

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Date: August 24, 2022

Authority Memo Number **054-2022 August 24, 2022 Regular Meeting**

The August 24, 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, Tim Broderick, Donnie Chestnutt, Jane Condon, Bill Kent, Jeff Pierson; City Liaison, Mayor Bob O'DeKirk

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

Others: David Silverman, Legal Counsel; Mike Piehl, VenuWorks; Kevin Sing, City of Joliet; Steve Randich, Tom Lancaster, Loren Lynch, Carol Mulvihill, Pat Mudron

Absent: Kathy Trizna (excused)

APPROVAL OF MINUTES

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

Discussion and Vote:

The Chairman asked if there were any changes to be made to the July 27, 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. Pierson seconded approval of the July 27, 2022 minutes.

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

Nays: None

Absent: Trizna

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

The Chairman requested a motion to move items #053-2022 and #042-2022 up on the agenda as the mayor was not able to stay for the meeting. He said he would like Tom Lancaster to present the audit report after the mayor's discussion. The Chair asked if anyone had any objections and, hearing none, he called for a voice vote. No opposing votes were expressed. Motion passed unanimously.

Motion: J. Pierson moved and D. Chestnutt seconded changes to the order of items on the August 24, 2022 agenda.

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

Nays: None

Absent: Trizna

Authority Memo Number **053-Discussion with Mayor regarding Inspector General Report and Insurance Related Issues**

Mayor O'DeKirk began by saying that the Board should be commended for turning the finances around for the theatre. He gave his encouragement to the Board going forward. He informed the Board that Pat Mudron has been removed as City Liaison to the Rialto due to the insurance issue. He said he would fill that role as no other Council Member stepped up to take the position. He told the Board that the City Council was not notified of the situation the Rialto faced due to the insurance issue. It should have been brought to

the City Council's attention. He said that since the Rialto receives tax payer dollars, no Councilman should be soliciting business from the Rialto and profiting from it. He said that it was his understanding that an insurance agent receives between 15-20% commission on a policy like the one that the Rialto obtained. This would mean that Mudron-Kane received about \$40,000 from the policy. The mayor distributed the investigative report from the City Inspector General regarding the Mudron-Kane insurance policy. The mayor told that Board that if they were going to ask the City Council for money in November, they should also ask Mudron-Kane to be refunded the money that they profited from the insurance policy. He said that while he is only one of nine votes on the Council, he does not feel that there would be support from the people of Joliet to pay for a Councilman's private company to profit. He said he would be happy to address any questions or comments that anyone had. There were no questions or comments. The mayor left the meeting at 4:05 pm.

Authority Memo Number **042-2022 Wermer, Rogers, Doran & Ruzon, LLC FY2021 Audit Report by Tom Lancaster**

Discussion and Vote:

Tom Lancaster told the Board that the FY2021 audit was performed remotely this year. He said that employees provided the requested documents and were very helpful. He reported that the audit ran very smoothly and office employees responded to all requests in a timely manner. Lancaster said that the WCMEAA audit report received an unmodified or clean opinion, it was performed with no hindrances and the financial statements were prepared according to generally accepted accounting principles. He said this is the best possible audit opinion to receive. Lancaster gave a summary of the financial highlights from the audit report. He said that the Authority's net position increased \$57,000 or 1% which was attributable to RST Foundation activity. Business type activities decreased approximately 5% and governmental activities increased about 14%. The scope of the audit included January thru June of 2021 which experienced a lot of closure due to the pandemic. The Authority's business activities experienced a \$2 million decrease and expenses decreased by \$2.1 million due to employee furloughs and a lack of shows. As of June 30, 2021, the Authority had \$1.9 million dollars of debt outstanding which they were allowed to defer due to the pandemic. Fund balances experienced increases in both the general fund and the endowment fund. Both ended with healthy balances, the general fund with a balance of \$663,000 and the endowment fund with a balance of \$1.4 million. Business type activities are generating a positive cash flow. Net cash provided by operating actives was \$111,000 and there was a net increase in cash of \$524,000. Lancaster finished by pointing out the notes on the financial statements that were on pages 37-55. He said that note #15 dealt with the SVOG money received from the federal government. He told the Board that since the SVOG money was over \$750,000, it would require a single audit. Filotto asked when the audit needed to be done. Lancaster said it was already scheduled for October. Lancaster asked if there were any questions regarding the audit report. Broderick asked if there were any recommendations for future audits. Lancaster said there should be a process where all necessary adjustments are identified and posted before beginning the audit.

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

Motion: J. Pierson moved and D. Chestnutt seconded approval of the FY2021 Audit as presented by Tom Lancaster of Wermer, Rogers, Doran & Luzon, LLC.

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

Nays: None

Absent: Trizna

FINANCIAL REPORTS

Authority Memo Number **049-2022 Operational Bills Paid, Payable and Payable Age Listing**

Discussion and Vote:

The Chair noted several of the large payments made on page 2 of the financial report: \$82,243 for insurance; \$5,000 for the lobbyists' services and \$4,250 for a rigging inspection.

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

Motion: T. Broderick moved and D. Chestnutt seconded approval of the July 2022 Operational Bills Paid, Payable and Payable Age Listing.

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

Nays: None

Absent: Trizna

Authority Memo Number **050-2022 Financial Statements**

Discussion and Vote:

The Chair asked if there were any questions or comments on the July 2022 Financial Statements. Condon asked if a running tally on mechanical repairs could be given. Welsh said that there is a line item in the budget for maintenance. Condon said she would like a breakdown of the expenses similar to the payments made to VenuWorks. Filotto told the Board that Welsh has not been able to contact George Tyus' son. Chestnutt asked for how long the Board would continue to pursue this. Silverman said a motion to open the estate could be made to figure out if there was anything to pay the outstanding rent. Chestnutt said the Board needs to reassess its process in dealing with late rent payments. Filotto asked if the rent rolls were up to date. Piehl said they were. Chestnutt said the Board needs a policy on what to do when the renters are late with their payments. Welsh said he will bring it up to the Board when renters are 30 days in arrears.

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: T. Broderick moved and D. Chestnutt seconded approval of the July 2022 Financial Statements.

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

Nays: None

Absent: Trizna

OLD BUSINESS

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

Discussion and Vote:

The Chair asked Welch to present the budget to the Board. Welch said that the new insurance premium was a huge driver on the expense side. Payments to the lobbyists are now included. Also in the budget was \$20,000 for new computers and laptops for staff. There was an increase for some routine maintenance to be done such as having the carpet and furniture cleaned and the marble floors stripped and redone. Welsh said that while there appears to be a \$100,000 increase in staffing, it actually is not. There was a position that was previously budgeted but not filled. That position will now be used for the new Director of Operations. Filotto told the Board that this was a break-even budget.

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

Motion: T. Broderick moved and B. Kent seconded approval of the proposed FY2023 budget.

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

Nays: None

Absent: Trizna

Authority Memo Number **051-2022 Approval of JLK Architects Proposal**

Discussion and Vote:

Welsh said that he and the review team worked with JLK on the fee proposal. It currently only covers task 1 and task 2. He said that he was very happy with the proposal and was excited to get started on the project. The largest initial expense would be to get digital plans for the theatre. Welsh said that one of the biggest concerns with the project is how the work will affect the theatre's schedule. He said the Board and the staff will need to be flexible and cooperate with JLK to get the work done but JLK will try to minimize the impact on the schedule. Filotto commended the review team for their work and said that he would like to keep them on the project for their expertise and knowledge.

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

Motion: J. Pierson moved and D. Chestnutt seconded approval of the JLK Architects Proposal.

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

Nays: None

Absent: Trizna

NEW BUSINESS

Authority Memo Number **052-2022 Approval of License Agreement between WCMEAA & RST Foundation**

Discussion and Vote:

The Chair explained to the Board that there needs to be a legal agreement between the WCMEAA and the Rialto Square Theatre Foundation in order for the Foundation to attach the mural they are planning onto the building. He asked Steve Randich, President of the Foundation, to explain the project to the Board. Randich told the Board that the Foundation had been working on a mural project for about two years and were seeking the funding to get it done. Bob Navarro, President of the Heritage Corridor Convention & Visitors Bureau, wrote a proposal for a \$1.5 million grant for enhancements to the first 100 miles of Rt. 66. The Rialto was listed as an \$85,000 recipient from that grant. The title of the mural will be "The Twin Centennial" to honor the 100 year anniversaries of the Rialto and the Rt. 66 highway. The Foundation is working with Brett Mitchell who is managing the project and Dante DiBartolo from the Joliet Artists' Guild. The goal of the mural is to highlight the 100 years of Rialto history. Overall, the mural will be 40 feet wide and 8 feet high. It will consist of 10 4' x 8' panels that will be mounted on a framing system. The mural will be on the front of the theatre, to the left of the marquee. The Foundation feels it will complement the park that is being planned on the west side of Chicago Street. Randich said that nothing will be done until the mural is approved by the WCMEAA Board, the RST Board, Rialto staff and some community members. Mitchell is completing shop drawings of the framing system. Valley Glass is the framing company that was the low bidder and awarded the contract for the framing system. They will start the construction of the framing unit and look to have it done by November 1, 2022. The plan is to unveil the mural to the community during Home for the Holidays. Randich said that he has kept Jane Bernard and Rod Tonelli from the City of Joliet

informed of the plans for the mural as well as Quinn Adamowski and Hudson Hollister from the Art's Commission.

The Chair told the Board that the license agreement between the WCMEAA and the RST Foundation will be for a five year term and may be extended by mutual agreement. He invited further discussion and, hearing none, he directed roll to be called. Motion passed unanimously.

Motion: J. Condon moved and T. Broderick seconded approval of the license agreement between WCMEAA and RST Foundation.

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

Nays: None

Absent: Trizna

EXECUTIVE REPORTS

RSTF Report: Condon said that the Foundation Board met recently. Planning for Home for the Holidays is off to a great start. The Foundation needs donors for raffle baskets and volunteers for events. Ericksen said he has lined up many sponsors for the holiday events. Some sponsors have increased their support for the same events and he has gotten new sponsors for events also. His goal is to get every event sponsored. Randich said there are three open spots on the Foundation Board. He has talked to a couple of candidates and hopes to have a full slate of 17 board members by the next meeting.

Executive Director's Report: Welsh said that the appraisal of the building is done and he should have a copy of the report by the end of the week. He said that the lobbyists are working on getting grant money as the governor has released more grant dollars. He informed the Board that the contract for DLR ended after the design phase. They are willing to give a quote for the construction phase. It was the review team's recommendation to have JLK take over the bathroom project. He said that the Travis Tritt concert held on August 21st sold out. The volunteers reported that the 50/50 jackpot was the largest they ever had. Food and beverage sales for the concert were the highest since returning from the pandemic. Welch said he feels that the upcoming shows of Charlie Berens, Lyle Lovett and Theresa Caputo should all sell out.

Welsh told the Board that two employees have been hired. Rafael Ramirez has been hired as Director of Operations. He will be in charge of security, employee training, set up and tear-down before and after shows, and managing janitorial services. Christopher Smith was hired as the Technical Director. He worked for six years in Rockford at the Coronado Theater. Welsh said he is still looking for a Finance Director and has gotten some leads. He said that he really appreciates the help that he had gotten from Mike Piehl.

Welsh informed the Board of some updates that have happened in the building. Both boilers are now fixed and restored. Welsh said that last winter there was only one running boiler. The store fronts on Van Buren Street have been painted. Ericksen is working on the window clings for the windows at 7 East Van Buren. He would also like to have something done to spruce up the area underneath the mural to the left of the front door of the theatre.

Condon asked Welsh if he is getting any resumes for the Business Manager position. Welsh said he is not close to hiring yet but there are two possible applicants.

Chairman's Report: Filotto thanked Mudron for attending the meeting and for his work as City Liaison. He said that Mudron did a tremendous job as Liaison and always attended the meetings and events. Filotto thanked him for everything he has done to help the Rialto.

Committee Reports: No reports.

City of Joliet Liaison's Report: No reports.

PUBLIC TO BE HEARD: Mudron told the Board that everything done regarding the insurance policy was above board and not illegal. He said he has gotten assurances from his legal team. He also told the Board that VenuWorks now has liability on the building. Liability was cancelled on the Cincinnati policy and backdated to July 1st.

Motion: The Chairman requested a motion to adjourn the regular meeting. D. Chestnutt moved and T. Broderick seconded the motion.

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

Nays: None

Absent: Trizna

The meeting adjourned at 5:05 P.M.

Minutes respectfully submitted by Christine Sturm, Recording Secretary.

Kathy Trizna, Board Secretary

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