

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

DATE: January 25, 2017

AUTHORITY MEMO NUMBER 002-2017

RE: Regular December Meeting Minutes

The December 14, 2016 Regular Meeting of the Will County Metropolitan Exposition and Auditorium Authority Board was held at 15 E. Van Buren Street, Joliet, Illinois 60432. Board Chair Daniel Vera called the meeting to order at 4:03 P.M. with a quorum present and directed the body rise for the Pledge of Allegiance led by Dave Thornton.

Board Chair welcomed all in attendance and directed roll be called.

Present: Mary Babich, Mary Beth Gannon, Vicki Murphy, Dave Thornton, Cindi Tyler, Dan Vera and Council Liaison, Pat Mudron.

Absent: Mike Murray

Others: Dave Silverman, Legal Counsel; Larry Walsh, Jr., Illinois State Representative; Mayor Robert O'Dekirk; City Manager Jim Hock; Tricia Simpson, RSTF President, Steve Randich, Vice President and Members Kurt Johnson, Lynne Lichtenauer and Tim Shanahan, RSTF members; Lorin Lynch, Business Agent, IATSE Local 124; and members of the public and the press.

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

AUTHORITY MEMO NUMBER **102-2016 November 16, 2016 Regular Meeting Minutes**

Motion: Babich moved and Murphy seconded approval of the November 16, 2016 Regular Meeting minutes, as presented.

AYES: Babich, Gannon, Murphy, Thornton, Tyler, Vera

NAYS:

Note: The Chair noted an error in the December Meeting date. Additions, corrections or deletions to the November Meeting minutes were invited, but none were noted. The Chair called for a motion. With the motion on the floor he directed roll be called. The motion passed unanimously.

PUBLIC TO BE HEARD:

- Mayor O'Dekirk said the Rialto would be discussed at a meeting this evening and asked if the IGA had been, or would be approved prior to that meeting. Silverman hadn't anticipated the document would be approved. It was his intention to familiarize Members with the document prior to negotiations with the City. In response to the Mayor's question, the Chair said the initial VenuWorks contract expires at the end of the year; no other contract or contract extension has been approved; Berry and Steve Peters (VenuWorks), and Board members were notified that a Special Meeting may be required prior to the end of the year to consider these items. Silverman said copies of the IGA draft sent to the City, VenuWorks and the Board contained funding levels based on his understanding of VenuWorks' presentation to the City Council. The Mayor reported a VenuWorks representative stated on WJOL Radio that the company needs half a Million from the City and remittance of all outstanding payables or they will leave. Berry agreed that those

elements would be needed to proceed with a 2017 business plan and contract. The Mayor addressed the question of payment of payables and what would happen to the City's investment if the payables are not paid; the Chair responded that the Authority does not have the funds to make payments, but the RST Foundation is working to meet that debt.

FINANCIAL REPORTS:

AUTHORITY MEMO NUMBER 103-2016 Operational Bills Paid and Payable

Motion: Tyler moved and Thornton seconded approval of 103-2016 Operational Bills Paid and Bills Payable in the amount of \$196,259.69.

AYES: Babich, Gannon, Murphy, Thornton, Tyler, Vera

NAYS:

Report: Evans reported paid and payables in the amount of \$196,259.69 for approval. Money owed for work done on the vertical blade will be paid when the invoice has been received.

AUTHORITY MEMO NUMBER 104-2016 Financial Statements

Note: Due to other priorities, Financial Statements could not be prepared. November Financial Statements will be distributed upon completion.

OLD BUSINESS: None.

NEW BUSINESS:

AUTHORITY MEMO NUMBER 105-2016 Restructuring University of Saint Frances Construction Loan – First Community Bank

Motion: Babich moved and Thornton seconded approval of Resolution No. 2016-3 pertaining to the refinancing of First Community Bank Note Number 100001079, specifically the December 21, 2011 consolidation of the University of St. Francis and Thomas J and Patricia K Lambrecht Hospitality Suite loan, with an estimated 12/31/2016 outstanding principal balance of \$2,392,280.54 into a two-year note on a 20-year amortization with a two-year call at 5% interest with general assignments of rents from commercial leaseholds within Rialto Square Complex and authorization of Board Chairman Vera and Board Secretary Thornton to sign any and all First Community Bank documents pertaining to this resolution.

AYES: Babich, Gannon, Murphy, Thornton, Tyler, Vera

NAYS:

Discussion: Evans reported that in 2009 the University of Saint Francis entered into a 20-year lease on the third and fourth floors of the Rialto South building for its Center for Art and Design. In August of 2009 First Community Bank provided a loan in the amount of \$2,658,250.50 amortized over a 27-year period at 5% interest to be called in five years. To date, \$265,969 of the principal has been paid. Evans read into the record:

Will County Metropolitan Exposition & Auditorium Authority, Resolution # 2016-3

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 fourteenth day of December 2016 during the regularly held meeting at 4 PM at 15 East Van Buren Street, Joliet, Illinois to hereby authorize Board Chairman Daniel L. Vera and either Board Vice-Chair Cynthia S. Stoner or Board Secretary David J. Thornton 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 12/31/2016 outstanding principal balance of \$2,392,280.54 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 Chairman Daniel L. Vera and Board Secretary David J. Thornton to sign any and all First Community Bank documents pertaining to this resolution.

Daniel L. Vera, Chairman David J. Thornton, Secretary December 14, 2016

The Chair invited comment from First Community Bank President, Randich who stated the Rialto bank note has never been late; the assignment of the USF lease has been used to make payments, as agreed. First Community Bank is happy to renew the loan and continue to do business with the Rialto, as they have in the past. ▪ The terms identified in the resolution extend the terms of the current bank note. The Chair asked if there were any questions of Counsel or Randich. Hearing none, he requested a motion to enter into the two-year extension agreement with the First Community Bank of Joliet. The motion passed unanimously.

AUTHORITY MEMO NUMBER 106-2016 Inter-Governmental Agreement Proposal

Motion: Murphy moved and Tyler seconded approval for Authority Legal Counsel David Silverman, Attorney at Law to continue working with the City Manager and City Officials to finalize the Inter-Governmental Agreement.

AYES: Babich, Murphy, Thornton, Tyler, Vera

NAYS: Gannon

The Chair reported he had been notified of statement(s) on social media claiming he had drafted the proposed agreement without the knowledge of, or input from, the Board. In fact,

Legal Counsel, David Silverman drafted the Agreement. The Chair sent the completed draft to VenuWorks' President, Steve Peters, Tim Berry, and Board members for review. Silverman said he and the Chair thought an IGA should be prepared and submitted to the City for their review and response; the document was transmitted to City Hall with the statement that the Board had not approved it. ▪ Silverman reviewed the revised IGA between the Authority and the City. Funds in the amount of \$500,000 shall be divided with \$250,000 distributed upon signing the Agreement and a signed Contract with VenuWorks. The second \$250,000 shall be distributed on July 1, if 30 ticketed shows are booked and sold to the public between January 1 and June 30. If the VenuWorks Contract were terminated, the RFP process would, again, be followed. Because it is important that City Officials know how City funding is utilized, the appointed Council Liaison will be seated with Board members and permitted to participate in public meetings as a non-voting member of the Board. The City's Finance Director and Inspector General would have the authority to monitor financial operations. The Agreement calls for the City and the Authority to work together to implement a dedicated funding source to replace City funding.

▪ City Manager Hock said VenuWorks had asked for \$500,000 for one year, but the original draft showed City funding at \$500,000 and decreasing for the next three years. If it's the decision of the Council to commit to funding in the amount of \$500,000 in 2017, Silverman and the Board would be grateful, but Silverman's reasoning in preparing the original draft with a multi-year commitment was based on the difficulty of planning one year at a time. A multi-year Agreement would allow both parties some stability in planning for the future. It wasn't meant as an insult or an overreach; it was meant to give some stability to provide a viable theatre downtown. Silverman said the IGA was intended to generate a discussion with the City and it is hoped that discussion will occur. It is, however, understandable that the Mayor would like to know the Board supports the document. A vote may be taken, but Silverman is reluctant to have the Agreement approved at this stage because it could be seen as an ultimatum. The Board could make a statement of its support of the terms of the Agreement. City Manager Hock said he understood Silverman's intention and concerns. The City Manager added that he, the Mayor and City Council were aware that the document was prepared and distributed by Silverman, not the Board Chair. ▪ In response to the Chair's question, Silverman said it would be within the Board's legal right to choose the management company that was the second choice resulting from the previous RFP. ▪ Berry said, although live entertainment is a very volatile industry, VenuWorks would like to promise 40 shows annually, with the intent of exceeding that number. VenuWorks has requested a definition of ticketed performances. He added that VenuWorks' President, Steve Peters would like to propose a five-year contract. ▪ Tyler commented on the importance of multi-year funding commitments in order to operate any organization. ▪ The Chair invited a motion to show Board support of the IGA and Silverman's participation in negotiations with City officials on the Board's behalf. With the motion on the floor the Chair verified that everyone knew what was being discussed and asked if there was any further comment. Hearing none, he invited a motion. Motion passed with five affirmative votes.

AUTHORITY MEMO NUMBER 101-2016 Committee and Executive Reports

RST Foundation: Ericksen reported staff has been diligently working on "'Twas..." events for several months. 1900 people attended the Hospice Lights of Love event on November 23rd. There were two seatings for the Teddy Bear Tea serving a total of over 300 people. Other events generated ticket sales as follows: Christmas Story Movie, more than 500; The Nutcracker,1300; Shake,

Sparkle, Stir, 130; Ronnie Milsap, 843; Elf Movie, over 900; Christmas Carol, 522; Downtown Holiday Lunch, 112; It's a Wonderful Life, over 900; Church Basement Ladies, 550 and the American Legion Band Concert was close to selling out. The following events will complete "...the Month before Christmas": Kasey Mulgraves, Mannheim Steamroller and the Polar Express Movie. This year, wreaths were sold instead of having online auctions, which involve costs. At this time, 28 of the 30 wreaths have been sold at \$150 each. 25 wreaths were sponsored at \$300 each and decorators purchased the materials that gave each wreath its unique character /appeal /beauty / style / charm. During the 26 days of 'Twas, 15 events were held.

Interim General Manager: Berry reported the month began with the marquee lighting event. The Volunteer Organization provided a gift in the amount of \$10,000 to help with a physical plant emergency. The always have and continue to deliver outstanding experiences. Improvements continue to be made in our ticket office, patron service and concessions areas. Marketing and branding continues to be an important focus. Each element of our advertising, promotion, publicity, public relations research, media relations and sales help with our financial success. The Rialto worked with the City Center Partnership to promote membership in the CCP and to provide e-coupon discounts to staff of the downtown core and extended our marketing through the CCP database.

Board Chair: The Chair reported that Reardon's FOIA request had been answered. Berry's participation in meetings and coordinating with VenuWorks is appreciated. 'Twas events are coming to an end; the Chair thanked staff, stagehands, engineers and Volunteers.

BOARD AND PUBLIC TO BE HEARD

Board Member Comments

- Murphy requested a financial report on 'Twas events.
- Tyler thanked Silverman for his diligence in preparing the TGA and the Chair for his leadership through this process.
- Babich hopes the Board can continue to working with the City and with VenuWorks. She wished everyone a Merry Christmas.
- The Chair thanked Silverman for his work over the last month and a half and for standing with the Board as Legal Counsel during the past year.
- Silverman thanked the Chair and the Board for the opportunity to participate in the Board's endeavors of the past year.
- Mudron had no comments. The Chair thanked him for his insights and input as Council Liaison. The Chair noted that Mudron had attended Regular and Special Meetings of the Board and all sub-committee meetings on which he served.

Public Comments

- Evans recalled that, in 1980, Dorothy Mavrich had said \$750,000 to \$1 Million a year to operate the Rialto Square Theatre (\$2,185,975.61 to \$2,914,634.15 in today's dollars). Cookie and bake sales won't do it. Dedicated funding is needed.
- Shanahan said Tim Berry's performance as Uncle Billy in It's a Wonderful Life was a highlight of the performance.
- The Chair welcomed State Rep. Larry Walsh and thanked him for taking an interest in the Rialto and the Authority. Walsh said the Rialto has been here as a civic center for 40 years. It needs to continue. He said, "We cannot allow this theatre to go dark. It is his goal to prevent that from happening. He is going to work with any entity possible to make sure it doesn't go dark. He has

spoken to the City of Joliet, Will County and has taken it to Springfield. The Chair asked Walsh to convey his thanks to State Senator Pat McGuire, State Senator Jennifer Bertino-Tarrant and State Representative Natalie Manley.

EXECUTIVE SESSION

Executive session was not required.

ADJOURNMENT:

Motion: Tyler moved and Babich seconded adjournment.

The chair called for a voice vote and, hearing no dissenting votes, declared the meeting adjourned at 5:05 P.M.

Minutes respectfully submitted by Jan Gilligan, Administrative Secretary.

Board Secretary

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