

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Date: July 27, 2022

Authority Memo Number **048-2022 July 27, 2022 Regular Meeting**

The July 27, 2022 regular meeting of the Will County Metropolitan Exposition and Auditorium Authority Board was held at 15 E. Van Buren Street, Joliet, Illinois 60432. Chairman Bob Filotto called the meeting to order at 4:00 pm with a quorum present. Board members and staff were invited to rise for the Pledge of Allegiance to the Flag.

Present: Bob Filotto, Donnie Chestnutt, Jane Condon, Bill Kent, Jeff Pierson, Kathy Trizna; City Liaison, Pat Mudron

Staff: Wade Welsh, Jack Erickson, Christine Sturm, Leann Hoffrogge

Others: David Silverman, Legal Counsel; Mike Piehl, VenuWorks; Kevin Sing, City of Joliet; Brett Mitchell, Carol Mulvihill

Absent: Tim Broderick (excused)

NEW BUSINESS

Authority Memo Number **039-2022 Review Team Recommendation for Architectural Firm**

Discussion and Vote:

Welsh told the Board that 20 architectural firms showed interest in the project. Ten of them submitted RFQ's. The Review Team consisted of Rod Tonelli, Brett Mitchell, Dan Malinowski, Jane Condon, Steve Randich, Wade Welsh and Jack Ericksen. On June 23, 2022, the Review Team met and narrowed down the firms to the top four – JLK, DLR, WK, HPZS. Those four firms were asked to make a 30 minute presentation to the team. A 15 minute question and answer session followed each presentation. After the presentations the team came to a unanimous consensus on one firm: JLK. Welsh said that he was very impressed with all four presentations but JLK was the best at understanding the vision and tasks needed for the building. Brett Mitchell told the Board that the firms were asked to bring a similar project from their background. He said he was very impressed that JLK has an HVAC contractor which only handles historical buildings. He thought they were very well researched and knowledgeable about the theatre, from their consultants to their office staff. Filotto asked if a copy of the JLK presentation could be given to the Board. Welsh said printed copies were available for the members. Mitchell told the Board that JLK also works with Bully & Andrews which are the terra cotta specialists that have previously worked on the exterior of the Rialto. He said this would be very important with the upcoming Chicago Street renovation project which may damage the outside of the building. Welsh added that JLK were also specialists in dealing with historic tax credits, a specialty that no one else mentioned. Condon said that the principle, Meg Kindelin, was very passionate about the project. She added that she found the JLK group to be very impressive. Filotto asked if the team had ranked the four firms. Mitchell said that while they all agreed on the first, everyone's ranking on the remaining three varied. Silverman said that the firms would have to be ranked in order for negotiation purposes, a bidding situation could not be done, it was a qualified base selection process. Welsh said the next step was to reach out to JLK, with the Board's approval, to get a proposal. He said the group was preparing a scope of work for JLK which included 1) replacing the roof 2) replacing the HVAC system and 3) putting in a sprinkler system. Filotto asked if the Board needed to take action. Silverman said they should wait for the proposal and then take a vote, unless the Board wanted to overturn the recommendation. Filotto asked if there was any objection to proceeding with JLK. No Board members objected.

Authority Memo Number **040-2022 VenuWorks Food & Beverage Upgrade Proposal**

Discussion and Vote:

Welsh told the Board that he was not asking for a vote today but just informing everyone of the proposed Food & Beverage upgrades by VenuWorks. He reminded everyone of the \$75,000 Food & Beverage upgrade that was negotiated with VenuWorks in the new contract. He said that Russ Ferguson, Vice-President of Food & Beverage at VenuWorks came and spent the day looking over the operations at the Rialto. The recommendations that he made were to update all the bars as they were very outdated; implement a Grab & Go system for certain beverages such as beer, soda and water; and upgrade the POS system so that patrons will have the ability for contactless payments such as Apple Pay. Welsh said that the biggest change to the Food & Beverage operations would be the Grab & Go system. He said the opportunity to increase revenue with food and beverage is dependent on the hour before the show begins and intermission. However, more performers are electing to skip intermissions. It is therefore very important to increase sales during the pre-show. Filotto asked if Welsh would be bringing the proposal to the Board next month. Welsh said yes as he would like to have everything installed before the holiday season. Condon said she was not happy with the look of the coolers and Chestnutt agreed. Filotto said he did not think that they would look right in the Rotunda. Ericksen said he has asked the Coca-Cola rep to see about getting a retro-look cooler. The Chair invited further questions or comments on the food and beverage proposal, hearing none, he moved on to the next item on the agenda.

Authority Memo Number **041-2022 Authorization for Arrow Adjustment & Appraisal to Conduct a Property Appraisal on the Rialto Square Theatre Complex**

Discussion:

The Chair said that for several years, Mudron has raised the issue of determining what the value of the building would be in terms of replacement for insurance purposes. It is currently valued at \$73 million. Filotto said that he was surprised that the cost of the appraisal is only \$1650.00 and the Board should take advantage of it. The Chair noted the list of buildings that had been appraised by the company. He asked if there were any concerns regarding the proposal.

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

Motion: J. Pierson moved and B. Kent seconded approval of retaining Arrow Adjustment & Appraisal to conduct an appraisal of the Rialto Square Theatre building complex.

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

Nays: None

Absent: Broderick

APPROVAL OF MINUTES

Authority Memo Number **038-2022 June 22, 2022 Regular Meeting Minutes**

Discussion and Vote:

The Chairman asked if there were any changes to be made to the June 22, 2022 minutes. No corrections or changes were suggested. The Chair invited further discussion and, hearing none, he called for a voice vote. No opposing votes were expressed. Motion passed unanimously.

Motion: D. Chestnutt moved and J. Condon seconded approval of the June 22, 2022 minutes.

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

Nays: None

Absent: Broderick

Public to be Heard Re: Agenda Items – No response.

OLD BUSINESS

Authority Memo Number **042-2022 Wermer, Rogers, et al 2022 Audit Report by Tom Lancaster**

Discussion and Vote:

The Chairman said the audit report presentation by Tom Lancaster was rescheduled for next meeting since Broderick is absent and Chestnut will be leaving the meeting early.

Authority Memo Number **043-2022 Approving and Ratifying a Property/Business Insurance Policy with the Cincinnati Insurance Company effective April 2022 through April 2023 Secured Through the Mudron Kane Insurance Agency with a Total Premium Payment of \$246,707.00**

Discussion and Vote:

The Chair began by asking the Board to remember back to the first quarter when they were wondering if the building was going to be insurable or could afford to be insured. The quote from the previous insurance carrier was \$450,000 for property insurance only. As a result, Filotto asked Mudron to see if he could find a better policy. On Friday, April 1, Filotto was presented with an insurance policy by Mudron. He signed the policy that day as the previous policy expired on April 3. The new policy covers everything, not just property. He said this happened during the period of transition when Devine was leaving and before Welsh was hired. At the time, he felt this was the only recourse the Board had to obtain insurance. The Cincinnati Insurance policy is in effect and needs to be ratified by the Board today. Filotto said that a copy of the policy was emailed to Board members and everyone should have had time to review it. Since that time, Filotto was given the name of another insurance company through the work of the Review Team. Filotto said it could be an opportunity to find another policy. He said that Mudron is aware of it. Filotto asked Welch to talk to Mudron about the policy. He said that if it is a better policy with a lower cost, then the Board could certainly consider switching. Chestnut asked if the current policy had to mature before it could be cancelled. Mudron said no, it could be cancelled at any time. Chestnut asked about the insurance coverage that VenuWorks had on the building through their policy. Filotto said it was being addressed and that Mudron is in contact with VenuWorks's insurance agent. He said that possibly \$10,000-\$20,000 could be saved on premiums due to double coverage.

The Chair asked for a motion to ratify approval of the insurance policy before Chestnut had to leave the meeting. He said the conversation about the insurance coverage would continue. He directed roll to be called. Motion passed unanimously.

Motion: B. Kent moved and D. Chestnut seconded approval of ratifying a Property/Business Insurance Policy with the Cincinnati Insurance Company effective April 2022 through April 2023 Secured Through the Mudron Kane Insurance Agency with a Total Premium Payment of \$246,707.00.

AYES: Members Filotto, Chestnut, Condon, Kent, Pierson and Trizna

Nays: None

Absent: Broderick

Mudron said he has been in contact with Tim Sullivan, VP CFO of VenuWorks, regarding double coverage of insurance. He said that VenuWorks has liability insurance on the building and the Board would only need to get physical damage coverage. Mudron had asked Sullivan if the VenuWorks insurance policy would cover the north side of the building and retail space on the south side. Sullivan did not know. Mudron said the \$165,000 property coverage would have to stay but a possible \$60,000 - \$84,000 may be able to be covered under VenuWorks insurance policy. He asked if the Board wanted to direct him to go back to Cincinnati to see what kind of credit they would give for the umbrella of VenuWork's policy.

Authority Memo Number **044-2022 Authorization to Seek Bids for Bathroom Remodel Project**

Discussion and Vote:

The Chair said that DLR needs approval to seek bids on the bathroom project. He asked if it was possible to go forward on the project without compromising the historic tax credits. Welsh said that it would not as long as it is disclosed on the historic tax credit application.

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

Motion: J. Pierson moved and B. Kent seconded approval to seek bids for the bathroom remodeling project.

AYES: Members Filotto, Condon, Kent, Pierson and Trizna

Nays: None

Absent: Broderick, Chestnutt (left meeting at 4:40pm)

Authority Memo Number **045-2022 VenuWorks Proposed 2022-2023 Fiscal Year Budget**

Discussion and Vote:

The Chair informed the Board that Piehl and Welsh were drafting the proposal for the FY22/23 budget. It was not yet ready for approval. He expects it to be presented at the next meeting. Welsh said it looks to be a break-even budget due to the large increases in insurance premiums and maintenance costs. Filotto said a workshop could be scheduled if board members felt it was necessary.

FINANCIAL REPORTS

Authority Memo Number **046-2022 Operational Bills Paid, Payable and Payable Age Listing**

Discussion and Vote:

The Chair said that the financials have been provided in one large report. The check detail to vendors is on pages 2, 3 and 4. He asked about the check made out to the Illinois Rock & Roll Museum. Piehl said it was for the settlement for the Rock & Roll Hall of Fame Induction Ceremony. Condon asked about the several checks made out to Low Voltage Solutions. Welsh said it was for services rendered by an IT company that was called to help with WIFI issues. Condon asked if the WIFI issues were resolved. Welsh said they were. Filotto pointed out that the payouts to VenuWorks were on page 4 of the report.

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

Motion: J. Pierson moved and T. Broderick seconded approval of the June 2022 Operational Bills Paid, Payable and Payable Age Listing.

AYES: Members Filotto, Condon, Kent, Pierson and Trizna

Nays: None

Absent: Broderick, Chestnutt

Authority Memo Number **047-2022 Financial Statements**

Discussion and Vote:

The Chair asked if there were any questions or comments on the June 2022 Financial Statements. He noted that there was a large negative balance on the open receivables. Piehl said that is because USF prepays their monthly rent. Filotto told the Board that the overdue rent for Tyus was written off. He said that a personal guarantee signed by Mr. Tyus had been found and a claim can be made against the estate even though it is unlikely that anything could be gained from it. Condon said she felt that the Board was obligated to at least try. Silverman said that Welsh should try to contact Mr. Tyus's son about the matter.

On the Profit & Loss statement, Filotto said he was happy to see that the numbers were better than expected. He said there was a budgeted loss of \$224,350 and the current YTD was a loss of \$143,702. Budgeted income was \$3.219 million and YTD income was \$3.285 million which is \$65,000 positive.

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

Motion: B. Kent moved and J. Pierson seconded approval of the June 2022 Financial Statements.

AYES: Members Filotto, Condon, Kent, Pierson and Trizna

Nays: None

Absent: Broderick, Chestnutt

EXECUTIVE REPORTS

RSTF Report: Condon said that the Foundation did not meet in July. A few of the Foundation board members are resigning. The Foundation is looking for referrals for new members. She said the mural is coming along and expects to have a concept in the beginning of August. Once it is approved, it should be completed at the end of October/beginning of November. There will be an unveiling of the mural to comply with the requirements of the Rt. 66 grant. Ericksen said that the Home for the Holidays schedule has been announced. The window cling will be put up in the beginning of August. It will recognize all of the Home for the Holidays sponsors. Ericksen concluded by saying that the Rialto received \$50,000 from the estate of a local teacher, Rosemary Lux. Ms. Lux was not only generous to the Rialto but to several other businesses and organizations in Joliet. The executor of the estate said that once the taxes are settled on the estate the Rialto will be receiving another gift.

Executive Director's Report: Welsh said that he had met with Steve Randich to go over the Foundation's financials. The Authority Board is now in the position to give the \$56,000 back to the Foundation. That money will go to reduce the Cy Pres loan. Filotto said the auditors approved the transfer of the funds back to the Foundation. He asked if a voted need to be taken on it. Silverman said it was not necessary, it just needed to be a transfer of funds and an acknowledgment from the Foundation.

Welsh told the Board that Technical Director, Josh McGinnis gave his resignation. His last day will be August 19 but he will come back to help with the Travis Tritt concert on August 21. Welsh is currently conducting interviews for the Technical Director's position and has a very promising candidate. He is not making any progress in filling the Business Manager's position.

Welsh finished by saying that there will be two shows in August and then the concert season will be picking up.

Chairman's Report: Filotto said that at the last meeting he was approved to sign a contract with Novogradac, subject to legal review. Silverman has reviewed the contract and Filotto will sign it and send it to Novogradac so they can begin the benefits analysis of using historic tax credits on future capital projects.

Filotto said he received a copy of the Wermer, Rogers, Doran & Ruzon financial audit report. Board members can expect to get a copy emailed to them before the next meeting. In the report he said that it shows all board members' terms expiring on December 1, 2021. He said he will check to see why that was listed in that manner.

Committee Reports: No reports.

PUBLIC TO BE HEARD: Leann Hoffrogge told the Board that there was a blood drive being held by the American Red Cross in the Rotunda until 6:00 pm. She asked members to make a donation if they were interested. She said that 50 people had signed up to donate blood and there were many walk-ins.

Mudron said he would like to give an update on the City of Joliet street scape project. He said a firm was hired for the project and the City was starting to do interviews for ideas. He said a lot of very nice ideas were proposed. He added that the straightening of Chicago Street is a separate project. Before that project can begin, the underground vaults will need to be filled in with gravel or stone. The City has determined that if a business is using a vault, then it will be their responsibility to fill in the vault. If it is not being used, then the City will be responsible for it. This could take a couple of years to address. Filotto asked that an item for the City of Joliet Liaison Report be added to all agendas in the future.

Motion: The Chairman requested a motion to adjourn the regular meeting. J. Condon moved and J. Pierson seconded the motion.

AYES: Members Filotto, Condon, Kent, Pierson and Trizna

Nays: None

Absent: Broderick, Chestnutt

The meeting adjourned at 5:09 P.M.

Minutes respectfully submitted by Christine Sturm, Recording Secretary.

Kathy Trizna, Board Secretary

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