

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

DATE: September 28, 2016

AUTHORITY MEMO NUMBER 084-2016

RE: Regular August Meeting Minutes

The Regular August 24, 2016 meeting of the Will County Metropolitan Exposition and Auditorium Authority Board held at 15 E. Van Buren Street, Joliet, Illinois 60432. Board Chair Daniel Vera called the meeting to order at 4:02 P.M. with a quorum present and directed the body rise for the Pledge of Allegiance led by Mike Murray.

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

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

Absent:

Others: Legal Counsel David Silverman; RSTF President Tricia Simpson, Vice President Steve Randich and members, Lynne Lichtenauer and Tim Shanahan;, Lorin Lynch; and approximately 30 members of the public

Staff: Jack Ericksen, Dale Evans, Jan Gilligan, Leann Hoffrogge, Annette Parker

AUTHORITY MEMO NUMBER **076-2016 June and July 2016 Meetings Held Concurrently on 27 July 2016**

Motion: Babich moved and Tyler seconded approval of minutes of the regular June and July meetings held concurrently on 27 July 2016, as submitted.

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

NAYS:

Note: The Chair invited a motion. With the motion on the floor, he asked if there were any additions, corrections or deletions questions and corrections to the minutes. Hearing none, he directed roll be called. The motion passed unanimously.

PUBLIC TO BE HEARD: No comments were expressed.

AUTHORITY MEMO NUMBER **077-2016 Department Reports, to place on file**

Development: Ericksen reported that the Foundation was one of twelve applicants, and one of three finalists, for a Joliet Rotary grant. A presentation was made three weeks ago. The grant in the amount of \$25,000 was awarded to the RST Foundation to be used to match a Federal Route 66 Grant, which is restricted for marquee renovations. Funds will be distributed in October. ▪ The movie series, Reels at the Rialto, will continue with Sound of Music in August and movies around Christmas, all of which are sponsored. ▪ At Hopstring Fest, KSKJ Life gave volunteer workers part of the proceeds; Ericksen expects the Foundation will receive approximately \$2,000.

RST Foundation Report: The RST Foundation Board will meet with Peters tomorrow. The Board plans to accelerate fundraising activities.

School Matinees: Ericksen reported that matinees are scheduled for October, November, December and January. Midland States Bank has, again, agreed to partner with us in underwriting the matinee series. We thank Dan Stevenson and Midland States Bank for their support.

FINANCIAL REPORTS:

AUTHORITY MEMO NUMBER **078-2016 Operational Bills Paid and Payable, July 2016**, to place on file

Motion: Murray moved and Tyler seconded approval of bills paid and payable in the amount of \$147,447.94.

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

NAYS:

Report: Evans instructed the Board that they had before them \$147,447.94 in operational bills paid and payable for approval. Murray asked about the item description on page 5 stating 'remainder of marquee payable per settlement.' Evans reported the \$37,356 is a credit to be taken off the payables. On page 7, refund theatre rental settlement: New Generation Dance ticket income exceeded rental fees by \$14,063.33, which was 'refunded' when the event settlement was completed. Page 8, Wermer Rogers, et al, finance charges are based on the 2015 audit which has not been paid. ▪ In response to Gannon, Evans said the former electricity provider had not been paid. In reference to Page 9, the new tenant allowance for 3600 square feet of carpeting at \$9,115 was negotiated in the lease. ▪ The Chair asked if there were other questions. Members moved and seconded the question. The Chair asked if there were any questions of Evans. Hearing none, he directed roll be called. The motion passed unanimously.

AUTHORITY MEMO NUMBER **079-2016 July Cash Flow Statement**, to place on file

Motion: Murphy moved and Thornton seconded placing the financial statements on file.

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

NAYS:

Note: The Chair asked if there were any questions regarding the cash flow statement. None was heard. The Chair requested a motion to place this item on file. The cash flow statement was placed on file with a unanimous vote.

AUTHORITY MEMO NUMBER **080-2016 September Calendar of Events**, to place on file

Motion: Murray moved and Babich seconded placing the September Calendar on file.

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

NAYS:

Note: The Chair asked if there were any questions for Ericksen. In response to Thornton's question, Ericksen said the Volunteer banquet has not been scheduled at this time. The Chair invited other questions. Hearing none, he directed roll be called. The September 2016 calendar was placed on file.

OLD BUSINESS: None.

NEW BUSINESS:

AUTHORITY MEMO NUMBER **081-2016 Authorization to enter into an interim theater management agreement**

Motion: Murray moved and Tyler seconded approval to authorize the Chair to enter into an Interim Management Agreement with VenuWorks, Authority Memo No. 081-2016.

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

NAYS: Gannon

Discussion: The Chair deferred to Legal Counsel Silverman who stated that Steve Peters of VenuWorks was present. The parties were in agreement that entering into a long term agreement should receive thoughtful consideration. Silverman said the Board should be

allowed time to give thoughtful consideration to the agreement prior to their vote. An interim agreement would allow the company to begin their work while providing time for preparation of the ultimate financial agreement between the parties. Silverman said the Interim Theater Management Agreement provides for a commission of \$1.00 per month, effective September First for a period of four months would be executed upon approval. Peters will cover the expenses of VenuWorks personnel to come in and do an analysis. If the Authority wants someone on site full time, we'll have to work on that and work on budget for the operating expenses.

▪ Peters thanked Silverman and said it's great to be here; they are honored to have been selected. He said starting out with an interim agreement isn't unusual; it will be a dynamic agreement to allow for changes. Basically, VenuWorks makes an investment of approximately \$50,000 to have their representative here for four months. If conditions are in place before 120 days have passed, the Interim Agreement would be replaced by the long term agreement. Liquor Licenses, Sales Tax Permits, enrolling staff into VenuWorks payroll and insurance plans takes time. John Siehl, Sr. Vice President and Chief Operating Officer, and Tim Berry will be here on September First. Other team members will come in after the holiday to work on an assessment. VenuWorks doesn't want to cost the theatre anything during the assessment while getting things stabilized. A plan will be developed that addresses an operating fund and Peters is confident that, going forward, the financial status of the theatre will be improved. Economies due to VenuWorks' Ticketmaster agreement, insurance, shows – just knowing what other theatres have paid for an act provides a valuable asset in negotiations. Peters said VenuWorks personnel will learn from individuals here and introduce them to new ideas. Interim agreements help VenuWorks get their feet on the ground in a new venue. There should be no trouble in negotiating a long term agreement. With some strong effort, there will be good progress in the coming weeks that will give us a fresh start on January One. VenuWorks will be recruiting for a long term manager, but in the interim Tim Berry will come in as on-site management. VenuWorks will be working diligently to book shows and create a new season and produce a brochure outlining that season. The Chair thanked Peters for the report and asked Silverman to comment. Silverman said Mr. Peters was kind enough to agree to some minor revisions the agreement: it was renamed 'Interim Management Agreement' and, in Operating Expenses, Section (I), if we may be responsible for litigation expenses if they're incurred by VenuWorks, however, not if it's their fault or alleged to be their fault or if it's litigation between the Authority and VenuWorks. Peters said the Transition Plan is listed in detail. The Chair and Vice Chair agreed that it was very detailed. The Chair asked members if there were questions of counsel. Murray confirmed the use of the word 'facility' was specific to the theatre. The Chair thanked Peters for attending this meeting and for a full day tomorrow. Peters said VenuWorks plans to host a Business-After-Hours type event in the fall. ▪ The Chair asked if there were any further questions for Counsel or Mr. Peters. He informed members he had sent electronic copies of the nine-page document to members at about 1:30 today and had provided paper copies for review. The Chair repeated, any further questions. Hearing none, he said a motion would be in order to authorize the Chair to enter into an Interim Management Agreement with VenuWorks, A.M. 081-2016. With the motion on the floor, he asked if there were further questions. He asked if everyone understood what was being voted on. Hearing no questions, he directed roll be called. Following roll call, the Chair stated: the vote was 6 to 1; we are going to enter into the agreement Steve Peters and look forward to a long term agreement with VenuWorks.

AUTHORITY MEMO NUMBER **051-2016 Committee and Executive Reports**

Finance Committee: Nothing to report.

Personnel & Insurance Committee: Nothing to report.

Real Estate Committee: Nothing to report.

Interim General Manager: Ericksen reported a four- to five-day TV show film shoot has been booked in September. We aren't at liberty to disclose the name of the show. ▪ Staff has been working on Holiday events. A healthy program is shaping up with 'Twas the Month before Christmas. ▪ Staff met with Steve Peters today in a very positive meeting.

Board Chair: The Chair thanked employees for what they have done during several tough months. He thanked Leann Hoffrogge, Lorin Lynch and Beth Jados for cooperating with some visitors from France who were touring Route 66 and had come in during the presentations. ▪ The Chair informed those present that he and Steve Peters have a full schedule on Monday starting with the Scott Slocum Show, the newspaper, civic leaders – County, City, State Representatives and Senators, and culminating with financial and business leaders downtown and ending with the RST Foundation Board at First Community Bank. The Chair said those he contacted were enthusiastic about meeting Mr. Peters and moving the theatre forward. ▪ On Monday at 10:00 A.M. the Chair met with Mike Murray, new member and Real Estate Committee Chair, Mike Biedron Operations Manager, Evans and Terry D'Arcy about real estate and finance. That afternoon, Jim Roof, President, First Midwest Bank, hosted a meeting with the Business Round Table Committee he and Terry D'Arcy had put together over the last few months has been very helpful in providing advice and counsel to the Chair and to the Board. Many good ideas were shared: a dedicated funding source and other issues and items were discussed. The advice and counsel offered was very helpful. The Chair notified those present who might not know of the death of Mr. John D'Arcy, Terry D'Arcy's father this week; he asked that everyone keep the D'Arcy family in their thoughts and prayers. ▪ The Chair announced our newest tenant, Prairie State Legal Services, will be moving in on September First. Carpentry and painting have been completed and door locks installed; installation of carpeting is scheduled. This rental brings the amount of leased space in Two Rialto Square to 63%. ▪ The Chair thanked the people at KSKJ Life for their generosity. He, Ericksen and others who helped had a great time at Hopstring Fest put together by Mike Trizna and his group, The Chair thanked the Board for their patience and perseverance through the last five months. With everyone working together, as we have, this is going to take off with the good guidance of Peters' and his company.

BOARD AND PUBLIC TO BE HEARD

Board Member Comments

- Tyler welcomed Steve Peters and his group. The resources that will be open to us will allow us to soar. If everyone stays positive and supports the theatre it'll be great.
- Murphy is excited about what's happening – we're moving forward.
- Babich welcomed Peters and VenuWorks and is looking forward to the future.
- Murray told Peters not to feel that he's in this alone. The Board is with him. Peters was invited to respond. He said it's all about partnerships. The best thing he's observed here is the involvement of community. We don't have to agree. People are engaged in the future of the Rialto. The love for this theatre is palpable. That's what's going to make this happen. VenuWorks will be looking for these partnerships, reaching out to promoters and the commercial side of entertainment and local groups.
- Thornton said he's excited to welcome Peters. It's been a long process and he thanked the Chair for his work that is moving the Rialto in the right direction.

Public Comments

- Jeff Tomczak asked the Board to keep renters informed about the status of Two Rialto Square. Renters would like to be able to give input regarding the building. He said some tenants would be open to the concept of condos. Murray thanked Tomczak for his loyal patronage and for his patience during this interim. There will be an evaluation and decisions made swiftly. Vera said Mike Biedron had passed along the suggestion of condos, at Tomczak's request.
- Jim Roolf thanked everyone for their efforts; it hasn't been an easy road. There've been a lot of challenges, a lot of input, financial, emotional and otherwise on what we need to do. This theatre is critically important to the community. The entire block is a Board responsibility and equally important. Whatever form the plan takes, know that it must be thoughtfully done. You have a near term situation that looks very positive, sounds good and needs to be worked aggressively to get it churning, but there's also the longer term picture that has to be looked at. That is what the Business group's discussion tried to counsel based on business observations and experiences. What we have here is a 'complex Complex.' It's a situation where you're managing theatre, food and beverage, and real estate. It's a balancing act that takes a lot of thought. A lot of people are going to be critical – that goes with any job. Voice your opinions so things can be done better and faster. It's important that we all take that energy and pull together now. Roolf referenced the cover of the Heritage Corridor magazine featuring the Rialto and said the picture is phenomenal. The theatre needs to be phenomenal. It's the Board's responsibility to make that happen. You've taken a giant first step. I congratulate and thank you, but encourage you to always have debate. Debate is important to make sure you're making the right decision.
- Shanahan thanked the Board for all their hard work – he's seen the packets of information they've received. He addressed Peters, saying he looks forward to coming to the Rialto to see shows, rather than meetings like this!
- Carol Mulvihill thanked the Board and Jack (for stepping up in these anxious times). The Rialto is trying to make a big change to achieve success. Everyone in this room has the opportunity to decide if they are going to support and help the Rialto succeed or if they are going to be a hindrance. She encouraged people to buy tickets, attend shows, help, donate and volunteer. The Rialto isn't a jewel if you don't support and help. In my mind, support is buying tickets and attending on a regular basis, helping fundraise or donating, being a STAR member or a volunteer. (Being a volunteer gives you a deeper view of all that it takes to put on a show or event.) The Rialto isn't truly a Jewel to you if you don't support it because without support, those are empty useless words.

EXECUTIVE SESSION

Executive session was not required.

ADJOURNMENT:

Motion: Tyler moved and Murphy seconded adjournment.

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

NAYS:

The Chair requested the motion and hearing no dissenting vote, he declared the meeting adjourned at 4:41 P.M.

Minutes respectfully submitted by Jan Gilligan, Administrative Secretary.

David Thornton, Secretary