

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

Date: September 27, 2023

Authority Memo Number **059-2023 September 27, 2023 Regular Meeting**

The September 27, 2023 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

Staff: Wade Welsh, Julie Quigley, Rafael Ramirez, Leann Hoffrogge, Nancy Lindmark, Christine Sturm

Absent: Kathy Trizna (excused)

Others: H.R. Cook, VenuWorks; City Liaison, Sherri Reardon; JATOE President, Joel Martis; Tom Lancaster – Wermer, Rogers, Doran and Ruzon; Rich Berti; Pete Bohler; Carol Mulvihill

APPROVAL OF MINUTES

Authority Memo Number **054-2023 August 23, 2023 Regular Meeting Minutes**

Discussion and Vote:

The Chairman asked if there were any changes to be made to the August 23, 2023 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: J. Condon moved and T. Broderick seconded approval of the August 23, 2023 regular meeting minutes.

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

Absent: Trizna

Nays: None

Public to be Heard Re: Agenda Items – President of the Joliet Area Theater Organ Enthusiasts, Joel Martis, spoke to the Board regarding the Barton Grande Theater Pipe Organ. He said that with all the changes currently going on in the theatre, if the Board was to decide that the Barton was getting to be too much to maintain and wanted to remove it, JATOE would like to have the rights of first refusal. He said that the JATOE by-laws state they are to have an agreement with the Board as to the rights of first refusal. He presented a document to Chairman Filotto. Filotto said that he will ask David Silverman to review the document before signing it. He also thanked Martis and JATOE for all that they do for the Barton. Both Condon and Filotto assured Martis that there were no plans to remove the Barton from the theatre.

FINANCIAL REPORTS

Authority Memo Number **055-2023 Operational Bills Paid, Payable and Payable Age Listing**

Discussion and Vote:

The Chair said that checks totaling \$525,000 were written in August, the largest went to VenuWorks for \$79,772. Condon asked if the check to ComEd for \$12,000 was for an electric bill. Welsh said it was. Filotto asked if there were any questions on the credit card statement. There were none. Accounts payable by vendor listed a few large checks: VenuWorks \$154,000; Bulley & Andrews Masonry Restoration \$65,500; and Mammoth Inc. \$13,073.

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 Operational Bills Paid, Payable and Payable Age Listing.

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

Absent: Trizna

Nays: None

Authority Memo Number **056-2023 Financial Statements**

Discussion and Vote:

The Chair said the financial reports reflect the first two months of FY24. Total income is \$136,000 better than budget and about even on the expense line. He said the Authority continues to benefit from line item #7500 Repair/Custodial. Net ordinary income is \$140,000 better once the ERTC was added in. Net income was projected to be a negative \$259,000 but is a negative \$88,000.

Welsh reminded the Board that the first payment of \$6700 on the interest free loan to VenuWorks is now reflected in the budget. The loan was for the new bars and coolers. Filotto asked if the payment reduced the liability or was it reflected in the operating statement. Quigley said she is not sure if the liability was entered. Filotto asked where was the payment reflected if the liability was not recognized. Quigley said it was listed in F&B supplies and equipment. She said she will list the liability on the next month's statement.

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

Motion: B. Kent moved and T. Broderick seconded approval of accepting the Financial Statements into the minutes.

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

Absent: Trizna

Nays: None

Authority Memo Number **057-2023 Wermer, Rogers, et al FY2022 Audit Report by Tom Lancaster**

Discussion and Vote:

Tom Lancaster, from Wermer, Rogers, Doran & Ruzon LLC, presented the WCMEAA FY2022 Audit. He said there were a couple of changes to the audit process. This was the first year for implementation of GASB87 which recognizes a lease receivable asset since the WCMEAA is a lessor. It was also the first year the Authority was subject to the Single Audit Act which is required when you have greater than \$750,000 of expenditures in Federal awards. Wermer Rogers also performed some additional research. They had a meeting with the City and Authority Board members to reach a consensus on the component unit status. The City, Authority and the auditors agreed that the Authority still maintains a component unit status.

The Authority received a good audit report with no findings for FY22. It was a clean opinion which is the best possible opinion to receive. Wermer Rogers was able to perform the audit with no scope limitations and financial statements were prepared according to generally accepted accounting principles. The highlights of the report stated that the Authority's net position increased by \$2.2 million in FY22 mainly due to the Shuttered Venue Operators Grant funds. The net position of the governmental activities (RSTF related) increased by about five percent while the net position of the business-type activities (WCMEAA related) increased by about 58 percent. The Authority's governmental activities had revenues of \$210,000 which is a 38 percent decrease. The Authority's governmental activities had expenditures of \$63,000 compared to \$35,000 in FY21. The Authority's business-type activities revenues increased from \$1.2 million to \$6 million

or 400 percent while expenses increased from \$1.4 million to \$3.9 million, a 170 percent increase. The revenue increase in the business-type activities is mostly attributable to increases in theatre related revenue and SVOG funds. The business-type expense increase is attributable to increases in salaries and production expenses.

On the Single Audit Report, Lancaster said there were no findings, no material weaknesses and no significant deficiencies. He said this was the best possible result for a single audit. Testing was done to make sure the federal grant is being used in accordance with the grant document. All expenses were checked against grant restrictions.

The Chair had one correction to be made on the FY22 audit. He said that Pat Mudron would have been the City Liaison in June of 2022, not Terry D'Arcy. Lancaster said he would have the change made. The Chair invited further discussion and, hearing none, he directed roll to be called. Motion passed unanimously.

Motion: T. Broderick moved and J. Condon seconded approval of the FY22 Audit.

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

Absent: Trizna

Nays: None

The Chair invited further discussion of the Single Audit Report and, hearing none, he directed roll to be called. Motion passed unanimously.

Motion: J. Pierson moved and T. Broderick seconded approval of the FY22 Single Audit.

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

Absent: Trizna

Nays: None

NEW BUSINESS

Authority Memo Number **058-2023 Electrical Issues Update**

Discussion:

Welsh told Board members that the theatre lost about \$81,000 from the two cancelled shows and the repairs to fix the circuit breaker stemming from the recent power outage. Estimated losses were \$15,000 from Encanto and \$38,655 from Skid Row. The cost of the refurbished circuit breaker and the labor to install it was \$28,217. Pierson asked if this was covered by insurance. Welsh said it was not but he was going to look into filing a claim with the manufacturer of the circuit breaker as it was less than three years old. Cook said he researched VenuWork's insurance policy but there was nothing that covered the power outage. He said that there is a business interruption policy but it is very expensive due to COVID. Chestnutt asked if Welsh was going to get a backup breaker to have on hand in case of any future problems. Welsh said he was working to get the failed circuit breaker refurbished. He informed the Board that the biggest issue with getting the power shut off to the building is that it is tied to the building next door. ComEd had to wait to shut the power off until Cut 158 closed at 10 pm. The repair took about two hours to fix and the power was back on at 12:15 pm. Welsh said he is looking into a way to separate the power from the building next door. He is getting a quote for the job. Welsh said he would like to have a study done on the building like the one done in 2018 that lists all the needed repairs. He said it could be used to generate a capital improvement plan.

Cook commended the staff for resolving the problem of the power outage quickly. Welsh said that everyone stepped up to handle the situation. Chestnutt thanked Welsh for keeping the Board updated on the situation.

OLD BUSINESS

Renovation Project Update: Pete Bohler of R. Berti displayed a map of the theatre's roofs. He said the areas in red showed where asbestos was found and mitigated. Areas in blue showed where masonry work was needed on the roof parapets. He said all the old roofs are torn off and temporary roofs were put on all thirteen roofs. On roof 2 over the Esplanade, the parapet wall had deteriorated brick and was causing water to pool on the roof. The masonry work to fix it was an additional \$115,000 and was covered by the allowances money. The fire escapes have all been scraped and have a coat of primer on them. The final coats are in progress. The plumbing work on the roofs is coming along. Some roof drains are getting adjusted.

Bohler directed the Board's attention to the report of the chimney on the theatre roof that was included in the Board packet. The general condition of the chimney was found to be fair to very poor. The following recommendations were made: repair or remove the exterior brick chimney coating above the building roof; replace the compromised steel flue; install a new chimney steel cap; and the new steel flue should be grounded per NFPA 780 guidelines. Welsh told the Board that these repairs were scheduled to be done in Phase II of the renovation project. Filotto said that all immediate repairs should be addressed now, such as the brick work. He felt that it was important that the Board be proactive with the maintenance of the building.

Bohler finished by saying the project is still on schedule. Condon asked if the bathroom project would be started soon. Welsh said he is putting it on hold until all the roofs are completed. The bathroom project should be able to be started in early 2024.

EXECUTIVE REPORTS

RSTF Report: Condon said that the *Espiritus en el Teatro* event was coming up on October 29th. The doors will open at 2:00 pm. She may ask the Board to help with the event. Ericksen said that \$7,000 was raised in sponsorships. Ericksen also said that sponsorship for *Home for the Holidays* is going well and he believes that it will exceed \$100,000 again this year. Welsh reported that both Teddy Bear Teas are sold out. Condon said that the Foundation will meet in a week.

Executive Director's Report: Welsh said he received the \$149,000 check from the ARPA Grant. He also let the Board know that a press release for the renovation project will be sent out next week and signage will be put up around the building. He has received an updated schedule for the HVAC project. He said that JLK has expressed concerns about not being able to get the equipment on time.

He revealed that a new pouring rights deal with Pepsi is in the works. He will have more information on that soon. Condon asked what did that mean. Welsh said that the theatre will get exclusive rights with Pepsi and sponsorship dollars. He felt it was a nice win for the theatre.

He reported that there was a backup in the kitchen drain and it has been taken care of.

Cook informed the Board that there is starting to be a down-turn in ticket sales industry-wide due to festival fatigue with large shows. He has not seen it in Joliet, however, which remains a strong market. Ticket sales remain steady here. VenuWorks ticket sales are still strong in all their smaller venues.

Cook will be in Nashville during the first week of October where agents and promoters will be showcasing new talent and stage shows. He will be hosting a dinner with promoters who have never been to the Rialto.

Chairman's Report: The Chair expressed how impressed he was with the way that Welsh, Ramirez and the staff handled the power outage.

Committee Reports: No reports.

City of Joliet Liaison's Report: Reardon said that the \$100,000 from the City is on the Finance Committee's agenda for October 17th. If it is not on the City Council's agenda for the October 17th meeting, it will be on the November 1st agenda. There will be a capital expense restriction on the funds. Going forward, the \$475,000 will be in the City's budget next year as a grant. It will also be limited to capital expenses. This too will be on the agenda to move forward to the full Council.

Lobbyists' Report: Broderick said there are three tentative meetings with three different lobbyists scheduled. The group working on finding new lobbyists will be interviewing them along with the current lobbyists. The group wants to see what the lobbyists would do with regards to aiding the Rialto's business operations and what guidance they can provide. The group will bring the findings back to the Board and let the Board decide how to move forward.

PUBLIC TO BE HEARD: Carol Mulvihill noted that the congressmen are going back to work and asked if the lobbyists are contacting them. Condon said that they are seeing an uptick in activity and believes that the Board has their attention now. Broderick said that Mulvihill's concerns are timely and well taken. He said that there will be conversations with four different lobbyists. Mulvihill asked if the Rialto bars would no longer be serving Coke products if a deal is made for pouring rights with Pepsi. Welsh said potentially, yes.

Condon commented that she was very impressed that Pete Davidson and John Mulaney are coming to the theatre. She said they were such big names for young people currently.

Broderick said that a site visit with the grants consultant is set up for next week

Ramirez wanted to give praise to Rich Berti and Pete Bohler for the job they are doing managing the construction project.

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

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

Absent: Trizna

Nays: None

The meeting adjourned at 5:23 P.M.

Minutes respectfully submitted by Christine Sturm, Recording Secretary.

Kathy Trizna, Board Secretary

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