

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

DATE: March 22, 2017

Authority Memo Number 024-2017

RE: February 16, 2017 Special Meeting Minutes

On Thursday, February 16, 2017 a special meeting of the Will County Metropolitan Exposition and Auditorium Authority Board was held at 15 E. Van Buren Street, Joliet, Illinois 60432. Vice Chair Pierson opened the meeting at 4:00 P.M. with a quorum present, welcomed Board members and the public and directed roll be called.

Present: Joe Carlasare, Donnie Chestnutt, Tom Osterberger, Jeff Pierson, Kathy Trizna and Council Liaison Pat Mudron

Absent: Jane Condon, Bob Filotto

Also: RST Foundation Members, Ed Jarot, Kurt Johnson, Lynne Lichtenauer, Tim Shanahan and Tricia Simpson; IATSE Local 124 Members, Ed Rachel and Lorin Lynch; Staff, Timothy Berry, Dale Evans, Jack Ericksen, Jan Gilligan, Leann Hoffrogge; and interested members of the press and public.

Public to Be Heard re: Agenda Items - There were no comments.

Authority Memo Number **008-2017 Resolution 2017-2 Remove from the Table and Approval of Long-Term Management Agreement with VenuWorks**

Motion: Carlasare moved and Trizna seconded removing A.M. 008-2017 Long-Term Management Agreement with VenuWorks from the table.

Motion: Osterberger moved and Trizna seconded tabling A.M. 008 Approval of Long-Term Management Agreement with VenuWorks until the February regular meeting to allow those who wish to review budget and business plan numbers the opportunity to do so.

AYES: Carlasare, Chestnutt, Osterberger, Trizna and Pierson

NAYS:

Discussion: The Vice Chair Invited Board comments.

Osterberger said the contract looks great, but he would like to have an idea of what VenuWorks would present in an annual budget before approving the Agreement, since the agreement is based on formulas and percentages. Berry said the basis for the budget was in VenuWorks' 2017 business plan presented to the City, which could updated with two months of actuals and provided to members. Osterberger asked if approval of the Agreement could be contingent upon receiving a budget. Silverman didn't recommend that option; it is likely the City would expect a solid contract before releasing any funds. Carlasare said, ultimately, a budget is just a projection; we're putting our faith in VenuWorks, as a solid, reputable company, to come through with what was set forth in the proposal. Silverman informed the Board that four affirmative votes would approve the resolution or it could be tabled. Carlasare said, if anyone is uncomfortable with voting at this time, the Agreement should be tabled for further consideration. • In response to the Vice Chair's request, Silverman reviewed terms of the 5-year Agreement will be effective upon execution for a term commencing April 1, 2017. An interim budget, business plan and operating plan for the stub period ending June 30, 2017 are to be presented for Board approval, as will annual budgets and business and operating plans. Through June 2020, the Agreement may be terminated by either party if terms are breached. A non-binding clause effective as of July 1, 2020 would allow either side to terminate the Agreement without cause upon 30 days' notice. The

Agreement stipulates VenuWorks' responsibility for the operation and management of the theatre and other buildings owned by the Authority. Rialto employees will become employees of VenuWorks and collective bargaining negotiations with the Unions will be undertaken. The Rialto Volunteers have agreed to fund a 'point of sale' system for food and beverages sold in the venue. A minimum of 65 events are to be presented in the first year. If improvements in food and beverage service are agreed upon, VenuWorks will loan funds to the Authority. While VenuWorks will be managing the operation, the Authority Board will have the final decision on budget, business plan, operating plan and of expenditures not previously approved in those documents, leases and any naming rights opportunities. Capital improvements are the responsibility of the Authority. VenuWorks will receive \$9,500 per month plus 5% of food and beverage sales and 10% of advertising sales, sponsorships, etc. A Consumer Price Index increase will be added on July 1, 2018. Should the agreed upon budget numbers not be reached, food and beverage, advertising sales and sponsorship payments will be "peeled back." • In response to Chestnutt's question, Silverman said the option for either party to terminate the agreement with 60 days' notice was, initially, limited to a one-time opportunity prior to the end of the third year, but Authority representatives felt that termination with 60 days' notice from either party would provide both parties some flexibility.

Authority Memo Number **015-2017 Resolution 2017-3 Approval of Filing a Petition for Authority for Loan of Endowment Funds pursuant to Donor Consent, Cy Pres and Equitable Endowment**

Motion: Osterberger moved and Chestnutt seconded approval of Authority Memo Number 015-2017, Resolution 2017-3, Approval of Filing a Petition for Authority for Loan of Endowment Funds pursuant to Donor Consent, Cy Pres and Equitable Endowment in the amount of \$600,000.

AYES: Carlasare, Chestnutt, Osterberger, Trizna and Pierson

NAYS:

Discussion: Silverman reported the Foundation has received donations, endowments and other vehicles; those monies are held in trust for the benefit of the Rialto Square Theatre. A condition of the Endowment Trust is that only earned interest may be expended. Ed Jarot, Attorney at Law, drew up a request to approve the loan of principal funds to the Authority. The Office of the Attorney General oversees the use of charitable fund trusts and has approved the following scenario: The RST Foundation would loan \$600,000 from the Endowment Fund to the Authority to satisfy those payables which are aged 30 days or more. If A.M. 015-2017 is approved, the Cy Pres, with donor consent, will be presented to the Circuit Court of Will County and, if approved, a loan obligation would be put in place. The Attorney General has agreed to send a representative to Court to meet with us. Jarot will forward a courtesy copy of the request to the Judge. Board members extended their appreciation to the entire Foundation Board. Silverman said, upon Board approval of this Memo and A.M. 016-2017, below, he and Jarot will meet with the judge next week to request scheduling a preliminary hearing date for consideration of the Cy Pres to repay the loan at a 1% rate of interest in equal annual payments of \$50,000 plus interest.

Authority Memo Number **016-2017 Resolution 2017-4 Approval of Loan Agreement with the Rialto Foundation in an amount not to exceed \$600,000.00.**

Motion: Carlasare moved and Chestnutt seconded approval of Authority Memo Number 016-2017 Resolution 2017-4 Approval of Loan Agreement with the Rialto Foundation in an amount not to exceed \$600,000.00 at a 1% interest rate to be repaid in minimum payments of \$50,000.00 on December Thirty-first each year until the debt has been satisfied.

AYES: Carlasare, Chestnutt, Osterberger, Trizna and Pierson

NAYS:

Discussion: See above.

Public Comments

• A member of the public encouraged Board members to meet with Berry to review data in order to approve the VenuWorks Agreement at the next meeting.

- Jim Roolf thanked everyone who stepped up to accept Board positions. We need to move forward. The Foundation has done a tremendous and innovative job in coming up with the loan agreement; calling it the down payment on the future. • The contract does need to be review; budget numbers presented earlier will give members a good sense of what to expect. He encouraged members to keep looking forward – we can't stumble over what's behind us. We have a great opportunity with a new group to lead us, hopefully working with VenuWorks. The Foundation will do their job and the business community will also support those efforts.
- A businessman supported delaying approval of the VenuWorks Agreement. As a business owner, if he went to a bank without knowing the cost of equipment and product the loan officer would deny a loan. He hopes the VenuWorks Agreement is approved, but said being thorough is important.
- Pat Mudron expressed appreciation for those who have filled the Board so we can move forward, but he is very disappointed that the Agreement couldn't be voted on tonight. This is a unique business. It's different from a restaurant. VenuWorks presented a business plan when they interviewed for the position and presented an updated plan to the City of Joliet's public meeting in November, where they discussed how the plan would work. The numbers won't be much different tomorrow than they are today. A budget is a projection, a work in process. He thanked members for their diligence and hoped they would find satisfactory information by next Wednesday.
- Mike Morgan verified that the Board has final approval of naming rights.
- A gentleman with ideas for money-making projects would like the Board to consider them, but declined the Vice Chair's invitation to submit his suggestions in writing.

Adjournment: The Vice Chair invited a motion to adjourn.

Motion: Chestnutt moved and Trizna seconded a motion to adjourn.

AYES: Carlasare, Chestnutt, Osterberger, Trizna and Pierson

NAYS:

The meeting adjourned at 4:35 P.M.

Minutes respectfully submitted by Jan Gilligan, Administrative Secretary.

Kathy Trizna, Board Secretary

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