

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

DATE: February 22, 2017

AUTHORITY MEMO NUMBER 017-2017

RE: **Regular January Meeting Minutes**

The January 25, 2017 regular meeting of the Will County Metropolitan Exposition and Auditorium Authority Board was held at 15 E. Van Buren Street, Joliet, Illinois 60432. Interim Executive Director Berry opened the meeting at 4:00 P.M. with a quorum present and welcomed Board members and the public and led the body in the Pledge of Allegiance. He then turned the meeting over to Silverman who directed roll be called.

Present: Joe Carlasare (4:15 P.M.), Donnie Chestnutt, Jane Condon, Bob Filotto, Jeff Pierson, Tom Osterberger, Kathy Trizna and Council Liaison Pat Mudron.

Absent:

Others: Dave Silverman, Legal Counsel; Mayor Robert O'Dekirk; Councilwoman Brooke Hernandez Brewer; City Manager Jim Hock; Trisha Simpson, Foundation Board President, Steve Randich, Vice President and members Kurt Johnson, Lynne Lichtenauer and Tim Shanahan; IATSE Local 124 President, Ed Rachel and Lorin Lynch, Business Agent; and members of the public and the press.

Staff: Tim Berry, Interim Executive Director; Jack Ericksen, Dale Evans, Patti Fitzpatrick, Jan Gilligan and Leann Hoffrogge and Annette Parker.

AUTHORITY MEMO NUMBER **001-2017 Election of Officers**

Silverman offered to respond to any questions the Board may have about the elections. He explained the previous officers had been elected to two-year terms beginning July 1, 2015, therefore, the officers elected today will serve until June 30, 2017. The next election will be held at the regular June meeting; at that time the Board may reelect or replace the officers. Silverman said a vote of four members would be needed to elect officers and that, typically, the Chair is elected first and, in a situation such as this, would take over the meeting upon election.

For the Office of Chairperson

Motion: Pierson nominated and Osterberger seconded the nomination of Robert Filotto for the Office of Chairman.

Silverman asked if there were any other nominations to be placed. Hearing none, he directed roll be called.

AYES: Trizna, Pierson, Osterberger, Condon, Chestnutt, Bob Filotto

NAYS:

Silverman congratulated Filotto and turned the meeting over to the Chairman. Silverman said this was the first step in the Board's reorganization.

For the Office of Vice Chairperson

Motion: Condon nominated and Osterberger seconded the nomination of Jeff Pierson for the Office of Vice Chairman.

AYES: Chestnutt, Condon, Filotto, Osterberger, Trizna, Pierson

NAYS:

Jeff Pierson was elected to serve as Vice Chair.

For the Office of Secretary

Silverman identified the Secretary's responsibilities as per WCMEAA Bylaws which state: The Secretary shall be elected by, and from, the membership of the Board. The Secretary, or the designee of the Board, shall attend all meetings of the Board and shall preserve in books of the Authority true minutes of the proceedings of all such meetings. Such books shall remain in the Rialto Square Theatre Administrative Office. The Secretary shall give all notices required by Statute, by law or resolution and shall perform such other duties as may be assigned by the Board.

Motion: Pierson nominated and Chestnutt seconded the nomination of Kathleen Trizna for the Office of Secretary.

AYES: Condon, Filotto, Osterberger, Pierson, Chestnutt, Trizna

NAYS:

Kathleen Trizna was elected to serve as Secretary.

For the Office of Treasurer

Silverman identified the Treasurer's responsibilities as per WCMEAA Bylaws which state: The Treasurer of the Authority shall be hired or appointed by the membership of the Board as provided in State Statute. The Treasurer, or his/her designee, shall be the legal custodian of all funds and revenues from whatever source received and shall deposit all monies, securities and other valuable effects in the name of the Authority in such depositories as may be designated for that purpose by resolution of the Board.

Motion: Pierson nominated and Condon seconded the nomination of Donnie Chestnutt for the Office of Treasurer.

AYES: Trizna, Pierson, Osterberger, Filotto, Condon, Chestnutt

NAYS:

Donnie Chestnutt will serve as Treasurer.

AUTHORITY MEMO NUMBER 002-2017 December 14, 2016 Regular Meeting Minutes

AUTHORITY MEMO NUMBER 003-2017 December 29, 2016 Special Meeting Minutes

Motion: Pierson moved and Osterberger seconded tabling the December 14, 2016 regular meeting minutes and the December 29, 2016 special meeting minutes for approval at the next regular meeting.

The Chair called for a voice vote and, hearing no opposing votes, declared the motion passed.

PUBLIC TO BE HEARD IN REGARD TO AGENDA ITEMS:

- Mayor O'Dekirk thanked the members of the Board for accepting their appointments. He reported hearing positive comments about Mayoral and Gubernatorial appointees throughout the community. O'Dekirk believes this professional, diverse Board will work well together. The City of Joliet has always been a great partner of the Rialto and there is no reason for that to change. He advised that honesty is key; being honest with the people, the Foundation and the City Council is the way we can work together to make the theatre what we're all looking for.
- A member of the public asked if VenuWorks had provided profit and loss statements of other venues under their management. Silverman said a comprehensive search was undertaken, but he hadn't participated in it. Board members agreed on the importance of the status of facilities under VenuWorks' management.
- Jim Lynch encouraged Board members, saying people in town have a lot of faith in this Board's ability to help the Rialto continue its successful operation.

FINANCIAL REPORTS:

AUTHORITY MEMO NUMBER 104-2017 Operational Bills Paid and Payable

Motion: Osterberger moved and Pierson seconded approval of Operational Bills Paid and Payable in the amount of \$340,803.53.

AYES: Carlasare, Chestnutt, Condon, Filotto, Osterberger, Pierson, Trizna,

NAYS:

Report: Evans said the Board is responsible for all disbursements from their treasury. Staff provides information each month for the previous month; payrolls are included in the month in which they are paid, when possible. The Chair said he found the report confusing and asked if the Board is asked to approve payment of \$340,803.53, which is included in the total and if there are enough funds to cover that amount. Evans informed the Board that, upon approval, the items listed will be entered into a payable age listing: 30, 60, 90, 120 days out; the Board is, in fact, being asked to add these amounts to the payables listing to be addressed as funds become available. Payments are driven by necessity. Evans reported that the vendors listed have been extremely patient. In September, Evans composed a letter to vendors to whom payment was due notifying each that, as a unit of local government, the Authority is ineligible to declare bankruptcy and acknowledging the amount owed. Carlasare had requested copies of these letters and questioned the disparity between totals reported in September and current totals. Evans said the Authority has continued to do business. Some of those letters may have been retired because additional product(s) or service was needed from those vendors. Others have not been paid. The letters sent in September were written as a courtesy to inform vendors of the situation and in the hope that calls to finance office would be reduced. The Chair asked to be advised of any future letters prior to distribution and said this Board must move forward rather quickly to resolve this issue, especially with local vendors. He asked for a payable age listing with vendor names and addresses at the special meeting. ▪ In response to Condon's questions, Silverman said if there are doubts about the bills paid and payable they should not be approved; it is expected that a special meeting will be called prior to the February regular meeting. Bills paid and payable could be placed on the special meeting agenda. As to the other question, Silverman he didn't know whether a delay would prevent payment of payroll or bills. ▪ Evans said December payrolls are approved retroactively. Osterberger said the bills have, obviously, been reviewed and vetted; the Board must take it on faith that they are valid. The Chair asked if there was a motion to approve. With the motion on the floor, the Chair invited comments. Osterberger said he thinks it's a good faith effort. We're a brand new Board; let's start off clean and move forward. Condon agreed. No other comments were offered.

AUTHORITY MEMO NUMBER **105-2017 Financial Statements**

Evans explained that this report details: cash in and out, payroll items, artist fee payments, any pressing obligations, City and State funding, capital repairs, etc. The first Intergovernmental Agreement in 1978 required the separation of commercial and theatre operations. Income and expenses are assigned to commercial, Two Rialto Square (2RS) and Rialto North and Rialto South (collectively known as Rialto Annex, (RA), or theatre operations (RST); financials and audits report three areas of operations and some employees' salaries are divided between these operations (see Page 4, Lines 16 through 27). Theatre Operations (RST), Page 5, report theatre and rotunda rentals, ticket sales, concession sales, show expenses, salaries, refunds and settlements, donations, etc. Theatre events generate production expenses, i.e. catering for artists and stagehands, sound and lights costs, etc. Front of house expenses are those that do not involve the theatre. Associated

ending cash balances are reported in Lines 48 through 55. Page 6 reports the previous three years for comparison of data. ▪ In response to the Chair's inquiry, Evans said this information is provided every month, along with a P&L report, which there hadn't been time to prepare for this meeting. The Chair said he doesn't believe an Inter-governmental Agreement would specify the kind of detail we are reporting. He suggested the Board Treasurer, working with VenuWorks, may be able to improve upon the report. In response to the Chair's question Evans said this Cash Flow was developed at the request of the City; they wanted 'cash in' / 'cash out' details. ▪ Financial Statements do not require approval; they are placed on file. Osterberger said the Financial Statements will need to be addressed in a special meeting. The Chair asked if there were any other questions or comments on the Financial Statements. Hearing none, the report was placed on file.

OLD BUSINESS: None.

NEW BUSINESS:

AUTHORITY MEMO NUMBER 106-2016 Rescind Resolution to Refinance Loans with First Community Bank – Authority Memo No. 105-2016 dated 12/14/2016

Motion: It was moved and seconded to rescind Resolution 2016-3 regarding refinancing First Community Bank Note Number 100001079 due to the inclusion of the names of authorized signatories who resigned from the Authority Board on December 29, 2016.

AYES: Carlsare, Chestnutt, Condon, Filotto, Osterberger, Pierson, Trizna

NAYS:

Discussion: Names of the Board members who executed Resolution 2016-3 were identified in the Resolution. Since they no longer serve on the Board, the document needs to be rescinded. A Board member who had read both documents confirmed no other changes had been made.

AUTHORITY MEMO NUMBER 107-2017 2017 Resolution to Refinance Loans with First Community Bank

Motion: It was moved and seconded to approve of Resolution No. 2017-1 pertaining to the refinancing of First Community Bank Note Number 100001079 and identifying current Board Officers as authorized signatories.

AYES: Carlsare, Chestnutt, Condon, Filotto, Osterberger, Pierson, Trizna

NAYS:

Discussion: See A.M 006-2017, above.

Will County Metropolitan Exposition & Auditorium Authority, Resolution # 2017-1

Whereas the State of Illinois (ILCS Chapter 70, Special Districts, 200 Civic Center Code, Article 280 established the Will County Metropolitan Exposition and Auditorium Authority (WCMEAA) in 1978, and

Whereas the WCMEAA through various intergovernmental agreements since 1978 with the State of Illinois, the City of Joliet, and the Joliet Junior College District 525 whereby the WCMEAA was able to participate in Illinois Civic Center Bond Program to purchase, own, and operate its properties known as the Rialto Square Theatre Complex in downtown Joliet, Illinois, and

Whereas the WCMEAA through its powers granted by the State of Illinois' Civic Center Code has continued to enhance the greater Joliet and Will County Area's quality of life and economic development through its commercial office leaseholds and performing arts center, and

Whereas the WCMEAA has found it necessary to obtain funding at various times through loans from various financial institutions in order to develop its commercial office leaseholds and performing arts center properties, and

Whereas in 2008 the WCMEAA during its five year \$5 million Capital Campaign wherein a portion of the

community-wide donations were used to develop-in-part a hospitality suite for patrons of the WCMEAA's Rialto Square Theatre, and

Whereas in 2008 the WCMEAA responded to the University of St. Francis (USF) to lease approximately 16,454 square feet of Rialto Square Building office space located on the third and fourth floors of 5 East Van Buren for twenty years and 1,800 square feet of office space located at 25 East Van Buren Street for ten years, and

Whereas the WCMEAA originally required \$2,808,869 in construction loans to fund USF's 16,454 square complete demolition and rehabilitation of the Rialto Square Building 5 East Van Buren Street third and fourth floors; and \$120,000 to complete the Hospitality Suite, all of which was provided by the First Community Bank of Joliet, and

Whereas the WCMEAA received several hundred thousand dollars of grant money from the City of Joliet to help underwrite the build out the USF's Center for Art & Design at 5 East Van Buren Street, Joliet, Illinois, and

Whereas the WCMEAA provided occupancy at 5 East Van Buren Street to the USF for its Center for Art & Design beginning August 3, 2009, and occupancy at 25 East Van Buren Street beginning March 1, 2010, and

Whereas the WCMEAA and the First Community Bank of Joliet agreed to consolidate the USF & Hospitality Suite construction loans on December 21, 2011, commencing January 1, 2011 into a five year note on a twenty-seven year amortization with a five year call at 5% interest with general assignments of rents from commercial leaseholds within Rialto Square Complex, at an overall cost savings of \$42,489, and

Whereas the WCMEAA and the First Community Bank of Joliet have had and are continuing looking forward to a fruitful business relationship, now

Be it resolved by the Board of Directors of the Will County Metropolitan Exposition & Auditorium Authority this **twenty-fifth day of January 2017 during the regularly held meeting at 4 PM at 15 East Van Buren Street, Joliet, Illinois to hereby authorize Board Chair Robert F. Folotto [sic] and either Board Vice-Chair Jeff R. Pierson or Board Secretary Kathleen K. Trizna to execute loan documents pertaining to the refinancing of the First Community Bank Note Number 100001079 specifically concerned with the December 21, 2011 consolidation of the University of St. Francis and Thomas J & Patricia K Lambrecht Hospitality Suite loans, with an estimated 1/1/2017 outstanding principal balance of \$2,391,458.40** into a two year note on a twenty year amortization with a two year call at 5% interest with general assignments of rents from commercial leaseholds within Rialto Square Complex, and

Be it also resolved by the Will County Metropolitan Exposition and Auditorium Authority to hereby designate Board Chair Robert F. Filotto and either Board Vice-Chair Jeff R. Pierson or Board Secretary Kathleen K. Trizna to sign any and all First Community Bank documents pertaining to this resolution.

Robert Filotto, Chairman Kathleen Trizna, Secretary

January 25, 2017

AUTHORITY MEMO NUMBER 008-2017 Long-Term Management Agreement with VenuWorks

Discussion: The Chair expressed uncertainty about the Board's readiness to vote on the Management Agreement. He said, if members feel they have enough information, we can proceed. If a presentation discussing certain points is necessary, that can be done and action on this item can be moved to an upcoming meeting. John Siehl, who Berry introduced as Vice President and Chief Operating Officer of VenuWorks and the person who oversees the Rialto account, said it is appropriate for the Board to review the Agreement in great depth with Legal Counsel Silverman where questions could be addressed by VenuWorks staff. Siehl added that, although the Agreement is important, it is more important for the Board to understand; you are coming into a business that is quite unique and there are caveats in the Agreement that address the way entertainment business is done. It's important that members understand before entering into an Agreement. ▪ Silverman said the Agreement does not qualify for closed session discussion. He suggested members review the document and send comments and questions to the Chair, who can then confer with Silverman or whomever he may choose to review the document with VenuWorks in an attempt to resolve any issues in order to present a draft for Board consideration. The Chair said Silverman's suggestion would be very helpful. He asked Pierson to participate in those meetings. The first \$250,000 in City funds will be released when the Agreement is executed. Since

time is of the essence the Chair appealed to the Board to submit comments and questions via email to him or Legal Counsel by Sunday the 29th. A meeting with Silverman was tentatively scheduled to be held on Monday, January 30th. This item was not listed for approval, therefore no action is required.

AUTHORITY MEMO NUMBER 009 Appointment of Treasurer

A Board member was elected, therefore no appointment is required.

AUTHORITY MEMO NUMBER 010-2017 Appointment of FOIA Officer

Motion: It was moved and seconded to table the appointment of FOIA Officer to afford members the opportunity to determine the responsibilities of the FOIA Officer.

AYES: Carlasare, Chestnutt, Condon, Filotto, Osterberger, Pierson, Trizna

NAYS:

Discussion: The statutory requirement was discussed. Evans said staff is not in a position to undertake the responsibility. Board members will review the responsibilities of the FOIA Officer and will fill the position at the next meeting.

AUTHORITY MEMO NUMBER 011-2017 Appointment of Ethics Officer

Motion: It was moved and seconded to table the appointment of Ethics Officer to afford members the opportunity to determine the responsibilities of the Ethics Officer.

AYES: Carlasare, Chestnutt, Condon, Filotto, Osterberger, Pierson, Trizna

NAYS:

Discussion: The statutory requirement was discussed. Board members will review the responsibilities of the Ethics Officer and will fill the position at the next meeting.

AUTHORITY MEMO NUMBER 012-2017 Appointment of Rialto Square Theatre Foundation Board Liaison

Motion: it was moved and seconded to appoint Jane Condon to serve as Liaison to the Rialto Square Theatre Foundation Board.

AYES: Carlasare, Chestnutt, Condon, Filotto, Osterberger, Pierson, Trizna

NAYS:

Discussion: Condon volunteered to serve as Rialto Square Theatre Foundation Board Liaison. The Chair called a voice vote and, hearing no opposing vote(s), declared the motion carried. The Chair thanked Condon for her willingness to serve on the Foundation Board.

AUTHORITY MEMO NUMBER 013-2017 Special Meeting

Motion: It was moved and seconded to hold a special meeting workshop on the morning of Saturday, January 28, 2017.

The Chair called a voice vote. Motion carried unanimously.

Discussion: Evans reported that staff hoped to hold a Saturday workshop to acquaint members with the entire property because it is imperative that Board members understand the condition of the buildings that make up the Rialto Complex. He proposed an all-day Saturday workshop with lunch provided. The Chair commended Evans' diligence, however he cannot commit to a full Saturday this soon. Others concurred. The Chair suggested limiting the workshop to 8:00 or 9:00 A.M. to Noon for the first part of what was planned. The majority of members agreed to attend a

workshop on January 28, 2017. No business will be discussed. No action will be taken. Members who are unable to attend on the 28th may contact staff to tour the Complex at another time.

AUTHORITY MEMO NUMBER **014-2017 Committee and Executive Reports**

RST Foundation: Simpson reported that staff would have a first quarter report of proceeds from 'Twas the Month before Christmas events. She acknowledged the importance of the three components supporting the theatre: those in charge of the governance, those responsible for operations and the Foundation. Each is vital to the theatre. She said the Foundation will be a firm support of the theatre and we look forward to working with everyone else going forward. She thanked the Board for their service and looks forward to working with them.

Interim General Manager: Berry noted that a written report had been presented. December and January programming has He said VenuWorks plans to increase programming, reduce the debt, improve our relationship with the City of Joliet and improve the image of the Rialto.

Board Chair: The Chair said he echoed the Mayor's comments. He thanked the Board for appointing him Chairman; he looks forward to a wonderful opportunity for this Board and the Rialto and he is sure everyone on the Board feels assured that a year from now, each member will look back on all the wonderful things that have happened. He thanked the Mayor and Governor for their appointments, the Foundation Board, the City Council, the Volunteers, patrons, sponsors, the community and, certainly, the staff. He also wanted to thank previous Board members who sat at this table since 1978. Many in this room know those people; the vast majority of those members had the Rialto in their hearts, dealt with difficult times the best they could and persevered. The Chair expressed confidence that this Board will continue that tradition. He looks forward to working with the City Council in the future.

BOARD AND PUBLIC TO BE HEARD

Pierson said being appointed was a very humbling experience, more so due to the feedback he received from the community and the positive energy and momentum of fellow Board members.

- Osterberger acknowledged the City, staff and the previous Board and Silverman for their dedication to the theatre.
- Condon appreciates all the public support expressed to her and other Board members. She pledged to do her best to move things forward in a positive and financially lucrative way.
- Chestnutt thanked the Mayor and City Council for the opportunity to serve on such a great Board for the gem of Joliet. She recalled traveling to Canada and saying she was from Joliet which prompted the response, "Two prisons?" She looks forward to the day when that response will become, "The Rialto Square Theater?" She said she is proud to be a part of this Board and looks forward to the opportunities this Board has to move forward on the shoulders of those who did the work to get us to this point.
- Carlasare said it is an honor to be on this Board and do everything we can to put the Rialto on a prosperous path. Every one of the Board members wants to be part of the Rialto's future. Members of the community are important assets to the Rialto and the Board.

Members of the public expressed their opinions.

- Alex Rodriguez thanked Board members for their service and VenuWorks for their willingness to come in and manage the theatre. As a candidate for City Council, his commitment is the City Center; Joliet is only as strong as its City Center.

Rachel Ventura hopes that VenuWorks and the Board keep open minds in their negotiations because it's not just the Rialto, it's the City of Joliet. ▪ Jim Hock wished the Board good luck. Luck happens when opportunity meets preparedness. Members will have plenty of opportunity; he

addressed preparedness. The City has a dozen boards and commission and over 100 board members and are planning a training program for them to review differences between policy and implementation, board rules and guidelines. When the program is scheduled, he will invite Authority Board members to participate. ▪ Brooke Hernandez Brewer said she is excited to things coming together the way they are. She wanted to congratulate Board members. ▪ Pat Mudron, Council Liaison said he is happy to work with this Board. The previous Board made a lot of positive changes that moved things in the right direction, probably the most important of which was bring VenuWorks to the Rialto and Joliet. He looks forward to working with this Board. ▪ Ed Rachel informed Board members that Local 124 has been the Rialto since 1926 and in Will County for over 115 years. They intend to work with the Board to do what is needed to make sure the theatre continues to be successful. He is very optimistic that the Board with its community involvement and passion will do a good job. ▪ A speaker who has been very active in this community for over 30 years cautioned the Board to remember that there are a lot of people in this room who have vested interest in their job or some type of relationship with the Rialto Theatre. He suggested that they keep in mind of that when you make your independent decisions on what's best for the future of this theatre; on what's best for the future of the taxpayers of Joliet and keep an open and transparent government. He supports the Governor and Mayor's choices were excellent and wishes the Board the best of luck. ▪ Lisa Marie Raucci was a Rialto Bride and has been involved with a community where everyone is very concerned about the outcome in the hope that the theatre will continue to be successful. She urged members to feel free to reach out to them.

EXECUTIVE SESSION

Executive session for probable litigation was needed.

Motion: Pierson moved and Osterberger seconded the meeting to executive session to discuss probable litigation.

AYES: Carlasare, Chestnutt, Condon, Filotto, Osterberger, Pierson, Trizna

NAYS:

Motion: Condon moved and Chestnutt seconded the meeting to open session at 5:38. The Chair called a voice vote. The motion carried unanimously.

Motion: Pierson moved and Chestnutt seconded adjournment at 5:40 P.M.

ADJOURNMENT:

Motion: moved and seconded adjournment.

The Chair called a voice vote; the motion carried unanimously. The meeting adjourned at 5:40 P.M.

Minutes respectfully submitted by Jan Gilligan, Administrative Secretary.

Kathy Trizna, Board Secretary

Unapproved minutes distributed in Board Packets are subject to change. Approved minutes will be posted on [www.rialtosquare.com /Public Information/Approved Minutes](http://www.rialtosquare.com/PublicInformation/ApprovedMinutes).