

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Date: May 12, 2022

Authority Memo Number **027-2022 Special Meeting Minutes**

A special meeting of the Will County Metropolitan Exposition and Auditorium Authority Board was held on May 12, 2022 at 15 E. Van Buren Street, Joliet, Illinois 60432. Chairman Bob Filotto opened the meeting at 4:00 P.M. with a quorum present. He welcomed those in attendance and directed the body to rise for the Pledge of Allegiance.

Present: Members Bob Filotto, Tim Broderick, Donnie Chestnutt, Jane Condon, Bill Kent, Jeff Pierson and Council Liaison Pat Mudron

Absent: Kathy Trizna (excused)

Staff: Jack Ericksen, Christine Sturm, Leann Hoffrogge

Others: Steve Peters, VenuWorks; Legal Counsel David Silverman; Steve Randich; Rod Tonelli

Public: None

Authority Memo Number **025-2022 WCMEAA Resolution No. 001-2022 Approval of Long-Term Management Agreement with VenuWorks**

Discussion and Vote:

The Chairman began by thanking Steve Peters for VenuWorks' guidance the past five years and added that it has been a good run that he hopes to continue. He told Peters that the Board members all received the addendum several days ago and should have had time to review it. He then gave the floor to Pierson to explain about the contract negotiations. Pierson said that he and Chestnutt took feedback from Board members and compiled it into a list. The list was emailed to Peters. They went back and forth with the negotiations. Pierson said that he feels the contract is fair to VenuWorks, the Board and the Rialto. Chestnutt said that she appreciates the last five years of management and was happy with the negotiations. She said that she would like a couple of dates added to the agreement in regards to the financials: 1) she asked if the financial statements could be provided to Business Manager Nicole Hernandez one week before Board meetings and 2) she would like a preliminary budget by the 3rd week of March and a final budget by May 15th. She said the Board needs time to look these documents over and to discuss them. Peters agreed to the changes. Condon commented she was concerned after the first revision that the points brought up by the Board weren't addressed. She said she was very happy to see that VenuWorks addressed their concerns in the final revision and negotiated in good faith.

The Chair invited further discussion and, hearing none, he asked that roll be called. Motion passed unanimously.

Motion: D. Chestnutt moved and J. Condon seconded approval of the contract renewal with VenuWorks subject to the mentioned changes.

AYES: Members Broderick, Chestnutt, Condon, Filotto, Kent and Pierson

Nays: None

Absent: Trizna

Authority Memo Number **026-2022 Discussion of Use of Tax Credits to Leverage Capital Dollars**

Discussion:

The Chairman told the Board that they are once again looking at using federal and state tax credits to add dollars to the pool for capital improvements since they have received the \$5 million grant. He said he is learning that this is a complex process which needs serious consideration. There are many steps to take and it will take a minimum of 10 months before even beginning a project but in reality it is probably 18-36 months. Using the tax credits could provide an additional 20-28% to the grant money. Rod Tonelli, Interim Economic Development Director for the City of Joliet, told the Board that they would not be able to start any project during this process because they would run the risk of being taken off the historic tax register. They would not be able to begin the bathroom renovations. Filotto said that the Board would have to look into whether the Rialto would run the risk of losing the grant money if it is not spent in the near future. Tonelli said a group from the Rialto had met with development company J. Jeffers in the summer of 2021. Brian Loftin from J. Jeffers ran through the numbers and did not think it would work even with the historic tax credits. Now that there is a new source of capital from the grant, he contacted J. Jeffers again. The math looks like there is a path forward. He told the Board there may not be another opportunity like this again to get the building fully functional. He asked if the Board would be willing to take a pause and let the consultant take a look at the numbers. The development of the building would unlikely be for office space as there is too much vacant space already in downtown Joliet but there is a need for downtown residential space. Filotto said that he looked at the J. Jeffers website and found out that they were a 40 year old firm located in Philadelphia with offices in two other locations. They have used historic tax credits on 1700 projects. He wanted to see the numbers but was told there was no place to find them. Chestnutt asked if there would be a cost to the Rialto to do this. Tonelli said yes that the Board would need to hire a historic tax consultant and do a scan of the building which would be about \$15,000-\$20,000 plus consultant fees, accounting fees, legal fees and follow-up fees. Chestnutt asked what the timeframe for this process would be. Tonelli said there were four phases: Phase 1 would take about 60 days; Phase 2 consists of drawing up plans and submitting them for approval which would be 4-6 months; Phase 3 is the construction phase; and Phase 4 is the close-out phase which would verify that the work was done and submitting expenses for the project. Silverman said that delays in spending the grant money could put it at risk as it is subject to appropriation and re-appropriation. He said the State is pushing to have the money spent as it was meant to stimulate the local economy. There is no guarantee that it would be there in the future. Tonelli said that J. Jeffers estimated the entire process should be 18-24 months until completion. The Board was skeptical of the time frame. Ericksen said the Board cannot lose sight of how desperately the building needs a new roof. Kent asked if the Board could still move forward with getting a quote on the sprinklers. Silverman said the Board probably would not hire the consultant until July. Mudron said the City is asking about the status of the sprinkler system and the roof. He also told the Board that the City is concerned that the building is undervalued on the appraisal for the insurance. They think that a better appraisal should be done on the theatre. Peters asked if there was a way to get a sign-off on the projects that would not cancel out the historic tax credits. Tonelli said that that Heritage Consultants was referred to him and they would be the ones to answer the next round of questions. Filotto said that by proceeding with the projects, the issue then becomes again that there may not be enough money to seek the tax credits. Tonelli said there was reason to keep talking as there are more questions than answers.

Filotto told the Board that there was one last thing to discuss. He said there were 15 people interviewed for the Executive Director's position at the Rialto. It was narrowed down to three applicants. One had

already taken another position. Of the two people remaining, there was a consensus on one. Peters would go forward with the hire as the new contract with VenuWorks was now signed if the Board was comfortable with moving forward. Pierson said that he trusted Filotto's judgement. Condon asked if salary had been discussed. Filotto and Peters said it had. Filotto said that if they delayed hiring this person, they could lose the applicant. Peters said the applicant was aware of tonight's meeting and would be ready to accept the position. The Board said Peters may proceed with the hire.

Public to Be Heard: None

Adjournment:

Motion: The Chairman requested a motion to adjourn the special meeting. J. Condon moved and D. Chestnutt seconded the motion.

AYES: Members Filotto, Broderick, Chestnutt, Condon, Kent, and Pierson

NAYS: NONE

ABSENT: Trizna

The meeting adjourned at 4:46 P.M.

Minutes respectfully submitted by Christine Sturm, Recording 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.*