

MINUTES OF THE QUARTERLY MEETING
OF THE
PUBLIC BUILDING COMMISSION OF McLEAN COUNTY, ILLINOIS

Tuesday, January 7, 2020, at 3:30 p.m. CDT

The Public Building Commission of McLean County, Illinois (the "Commission") was called to order by Chairman Novosad on January 7, 2020 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": Novosad, Zimmerman, Morel, Farnsworth, Schultz, Harris, Reid, Fruin, and Fazzini.

Also present were Commission Attorney Robert Porter; Commission Treasurer James Mulligan; and Assistant County Administrator Eric Schmitt.

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

Chairman Novosad began the meeting by presenting the Minutes of the October 1, 2019 Regular Meeting of the Commission for approval. Chairman Novosad asked if there were any questions, 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. Harris that the Minutes of the October 1, 2019 Meeting be approved as submitted. Chairman Novosad asked for a vote on the Motion to approve the Minutes and the Motion was unanimously approved by voice vote.

Chairman Novosad next presented the Minutes of the October 1, 2019 Reorganization Meeting of the Commission for approval. Chairman Novosad asked if there were any questions, additions, and/or revisions to the Minutes. Hearing none, Chairman Novosad asked for a Motion to approve the Reorganization Meeting Minutes. It was moved by Mr. Zimmerman and seconded by Mr. Harris that the Minutes of the October 1, 2019 Reorganization Meeting be approved as submitted. Chairman Novosad asked for a vote on the Motion to approve the Reorganization Minutes and the Motion was unanimously approved by voice vote.

Chairman Novosad then called on Commission Treasurer James Mulligan to present the Treasurer's Report for the fiscal year. Mr. Mulligan initially noted that the December 31, 2019 Treasurer's Report featured the Commission's profits and losses for the first (1st) three (3) months of the Commission's 2020 Fiscal Year. Mr. Mulligan specifically indicated that, since October 1, 2019, the Commission had received approximately three million seven hundred seventy-seven thousand dollars and 00/100 (\$3,770,000.00) in lease payments from the County. Mr. Mulligan further relayed

that the Commission had received a sixty thousand dollar and 00/100 (\$60,000.00) payment from the County under the Capital Improvement Agreement.

In addition to the foregoing, Mr. Mulligan indicated that the Commission made principal and interest payments on the Series 2010 and 2013 Public Building Refunding Bond Issues on November 1, 2019. Mr. Mulligan also relayed that the Commission made a principal and interest payment on the Series 2015 Public Building Revenue Bond Issue on December 1, 2019. Mr. Mulligan further added that the Commission had one (1) remaining principal payment due and owing on the Series 2010 Public Building Refunding Bond Issue and two (2) remaining principal payments due and owing on the Series 2013 Public Building Refunding Bond Issue. Mr. Mulligan stated that the Commission will continue making payments on the Series 2015 Public Building Revenue Bond Issue through 2034.

Chairman Novosad then asked Mr. Mulligan what would happen once the Series 2010 and 2013 Public Building Refunding Bond Issues had been paid. In response, Mr. Mulligan noted that the Commission would receive canceled Bond receipts and notifications from the paying agent, Heartland Bank & Trust Co.

Mr. Mulligan next added that, after paying the most recent Farnsworth Group, Inc. and FF&E invoices, the Commission still had slightly over seven hundred thousand dollars and 00/100 (\$700,000.00) in its Project Fund checking account at Morton Community Bank.

Mr. Mulligan lastly noted that he would be meeting with Renee Brucker of MCK CPAs & Advisors the next day to discuss the status of the Commission's Fiscal Year 2019 Audit Report.

Mr. Fazzini then asked whether MCK CPAs & Advisors had selected a Commissioner to interview for the Audit Report. Mr. Mulligan responded by noting that he and Ms. Brucker would likely be discussing that at their meeting.

Mr. Farnsworth then raised the past issue of the Commission's compliance with its disclosure requirements to the SEC's Municipal Securities Rulemaking Board. Mr. Farnsworth specifically inquired as to whether the Commission's underwriter, First Midstate, Inc., was still making all necessary disclosures to the Municipal Securities Rulemaking Board. In response, Commission Attorney Robert Porter stated that First Midstate, Inc. discloses both the Commission and County's annual financial statements to the Municipal Securities Rulemaking Board. Mr. Porter noted that he ensures this is completed by April of each year and reports on this fact to the Commission at its October annual meeting.

Chairman Novosad then asked if there were any 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. Reid and seconded by Mr. Harris to approve the Treasurer's Report and proposed payments 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 Assistant County Administrator Eric Schmitt to address the capital improvements to 200 West Front Street. Mr. Schmitt indicated that the County had contracted with Kone, Inc. for the repair of the elevators at 200 West Front Street. Mr. Schmitt noted that the County had already made a twenty-percent (20%) down payment on the work for the cost of materials. Mr. Schmitt stated his expectation that the work would be completed by the third (3rd) week of January.

Chairman Novosad asked Mr. Schmitt whether both elevators at 200 West Front Street were set to be repaired and Mr. Schmitt responded in the affirmative.

Mr. Fazzini asked whether the elevators at 200 West Front Street were the same as the elevator at the Old Courthouse. Mr. Schmitt responded in the negative. Mr. Schmitt further indicated that the elevator at the Old Courthouse had been experiencing issues with the elevator weight being out-of-balance. Mr. Schmitt then noted that the County needed to upgrade all of its elevators.

Chairman Novosad then asked if there were any additional questions or comments regarding the capital improvements to 200 West Front Street. Hearing none, Chairman Novosad turned to the Commission's "New Business" and asked Mr. Schmitt to address the subject of future Public Building Commission projects. Mr. Schmitt responded by noting that the County had included the cost of a roof replacement for the Old Courthouse in its 2020 budget. Mr. Schmitt noted that the Old Courthouse's roof and box gutters were set to be replaced. Mr. Schmitt then indicated that the County would approach the Commission in April about borrowing funds for the performance of this work.

Chairman Novosad asked about the anticipated cost of the roof replacement work. In response, Mr. Schmitt indicated that the work was expected to cost approximately two hundred fifty thousand dollars and 00/100 (\$250,000.00).

Mr. Schmitt next indicated that the County was considering replacing the outside skin and windows of the Law & Justice Center's third (3rd) and fourth (4th) floors.

Chairman Novosad inquired about the status of the Fairview Building and Mr. Schmitt noted that the County had issued a Request for Information on that facility. Mr. Schmitt indicated that the County was specifically seeking to gage agency interest in occupying the Fairview Building.

Mr. Schmitt thereafter turned to the planned restroom renovation and lighting work at the Old Courthouse. Mr. Schmitt noted that the McLean County Historical Society had received grant approval for this work in 2014 from the Illinois Department of Natural Resources. Mr. Schmitt nonetheless noted that the work did not proceed as the grant was rescinded by the Rauner Administration. Mr. Schmitt noted that the work was now proceeding as the Pritzker Administration

had reinstated the grant funding. Mr. Schmitt noted that the work would be bid through the Museum and would include renovating the first (1st) floor bathrooms and upgrading the lights to LED fixtures.

Mr. Fazzini asked whether the grant was in the amount of two hundred forty-nine thousand dollars and 00/100 (\$249,000.00) and Mr. Zimmerman responded in the affirmative.

Chairman Novosad asked Mr. Schmitt whether the County would be handling the bid documents. In response, Mr. Schmitt indicated that the Museum would be handling the bid documents with County assistance.

Chairman Novosad then asked about the architect handling the work. Mr. Zimmerman indicated that the drawings were being done by Scharnett Associates Architects, LLC.

There being no other discussion concerning the planned restroom renovation and lighting work at the Old Courthouse, Mr. Schmitt noted that the Downtown Business Association had asked to paint a circus-themed mural on the generator box in the East Street Parking Lot. Mr. Schmitt noted that he would be working with Mr. Porter to draw up an agreement addressing any intellectual property-related issues.

Chairman Novosad asked if there were any additional questions or comments regarding future Commission projects. Hearing none, Chairman Novosad noted that the Commission had received an invoice from the Farnsworth Group, Inc. on November 19, 2019 in the amount of seven thousand one hundred thirty-five dollars and 59/100 (\$7,135.59). Chairman Novosad indicated that this invoice was for commissioning work performed by the Farnsworth Group, Inc. during November 2019.

Chairman Novosad asked Mr. Schmitt whether the Farnsworth Group, Inc. had any remaining commissioning work to perform. Mr. Schmitt indicated that the County may ask the Farnsworth Group, Inc. to perform some additional, small commissioning work. Mr. Schmitt indicated that costs associated with this work would be minor.

Chairman Novosad asked if there were any additional questions or comments regarding the Farnsworth Group, Inc.'s November 2019 invoice. Hearing none, Chairman Novosad asked for a Motion to approve paying the Farnsworth Group, Inc. in the amount of seven thousand one hundred thirty-five dollars and 59/100 (\$7,135.59) from the Series 2015 Public Building Revenue Bond Issue's Project Fund. It was moved by Mr. Fazzini and seconded by Mr. Reid to pay the Farnsworth Group, Inc. in the amount of seven thousand one hundred thirty-five dollars and 59/100 (\$7,135.59) 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 indicated that McLean County was requesting reimbursement from

the Commission in the amount of seven thousand five hundred seventy dollars and 01/100 (\$7,570.01) for FF&E items purchased as a part of the Law & Justice Center Expansion Project. Chairman Novosad asked Mr. Schmitt to address this matter further with the Commission.

Mr. Schmitt reminded the Commission that, although the Law & Justice Center Expansion Project had been completed, the County still had some outstanding FF&E invoices that needed to be processed. Mr. Schmitt noted that, since October 1, 2019, the County spent one thousand three hundred fifty-nine dollars and 96/100 (\$1,359.96) on four (4) vacuums, eight hundred fifty-nine dollars and 00/100 (\$859.00) on a kitchen phone ringer, two hundred sixty-one dollars and 98/100 (\$261.98) on a mobile computer cart, one thousand dollars and 00/100 (\$1,000.00) on two (2) observation cell desks, one thousand three hundred forty-seven dollars and 33/100 (\$1,347.33) on a jail medical computer, and two thousand seven hundred forty-one dollars and 74/100 (\$2,741.74) on jail medical laptops.

Mr. Porter noted that, inclusive of this latest request, the Commission had spent two hundred thirty-nine thousand two hundred fifteen dollars and 06/100 (\$239,215.06) of its four hundred thousand dollars and 00/100 (\$400,000.00) FF&E budget.

Chairman Novosad asked Mr. Schmitt when the County would be submitting its final FF&E reimbursement request. In response, Mr. Schmitt indicated that the County would be submitting its final request at the Commission's April meeting.

Mr. Zimmerman then asked Mr. Porter what would happen to the approximately seven hundred thousand dollars and 00/100 (\$700,000.00) of unused proceeds from the Series 2015 Public Building Revenue Bond Issue. Mr. Porter responded by noting that the Commission would have wide latitude in investing these funds as they constituted less than five-percent (5%) of the initial Bond proceeds. In terms of investing these funds, Mr. Porter noted that the Commission would only be confined by the *Illinois Public Funds Investment Act*. Mr. Porter recommended that the Commission consider an investment strategy for these funds in the near future.

Mr. Porter further indicated that the Commission's actual use of the unused proceeds was governed by the terms of the Series 2015 Bond Resolution. Mr. Porter indicated that the Bond Resolution featured an ordinal ranking of items that unused proceeds could be allocated towards.

Mr. Fazzini asked whether the unused proceeds could be used to pre-pay interest and principal on the outstanding Bonds. Mr. Porter replied in the affirmative, but added that both the Commission and County would have to agree on said use. Mr. Fazzini then asked whether Mr. Porter would circulate pertinent portions of the Bond Resolution concerning the use of the unused Bond proceeds and Mr. Porter indicated that he would distribute that document among the Commissioners.

Chairman Novosad then asked if there were any additional questions or comments regarding the reimbursement request. Hearing none, Chairman Novosad asked for a Motion to approve

reimbursing McLean County in the amount of seven thousand five hundred seventy dollars and 01/100 (\$7,570.01) from the Series 2015 Public Building Revenue Bond Issue's Project Fund. It was moved by Mr. Harris and seconded by Mr. Fruin to reimburse McLean County in the amount of seven thousand five hundred seventy dollars and 01/100 (\$7,570.01) from the Series 2015 Public Building Revenue Bond Issue's Project Fund. Upon a roll call, all Commissioners voted in favor of the Motion.

Chairman Novosad then asked Mr. Porter to address the 2020 Amendment to the Amended and Restated Lease Agreement. Mr. Porter reminded the Commission that it amended the Amended and Restated Lease Agreement with the County and City on October 6, 2015, which amendment had the effect of setting the County's annual lease payments to the Commission at ten million dollars and 00/100 (\$10,000,000.00). Mr. Porter stated that the County Clerk accordingly has an ordinance on file that sets the County's levy at ten million dollars and 00/100 (\$10,000,000.00) for each year through 2034. Mr. Porter stated that the ten million dollar and 00/100 (\$10,000,000.00) figure was established to give the County a degree of flexibility in terms of setting its levy. Mr. Porter noted that the ten million dollar and 00/100 (\$10,000,000.00) figure is higher than actual debt service and operation and maintenance costs on a given year.

Mr. Porter noted that, as a result of the foregoing, the County, City, and Commission are called on to amend the Amended and Restated Lease Agreement each year to ensure that the lease amount equals the amount the Commission actually needs to meet debt service costs, operation and maintenance costs, and its own administrative costs. Mr. Porter stated that the required figure from the County in 2020 would be six million three hundred twenty-five thousand four hundred thirty-eight dollars and 00/100 (\$6,325,438.00). Mr. Porter noted that this figure was derived by totaling debt service payments on the Series 2015 Public Building Revenue Bond Issue, debt service payments on the Series 2010 and 2013 Public Building Refunding Bond Issues, operation and maintenance expenses for the Law & Justice Center, Government Center, Juvenile Detention Center, Old Courthouse, and Animal Control Shelter, and the Commission's anticipated administrative expenses.

Mr. Porter indicated that the City's 2019 lease payment to the Commission would be one million thirty-seven thousand two hundred eighty-two dollars and 00/100 (\$1,037,282.00). Mr. Porter noted that this figure was derived by totaling debt service payments on the Series 2010 and 2013 Public Building Refunding Bond Issues and operation and maintenance figures for the Government Center.

Mr. Porter indicated that once the Commission, County, and City sign off on the 2020 Amendment, an abatement certificate will be filed with the County Clerk, which will allow the Clerk to extend a lower property tax amount. Mr. Porter lastly noted that he included a break-down of how the rental payments would be distributed in the form of a memorandum included in the Commissioners' meeting packers.

Mr. Fazzini asked whether the County and City had a side agreement governing the occupancy of the Government Center. Mr. Schmitt responded that no such document existed, but that the County and City each occupied approximately one-half (1/2) of the Government Center.

Mr. Fazzini then indicated that Bloomington City Mayor Tari Renner and City Manager Tim Gleason had asked him to review the Amendment and give them his input. Mr. Fazzini asked why the City was jointly and severally liable with the County under the terms of the Amended and Restated Lease Agreement. Mr. Fazzini noted that this joint and several liability exceeded the amount of the City's lease payment. Mr. Porter responded by noting that bond counsel insisted on the inclusion of such language in the Lease and that all parties agreed to the same. Mr. Porter noted that the purpose of the Lease terms is to ensure that the Commission would never default on its Bond obligations.

Mr. Fazzini then noted that the Lease was silent as to the ownership of the buildings after the conclusion of the Lease term. Mr. Porter noted that the deeds to the buildings provide that they revert back to the County, or the County and City in the case of the Government Center, at the conclusion of the Lease term. However, Mr. Porter noted that the County has no desire to ever be legal titleholder to the buildings in question.

Mr. Fazzini then asked whether City staff had approved the 2020 Amendment. Mr. Porter responded in the affirmative and noted that the City Council had already approved the Amendment.

Chairman Novosad then asked whether there were any additional questions or comments regarding the 2020 Amendment to the Amended and Restated Lease Agreement. Hearing none, Chairman Novosad asked for a Motion to approve the 2020 Amendment to the Amended and Restated Lease Agreement. It was moved by Mr. Fruin and seconded by Mr. Reid to approve the 2020 Amendment to the Amended and Restated Lease Agreement. Upon a roll call vote, all Commissioners voted in favor of the Motion.

Chairman Novosad next indicated that the Commission would need to adopt a 2020 Amendment to its Contract for Operation and Maintenance with McLean County.

Mr. Porter noted that the Amendment set the Commission's operation and maintenance payment to McLean County at three million one hundred eighty-eight thousand five hundred thirty-five dollars and 00/100 (\$3,188,535.00). It was moved by Mr. Schultz and seconded by Mr. Zimmerman to approve the 2020 Amendment to the Contract for Operation and Maintenance. Upon a roll call vote, all Commissioners voted in favor of the Motion.

Chairman Novosad then turned to the Commission's "Other Business" and asked Mr. Porter whether he had any "Other Business" to discuss. Mr. Porter reminded the Commission that he and Mr. Mulligan would be working with MCK CPAs & Advisors on the Fiscal Year 2019 Audit Report in the coming months. Mr. Porter stated that he would be communicating with the Commission about

the Audit in the next few months.

Chairman Novosad then 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. Zimmerman that the meeting adjourn. The Motion was unanimously approved by voice vote and the Regular Meeting was adjourned at 4:24 p.m.

The next meeting of the Commission will be Tuesday, April 7, 2020, at 3:30 p.m.

APPROVED:

June 2, 2020

John L. Morel / rwp
JOHN L. MOREL,
Secretary, Public Building Commission