

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

Tuesday, July 7, 2015, 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 July 7, 2015 at 3:30 p.m. in Room 345 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, Farnsworth, Morel, Zeunik, Harris, and Zimmerman. Chairman Novosad noted the presence of a quorum. Mr. Schultz arrived at 3:40 p.m. and Mr. Good arrived at 4:05 p.m. Mr. Funk was absent.

Also present were Commission Attorney Robert Porter; Commission Treasurer James Mulligan; Mr. Bill Wasson, McLean County Administrator; Ms. Hannah Eisner, Assistant McLean County Administrator; Mr. Jack Moody, McLean County Facilities Manager; Mr. Don Knapp, McLean County First Assistant State's Attorney, Civil Division; Mr. Rich Buchanan, Member, McLean County Board; Mr. Jon Sandage, McLean County Sheriff; Mr. Steve Rasmussen, Assistant Bloomington City Manager; Mr. David Wochner, former Commission Attorney; Mr. Robert Rush, former Commission Chairman; Mr. Paul Brown, President, First Midstate, Inc.; and Mr. Kevin Wills, Vice President, First Midstate, Inc.

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

Chairman Novosad presented the Minutes of the April 7, 2015 Regular 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 the Minutes. It was moved by Mr. Farnsworth and seconded by Mr. Harris that the Minutes of the April 7, 2015 Regular Meeting of the Commission 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 then asked Commission Treasurer James Mulligan to present the Treasurer's Report for the first eight months of the fiscal year. Mr. Mulligan noted that, in the Treasurer's Report, the disbursements made since the Commission's last meeting can be found on page ten. The disbursements include the Operations and Maintenance reimbursement to the County. Mr. Mulligan further noted that the Commission made payments to the R.W. Gipson Agency, Inc. for general liability and umbrella coverage insurance policies. The pending payments to be made by the Commission also need to be approved.

Chairman Novosad asked if there were any 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. Zimmerman and seconded by Mr. Zeunik 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.

Mr. Porter noted that the Commission designated him as its *Freedom of Information Act* ("FOIA") officer at the April 7, 2015 Regular Meeting. As a result, Mr. Porter indicated that he prepared an updated FOIA Notice for the Commission, which Notice was posted on the Government Center bulletin board by Mr. Moody. Mr. Porter stated that a copy of the Notice was placed in the Commissioners' meeting packets for their review and records.

Mr. Porter stated that the Commission adopted an Underwriter Selection and Disclosure Policy at the April 7, 2015 Regular Meeting and that a copy of said policy could be found in the Commissioners' meeting packets for their review and records.

Mr. Porter noted that a discussion concerning the selection of First Midstate, Inc. as underwriter and Chapman & Cutler, LLP. as bond and disclosure counsel on upcoming capital projects would be had in the portion of the meeting devoted to new business.

Chairman Novosad introduced Mr. David Wochner, former attorney for the Commission who served in that capacity for approximately forty-six years from 1968 to 2014. On behalf of the Commission, Chairman Novosad and Mr. Porter presented Mr. Wochner with a Resolution recognizing his years of service as attorney for the Commission, his many contributions while attorney for the Commission and expressing the Commission's appreciation and gratitude to Mr. Wochner for his many years of service to the Commission.

Chairman Novosad asked Mr. Jack Moody, McLean County Facilities Manager, and Mr. Bill Wasson, McLean County Administrator, to present an update on the Federally Qualified Health Center ("FQHC") project at the County's Fairview Campus in Normal.

Mr. Moody advised that the County has been working with the Farnsworth Group on the design and construction phase services of what will likely be an 18,000 square-foot facility. The tentative location for the FQHC is where the Fairview Sanitarium is currently located and the Farnsworth Group has completed an unapproved concept design. Mr. Moody also noted that the Fairview Sanitarium will need to be razed before construction of the FQHC can begin and that the FQHC will likely be a single story.

Ms. Eisner noted that there has been some discussion as to whether there needs to be a basement at the FQHC.

Chairman Novosad then asked Mr. Moody whether a timeframe has been established for the demolition of the Fairview Sanitarium.

Mr. Moody replied that it is not necessary to tear down the Fairview Sanitarium until

there is a need to begin construction. Mr. Moody approximated that it would only take two weeks to demolish the Fairview Sanitarium.

Mr. Zimmerman asked whether there is asbestos in the Fairview Sanitarium and how much it would cost to remove said asbestos.

Mr. Moody replied that asbestos is primarily concentrated in the basement of the Fairview Sanitarium and that, at the time, he had no further information on the subject.

Mr. Wasson reported that McLean County has applied for a \$1 million HRSA Grant to be applied towards the cost of constructing the FQHC. It was Mr. Wasson's belief that the County will learn as to whether or not it will receive the foregoing grant within the next sixty days.

Chairman Novosad asked Mr. Moody and Mr. Wasson to present an update on the expansion to the McLean County Jail.

Mr. Moody reported that Dewberry & Associates and Mark Goldman have completed a Needs Assessment Study of the McLean County Jail and that said Study is being peer reviewed. Although there are currently concept designs of the proposed expansion to the McLean County Jail, Mr. Moody indicated that this project was not as far along as the FQHC.

Mr. Wasson reported that the County currently plans to site a transit facility on the first floor of the proposed expanded Jail. This transit facility would replace the bus stops currently situated along Front Street. Towards this end, the County, acting in conjunction with Connect Transit, has submitted an application for a \$15 million TIGER grant. Mr. Wasson stated that the TIGER grant application process is very competitive, but that McLean County and Connect Transit have received support from Senators Durbin and Kirk, Congressman Davis, and organized labor.

Mr. Porter advised that Chapman & Cutler, LLP. have recommended that the Commission formally adopt a Resolution to Include the Cost of the Design and Construction Phase Services of the FQHC in any Future Capital Markets Financing for New Construction and/or Renovation of Existing Space. Under this Resolution, the Commission would reimburse the County for the amounts that the County has advanced to the Farnsworth Group for design and construction phase services performed on the FQHC. Mr. Porter noted that this matter had been discussed at the Commission's Regular Meeting on April 7, 2015, but that it had been tabled pending further developments. Mr. Porter further noted that he drafted the Resolution and that the Resolution only commits the Commission to reimbursing the County from the proceeds of a revenue bond issue and that it does not create a legal obligation for the Commission in the event that the Commission does not issue revenue bonds. Chairman Novosad asked if there were any questions. There were no questions, but Mr. Farnsworth stated for the record that he has no financial interest or stake in the Farnsworth Group and that he is no longer affiliated with the Farnsworth Group. Chairman Novosad asked for a Motion to adopt the Resolution to Include the Cost of the Design and Construction Phase Services of the FQHC in any Future Capital Markets Financing for New Construction and/or Renovation of Existing Space. It was moved by Mr. Farnsworth and seconded by Mr. Harris that the Resolution be approved. Upon a roll call vote,

all Commissioners voted in favor of the Motion.

Mr. Wasson then reported on developments concerning the various leases that the Commission and McLean County are a party to. In particular, Mr. Wasson along with Mr. Porter and attorneys at Chapman & Cutler, LLP. have been reviewing existing leases and discussing the need for modifications as a result of recent developments in Springfield and the possibility that the General Assembly may enact a statewide Property Tax Extension Limitation Law (“PTELL”). In particular, the County has begun steps to consolidate all of its facilities under a single, master lease agreement with the Commission. The Commission would thus assume ownership of all of McLean County’s facilities. This amended lease agreement would be drafted and executed in conjunction with the issuance of additional revenue bonds for the construction of the FQHC and expansion of the McLean County Jail.

By taking this step, attorneys at Chapman & Cutler, LLP. believe that both debt-financing and the existing operation and maintenance agreements will remain in place and viable for the long-term. Mr. Wasson noted that the enactment of a statewide PTELL would inhibit the Commission from issuing future non-referendum debt and would prevent the County from levying for operation and maintenance expenses on an annual basis absent a referendum. With respect to the history of PTELL, Mr. Wasson indicated that the voters of McLean County rejected PTELL in a 1997 referendum.

Mr. Wasson further reported that the County Board met in special session thirty minutes prior to the meeting of the Commission. At the County Board meeting, the County Board voted to authorize the publication of notice for a hearing on a proposed master lease as well as BINA and TEFRA hearings. Mr. Wasson noted that, pursuant to the *Bond Issue Notification Act* and the *Tax Equity and Fiscal Responsibility Act*, the notices indicate that the debt to be issued will not exceed \$100 million and that the maximum annual payment under the lease will not exceed \$14 million.

Mr. Good inquired as to whether titling all of the County’s facilities in the Commission’s name would create additional liabilities for the Commission.

Mr. Porter replied that titling all of the County’s facilities in the Commission’s name would create a liability for the Commission and that it would be critical for the proposed master lease to include strong indemnification and hold harmless language that would ensure that the County assumes the risk and cost associated with that liability. Mr. Porter noted that the Government Center lease currently has such an indemnification and hold harmless clause written into it and could serve as a guidepost for language in a the proposed maser lease. Mr. Porter also stated that the Commission would need to explore obtaining additional insurance coverage and that those costs would have to be built into the proposed master lease’s operation and maintenance payments. Mr. Porter noted that he has had discussions with Mr. Wasson and Ms. Eisner concerning these issues.

Mr. Farnsworth stated that the Commission’s smooth mechanism for financing capital projects has proved critical to the County’s development. He questioned whether the proposed master lease and operation and maintenance arrangement would create additional administrative

burdens for the Commission.

Mr. Good inquired as to the source of the \$100 million figure that will be featured on the County's notices.

Mr. Wasson replied that the \$100 million figure represents the County's statutory debt limit and that the eventual revenue bond issue would be significantly less than \$100 million.

Mr. Zeunik recalled the relative ease with which he was able to work with Mr. Rush, Mr. Wochner, and the Commission's carrier as McLean County Administrator after the explosion in the Law and Justice Center and he warned against the temptation to "short" for proper insurance coverage. Mr. Zeunik also questioned the basis on which a carrier could establish premiums to charge the Commission for many of the County's current facilities.

Mr. Moody responded that he is in possession of appraisals on the County's facilities that were performed in 2012, which appraisals may prove useful for purposes of establishing premiums.

Chairman Novosad then inquired into the next steps in terms of entering into the proposed master lease and issuing revenue bonds.

Mr. Wasson replied that the County and Commission must wait a minimum of seven days after the BINA hearing before entering into the proposed master lease and that the County will most likely be requesting that the Commission hold a special meeting in the near future.

Mr. Zimmerman then inquired into the status of sub-lessors under the proposed master lease.

Mr. Porter replied that sub-leases would be incorporated into the proposed master lease and their basic character would remain intact.

Chairman Novosad then inquired into what would happen if PTELL were imposed and the County experienced shortages in its operation and maintenance levy.

Mr. Wasson replied that the County would first attempt to rely on unencumbered funds before taking additional action.

Mr. Good asked whether Mr. Wasson would characterize the County's proposal as essentially one that leverages existing properties by putting those properties under a single lease.

Mr. Wasson indicated that he would agree with Mr. Good's characterization.

Mr. Good ultimately indicated that the County would need to do an effective job educating the public as to the necessity of the change.

Mr. Porter then presented the Commission with an engagement letter that was prepared

by First Midstate, Inc. Under its terms, the Commission would retain First Midstate, Inc. as underwriters for the issuance of a specific dollar amount of revenue bonds. First Midstate, Inc. would earn a commission not to exceed \$12.50 per \$1,000.00 of revenue bonds issued. First Midstate, Inc. would retain Chapman & Cutler, LLP. as both bond and disclosure counsel on the bond issue.

Mr. Porter indicated that the engagement letter contained a set of duties and responsibilities that First Midstate, Inc. would owe to the Commission. Mr. Porter stated that the list was standard for the industry and contained such functions as assisting in the preparation of an Official Statement and making sure that the requisite disclosures are made to the Securities and Exchange Commission.

Mr. Good then inquired into the manner in which First Midstate, Inc. determines its fee.

Mr. Brown replied that the fee is a percentage-based range that ultimately hinges on the complexity of the deal.

Messrs. Farnsworth and Zeunik both indicated that the engagement letter was of identical form to all of the previous engagement letters that the Commission had entered into with First Midstate, Inc.

Mr. Porter noted that as the County has not yet determined the cost of the FQHC and the Jail expansion projects, the Commission can adopt a Resolution authorizing the Chairman to execute the engagement letter subject to the County's ultimate determination as to the amount of revenue bonds to be issued within the parameters outlined on the notices of the County Board's lease, BINA, and TEFRA hearings. Chairman Novosad asked if there were any further questions or comments. Hearing none, Chairman Novosad asked if there was a Motion to approve the Resolution as outlined by Mr. Porter. Mr. Farnsworth moved and Mr. Zimmerman seconded. Upon a roll call vote, all Commissioners voted in favor of the Motion.

Mr. Porter next stated that the City of Bloomington has entered into a contract with J. Gill and Company in the amount of \$245,265.00 for water proofing and structural repair work to the Abraham Lincoln Memorial Parking Deck ("Lincoln Deck"). These funds would come out of the City of Bloomington's Fiscal Year 2016 budget. Mr. Porter noted that the operation of the Lincoln Deck is governed by a 1988 Intergovernmental Agreement between the Commission, McLean County, and City of Bloomington. Under the Intergovernmental Agreement's terms, the City of Bloomington collects the revenue derived from parking fees and is to use said revenue for the maintenance of the Lincoln Deck. Furthermore, any improvements to the Lincoln Deck costing in excess of \$5,000.00 must be approved by both the Commission and McLean County. Mr. Porter indicated that he had prepared a Resolution approving the City's proposed repairs.

Mr. Good inquired as to the high bid by Otto Baum Company, Inc.

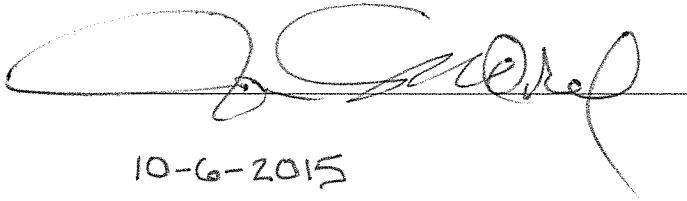
Mr. Steve Rasmussen, Assistant Bloomington City Manager, replied that he could not account for Otto Baum Company, Inc.'s bid, but that the City had confidence in J. Gill and Company.

Chairman Novosad asked if there were any additional questions. Hearing none, Chairman Novosad asked for a Motion to approve the Resolution authorizing the City of Bloomington to conduct repairs to the Lincoln Deck as detailed in its contract with J. Gill and Company and the attendant bid tabulation. Mr. Farnsworth move and Mr. Harris seconded. The Motion was unanimously approved by voice vote.

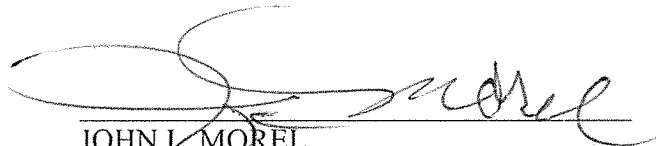
Chairman Novosad then asked the Commission to be mindful of the possibility of an upcoming special meeting.

Chairman Novosad lastly asked for a Motion to adjourn. Mr. Good moved, seconded by Mr. Harris that the Commission adjourn. Chairman Novosad called for the vote on the Motion and the Motion carried unanimously by voice vote. The regular meeting of the Commission was adjourned at 5:40 p.m.

APPROVED:



10-6-2015



JOHN L. MOREL,
Secretary, Public Building Commission
of McLean County, Illinois