOYS BASKETBALL FINAL TOURNAMENTS REVENUES			
YEAR	TICKET REVENUE	ASSEMBLY HALL'S SHARE *	IHSA NET REVENUE
1991	\$433,228	\$165,422	\$267,806
1992	\$454,399	\$168,354	\$286,045
1993 **	\$667,736	\$195,253	\$472,483
1994	\$657,804	\$194,755	\$463,049
1995	\$702,112	\$204,819	\$497,293

* Includes rent, expenses, and commissions.
 ** Revenue increased significantly because ticket prices were increased.
 SOURCE: Illinois High School Association.

Community Support

Only Peoria's proposal offered the IHSA any cash sponsorship. The city and local corporations together guaranteed to pay the IHSA at least \$150,000 for each of the three contract years. Peoria offered in-kind support that it valued at \$115,000, such as free Civic Center rental, discounts on operations, and Welcome Reception, in addition to police security and traffic control, some local promotional advertising, and Bradley University services.

Peoria's proposal stated the entire community would be supportive including schools, corporations, the park district, and the city. The IHSA was very satisfied with Peoria's community support. The IHSA Director said Peoria had been a leader in community support for athletic events.

By comparison, IHSA officials indicated community support for the boys basketball finals at the Assembly Hall had been weak in the past. However, the 1996 Assembly Hall proposal included letters of support from ten local business and political leaders (e.g., University of Illinois president, mayors of Champaign and Urbana) complimentary tournament souvenirs, local promotions, and in-kind support that vendors valued at \$71,595 each year (e.g., \$40,000 worth of radio and television advertising and tags on Pepsi products promoting tickets). Appendix D compares the Assembly Hall's 1996 proposal with its 1992—1995 contracts for the boys basketball tournament, and indicates the additional offers made by the Assembly Hall.

IHSA officials said Peoria also offered letters of support and local promotions but did not place a dollar value on them. In addition, Peoria also offered more tangible items such as a rent-free arena.

Redbird Arena proposed to provide tournament advertising and promotions, and also offered to try and solicit sponsorships for hospitality room refreshments, team meals, welcome gifts, ticket sales, and cash support.

Hotels

IHSA officials said that accommodations were a concern because Champaign area hotels had over-booked rooms during past tournaments. Furthermore, schools had indicated in the IHSA April 1995 survey that Champaign area hotels raised rates and required multiple night reservations during the tournaments.

The Peoria area had over 2,900 hotel/motel rooms. Champaign-Urbana had 2,795 rooms which the Assembly Hall said would increase to 3,109 rooms in 1996. The Assembly Hall proposed to provide 1,966 rooms at published rack (regular) rates or discount rates.

As shown in Exhibit 3-4, Peoria guaranteed discount rates on 790 rooms, did not require multiple night reservations, and offered the IHSA some complimentary rooms (e.g., 1 room for every 35 rooms booked).

Peoria's proposal listed the specific rates for more hotels and had lower rates. Redbird Arena's proposal stated hotel rates were secured at or below rack rates and multiple night stays were not required.

In the past, competing teams were not housed in a central location during the tournaments. The IHSA stated Champaign area hotels were unwilling to house all teams in one hotel. Peoria proposed to house all teams in one hotel, which the IHSA preferred. Two hotels were to be used in Bloomington-Normal.

<i>Exhibit 3-4</i> HOTEL RATES FOR 1996		
HOTEL	OCCUPANCY	
	Double	Quad
ASSEMBLY HALL'S PROPOSAL: 3,109 total rooms; rack rates or discounts offered by 19 hotels with 1,966 rooms.		
■ Jumer's Castle Lodge	\$75	\$75
■ The Chancellor Hotel	\$84	\$84
■ University Inn	\$84	\$84
PEORIA'S PROPOSAL: Over 2,900 total rooms; 790 rooms guaranteed at discount rates.		
■ Budget Host Country Inn	\$42	\$42
■ Best Western Eastlight	\$62	\$62
■ Best Western Mark Twain	\$62	\$62
■ Holiday Inn City Centre	\$64	\$84
■ Jumer's Castle Lodge	\$76	n/a
■ Hotel Pere Marquette	\$72	\$72
SOURCE: Assembly Hall's and Peoria's written proposals.		

Other Factors

◆ **SEATING CAPACITY.** The Assembly Hall had the most seats with over 16,000, followed by the Peoria Civic Center with 11,100, and Redbird Arena with 10,017. The IHSA concluded that Redbird Arena's seating capacity was insufficient but that the Civic Center's seating capacity was sufficient because it was more than the average session attendance of 11,008 for the prior decade (1985 to 1994).

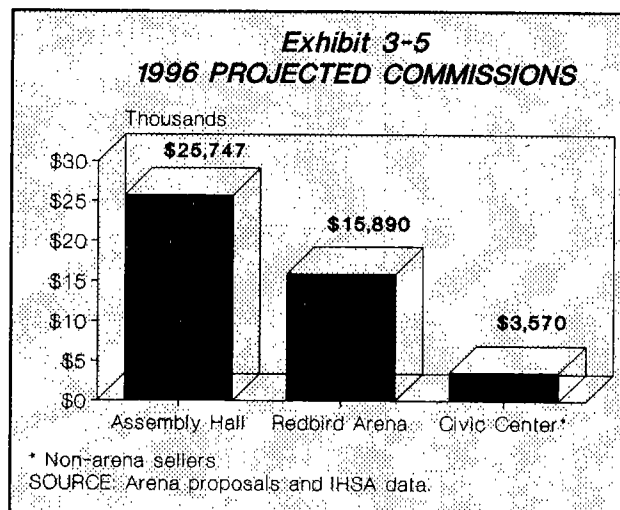
During 1990—1995, attendance exceeded the Civic Center's capacity in 29 of 48 (60 percent) Class A and Class AA boys basketball final sessions. In 1995, the highest attendance at a session at the Assembly Hall was 13,001; the average was 11,419. In 1996, all 11,100 seats were sold at the Civic Center.

IHSA officials stated the finals are broadcast on television for free and fans who cannot get seats can watch them on television. They said attendance varies depending on the teams competing, community support, and factors such as the professional baseball and hockey strikes of 1995.

◆ **PARKING.** Peoria had the most parking with 8,360 spaces, followed by Redbird Arena with 7,804 spaces, and the Assembly Hall with over 4,000 spaces. The Assembly Hall officials said more parking was not needed since their parking spaces were not full during the 1995 finals. The IHSA indicated that the Assembly Hall had the most convenient parking.

◆ **COMMISSIONS.** The IHSA projected that revenue from 1996 merchandise sales would exceed \$120,000. The commission rate charged on the sale of merchandise differed significantly among the three arenas, as discussed below and shown in Exhibit 3-5.

- The Assembly Hall proposed to charge 28% commission on souvenirs and programs they sold and 18% if the IHSA sold. Projected arena commissions: \$25,747.
- Redbird Arena proposed to charge 20% commission on souvenirs and



programs they sold, 10% if the IHSA sold souvenirs. Projected arena commissions: \$15,890.

- Civic Center left the sale of merchandise to the IHSA. The IHSA projected that non-arena program sellers would be paid 10% commission. Projected commissions: \$3,570.

◆ **OTHER EVENTS.** Peoria's proposal offered a concept for a March Madness Experience which would include many exhibitions and events for fans, such as the three point challenge, free throw challenge, 3 on 3 hold the court challenge, and mini hall of fame. It was intended to be similar to the NCAA "Fan Jam." Peoria's contracts provided space for the March Madness Experience for free for the Class AA tournament but would charge for exhibit halls for the Class A tournament. Exhibit hall charges were: "Move-In/Out \$3,050/day. Event \$4,075/day. \$300/hour over 8 hours for energy."

In 1995, the IHSA paid \$5,000 rent plus an estimated \$5,285 for expenses related to such events as reunions for previous "Sweet Sixteen" boys basketball players and The Happening, a basketball skills competition involving shooting and dunking.

In 1996, the Assembly Hall offered to sponsor all costs of The Happening. Redbird Arena would charge for catering and judges' lodging for The Happening. The Civic Center proposed to charge for expenses other than rent.

In addition, the Assembly Hall offered free meals for over 600 participants and school administrators on the night before the 1996 basketball tournaments. The Civic Center and Redbird Arena officials stated catering costs for these special events would be additional.

SUMMARY

The IHSA analyzed and compared the written proposals from Peoria, the Assembly Hall, and Redbird Arena for the boys basketball State finals. The proposals were compared using factors that included arena rent, community support, hotels, seating capacity, parking, and commissions. Each proposal was different with the Assembly Hall offering the most seats and Peoria offering the most money and the March Madness Experience.

Chapter 4 **EVALUATING PROPOSALS**

The IHSA received three written proposals which it analyzed for the Board to use in selecting a site for boys basketball finals. The IHSA's evaluation instrument was used as a guide but was not completed in writing. The analysis projected 1996 net revenue at the Peoria Civic Center to exceed the Assembly Hall by \$189,244 based on arenas' proposals; audit calculations indicated it would be \$127,293. The IHSA expected 1996 net revenue at the Peoria Civic Center to be at least \$150,000 more than it received from the Assembly Hall in 1995.

AUDIT CRITERIA

The Legislative Audit Commission directed this audit to determine whether the IHSA's manner and basis for evaluating proposals for boys basketball finals was adequate and conformed with applicable laws and prudent business practices.

As discussed in Chapter 1, the IHSA is not subject to State purchasing laws. However, an objective evaluation process would require evaluating all proposals equitably. Therefore, it would be prudent to establish written selection criteria, evaluate proposals using only the established criteria, evaluate proposals accurately, and select the proposal that best meets the association's needs.

EVALUATION PROCESS

On April 3, 1995, the Board of Directors met and requested a survey of member schools regarding boys basketball. The survey asked questions regarding tradition, hotels, cost, food, parking, tickets, and other matters. The survey was sent to 753 member schools and 421 (56%) responded.

IHSA officials indicated the survey showed that a traditional location was more important to Division 5 schools, which include Champaign—Urbana (see map on page 6), while lodging was more important to the other schools. Division 5 schools rated the importance of a traditional location at 4.27 (out of 5.00) while the average for all the other responding schools was 3.46. Division 5 also had the highest response rate

of 75 percent (75 of 100 schools). By comparison, economy of hotel rooms was rated the highest, 4.41, by all the schools and 4.48 by schools other than Division 5.

Revenues And Expenses

The IHSA prepared a Site Proposal Analysis and Recommendation dated April 28, 1995, which was given to the Board of Directors to help select the site for the boys basketball finals. The analysis projecting revenues and expenses for 1996 is shown in Exhibit 4-1, along with our review of IHSA's projections.

The IHSA projected net revenue of \$476,674 at the Assembly Hall and \$665,918 at the Civic Center. Our review indicated the IHSA should have projected net revenue of \$523,868 at the Assembly Hall and \$651,161 at the Civic Center. In other words, the Assembly Hall's net revenue should have been projected \$47,194 higher and the Civic Center's net revenue should have been projected \$14,757 lower. The differences are highlighted below:

- The IHSA used ticket sales from 1993 and 1994 for the Assembly Hall, but used some expenses from 1995. If 1995 ticket sales and expenses were used it would have increased projected revenue at the Assembly Hall by \$39,336.
- The IHSA's projections did not include group meals (\$3,600) or special event costs (\$5,285) at the Civic Center which would have decreased net revenue at the Civic Center by \$8,885.
- The IHSA added statistician crew expenses (\$5,570) and some special event expenses (\$5,285 instead of \$2,997) in the Assembly Hall's projections that were already covered by rent and expenses which decreased net revenue at the Assembly Hall by \$7,858.
- The IHSA did not have the same number of complimentary seats in each price tier at each arena, which increased projected ticket revenue at the Civic Center by \$5,872.

The analysis projected 1996 net revenue at Peoria Civic Center to exceed the Assembly Hall by \$189,244 based on arenas' proposals; audit calculations indicated it would be \$127,293. The IHSA expected 1996 net revenue at Peoria Civic Center to be at least \$150,000 more than it received from the Assembly Hall in 1995.

**Exhibit 4-1
REVENUE AND EXPENSE PROJECTIONS FOR 1996**

Revenue (Expense)	Assembly Hall ^A		Civic Center ^B	
	IHSA	OAG	IHSA	OAG
Ticket Revenue	\$662,776	\$702,112	\$573,088	\$567,216
Sponsorship	0	0	150,000	150,000
Rent/Expenses	* (149,500)	* (149,500)	(53,600)	(53,600)
Commissions **	(25,747)	(25,747)	(3,570)	(3,570)
Statistician Crew	(5,570)	(0)	(0)	(0)
Special Events	(5,285)	(2,997)	(0)	(5,285)
Group Meals	(0)	(0)	(0)	(3,600) ^C
Net IHSA Revenue^D	\$476,674	\$523,868	\$665,918	\$651,161

* Projected by IHSA. The Assembly Hall projected its rent to be \$149,179 based on lower ticket revenue.
 ** IHSA projected 10% commission would be paid to volunteers (not the arena).
 A The Assembly Hall net revenue based on \$6 and \$10 ticket prices.
 B Civic Center net revenue based on \$4, \$6, and \$8 ticket prices.
 C Group meal cost based on 1995 catering cost of \$6 per person for 600 people.
 D IHSA decided to pay for team hotel rooms at Peoria due to higher revenue which is not subtracted from the Civic Center's net revenue (estimated to cost \$57,600).
 SOURCE: OAG analysis and IHSA's Income and Expense Analysis.

Ticket Prices

The IHSA projected revenues and expenses based on various ticket prices which indicated net revenue would be higher at the Civic Center. The projections included Peoria's cash sponsorship of at least \$150,000.

If tickets were priced \$6 and \$10 at both the Civic Center and the Assembly Hall, the IHSA projected net revenue of \$476,674 at the Assembly Hall and \$772,782 at the Civic Center.

**Exhibit 4-2
IHSA NET REVENUE PROJECTION
AT DIFFERENT TICKET PRICES**

Tickets	Assembly Hall	Civic Center
\$6 and \$10	\$476,674	\$772,782
\$4 and \$8	\$348,888	\$599,422

SOURCE: IHSA Site Proposal Analysis and Recommendation.

If tickets were priced \$4 and \$8, the IHSA projected net revenue of \$348,888 at the Assembly Hall and \$599,422 at the Civic Center (see Exhibit 4-2).

Because net revenue at the Civic Center was projected to be higher, the IHSA Director recommended reducing ticket prices at the Peoria Civic Center to \$4, \$6, and \$8 from the Assembly Hall price of \$6 and \$10.

IHSA Director's Analysis And Recommendation

The IHSA Director's Site Proposal Analysis and Recommendation was given to the Board at its May 2, 1995, meeting. It concluded that the Assembly Hall's proposal was more attractive than Redbird Arena but less attractive than Peoria. It added that the financial terms were significantly less attractive than Peoria and that housing concerns in Champaign—Urbana were not adequately addressed. The analysis also said that community support and corporate involvement at Champaign remained items of serious concern. The Director's analysis said the following regarding Peoria's proposal:

- "a. Financial terms are exceptional. On its face, with no adjustments in ticket prices or benefits offered to schools or the public, the proposal would bring the Association approximately \$325,000 of new revenue.
- b. Addresses concerns expressed in specifications regarding souvenir sales commissions and site costs.
- c. Demonstrates an extraordinary level of community and local corporate support for the tournaments, by virtue of the commitment of a minimum \$150,000 cash guarantee each year for 3 years, plus a guaranteed sellout of the arena for all sessions.
- d. Addresses housing cost and adequacy concerns very directly.
- e. Offers ancillary facilities under the same roof, through the exhibition hall and the theatre, which would uniquely accommodate special events related to the tournaments and other creative ideas for promotion and marketing. With these facilities available at no rental cost, they become a marvelous bonus to the Association. For example, they would permit:
 - * Scholastic Bowl State Finals to be held in conjunction with the tournaments, for exposure and very visible association of IHSA with academics as well as athletics.
 - * State Cheerleader and Pom Pom competitions to [be] held in conjunction with the tournaments. They are already held on the tournament's dates but at another site.
 - * Development of 'The March Madness Experience,' a special fan-oriented event correlated with the tournaments.
- f. While the proposal was developed as a total package for 3 years, dates and facilities and the terms of their use can be guaranteed for 5 years. Guarantees of cash and hotel rates are not affirmed for 5 years at this time."

The analysis recommended selecting Peoria's proposal, lowering ticket prices, and paying for the hotel rooms of the participating teams. The Board accepted these recommendations. The decision was then conveyed to the three proposers the same day. An IHSA press release stated Peoria's proposal would allow reducing ticket prices, housing all competing teams in the same hotel, conducting tournament-related events, providing seats closer to the basketball court, and stabilizing hotel rates.

EVALUATION INSTRUMENT

The IHSA developed an instrument to evaluate proposals that was based on the site specifications given to the proposers in January 1995. The instrument, titled "Site Proposal Evaluation Form," was specific and contained spaces to evaluate in detail the factors in the IHSA's specifications. For example, the instrument said to evaluate the following (see Appendix E):

- "Seating Capacity. Total seats available for event; ability to scale the house, special options for seating of special groups, participant seating, handicapped accommodations, etc., must be specified. Also include seating diagrams, designation of space available for working press and live radio and TV production personnel."
- "Team Accommodations.
 - * On Site. Locker room facilities; team seating, bench and team support personnel (coaches, trainers, managers, cheerleaders, mascots, etc.); school VIP accommodations, etc. should be described.
 - * In the Community. Facilities and arrangements for team/participant housing in the community; special considerations community will provide participating school; special considerations community will provide fans from non-participating communities."

The instrument had similar details about the other factors listed in the site specifications. However, the instrument was not actually completed but the IHSA Director said it was used as a guide.

The analysis given to the Board did not compare each proposal the same way and had some discrepancies, as discussed in the prior section. Completing the Site Proposal Evaluation Form could help reduce discrepancies, increase accountability, and evaluate proposals more consistently because the evaluation form is precise and forces evaluation of the same factors. Furthermore, as discussed in Chapter 2, if the specifications had indicated the elements that the IHSA would be evaluating, the IHSA may have received more similar information to compare proposals.

RECOMMENDATION NUMBER 2

The Illinois High School Association should complete the Site Proposal Evaluation Form when evaluating written proposals for major tournaments.

ILLINOIS HIGH SCHOOL ASSOCIATION RESPONSE

As Executive Director, I prepared a "Site Proposal Evaluation Form" with the intent it could be used to assist the efficient examination and consideration of the various proposals. Its format proved to be cumbersome when we tried to use it as a specific form to be completed. Therefore, it was used as a guide to evaluation, rather than as a specific evaluation instrument. We concur, however, that completing an evaluation instrument is a good idea and would intend to do so in future site proposal solicitations, provided we can develop an instrument which is sufficiently workable.

Chapter 5 **IHSA ADMINISTRATION**

The IHSA did not have written policies and procedures to guide contracting of State final tournaments. Records were not kept of important matters and minutes of IHSA Board meetings did not document some important decisions regarding the selection of a site for the boys basketball finals. In addition, the IHSA's Conflict of Interest form did not address all potential factors that could indicate actual and perceived independence.

CONTRACTING POLICIES AND PROCEDURES

The IHSA did not have written contracting policies and procedures for soliciting, evaluating, and selecting arenas for State final tournaments. In response to our request for written policies and procedures on contracting the boys basketball tournament, the IHSA said "Selection of sites for State series events is a responsibility which is essentially carried out by staff with input and ultimate approval by the Board of Directors."

Written policies and procedures can help formalize management goals, establish controls, set personnel responsibilities, document the solicitation process, formulate criteria, ensure consistency, and permit future reviews against expected standards of performance.

A policy on contracting could guide the process that should be followed and indicate the records that should be kept. Some important events occurred during the contracting process that were not documented. Since the IHSA is an association that serves member schools, it can improve accountability by keeping complete records of significant meetings, events, and decisions. The following could have been documented:

- The IHSA requested written proposals for the State finals for its five major indoor tournaments. No written request for proposal or other documents were issued to indicate minimum requirements and principal evaluation criteria to guide proposers.
- The IHSA initially met with arena representatives on January 24, 1995, to give a presentation and answer questions. The meeting's documentation was

incomplete; it did not list individual participants, summarize IHSA's presentation, or have answers to significant questions. Only a one page summary titled "State Final Site Meeting Resume" was prepared for the three arenas that did not attend (Rosemont Horizon, United Center, and University of Illinois Chicago). However, the summary just reiterated the IHSA's January 11 letter that the IHSA was satisfied with personnel and sites but new options were now available for consideration.

- The IHSA met with individual arena officials during March 1995 to review their written proposals. No official records of the meetings were kept by the IHSA, such as dates, participants, subjects discussed, and clarifications made by proposers.
- The IHSA developed a Site Proposal Evaluation Form. However, the form was not completed when proposals were evaluated.
- The minutes of IHSA Board of Directors meetings did not contain important decisions (see next section).

Furthermore, the IHSA's contracts with the operator of the Peoria Civic Center, Spectator Management Group, did not mention some of the items in Peoria's written proposal, such as guaranteed sellout of all seats, complimentary food and beverage "Welcome Reception" for staff, VIPs, coaches, and media, and the resources of the Bradley University athletic department.

If the IHSA concludes that selecting arenas using a competitive process was successful, it may request written proposals again, possibly for even more tournaments. The IHSA could establish a contracting policy for major tournaments within its Official Handbook, which has many other policies and procedures. For example, a section titled "Administrative Procedures, Guidelines and Policies" contains subjects such as Football Policies, Public Information Policies, and Code of Conduct.

BOARD MEETING MINUTES

The IHSA did not keep minutes of the meeting at which the Board decided the new site for the boys basketball State finals. Meetings at which minutes were kept provided less information than the meeting agenda and the IHSA press release.

The IHSA Director said the IHSA voluntarily tries to comply with the Open Meetings Act. The Open Meetings Act (5 ILCS 120/2.06) states the following:

"All public bodies shall keep written minutes of all their meetings, whether open or closed. Such minutes shall include, but need not be limited to:

- (1) the date, time and place of the meeting;
- (2) the members of the public body recorded as either present or absent; and
- (3) a summary of discussion on all matters proposed, deliberated, or decided, and a record of any votes taken."

The IHSA Board decided on April 3, 1995, to award five-year contracts for four major indoor tournaments. These tournaments remained at the same site: boys individual wrestling at the Assembly Hall and girls volleyball, girls basketball, and boys dual team wrestling at Redbird Arena.

The April 3, 1995, minutes did not summarize the discussion that had occurred regarding tournaments nor did they record the vote. An IHSA Board release stated the Board had lengthy discussions about the contents of each proposal for the boys basketball tournament and had also authorized staff to survey schools regarding a site. The IHSA Director said he advised the Board to delay selecting sites from April 3 to May 2, 1995, but the Board decided to vote on the four other tournaments besides boys basketball. However, these matters were not noted in the April meeting minutes which stated:

"Without formal motion it was agreed to hold a special meeting of the Board on May 2, 1995, at the IHSA Office, Bloomington, beginning at 2:00 p.m. to address proposals to host the state final boys basketball tournaments. It was also agreed to hold the next regular meeting of the Board on May 15, 1995, at the IHSA Office, Bloomington, beginning at 8:30 a.m."

During the special meeting on May 2, 1995, the Board accepted Peoria's proposal to host the 1996—1998 Class A and Class AA boys basketball State final tournaments. No minutes were kept. The IHSA Director said no minutes are kept of special Board meetings. Had minutes been kept, they would have indicated the Board voted 6—1 to move the boys basketball State final tournaments to the Peoria Civic Center.

The minutes of the next regular meeting on May 15, 1995, showed the Board affirmed its decision to award the contract to Peoria. These minutes also lacked discussion about the tournament and the number who voted for the motion.

Minutes are a permanent record that allow member schools to know the issues considered by the Board, the motions made, and the votes received on motions. The IHSA's minutes could have indicated the Director's advice to postpone the decision on selecting a site for boys basketball finals, the reason for the postponement, the reason for deciding sites for the other four tournaments, the decision to survey schools, and the number who voted for or against the motions that were made.

CONFLICT OF INTEREST DISCLOSURE

The IHSA's Conflict of Interest form did not require personnel associated with contracting to disclose all relationships with public or private organizations. The form listed 49 vendors which included hotels, restaurants, telephone companies, and office supply companies. The form could have also included government entities with whom the IHSA does business, such as the University of Illinois, the Peoria Area Convention and Visitors Bureau, the Peoria Civic Center, and the Illinois State University.

The IHSA administrators and Board members completed an annual Conflict of Interest form. The 1995—96 form stated "*This is to certify that to the best of my knowledge, I, the undersigned, hold no financial interest in any company with which the Illinois High School Association engages in substantial business. A partial list of these vendors follows*"

In addition, the form did not ask for other affiliations, such as prior employment, family employment, consulting contracts, or close personal relations, nor did it require updating during the year if circumstances changed. The disclosure form may have served the IHSA's needs in the past concerning operational contracts, but if the IHSA seeks contracts for other purposes, such as tournament sites, assurance of independence beyond financial interests may be preferable.

All individuals who participate in contract evaluation and decision making should be free from actual and apparent conflicts and biases. A comprehensive disclosure form would inform the IHSA if any personnel involved in contracting have a real or perceived conflict or a vested interest in the outcome.

SUMMARY

The reasons for some important decisions were not documented during the process of selecting a site for the boys basketball State final tournaments. For these decisions we had to rely on the representation of IHSA personnel. Keeping complete written records when events occur helps document them while they are fresh in memory, ensures they become a permanent record of the organization, and allows for their independent review in the future. Since the IHSA is an association whose mission is to serve member schools, complete records can increase accountability and help protect the association from potential criticism. A written policy on contracting tournaments could provide employees with the necessary guidance in this area.

RECOMMENDATION NUMBER 3

The Illinois High School Association should conform with the following prudent business practices:

- *Develop written contracting policies and procedures for State final tournaments.*
- *Keep complete records of the selection process for contracting State final tournaments, including the minutes of regular and special Board meetings.*
- *Require Board members and administrators who participate in contracting to sign an annual conflict of interest statement that requires disclosing all relations with public or private organizations.*

ILLINOIS HIGH SCHOOL ASSOCIATION'S RESPONSE

This recommendation offered three good suggestions which we will consider for implementation as standard operating procedure.

- * We will develop written policies to guide site contracting procedures.
- * We will revise our method of incorporating minutes of special Board meetings as part of the minutes of the next regular Board meeting. Separate minutes, as recommended, will provide a more clear and precise record.
- * We have used a conflict of interest statement which was prepared and recommended by the firm which conducts our annual financial audit. However, since we had never before solicited state final sites in the manner used in this instance, disclosures of the character recommended had never been considered. We will now consider this suggestion for implementation.

Appendix A

LEGISLATIVE AUDIT COMMISSION
RESOLUTION NUMBER 105

Legislative Audit Commission

RESOLUTION NO. 105

Presented by Representative Tim Johnson

WHEREAS, Since 1919, the State's high school boys basketball finals have been held in the City of Champaign, and since 1963 those tournaments have been held at Champaign's Assembly Hall;

WHEREAS, In the minds of many athletes and fans, "Champaign" is synonymous with this important high school sporting event;

WHEREAS, To the disappointment of these athletes and fans, the Illinois High School Association recently entered into a three-year contract to relocate the games to the City of Peoria's Civic Center; therefore, be it

RESOLVED, BY THE LEGISLATIVE AUDIT COMMISSION That the Auditor General is directed to conduct a program audit of the Illinois High School Association's decision to relocate the high school boys basketball finals to Peoria; and be it further

RESOLVED, That this audit shall include, but not be limited to the following determinations:

- Whether the manner of soliciting proposals for alternate sites was adequate and in conformity with any applicable laws and prudent business practices; and
- Whether the manner and basis of evaluating proposals for alternate sites was adequate and in conformity with any applicable laws and prudent business practices.

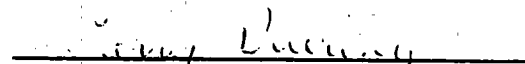
BE IT FURTHER RESOLVED that all State and other entities which may have information relevant to this audit shall cooperate fully and promptly with the Office of the Auditor General in the conduct of this audit; and

BE IT FURTHER RESOLVED that the Auditor General commence this audit as soon as possible and report his findings and recommendations no later than July 31, 1996, to the Legislative Audit Commission, the Governor and members of the General Assembly in accordance with the provisions of the Illinois State Auditing Act.

Adopted this 14th day of June, 1995.



Senator Aldo A. DeAngelis
Cochairman



Representative Terry W. Deering
Cochairman

Appendix B

IHSA ATHLETIC TOURNAMENTS

Appendix B
IHSA ATHLETIC TOURNAMENTS
1995—1996

TOURNAMENT	CITY	DATE
Girls Golf	Normal	October 13—14, 1995
Boys Golf	Bloomington	October 13—14, 1995
Girls Tennis	Mt. Prospect	October 19—21, 1995
Boys Soccer	Palatine	November 3—4, 1995
Girls Cross Country	Peoria	November 4, 1995
Boys Cross Country	Peoria	November 4, 1995
Girls Volleyball	Normal	November 10—11, 1995
Girls Swimming	Winnetka	November 17—18, 1995
Boys Football	Normal	November 24—25, 1995
Girls Bowling	Rockford	February 9—10, 1996
Girls Gymnastics	Palatine	February 16—17, 1996
Boys Individual Wrestling	Champaign	February 16—17, 1996
Boys Swimming	Evanston	February 23—24, 1996
Boys Dual Team Wrestling	Normal	February 24, 1996
Girls Basketball	Normal	Class A: February 29—March 2, 1996 Class AA: February 29—March 2, 1996
Boys Basketball	Peoria	Class A: March 8—9, 1996 Class AA: March 15—16, 1996
Girls Badminton	Winnetka	May 10—11, 1996
Boys Gymnastics	Arlington Heights	May 10—11, 1996
Girls Track and Field	Charleston	May 17—18, 1996
Boys Tennis	Arlington Heights	May 23—25, 1996
Boys Track and Field	Charleston	May 24—25, 1996
Girls Softball	Pekin	Class A: May 30—31, 1996 Class AA: June 6—7, 1996
Girls Soccer	Hoffman Estates	May 31—June 1, 1996
Boys Volleyball	Hoffman Estates	May 31—June 1, 1996
Boys Baseball	Springfield Geneva	Class A: May 31—June 1, 1996 Class AA: June 7—8, 1996
SOURCE: 1995—1996 IHSA Calendar.		

Appendix C

IHSA'S SITE SPECIFICATIONS

SPECIFICATIONS FOR IHSA STATE FINAL TOURNAMENT SITE PROPOSALS

IHSA requests that all proposals for hosting an IHSA State Final athletic event include explanation and data which is as specific as possible in respect to the following items:

1. **Guaranteed Availability of Dates.** Sites must guarantee availability for the duration of any contract on the dates provided by IHSA.

2. **Seating Capacity.** Total seats available for event; ability to scale the house, special options for seating of special groups, participant seating, handicapped accommodations, etc., must be specified. Also include seating diagrams, designation of space available for working press and live radio and television production personnel.

3. **Team Accommodations.**

* **On Site.** Locker room facilities; team seating, bench and team support personnel (coaches, trainers, managers, cheerleaders, mascots, etc.); school VIP accommodations, etc., should be described.

* **In the Community.** Facilities and arrangements for team/participant housing in the community; special considerations community will provide participating schools; special considerations community will provide fans from non-participating communities.

4. **Financial Terms and Facility Services.** In each of the following areas, identify and itemize the costs and/or financial terms. Also, itemize the specific services which will be provided in respect to each item.

- a. Facilities Rental.
- b. Parking.
- c. Ticketing.
- d. Food and Beverage Concessions.
- e. Food service for special functions
- f. Souvenir Merchandise.
- g. Event Programs .
- h. Corporate Sponsorships and Signage
- i. Financial Reconciliation.
- j. Health and Safety
- k. Security
- l. Scoreboards / Messageboards

5. **Competition Areas and Required Equipment.** Describe the construction, dimensions and general design of your competition areas. Also, describe the essential competition equipment and any special equipment features you will provide.

6. **Special Factors:** Is your facility [a] Smoke-free? [b] Alcohol free? [c] Handicapped accessible? Describe special amenities available?

7. **Insurance.** Specify insurance requirements.

8. **Event Television.** Identify limitations placed on live television by facility design or policy. Explain any financial or other parameters which television coverage would impose on IHSA and/or television producers.

9. **Media Accommodations:** Describe space available for the press, radio and television, play-by-play and statistics personnel and computerization.

10. **Meeting/Meal Functions:** Describe your ability to accommodate needs for meeting rooms and provide food service for meal functions. Such functions may include small group meetings requiring breakfast or lunch and/or large meal functions for several hundred.

11. **Term of Contract.** IHSA desires a multi-year contract with annual review and possibility of renewal and/or extension for a new multi-year term. Please specify the kind of contract and term you would prefer/be willing to enter. Provide a sample contract for our examination.

12. **Marketing Support:** Describe the promotion and marketing support you will provide for the event.

13. **Other Factors.** Itemize any special features of your facility, special services which you would provide, and/or special limitations your facility might have. In addition, list any other items which you feel we should know about your facility and/or the services you would provide.

14. **Concluding Comments.** Specifically, close with your view of how and why your facility should be the site for the IHSA State Final event for which you have offered a proposal.

After examining and considering all proposals thoroughly, the IHSA staff will prepare recommendations in regard to site assignments for consideration by the IHSA Board of Directors. Each proposal's fulfillment of the essential criteria for hosting, the cost factors and the specific advantages and/or disadvantages of each proposal will be the foundation for these recommendations.

We request that proposals reach the IHSA Office no later than March 1. Staff will examine and evaluate them and present its report to the Board of Directors on April 3. All who submit proposals will be notified by April 5 of any actions taken by the Board.

Appendix D

COMPARISON OF
1992—1995 CONTRACTS WITH THE
1996 ASSEMBLY HALL PROPOSAL

Appendix D
COMPARISON OF 1992-1995 CONTRACTS
WITH THE 1996 ASSEMBLY HALL PROPOSAL

Factors ¹	1992-1995 Contracts ²	1996 Proposal
<i>Rent/Expense Payments</i>	<ul style="list-style-type: none"> 12.5% of gross ticket sales from each tournament, plus reimbursable expenses. [Actual 1995 rent was \$87,764 and reimbursable expenses were \$95,882 for a total of \$183,646.] 	<ul style="list-style-type: none"> 23% of the first \$325,000 in gross ticket sales; 0% of next \$50,000; and 11.5% of remainder. No reimbursable expenses.
<i>Community Support</i>	<ul style="list-style-type: none"> No provision. 	<ul style="list-style-type: none"> Banners, television highlights, city bus advertising, etc. Tournament promotion and coupons from campus businesses. "Pack the Place" campaign by Chamber of Commerce. Letters of support from local businesses, university leaders, and elected officials.
<i>Hotel/Motels</i>	<ul style="list-style-type: none"> No provision. 	<ul style="list-style-type: none"> 1,966 hotel/motel rooms at or below rack rates (80% of total available).
<i>Tickets</i>	<ul style="list-style-type: none"> The Assembly Hall would handle advance tickets, deliver tickets to super sectional game sites, and would coordinate ticket sales by schools for quarter-final winners. 	<ul style="list-style-type: none"> Complete ticketing services. \$1.50 per ticket service charge for phone and mail orders.
<i>Parking</i>	<ul style="list-style-type: none"> The Assembly Hall reserved the right to charge for parking and retain all parking receipts. 	<ul style="list-style-type: none"> Parking rates no more than 50% of normal and the Assembly Hall would retain all parking revenues.
<i>Merchandise Commissions</i>	<ul style="list-style-type: none"> IHSA would pay the Assembly Hall 20% of gross sales after taxes. If the Assembly Hall provided vendor, IHSA would pay 30% of gross sales. 	<ul style="list-style-type: none"> IHSA would pay the Assembly Hall 18% of gross sales after taxes. If the Assembly Hall provided vendor, it would get 28% of gross sales after taxes.
<i>The Happening</i>	<ul style="list-style-type: none"> No provision. [1994 rent was \$5,000 and reimbursable expenses were \$1,516.] 	<ul style="list-style-type: none"> Free. Provided through in-kind sponsorship.
<i>Advertising/ Signage</i>	<ul style="list-style-type: none"> The Assembly Hall would retain all advertising revenue. 	<ul style="list-style-type: none"> The Assembly Hall would retain 20% of advertising revenue.
<i>Food Concessions</i>	<ul style="list-style-type: none"> The Assembly Hall would retain all concession rights. 	<ul style="list-style-type: none"> The Assembly Hall would retain all concession rights and revenues. Free dressing room refreshments. Donuts and beverages for officials and media.

Appendix D
COMPARISON OF 1992-1995 CONTRACTS
WITH THE 1996 ASSEMBLY HALL PROPOSAL

Factors ¹	1992-1995 Contracts ²	1996 Proposal
<i>Event Television</i>	<ul style="list-style-type: none"> • No provision. 	<ul style="list-style-type: none"> • No charge for production truck parking or power hook-ups. • IHSA would retain 100% revenue from television or associated sponsorships.
Group Meals	<ul style="list-style-type: none"> • The Assembly Hall would arrange press buffet before each tournament. 	<ul style="list-style-type: none"> • Meals on Thursdays prior to tournaments.
Restaurants	<ul style="list-style-type: none"> • No provision. 	<ul style="list-style-type: none"> • 20 area restaurants signed a resolution to maintain fair prices, ensure good service, and promote IHSA.
In-Kind Services	<ul style="list-style-type: none"> • No provision. 	Estimated value of in-kind support: <ul style="list-style-type: none"> • Pepsico: \$40,000 • WDWS AM/WHMS FM: \$10,400 • WCIA: \$10,000 • News Gazette: \$8,000 • Champaign Park District: \$1,000 • WICD: \$600 • Fasprint: \$450 • C & U Poster: \$400 • Carle Hospital: \$425 • C-U Mass Transit District: \$200 • Security Pacific Financial: \$120
Financial Settlement	<ul style="list-style-type: none"> • 1995 contract: preliminary reports January 1, March 1, and March 31 and transfer net receipts to IHSA. 	<ul style="list-style-type: none"> • Settlement on last night of each tournament increasing IHSA's interest by about \$3,000.
Staff	<ul style="list-style-type: none"> • IHSA would pay all staff costs between \$3,500 and \$12,000. • Personnel limited to 8 hours/day, overtime paid by IHSA. 	<ul style="list-style-type: none"> • Staff available for free.
Contract Review	<ul style="list-style-type: none"> • No provision. 	<ul style="list-style-type: none"> • Annual review of contract to ensure tournaments' functions are properly accommodated.

¹ Factors in *italics* were in IHSA Director's April 28, 1995 "Site Proposal Analysis and Recommendation" that was provided to IHSA's Board for use in selecting a site for boys basketball State finals.

² The Assembly Hall's last two boys basketball State final tournaments contracts for 1992-1994 and 1995.
 SOURCE:

- Boys basketball tournament contracts (1992-94 and 1995) between IHSA and the Assembly Hall.
- The Assembly Hall proposal for 1996-2000.
- IHSA's April 28, 1995 Site Proposal Analysis and Recommendation.

Appendix E

**IHSA'S SITE PROPOSAL
EVALUATION FORM**

SITE _____

1. Guaranteed Availability of Dates.
Sites must guarantee availability for the duration of any contract on the dates provided by IHSA.

2. Seating Capacity.
Total seats available for event; ability to scale the house, special options for seating of special groups, participant seating, handicapped accommodations, etc., must be specified. Also include seating diagrams, designation of space available for working press and live radio and TV production personnel.

TOTAL _____ SCALE _____

MEDIA _____

3. Team Accommodations.

*** On Site.**
Locker room facilities; team seating, bench and team support personnel (coaches, trainers, managers, cheerleaders, mascots, etc.); school VIP accommodations, etc., should be described.

TEAM DRESSING _____

OFFCS DRESSING _____

VIP FACILITIES _____

OTHER FEATURES _____

*** In the Community.** Facilities and arrangements for team/participant housing in the community; special considerations community will provide participating schools; special considerations community will provide fans from non-participating communities.

TEAM HOUSING _____

FAN HOUSING _____

SPECIAL FEATURES _____

4. Financial Terms and Facility Services.
 In each of the following areas, identify and itemize the costs and/or financial terms. Also, itemize the specific services which will be provided in respect to each item.

a. **Facilities Rental.** % OF GROSS _____ + _____
 INCLUDES: _____

 OTHER OBSERVATIONS _____

b. **Parking.** # SPACES _____ \$/SESSION _____
 # COMPS _____ % TO IHSA _____
 DESCR & LOCATION _____

 SECURITY/ATTENDANTS _____

 OTHER OBSERVATIONS _____

c. **Ticketing.** SYSTEM USED _____
 SCALE HOUSE _____

 COST OF SERVICE _____

 OTHER OBSERVATIONS _____

d. **Food and Beverage Concessions.** % TO IHSA _____
 OTHER OBSERVATIONS _____

e. **Food service for special functions** COST TO IHSA _____

 SERVICE AREAS _____

 PRIVATE FUNCTIONS _____

 HAPPENING MEAL(S) _____

 PRE-TOURNEY BANQUET _____

 OTHER OBSERVATIONS _____

f. **Souvenir Merchandise.** COMMISSION TO ARENA _____
 COMMISSION IF IHSA SELLS _____
 COMMISSION IF ARENA SELLS _____
 LIMITS ON MERCHANDISE _____

 LETTERING _____

 SPECIAL ITEMS _____

 TRADING CARDS _____

 USE OF ARENA LOGOS _____

g. **Event Programs .** SELLING ARRANGEMENTS _____

 COMMISSIONS _____

h. **Corporate Sponsorships & Signs** EXISTING SIGNS _____

 IHSA % FOR EXISTING SIGNS _____
 EVENT SIGNS % TO ARENA _____
 LIMITS ON SIGNS _____

i. **Financial Reconciliation.** **PERIODIC BILLING & SETTLEMENT** _____

EXPENSE PAYMENT PROCEDURES _____

ACCOUNTING PROCEDURES _____

PAYMENT OF COMMISSIONS _____

j. **Health and Safety** **HANDICAPPED FACILITIES** _____

FIRST AID / TRAINING _____

OTHER FEATURES _____

k. **Security** **OFFICIALS DRESSING** _____

TEAM DRESSING _____

CROWD _____

OTHER FEATURES _____

l. **Scoreboards / Messageboards** **EQUIPMENT** _____

MESSAGE FEATURES _____

CORPORATE COMMITMENTS _____

OTHER FEATURES _____

5. Competition Areas & Required Equipment.

Describe the construction, dimensions and general design of your competition areas. Also, describe the essential competition equipment and any special equipment features you will provide.

6. Special Factors:

Is your facility [a] Smoke-free? [b] Alcohol free? [c] Handicapped accessible?
Describe special amenities.

SMOKE FREE _____ ALCOHOL FREE _____
HANDICAPPED ACCESSIBLE _____
SPECIAL AMENITIES _____

7. Insurance.

Specify insurance requirements.

8. Event Television.

Identify limitations placed on live television by facility design or policy. Explain any financial or other parameters which television coverage would impose on IHSA and/or television producers.

9. Media Accommodations:

Describe space available for the press, radio and television, play-by-play and statistics personnel and computerization.

PHONES _____

MODEMS _____

FAX _____

OTHER FEATURES _____

10. Meeting/Meal Functions:

Describe your ability to accommodate needs for meeting rooms and provide food service for meal functions. Such functions may include small group meetings requiring breakfast or lunch and/or large meal functions for several hundred.

CATERED? _____ OWN SERVICE? _____

11. Term of Contract.

IHSA desires a multi-year contract with annual review and possibility of renewal and/or extension for a new multi-year term. Please specify the kind of contract and term you would prefer/be willing to enter. Provide a sample contract for our examination.

_____ YEARS REVIEW _____

_____ SAMPLE CONTRACT PROVIDED

OBSERVATIONS _____

12. Marketing Support:

Describe the promotion and marketing support you will provide for the event.

13. Other Factors.

Itemize any special features of your facility, special services which you would provide, and/or special limitations your facility might have. In addition, list any other items which you feel we should know about your facility and/or the services you would provide.

14. Concluding Comments.
Specifically, close with your view of how and why your facility should be the site for the IHSA State Final event for which you have offered a proposal.

Appendix F

IHSA'S RESPONSE

May 5, 1996

Mr. Ameen Dada
Audit Manager
Office of the Auditor General
740 East Ash
Springfield, Illinois 62703-3154

Dear Mr. Dada:

Thank you very much for the cordiality you and your staff extended to Jim Flynn and myself last Thursday during IHSA's exit conference for the audit of IHSA's site selection process for its boys basketball state final tournaments. We enjoyed the meeting and are satisfied with its outcomes.

As discussed during the exit conference, we accept the recommendations offered for our consideration in respect to soliciting and evaluating site proposals. We see these recommendations as constructive, and concur with you and your staff that that they are meritorious.

Let me respond specifically to each recommendation:

Recommendation Number 1: Our objective in providing somewhat general criteria to proposers was to stimulate their creativity in developing proposals within broad parameters rather than specific bids on a much less creative basis. However, we recognize that there is merit in more clearly specifying minimum requirements and essential criteria. We also recognize that there may be merit in providing more response time than we did on this occasion. We will consider both these suggestions in future site proposal solicitations.

Recommendation Number 2: As Executive Director, I prepared a "Site Proposal Evaluation Form" with the intent that it could be used to assist the efficient examination and consideration of the various proposals. Its format proved to be cumbersome when we tried to use it as a specific form to be completed. Therefore, it was used as a guide to evaluation, rather than as a specific evaluation instrument. We concur, however, that completing an evaluation instrument is a good idea and would intend to do so in future site proposal solicitations, provided we can develop an instrument which is sufficiently workable.

Recommendation Number 3: This recommendation offered three good suggestions which we will consider for implementation as standard operating procedure.

- * We will develop written policies to guide site contracting procedures;
- * We will revise our method of incorporating minutes of special Board meetings as part of the minutes of the next regular Board meeting. Separate minutes, as recommended, will provide a more clear and precise record.
- * We have used a conflict of interest statement which was prepared and recommended by the firm which conducts our annual financial audit. However, since we had never before solicited state final sites in the manner used in this instance, disclosures of the character recommended had never been considered. We will now consider this suggestion for implementation.

Thank you again for your courtesy and professional consideration.

Sincerely,



H. David Fry
Executive Director

exitresp