

MINUTES OF THE MONTHLY MEETING

OF THE

PUBLIC BUILDING COMMISSION OF McLEAN COUNTY, ILLINOIS

Tuesday, August 7, 2018, at 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 August 7, 2018 in Room 404 of the Government Center, 115 East Washington Street, Bloomington, McLean County, Illinois.

Secretary Morel called the roll with the following members answering "present": Messrs. Novosad, Zimmerman, Morel, Farnsworth, Funk, Harris, Schultz, and Reid. Mr. Good was absent.

Also present were Commission Attorney Robert Porter; Commission Treasurer James Mulligan; McLean County Administrator Bill Wasson; McLean County Director of Administrative Services Eric Schmitt; Mr. Jack Moody; Project Manager John Bishop of the Farnsworth Group, Inc.; and Project Manager Matt Brown of River City Construction, LLC.

No members of the media, press, and/or radio were present.

Chairman Novosad began the meeting by presenting the Minutes of the July 3, 2018 Regular Meeting of the Commission for approval. Chairman Novosad asked if there were any corrections, additions, and/or revisions to the Minutes. Hearing none, Chairman Novosad asked for a Motion to approve the Regular Meeting Minutes. It was moved by Mr. Farnsworth and seconded by Mr. Reid that the Minutes of the July 3, 2018 Regular Meeting be approved as submitted. Chairman Novosad called for a vote on the Motion to approve the Minutes and the Motion was unanimously approved by voice vote.

Chairman Novosad next asked Commission Treasurer James Mulligan to present the Treasurer's Report for the fiscal year. Mr. Mulligan initially noted that the Commission's final Project Fund certificate of deposit at Bloomington-Normal Community Bank had matured on July 29th. Mr. Mulligan stated that the matured funds were rolled over into the Commission's Project Fund checking account at Bloomington-Normal Community Bank. Mr. Mulligan next indicated that the Commission's U.S. Treasury Money Market Fund at Heartland Bank & Trust Co. had posted thirty-eight thousand dollars and 00/100 (\$38,000.00) in unrealized losses. However, Mr. Mulligan noted that the Commission intended to hold these funds until maturity and that the Commission would thus not experience an actual loss.

Mr. Mulligan further relayed that the Commission had recently made an operation and maintenance payment to McLean County. Mr. Mulligan stated that the payment covered six (6)

months' worth of operation and maintenance expenditures.

Mr. Mulligan lastly noted that the Commission had a little over twelve million five hundred thousand dollars and 00/100 (\$12,500,000.00) remaining in its Project Fund at Bloomington-Normal Community Bank. Mr. Mulligan estimated that River City Construction had approximately nine million dollars and 00/100 (\$9,000,000.00) left to bill. Mr. Mulligan noted that the Commission had earned between eight hundred thousand dollars and 00/100 (\$800,000.00) and nine hundred thousand dollars and 00/100 (\$900,000.00) on the investment of its Project Fund dollars.

Mr. Farnsworth then inquired as to whether the Commission had arbitrage earnings on the proceeds of its Series 2015 Public Building Revenue Bond Issue. Commission Attorney Robert Porter responded by noting that the yield on the Bonds averaged to three and-a-half percent (3.5%). Mr. Porter indicated that the Commission did not have arbitrage earnings as it did not earn interest on its investments in excess of three and-a-half percent (3.5%).

Chairman Novosad next stated that he was pleased with the Commission's interest earnings and felt that the Commission had been good fiscal stewards of the funds.

Chairman Novosad then asked if there were any additional questions or comments 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. Harris and seconded by Mr. Zimmerman 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.

Chairman Novosad next turned to the Commission's "Old Business" and asked Project Manager Matt Brown of River City Construction to discuss the upcoming tour of the new Jail facility. Project Manager Matt Brown of River City Construction noted that he would be offering the Commissioners a tour of the new Jail facility at the conclusion of either the Commission's upcoming September or October meetings.

Chairman Novosad then stated that his preference would be for the tour to take place at the conclusion of the September meeting.

Mr. Brown stated that the elevators would be functional by September and that the Commissioners could accordingly tour the entire facility.

Project Manager John Bishop of the Farnsworth Group then added that it might be worthwhile for the Commissioners to tour the new Jail facility prior to its September meeting.

Mr. Novosad responded by noting that he would give Mr. Bishop's suggestion some thought.

Chairman Novosad then asked if there were any additional questions or comments for

Messrs. Brown or Bishop regarding the planned tour of the new Jail facility. Hearing none, Chairman Novosad next turned to the Commission's "New Business" and asked Mr. Bishop, Mr. Brown, County Director of Administrative Services Eric Schmitt, and Mr. Jack Moody to discuss the architectural design, engineering services, and construction administration of the McLean County Law & Justice Center Expansion Project.

Mr. Bishop initially noted that the Project continues to move forward at a "lightning pace" and that the stakeholders are having consistent and regular conversations regarding occupying the new Jail facility. Mr. Bishop did note, however, that representatives of the Farnsworth Group, River City Construction, and McLean County have discussed moving the substantial completion date for Phase I of the Project back by approximately one (1) month. Mr. Bishop stated that this would allow the County to better prepare for occupying the new Jail facility. In addition, Mr. Bishop noted that the County was prepared to vacate a portion of the north wing of the existing Jail facility in the near future in order for demolition work to begin in that area.

Mr. Brown then indicated that Phase II of the Project would still begin on time. Mr. Brown further stated that the inmates would be moved into the new Jail facility by the end of October.

County Director of Administrative Services Eric Schmitt added that moving back the Phase I substantial completion date would better help the correctional staff develop new standards and procedures.

Mr. Brown stated that the new proposed Phase I substantial completion date was October 19, 2018.

Mr. Bishop proceeded to show the Commission several photographs of the new Jail facility. Mr. Bishop first (1st) showed the Commission an exterior image of the facility and noted that the louvers and remaining windows would be installed in the near future. Mr. Bishop next showed the Commission a photograph of the newly-installed rooftop generators. Mr. Bishop further showed the Commission photographs of the correctional officer's workstation in the north pod, the recreation yard, the kitchen, a sub dayroom, and housing control.

Mr. Brown added that metal paneling was currently being placed on the new Jail facility's penthouse and that millwork was underway.

Mr. Bishop noted that he and Mr. Brown were currently preparing Allowance Authorization Nine (9), which was anticipated to extinguish the Commission's contingency allowance fund. Thereafter, Mr. Bishop noted that the Commission could either process individual change orders or allocate more money into its contingency allowance fund.

Mr. Porter reminded the Commission that it included one million fifty-five thousand dollars and 00/100 (\$1,055,000.00) in unallocated, contingency funds in its contract with River City

Construction. Of this amount, Mr. Porter stated that just thirty-eight thousand nine hundred fifty-four dollars and 95/100 (\$38,954.95) remained. Mr. Porter nonetheless noted that the Commission was carrying an additional one million dollars and 00/100 (\$1,000,000.00) in contingency funds outside of the contract amount. Mr. Porter stated that the Commission could vote to re-allocate this amount as contingency or it could simply consider and vote on individual change orders as they are presented to the Commission.

Chairman Novosad stated his opinion that the Commission should continue to allow River City Construction to utilize contingency funds up to fifty thousand dollars and 00/100 (\$50,000.00) subject only to the Farnsworth Group and McLean County's concurrence.

Mr. Reid noted that the current system for processing Allowance Authorizations worked well and that he was in favor of increasing the contingency.

Mr. Farnsworth then stated that the Commission became overly involved in processing change orders during its last project.

Mr. Harris suggested breaking the remaining extra-contractual contingency fund up into three (3) to four (4) installments and vote to increase the contract amount in those installments on an as-needed basis.

Chairman Novosad then indicated that the Commission could vote to increase the contract amount by three hundred fifty thousand dollars and 00/100 (\$350,000.00) at its next meeting. Chairman Novosad noted that the sum would thereafter be processed in the same manner as Allowance Authorizations have been treated to date.

Chairman Novosad then asked if there were any additional questions or comments for Messrs. Moody, Bishop, Brown, or Schmitt regarding the status of the McLean County Law & Justice Center Expansion Project. Hearing none, Chairman Novosad noted that the Commission had received an invoice from the Farnsworth Group on July 31, 2018 in the amount of twenty-five thousand one hundred fifty-seven dollars and 59/100 (\$25,157.59). This amount represented the fee incurred by the Farnsworth Group during the month of June 2018.

Chairman Novosad asked Mr. Moody whether the invoice was in order. Mr. Moody indicated that the invoice was in order and that it represented costs associated with the completion of seventy-six and-a-half percent (76.5%) of the Project's construction phase.

Chairman Novosad then asked if there were any additional questions or comments regarding the Farnsworth Group's July 2018 invoice. Hearing none, Chairman Novosad asked for a Motion to approve payment to the Farnsworth Group in the amount of twenty-five thousand one hundred fifty-seven dollars and 59/100 (\$25,157.59) from the Series 2015 Public Building Revenue Bond Issue's Project Fund for services rendered on the Law & Justice Center Expansion Project during the month

of July 2018. It was moved by Mr. Reid and seconded by Mr. Harris to approve payment to the Farnsworth Group in the amount of twenty-five thousand one hundred fifty-seven dollars and 59/100 (\$25,157.59) from the Series 2015 Public Building Revenue Bond Issue's Project Fund. Upon a roll call vote, all Commissioners voted in favor of the Motion.

Chairman Novosad next noted that the Commission had been presented with an invoice from River City Construction on July 31, 2018 in the amount of two million two hundred twenty-three thousand one hundred twenty-four dollars and 54/100 (\$2,223,124.54). This amount represented the fee incurred by River City Construction during the month of July 2018. Chairman Novosad asked Mr. Moody whether the invoice was in order and Mr. Moody responded in the affirmative. Chairman Novosad asked Mr. Bishop whether he had approved the invoice and Mr. Bishop responded in the affirmative.

Chairman Novosad then asked if there were any additional questions or comments regarding River City Construction's July 2018 invoice. Hearing none, Chairman Novosad asked for a Motion to approve payment to River City Construction in the amount of two million two hundred twenty-three thousand one hundred twenty-four dollars and 54/100 (\$2,223,124.54) from the Series 2015 Public Building Revenue Bond Issue's Project Fund for services rendered on the Law & Justice Center Expansion Project during the month of July 2018. It was moved by Mr. Zimmerman and seconded by Mr. Harris to approve payment to River City Construction in the amount of two million two hundred twenty-three thousand one hundred twenty-four dollars and 54/100 (\$2,223,124.54) from the Series 2015 Public Building Revenue Bond Issue's Project Fund for services rendered on the Law & Justice Center Expansion Project during the month of July 2018. Upon a roll call vote, all Commissioners voted in favor of the Motion.

Chairman Novosad further indicated that the Commission was being asked to approve a Change Order extending the Phase I substantial completion deadline in the Commission's contract with River City Construction from September 14, 2018 to October 19, 2018. Chairman Novosad noted that this matter had been thoroughly discussed earlier in the meeting. Nonetheless, Chairman Novosad asked if there were any questions or comments regarding the proposed Change Order. Hearing none, Chairman Novosad asked for a Motion to approve the Change Order extending the Phase I substantial completion deadline in the Commission's contract with River City Construction from September 14, 2018 to October 19, 2018. It was moved by Mr. Farnsworth and seconded by Mr. Schultz to approve a Change Order extending the Phase I substantial completion deadline in the Commission's contract with River City Construction from September 14, 2018 to October 19, 2018. Upon a roll call, all Commissioners voted in favor of the Motion.

Chairman Novosad next noted that the Commission was being asked to reimburse McLean County for payment of an Entre Solutions II invoice as a part of the McLean County Law & Justice Center Expansion Project's FF&E package.

Mr. Schmitt then stated that the County paid a thirty-two thousand eight hundred forty-eight

dollar and 00/100 (\$32,848.00) invoice issued by Entre Solutions II for the installation of wireless access points in the new Jail facility. Mr. Schmitt noted that this cost was incurred as a part of the Law & Justice Center Expansion Project's FF&E package and that the Commission needed to reimburse the County for the same.

Mr. Porter then indicated that the Commission had budgeted four hundred thousand dollars and 00/100 (\$400,000.00) for FF&E, but that the County anticipated spending far less than this amount.

Mr. Schmitt stated that there would be a number of FF&E expenditures over the next three (3) months.

Chairman Novosad asked if there were any additional questions or comments regarding McLean County's reimbursement request. Hearing none, Chairman Novosad asked for a Motion to approve reimbursement to McLean County in the amount of thirty-two thousand eight hundred forty-eight dollars and 00/100 (\$32,848.00) for payment of an Entre Solutions II invoice as a part of the McLean County Law & Justice Center Expansion Project's FF&E package. It was moved by Mr. Harris and seconded by Mr. Reid to approve reimbursement to McLean County in the amount of thirty-two thousand eight hundred forty-eight dollars and 00/100 (\$32,848.00) for payment of an Entre Solutions II invoice as a part of the McLean County Law & Justice Center Expansion Project's FF&E package. Upon a roll call, all Commissioners voted in favor of the Motion.

Chairman Novosad next asked Mr. Porter to address the investment of unspent bond proceeds from the Series 2015 Public Building Revenue Bond Issue after the end of the temporary period.

Mr. Schultz stated that as an employee of Bloomington-Normal Community Bank he would not participate in this portion of the meeting. Mr. Schultz then left the room.

Mr. Porter reminded the Commission that it received forty-seven million one hundred eighty-six thousand seven hundred eighty-one dollars and 00/100 (\$47,186,781.00) in revenue bond proceeds on October 6, 2015. Mr. Porter further reminded the Commission that state and local governments operate within a three (3)-year, so-called "temporary period" after issuing tax-free bonds. During the temporary period, Mr. Porter noted that state and local governments can earn arbitrage on the bond proceeds and invest the bond proceeds in federally-guaranteed investments. Mr. Porter noted that, after the end of the temporary period, bond proceeds must be invested at yield and no more than five-percent (5%) may be invested in federally-guaranteed investments. Mr. Porter stated that certain investments such as U.S. Treasuries and certain agency obligations are excepted from the federal-guarantee rule.

Mr. Porter noted that the Commission's temporary period would end on October 6th. Although Mr. Porter noted that the Commission had not earned arbitrage on the bond proceeds, it did invest the bond proceeds in federally-guaranteed investments. Mr. Porter noted that, as of October

6th, the Commission would need to re-invest all but five-percent (5%) of its original bond issue in U.S. Treasuries. Mr. Porter indicated that five-percent (5%) of the original issue worked out to be two million three hundred fifty-nine thousand three hundred thirty-nine dollars and 05/100 (\$2,359,339.05) and that this amount could continue to be held in the Commission's Project Fund checking account on a continual basis. Mr. Porter noted that the balance of the unspent proceeds would need to be held in a Treasury investment.

Mr. Mulligan noted that he had researched the possibility of the Commission directly purchasing U.S. Treasuries, but was uncertain about the feasibility of this approach as well as taking on the responsibility. Mr. Mulligan ultimately advised against the Commission acting as its own broker.

Mr. Porter then stated that he solicited proposals from Heartland Bank & Trust Co., Morton Community Bank, Commerce Bank, and Busey Bank. Mr. Porter noted that he inquired of these institutions as to whether they had Treasury investment options that would extend no more than eight (8) months with an emphasis on liquidity. Mr. Porter stated that he spoke with Marty Ahrends of Heartland Bank & Trust Co. and that she presented two (2) different Treasury-only mutual funds. Under these proposals, Mr. Porter noted that Heartland Bank would earn an approximately six thousand dollar and 00/100 (\$6,000.00) fee. Mr. Porter stated that he and Mr. Mulligan felt that Heartland Bank's proposals entailed too much market risk at too high of a fee for the Commission to select. Mr. Porter next noted that Kevan Melchiorre of Busey Bank advised Mr. Porter that Busey Bank did not have an offering that fit the Commission's needs.

Mr. Porter noted that Morton Community Bank was offering to place the Commission's funds in a two (2)-month T Bill at no cost. Mr. Porter stated that, if the Commission had additional liquidity needs prior to two (2) months, Morton Community Bank was offering to invest part of the proceeds in a Goldman Sachs Treasury Mutual Fund for a twenty-five dollar and 00/100 (\$25.00) start-up charge and a twenty (20) basis point fee. Mr. Porter did note that the funds invested in the money market would be subject to market risk.

Mr. Porter indicated that Commerce Bank was proposing to place the funds with its capital markets group and actively trade for the Commission at a five (5) basis points fee per trade. Mr. Porter noted that the Commission would need to open accounts at Commerce Bank and Commerce Bank could directly wire the funds into its Project Fund at Morton Community Bank.

Mr. Porter then asked Mr. Brown to discuss River City Construction's projected invoices for the fall. In response, Mr. Brown noted that River City Construction's October and November projections totaled one million four hundred twelve thousand one hundred thirty dollars and 00/100 (\$1,412,130.00).

Mr. Mulligan then advised the Commission that the most conservative approach would be to leave four million five hundred thousand dollars and 00/100 (\$4,500,000.00) in its Project Fund

checking account at Bloomington-Normal Community Bank and to let Morton Community Bank invest the balance of the Project Fund in U.S. Treasuries.

Mr. Funk stated that he approved of this approach.

Chairman Novosad asked whether there were any additional questions or comments regarding the investment of unspent bond proceeds from the Series 2015 Public Building Revenue Bond Issue after the end of the Temporary Period. Hearing none, Chairman Novosad asked for a Motion to authorize the Treasurer to invest any amount in the Commission's Project Fund in excess of four million five hundred thousand dollars and 00/100 (\$4,500,000.00) in U.S. Treasuries procured by Morton Community Bank. It was moved by Mr. Farnsworth and seconded by Mr. Harris to authorize the Treasurer to invest any amount in the Commission's Project Fund in excess of four million five hundred thousand dollars and 00/100 (\$4,500,000.00) in U.S. Treasuries procured by Morton Community Bank. Upon a roll call, all Commissioners present voted in favor of the Motion. Mr. Schultz did not participate in the vote.

Following the vote, Mr. Schultz rejoined the meeting.

Chairman Novosad next turned to the Commission's "Other Business" and noted that Mr. Funk planned to retire from the Commission at the conclusion of his term on September 30th. Mr. Funk acknowledged his planned retirement and stated that he was beginning to wind down some of his professional and civic commitments. Mr. Funk stated that he has enjoyed his tenure on the Commission.

Chairman Novosad stated that Mr. Funk had been appointed to the Commission by the Bloomington-Normal Water Reclamation District. Chairman Novosad then asked Commissioners to contact him or Mr. Porter if they wished to provide the Water Reclamation District with any recommendations for a possible replacement for Mr. Funk.

Chairman Novosad next asked whether any Commissioner had any additional "Other Business" to discuss before the Commission. Hearing none, Chairman Novosad asked for a Motion to adjourn. It was moved by Mr. Farnsworth and seconded by Mr. Harris that the meeting be adjourned and the Motion was unanimously approved by voice vote. The meeting was adjourned at 4:35 p.m.

The next meeting of the Commission will be Tuesday, September 4th, at 3:30 p.m.

APPROVED:

September 4, 2018



JOHN L. MOREL,
Secretary, Public Building Commission

