

MINUTES OF THE REGULAR MEETING

OF THE

PUBLIC BUILDING COMMISSION OF McLEAN COUNTY, ILLINOIS

Tuesday, April 5, 2016, 3:30 p.m. CDT

The Regular Meeting of the Public Building Commission of McLean County, Illinois (the "Commission") was called to order by Chairman Novosad on April 5, 2016 in Room 404 of the Government Center, 115 East Washington Street, Bloomington, McLean County, Illinois.

Acting Secretary Robert Porter called the roll with the following members answering "present": Messrs. Novosad, Zeunik, Funk, Farnsworth, and Schultz. Chairman Novosad noted the presence of a quorum. Messrs. Morel, Zimmerman, Harris, and Good were absent.

Also present were Commission Attorney Robert Porter; Commission Treasurer James Mulligan; Ms. Hannah Eisner, Assistant McLean County Administrator; Mr. Jack Moody, McLean County Director of Facilities Management; Mr. Eric Schmitt, McLean County Director of Administrative Services; and Mr. John Bishop, Project Manager, the Farnsworth Group, Inc. (arrived at 3:45 p.m.).

Edith Brady-Lunny of *The Pantagraph* was present. No other representatives of radio or press were present.

Chairman Novosad presented the Minutes of the January 5, 2016 Regular Meeting and the March 10, 2016 Special Meeting of the Commission for approval. Chairman Novosad asked if there were any corrections, additions, and revisions to the Minutes. Hearing none, Chairman Novosad asked for a Motion to approve both the Regular Meeting and Special Meeting Minutes. It was moved by Mr. Zeunik and seconded by Mr. Schultz that the Minutes of the January 5, 2016 Regular Meeting and March 10, 2016 Special Meeting of the Commission be approved as submitted. Chairman Novosad called for a vote on the Motion to approve both sets of Minutes and the Motion was unanimously approved by voice vote.

Chairman Novosad then asked Commission Treasurer James Mulligan to present the Treasurer's Report for the fiscal year. Mr. Mulligan first noted that the Commission can expect to begin making significant payments to the Farnsworth Group, Inc. in the near future as the design of the Jail Expansion Project had begun in earnest. Mr. Mulligan recounted that the Commission authorized him to invest portions of the Series 2015 Public Building Revenue Bond

Issue's "Project Fund" at the Commission's January 5, 2016 Regular Meeting. He specifically noted that \$2,500,000.00 was invested in a six (6)-month CD at Morton Community Bank with an investment yield of .6%, that \$17,500,000.00 was invested in a twelve (12)-month CD at Morton Community Bank with an investment yield of .7%, and that \$22,500,000.00 was invested in an eighteen (18)-month CD at Morton Community Bank with an investment yield of .8%. Mr. Mulligan noted that the Project Fund's remaining \$2,504,459.67 is held in a commercial checking account at Morton Community Bank with an interest earning yield of .4%.

Mr. Mulligan further indicated that he intended to consolidate certain of the Commission's unrestricted accounts at Heartland Community Bank & Trust Co. in the coming months. Mr. Mulligan noted that interest payments on the Commission's Series 2010 and 2013 Revenue Bond Issues was due on May 1, 2016 and that said interest payments would total approximately \$95,000.00. He also reminded the Commission that the first interest payment on the Series 2015 Public Building Revenue Bond Issue would be due on June 1, 2016 and that said interest payment would total approximately \$1,200,000.00. Mr. Mulligan noted that the principal payments on the foregoing Revenue Bond Issues would be due in December 2016.

Mr. Mulligan noted that the Commission has yet to receive an invoice from the County for the cost of the County's performance of operation and maintenance on the Commission's facilities.

Mr. Mulligan stated that the Treasurer's Report reflected expenditures of \$893,000.00 in issuance costs associated with the Commission's Series 2015 Public Building Revenue Bond Issue. He noted that the issuance costs were principally attributed to the fees charged by Chapman & Cutler, LLP. and First Midstate, Inc. Mr. Mulligan noted that the Treasurer's Report showed a negative number for legal fees as the fees incurred by Commission Attorney Robert Porter in his work on the Series 2015 Public Building Revenue Bond Issue were reimbursed to the Commission out of the Series 2015 Public Building Revenue Bond Issue's proceeds.

Mr. Mulligan indicated that the Commission's proposed disbursements were detailed on page fifteen (15) of the Treasurer's Report.

With respect to the Commission's Fiscal Year 2015 Audit, Mr. Mulligan noted that the Commission's auditor, Sulaski & Webb, CPAs, and McLean County's auditor, Baker Tilly, LLP., are attempting to coordinate how best to reflect the capital leases. Mr. Mulligan noted that the Commission's Annual Financial Report filing deadline with the Illinois State Comptroller's Officer had been extended to May 31, 2016.

Chairman Novosad asked whether the Commission had any April deadlines with respect to its Audit. Mr. Porter responded by indicating that the Commission was under an obligation to

furnish the Municipal Securities Rulemaking Board with its annual financial statements and Audit on or before April 27, 2016. Mr. Porter relayed that this requirement was the result of the Commission being a party to a Continuing Disclosure Undertaking outlined in the Series 2015 Public Building Revenue Bond Issue's Bond Resolution. Mr. Porter noted that he had advised Dawn Carlson of Sulaski & Webb, CPAs of the April 27th deadline and did not anticipate any issues with meeting the foregoing deadline. However, he stated that the Commission had the ability to furnish the Municipal Securities Rulemaking Board with a "DRAFT" Audit, if necessary.

Mr. Schultz then asked Mr. Mulligan whether the \$2,504,459.67 in Project Funds held in the commercial checking account at Morton Community Bank were liquid and Mr. Mulligan indicated that said funds were liquid.

Mr. Funk asked Mr. Mulligan whether the Commission's funds at Heartland Bank & Trust Co. were being held in money market accounts and Mr. Mulligan indicated that said funds were being held in a money market account.

Chairman Novosad then asked if there were any additional questions for Mr. Mulligan on the Treasurer's Report. Hearing none, Chairman Novosad asked for a Motion to approve the Treasurer's Report and proposed payments as submitted. It was moved by Mr. Farnsworth and seconded by Mr. Schultz that the Treasurer's Report and proposed payments be approved as submitted. Upon a roll call vote, all Commissioners voted in favor of the Motion.

Turning to the Commission's "Old Business," Chairman Novosad asked Mr. Porter to provide the Commissioners with a status report on the Contract for Operation and Maintenance between the Commission and McLean County. Mr. Porter reported that he and Assistant County Administrator Hannah Eisner had reached an agreement as to the form of the Contract for Operation and Maintenance. Mr. Porter reminded the Commission that the terms of the Amended and Restated Lease Agreement vested responsibility for the performance of operation and maintenance on the Commission-owned facilities with the Commission. He indicated that, under the Contract, the County will be responsible for the performance of operation and maintenance on the Commission-owned facilities, which will ensure that the Commission and County's legal obligations track their current course of conduct with respect to the facilities.

Mr. Porter recalled that the Commission voted to authorize Chairman Novosad to sign a Contract for Operation and Maintenance at the Commission's July 30, 2015 Special Meeting provided that the payments under the contract did not exceed \$14,000,000.00. As the Contract for Operation and Maintenance drafted by Mr. Porter and Ms. Eisner does not require the Commission to make annual payments in excess of \$14,000,000.00, Mr. Porter noted that the Commission need not take further corporate action. Rather, he indicated that all that remains is

for the County Board to approve the Contract. Mr. Porter lastly noted that the Commission will need to pass an annual amendment to the Contract for Operation and Maintenance that sets forth the upcoming year's operation and maintenance figure.

Chairman Novosad then asked if there were any questions for Mr. Porter on the Contract for Operation and Maintenance. Hearing none, Chairman Novosad proceeded to discuss the Commission's "New Business" and asked County Director of Facilities Management Jack Moody to present an overview of the architectural design, engineering services, and construction administration of the Jail Expansion Project.

Mr. Moody reminded the Commission that the Commission entered into a contract with the Farnsworth Group, Inc. for the architectural design, engineering services, and construction administration of the Jail Expansion Project on March 10, 2016. Mr. Moody noted that representatives of the Farnsworth Group, Inc. had begun to meet with Jail staff as well as the County Administration. He indicated that a visioning meeting had occurred earlier that morning and that regular meetings between the Farnsworth Group, Inc. and County representatives are occurring every other week.

Mr. Moody stated that HOK has played a large role in the design element of the Jail Expansion Project. Mr. Moody estimated that the Farnsworth Group, Inc. and HOK would have knowledge of what the building will need to look like in several months. Mr. Moody stated that both HOK and Farnsworth Group, Inc. representatives would be meeting with the Jail's laundry and kitchen staff in the near future. Mr. Moody then asked Mr. John Bishop to discuss the Jail Expansion Project in further detail.

Mr. Bishop relayed that the Farnsworth Group, Inc. is currently waiting to receive certain Jail population and demographic data and is in the process of verifying the program and producing a schematic design. Mr. Bishop envisioned the schematic design being completed by July.

Chairman Novosad then asked if there were any questions for Messrs. Moody or Bishop regarding the status of the architectural design, engineering services, and construction administration of the Jail Expansion Project. Hearing none, Chairman Novosad asked Mr. Porter to discuss the Memorandum of Understanding Between the Commission, the County, and the City of Bloomington Regarding the Governing Procedures Between the Commission, the County, and the City in Furtherance of the Amended and Restated Lease Agreement.

Mr. Porter noted that the County Administrator's Office had suggested to him that the Commission, County, and City memorialize the practical working of the annual lease amendment process in the form of a memorandum of understanding. Mr. Porter reminded the

Commission that the Amended and Restated Lease Agreement requires the County to tender \$10,000,000.00 annual rental payments to the Commission, which amount likely exceeds the amount necessary to pay for debt service on the outstanding revenue bonds and satisfy necessary operation and maintenance obligations. Thus, he noted, that each year, the Commission, County, and City will agree on a reduced rental payment that will cover the debt service and operation and maintenance and will allow the County, and the City, if applicable, to reduce property tax levies. Mr. Porter stated that a memorandum of understanding would merely memorialize this amendment process as a means of preventing any future confusion. Mr. Porter underscored that a memorandum of understanding would not create any new rights or responsibilities between the Commission and the County and/or the Commission and the City or otherwise locks the Commission into receiving an insufficient payment. Mr. Porter then asked Ms. Eisner whether she had anything to add regarding a proposed memorandum of understanding.

Ms. Eisner noted that the aspiration behind a memorandum of understanding was to craft a document that enabled the Amended and Restated Lease Agreement and the Contract for Operation and Maintenance to blend together. She also indicated that a memorandum of understanding would delineate the timing of lease payments as well as provide for the Commission to receive funding for its administrative expenses.

Chairman Novosad then asked whether there were any questions for Mr. Porter or Ms. Eisner regarding the Memorandum of Understanding Between the Commission, the County, and the City of Bloomington Regarding the Governing Procedures Between the Commission, the County, and the City in Furtherance of the Amended and Restated Lease Agreement. Hearing none, Chairman Novosad asked Mr. Porter to discuss the County's request for financing of capital improvements to the Government Center and Juvenile Detention Center.

Mr. Porter stated that, as was discussed at the January 5, 2016 quarterly meeting, the County has identified a need to replace the roofs on both the Government Center and the Juvenile Detention Center at a cost of \$600,000.00. Mr. Porter indicated that it was his belief that the Government Center roof was original to the Commission-financed renovations of the structure and that the Juvenile Detention Center's roof was original to the building. He further relayed that the County had requested financing from the Commission in the amount of \$600,000.00 to be repaid over ten years, at no interest, by the County and the City as the City will pay for one-half of the cost associated with the repair of the Government Center's roof. Mr. Porter indicated that he and Ms. Eisner had worked together in drafting a "Capital Improvement Agreement" between the Commission, the County, and the City. Under the Agreement the County will make payments of \$45,000.00 per year and the City will make payments of \$15,000.00 per year. Mr. Porter noted that the County and City would begin making repayments to the Commission in 2017 and that said repayments would be made as a part of the County and the City's respective rental payments. He further stated that the Commission was in a position to

make the loan from the unused funds in its Law and Justice Center debt service account at Heartland Bank & Trust Co. and that the Commission had a history of furnishing the County with similar loans for work on the Hundman Building and the Old Courthouse Building. Mr. Porter then asked Mr. Moody as to whether he wished to speak about the conditions of the roof on the Government Center and Juvenile Detention Center in greater detail.

Mr. Moody indicated that the Government Center's roof dates back to 1985 and that the Juvenile Detention Center's roof was original to the building. Mr. Moody specifically noted that the Juvenile Detention Center had a ballasted roof that was currently leaking in twelve different places. He stated that replacing both facilities' roofs was a necessity.

Mr. Funk then asked Messrs. Mulligan and Porter whether the funds within the Law and Justice Center debt service account were still restricted and both Messrs. Mulligan and Porter stated they were not.

Mr. Zeunik then asked Mr. Moody whether he would bid out the roof replacement and Mr. Moody indicated that the work would be put out to bid. Mr. Zeunik then asked Mr. Porter and Ms. Eisner whether the proposed Capital Improvement Agreement would be subject to amendment if the bids came in more or less than \$600,000.00. Ms. Eisner indicated that the Capital Improvement Agreement would need to be amended if the bids came back more or less than \$600,000.00.

Mr. Funk then asked whether the ten-year repayment schedule would track the life of the roofs and Mr. Moody stated that the roofs would have a much longer life than ten years.

Mr. Farnsworth then stated that it was important for the Commission to properly track and conserve any of its surplus funds.

Chairman Novosad then asked if there were any additional questions regarding the County's request for financing for capital improvements or the Capital Improvement Agreement. Hearing none, Chairman Novosad asked for a Motion to approve the Capital Improvement Agreement. It was moved by Mr. Funk and seconded by Mr. Zeunik to approve the Capital Improvement Agreement. Upon a roll call vote, all Commissioners voted in favor of the Motion.

Chairman Novosad then asked Mr. Porter to discuss reimbursing the County for the cost of the Dewberry/Goldman Needs Assessment Study of the Jail. Mr. Porter noted that the County entered into a contract with Dewberry Architects, Inc./Mark Goldman for the performance of a Needs Assessment Study of the McLean County Jail on April 15, 2014. Mr. Porter indicated that this Needs Assessment Study ultimately yielded five different scenarios for the construction of an expansion to the Jail, "Scenario B" of which is serving as the basis for the Farnsworth Group,

Inc./HOK's design work. Mr. Porter also stated that the County Board passed a Resolution on April 15, 2014 that called for the cost of the Needs Assessment Study to be included in the Commission's Series 2015 Public Building Revenue Bond Issue. Mr. Porter recounted that the Need Assessment Study cost \$89,950.00 and that the Commission was now being asked to reimburse the County in this amount out of its Series 2015 Public Building Revenue Bond Issue's "Project Fund."

Chairman Novosad then asked if there were any questions regarding the reimbursement to the County for the cost of the Dewberry/Goldman Needs Assessment Study of the Jail. Hearing none, Chairman Novosad then asked for a Motion to reimburse the County in the amount of \$89,950.00 from the Series 2015 Public Building Revenue Bond Issue's "Project Fund" for the Dewberry/Goldman Needs Assessment Study of the Jail. It was moved by Mr. Zeunik and seconded by Mr. Schultz that the Commission reimburse the County in the amount of \$89,950.00 from the Series 2015 Public Building Revenue Bond Issue's "Project Fund" for the Dewberry/Goldman Needs Assessment Study of the Jail. Upon a roll call vote, all Commissioners voted in favor of the Motion.

Chairman Novosad then asked Mr. Porter to discuss reimbursing the County for the cost of the Farnsworth Group, Inc.'s Peer Review of the Dewberry/Goldman Needs Assessment Study of the Jail. Mr. Porter reminded the Commission that the County had retained the Farnsworth Group, Inc. to review the Dewberry/Goldman Needs Assessment Study. Mr. Porter noted that the County intended for the cost of the Peer Review to be included in the Commission's Series 2015 Public Building Revenue Bond Issue. Mr. Porter indicated that the Peer Review cost \$23,363.83 and that the Commission was now being asked to reimburse the County in this amount out of the Commission's Series 2015 Public Building Revenue Bond Issue's "Project Issue."

Chairman Novosad then asked if there were any questions regarding the reimbursement of the County for the cost of the Farnsworth Group, Inc.'s Peer Review of the Dewberry/Goldman Needs Assessment Study of the Jail. Hearing none, Chairman Novosad then asked for a Motion to reimburse the County in the amount of \$23,363.83 from the Series 2015 Public Building Revenue Bond Issue's "Project Fund" for the Farnsworth Group, Inc.'s Peer Review of the Dewberry/Goldman Needs Assessment Study of the Jail. It was moved by Mr. Farnsworth and seconded by Mr. Funk that the Commission reimburse the County in the amount of \$23,363.83 from the Series 2015 Public Building Revenue Bond Issue's "Project Fund" for the Farnsworth Group, Inc.'s Peer Review of the Dewberry/Goldman Needs Assessment Study of the Jail. Upon a roll call vote, all Commissioners voted in favor of the Motion.

Chairman Novosad then asked Mr. Porter to discuss the City of Bloomington's rental payments under the Amended and Restated Lease Agreement. Mr. Porter noted that, in entering

into the Amended and Restated Lease Agreement, the County projected operation and maintenance costs out over a twenty-year time span. He indicated that the annual amendment process that he described earlier in the meeting allows for the County to adjust operation and maintenance costs on an annual basis. Mr. Porter stated that the City's rental payments partly fund operation and maintenance on the Government Center at a level initially projected by the County back in July 2015. However, he noted that the County has since reduced those projections, but the City's rental payments was not concomitantly reduced through the amendment process. Mr. Porter noted that the City is currently set to pay \$79,880.00 more to the Commission than what is needed to fund operation and maintenance on the Government Center and that he was having ongoing conversations with Ms. Eisner and the City's legal counsel, Jeff Jurgens, as to how best to address this issue.

Chairman Novosad then asked if there were any questions regarding the City of Bloomington's rental payments under the Amended and Restated Lease Agreement. Hearing none, Chairman Novosad asked Mr. Porter to address the Memorandum of Lease between the Commission and the County. Mr. Porter noted that the passage of the Amended and Restated Lease Agreement prompted conversations between the Commission and the County's auditors concerning which entity should book the capital leases. Mr. Porter indicated that the County desired to book the capital leases, but the County's auditor felt that this could not be done absent a reversion clause in the deeds to the Commission-owned facilities. He noted that the deeds were drafted without a reverter provision and that the Memorandum simply memorializes that ownership of the facilities will revert back to the County or the County and the City in the case of the Government Center on January 1, 2035.

Messrs. Funk and Farnsworth both inquired as to whether the Memorandum of Lease did anything to alter the legal relationship between the Commission and the County and the Commission and the City and Ms. Eisner stated that it would not.

Chairman Novosad then inquired as to whether any of the Commissioners had additional questions or comments regarding the Memorandum of Lease. Hearing none, Chairman Novosad asked for a Motion approving the Memorandum of Lease. It was moved by Mr. Farnsworth and seconded by Mr. Zeunik that the Memorandum of Lease be approved as submitted. Chairman Novosad called for a vote on the Motion to approve the Memorandum of Lease and the Motion was unanimously approved by voice vote.

Chairman Novosad next noted that the Commission should consider meeting on a monthly basis in order to consider and approve architect invoices.

Mr. Farnsworth inquired as to the ability to cancel a monthly meeting in the event that it was determined to be unnecessary and Mr. Porter stated that notice of the cancellation would

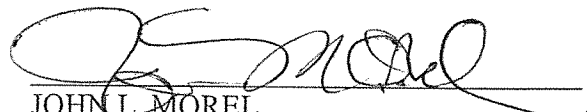
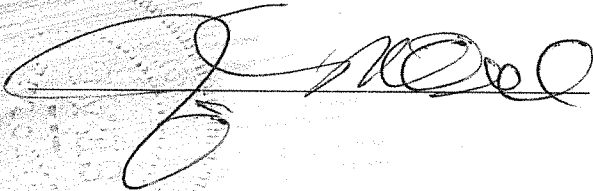
need to be posted.

Mr. Moody then stated his belief that the Commission should begin meeting monthly.

Chairman Novosad then inquired as to whether any Commissioners had additional questions or comments regarding increasing the frequency of the Commission's meetings. Hearing none, Chairman Novosad asked for a Motion to increase the frequency of the Commission's meetings to once a month with said meetings occurring on the first Tuesday of the month at 3:30 p.m. in Room 404 of the Government Center, 115 East Washington Street, Bloomington. It was moved by Mr. Funk and seconded by Mr. Zeunik that the Commission begin meeting on the first Tuesday of the month at 3:30 p.m. in Room 404 of the Government Center, 115 East Washington Street, Bloomington. Chairman Novosad called for a vote on the Motion and the Motion was unanimously approved by voice vote.

Chairman Novosad then asked whether any of the Commissioners had any additional questions or comments. Hearing none, Chairman Novosad asked for a Motion to adjourn. It was moved by Mr. Farnsworth and seconded by Mr. Zeunik that the meeting adjourn and the Motion was unanimously approved by voice vote. The meeting was adjourned at 4:30 p.m. The next regular meeting of the Commission will be Tuesday, May 3, 2016, at 3:30 p.m.

APPROVED:



JOHN L. MOREL,
Secretary, Public Building Commission

May 3, 2016