

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

Tuesday, October 6, 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 Vice Chairman Farnsworth on October 6, 2015 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. Farnsworth, Morel, Zeunik, Funk, Harris, and Zimmerman. Vice Chairman Farnsworth noted the presence of a quorum. Mr. Good arrived at 3:37 p.m. Messrs. Novosad and Schultz were 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. 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.

Vice Chairman Farnsworth presented the Minutes of the July 7, 2015 Regular Meeting of the Commission for approval. Vice Chairman Farnsworth asked if there were any corrections, additions, and revisions to the Minutes. Hearing none, Vice Chairman Farnsworth asked for a Motion to approve the Minutes. It was moved by Mr. Zeunik and seconded by Mr. Harris that the Minutes of the July 7, 2015 Regular Meeting of the Commission be approved as submitted. Vice Chairman Farnsworth called for a vote on the Motion to approve the Minutes and the Motion was unanimously approved by voice vote.

Vice Chairman Farnsworth then presented the Minutes of the July 30, 2015 Special Meeting of the Commission for approval. Vice Chairman Farnsworth asked if there were any corrections, additions, and revisions to the Minutes. Hearing none, Vice Chairman Farnsworth asked for a Motion to approve the Minutes. It was moved by Mr. Zimmerman and seconded by Mr. Zeunik that the Minutes of the July 30, 2015 Special Meeting of the Commission be approved as submitted. Vice Chairman Farnsworth called for a vote on the Motion to approve the

Minutes and the Motion was unanimously approved by voice vote.

Vice Chairman Farnsworth next presented the Minutes of the April 7, 2015 Executive Session Meeting for review by the Commission pursuant to 5 ILCS 120/2.06(d). Vice Chairman Farnsworth recounted that the Commission met in Executive Session on April 7, 2015 to discuss pending litigation pursuant to 5 ILCS 120/2(c)(11) and that the *Open Meetings Act* requires the Commission to review the Minutes of that Executive Session semi-annually and make a determination as to whether the Minutes should remain sealed. Vice Chairman Farnsworth noted that the circumstances necessitating the Executive Session on April 7, 2015 had not changed, but that Commissioners could discuss the matter further in Executive Session should they wish. Hearing no Motion for an Executive Session, Vice Chairman Farnsworth asked for a Motion that the Minutes of the Commission's April 7, 2015 Executive Session remain sealed until further review in accordance with 5 ILCS 120/2.06(d). It was moved by Mr. Harris and seconded by Mr. Zeunik that the Minutes of the April 7, 2015 Executive Session remain sealed until further review in accordance with 5 ILCS 120/2.06(d). Vice Chairman Farnsworth called for a vote on the Motion for the Minutes of the April 7, 2015 Executive Session to remain sealed and the Motion was unanimously approved by voice vote.

Vice Chairman Farnsworth then asked Commission Treasurer James Mulligan to present the Treasurer's Report for 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 eleven. The disbursements include the Operation and Maintenance reimbursement to the County. Mr. Mulligan further noted that the Commission made payments to Costigan & Wollrab, P.C., Striegel, Knobloch & Co., LLC., and the R.W. Gipson Agency, Inc. Mr. Mulligan noted that the Commission's expenditures are in line with those of the prior year.

Mr. Mulligan further noted that the Commission received lease payments from both the County and City of Bloomington and that the Commission will make a debt service payment on or before November 1, 2015. Towards this end, Mr. Mulligan noted that the Commission will be making its final payment on the outstanding Series 2006 Law and Justice Center Revenue Bonds.

Mr. Mulligan further noted that he would soon be meeting with Dawn Carlson of Sulaski & Webb, CPAs regarding the Commission's Fiscal Year 2015 Audit. Mr. Mulligan noted that he and Ms. Carlson would be discussing whether the Commission needs to carry the new facilities that the Commission owns on its audit or whether the County will continue to do so. Mr. Mulligan noted that the County would be discussing this matter with its auditors.

Ms. Eisner stated that the County would most likely continue to carry the new Commission-owned facilities on its audit.

Vice Chairman Farnsworth asked Mr. Mulligan whether it made any difference which government listed the new Commission-owned facilities on its audit. Mr. Mulligan replied that the distinction likely made little difference provided that the facilities were carried on one of the audits.

Vice Chairman Farnsworth asked if there were any additional questions for Mr. Mulligan on the Treasurer's Report. Hearing none, Vice Chairman Farnsworth 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. Harris 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.

Vice Chairman Farnsworth next asked Commission Attorney Robert Porter to discuss the Commission's "Old Business."

Mr. Porter first noted that the Commission sold \$43,250,000.00 of Public Building Revenue Bonds on September 18, 2015 and that a final closing occurred shortly prior to the Commission's meeting. Mr. Porter noted that the interest rate over the life of the Bonds averages to 3.99%, but that the actual rate varies between 2% and 5%. Mr. Porter stated that the Bonds' purchasers paid the Commission a premium of \$2,768,565.23 to achieve this varied rate and hedge against an increase in interest rates over the life of the Bonds. Of the premium, Mr. Porter noted that \$1,289,105.56 will be utilized to make an initial interest payment on June 1, 2016 and the remaining premium will be added to the \$43,250,000.00 to achieve the approximately \$45,000,000.00 project fund that the County determined was necessary for the Jail Expansion/Mental Health Project. Mr. Porter indicated that the sale of the Bonds occurred pursuant to the resolution that the Commission passed by roll call vote at its July 30, 2015 Special Meeting, which resolution empowered Chairman Novosad to sign off on a Bond Resolution, Notification of Sale, and other closing documents provided that the issue did not exceed \$100,000,000.00. Mr. Porter also noted that the Commissioners had already seen a copy of the Bond Resolution, but that included in the Commissioners' meeting packets were copies of the Settlement Sheet, Notification of Sale, and Purchase Agreement. Mr. Porter lastly noted that fully-executed copies of the closing documents would be available shortly.

Mr. Porter next noted that an Amendment to the Amended and Restated Leased Agreement had been executed by Chairman Novosad and attested to by Secretary Morel pursuant to a resolution passed by the Commission on a roll call vote at its July 30, 2015 Special Meeting, which resolution authorized Chairman Novosad to sign an Amendment to the Amended and Restated Lease Agreement provided that the annual lease payments did not exceed \$14,000,000.00. Mr. Porter further indicated that the Amendment to the Amended and Restated Lease Agreement republishes the material terms of the Amended and Restated Lease Agreement save for the fact that the Amendment sets \$10,000,000.00 annual lease payments, which

payments will be reduced as a part of an annual Operation and Maintenance budget-setting process and thereby enable the County to reduce its levy.

Mr. Porter further discussed the status of the draft Contract for Operation and Maintenance between the Commission and the County. Mr. Porter indicated that the Commission had previously authorized Chairman Novosad to execute a Contract for Operation and Maintenance provided that the annual payments thereunder do not exceed \$14,000,000.00 by a roll call vote taken at the July 30, 2015 Special Meeting. Mr. Porter noted that the latest iteration of the draft Contract for Operation and Maintenance provides for the Commission to receive its administrative fees and for the amounts needed for Operation and Maintenance of the Commission-owned facilities to be amended on an annual basis to reflect actual need as determined by the County and Commission.

Mr. Porter then asked Mr. Wasson and Ms. Eisner whether they wished to further discuss the abovementioned amendment process. In response, Mr. Wasson indicated that the County is prepared to provide the Commission with proposed budgets for the cost of operating all of the Commission-owned facilities for the 2016 calendar year.

Mr. Porter next noted that he had recently obtained quotes from the R.W. Gipson Agency for the cost of insuring the new Commission-owned facilities and that those figures would be forthcoming.

In terms of "Old Business," Mr. Porter lastly noted that there had been no developments in Springfield with respect to a Property Tax Cap/Property Tax Extension Limitation Law. Mr. Wasson also indicated that the County had no additional information in regards to this subject.

Vice Chairman Farnsworth then asked Mr. Moody and Mr. Wasson to present an update on the site selection, design process, and financing of the McLean County Jail Expansion/Mental Health Facility.

Mr. Moody advised the Commission that he had prepared a Request for Qualifications ("RFQ") for the Commission to utilize in selecting an architect for the design and construction of the McLean County Jail Expansion/Mental Health Facility. Mr. Moody noted that the RFQ was still in draft form and had not yet been published, but that architectural firms will be able to bid on the project once the RFQ has been published. In terms of the timing of construction, Mr. Moody stated that the County was hopeful that the project could begin in the spring of 2017.

Mr. Wasson stated that the County intended to administer the RFQ process, but involve the Commission in architect interviews and the architect selection process.

Vice Chairman Farnsworth then asked for a Motion to approve the publication of an RFQ for the design and construction of the McLean County Jail Expansion/Mental Health Facility as prepared by Mr. Moody and the staff of the McLean County Administrator's Office. It was moved by Mr. Good and seconded by Mr. Harris that the Commission approve the publication of an RFQ for the design and construction of the McLean County Jail Expansion/Mental Health Facility as prepared by Mr. Moody and the staff of the McLean County Administrator's Office.

Prior to voting on the Motion, Mr. Zeunik asked Mr. Moody whether the RFQ would ask bidders to identify any and all jail and/or mental health consultants that they intend to utilize on the project.

Mr. Moody responded that the RFQ would ask bidders to identify the jail and/or mental health consultants that they intend to utilize on the project.

Vice Chairman Farnsworth then asked whether there were any additional questions or comments pertaining to the RFQ. Hearing none, Mr. Farnsworth asked that a roll call vote take place on Mr. Good's Motion. The Motion carried unanimously by roll call vote.

Vice Chairman Farnsworth then asked Mr. Porter to report on the depository and investment strategy for the Series 2015 Public Building Revenue Bond Issue.

Mr. Good first stated that he would recuse himself from any vote concerning the selection of a depository and investment strategy for the funds as he is an employee of Busey Bank, which institution prepared an investment proposal for the Commission to consider. Mr. Good subsequently excused himself from the room.

Mr. Porter noted that that Bond sale proceeds and premium were wired into two separate commercial checking accounts at Morton Community Bank earlier in the afternoon. Mr. Porter indicated that \$45,004,459.67 was deposited into a project fund and \$1,289,105.56 was deposited into a debt service fund as reflected in the Treasurer's Receipt and Certification included in the Commissioners' meeting packets. Mr. Porter noted that the accounts provide a yield of .32% and are collateralized by a letter of credit from the Federal Home Loan Bank of Chicago, which is an acceptable form of collateralization under the *Public Funds Investment Act* and was approved by bond counsel. Mr. Porter stated that he and Mr. Mulligan met with representatives of Heartland Bank & Trust Company, Busey Bank, and Morton Community Bank and that Morton Community Bank offered the most aggressive yield until such time as the Commission makes a decision regarding a longer-term investment strategy. Mr. Porter noted that the Commission would need to ratify his and Mr. Mulligan's decision to select Morton Community Bank as a depository for \$45,004,459.67 in project funds and \$1,289,105.56 in debt service funds.

Mr. Mulligan reiterated that Morton Community Bank offered the most aggressive yield for depositing the Commission's funds in an un-invested, commercial checking account. Mr. Mulligan noted that he and Mr. Porter could meet with additional banks in the future and collect more investment proposals, but that it was unlikely that these institutions would offer proposals that differed from the proposals that the Commission had already received. Mr. Mulligan noted that Mr. Funk had previously suggested that the Commission employ a bidding agent in investing its funds and asked Mr. Funk to discuss this option.

Mr. Funk provided a thumbnail sketch of the services provided by a bidding agent, noting that the bidding agent would seek to find the most aggressive yields among U.S. Treasuries, agencies, and municipal bonds. Mr. Funk noted that the Commission's investments would be subject to a short-term laddering process and that the more flexibility the bidding agent has, the greater the yield that can be achieved.

Vice Chairman Farnsworth then inquired as to whether any of the Commissioners had additional questions or comments about selecting Morton Community Bank as a depository of the proceeds that the Commission received from the Series 2015 Public Building Revenue Bond Issue. Hearing none, Vice Chairman Farnsworth asked for a Motion to ratify the selection of Morton Community Bank as depository for the Commission's \$45,004,459.67 in project funds and \$1,289,105.00 in debt service funds. It was moved by Mr. Funk and seconded by Mr. Zeunik that Morton Community Bank be selected as the depository for the Commission's \$45,004,459.67 in project funds and the Commission's \$1,289,105.00 in debt service funds. Upon a roll call vote, all Commissioners voted in favor of the Motion. However, Mr. Good was not physically present at the time of the vote and did not participate in the same.

Following the roll call vote, Mr. Zeunik asked Mr. Porter about the Commission's investment restrictions as it relates to the proceeds from the Series 2015 Public Building Revenue Bond Issue.

Mr. Porter noted that the Commission is a party to a Tax Agreement that was signed by Chairman Novosad in conjunction with the closing on the sale of the Bonds. Mr. Porter stated that, under the Tax Agreement, the Commission must spend down substantially all of the Bond proceeds within three years of the date of the closing. Mr. Porter characterized this three-year period as a "temporary period" in which the Commission does not need to be concerned with the yield on the Bonds or how the Bonds are invested and collateralized provided that such investments and collateralization are carried out within the confines of the *Public Funds Investment Act*. However, Mr. Porter noted that if the Commission did not spend at least 85% of the project funds within three years from the date of the meeting, then the Commission could not obtain a yield on those proceeds that exceeded the yield on the Bonds without suffering a tax consequence. In addition, Mr. Porter noted that, after the "temporary period," the project funds

could no longer be invested in, or collateralized by, federally-backed securities and/or guarantees.

Mr. Porter asked Mr. Brown whether he had any additional information to add and Mr. Brown stated that Mr. Porter had accurately characterized the Commission's investment restrictions.

Mr. Funk asked Mr. Porter whether the letter of credit from the Federal Home Loan Bank of Chicago secured the entirety of the bond proceeds and Mr. Porter indicated that the letter of credit offered \$46,500,000.00 of collateralization.

Mr. Brown noted that the Commission will want to be sure that it is the named beneficiary on the letter of credit as opposed to Morton Community Bank.

Mr. Porter stated that the Commission is the named beneficiary under the letter of credit.

Vice Chairman Farnsworth then suggested that the Commission revisit the specific question of how the Bond proceeds should be invested at its January meeting.

Vice Chairman Farnsworth then noted that the question of approving Operation and Maintenance Funds for calendar year 2016 could be ratified by the Commission at its January meeting.

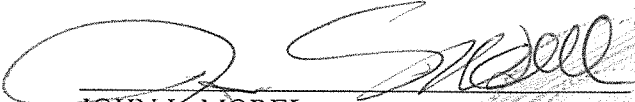
Mr. Wasson again stated that the County would make the Operation and Maintenance budgets on all of the new Commissioned-owned facilities available to the Commission in the near future.

Vice Chairman Farnsworth then noted that any decision to increase the frequency of the Commission's meetings could be better made at its next meeting in January.

Vice Chairman Farnsworth lastly asked for a Motion to adjourn and reconvene *sine die* to reorganize. It was moved by Mr. Funk and seconded by Mr. Harris to adjourn and reconvene *sine die* to reorganize and the Motion was unanimously approved by voice vote. The Regular Meeting of the Commission was adjourned at 4:30 p.m. The next meeting of the Commission will be Tuesday, January 5, 2016, at 3:30 p.m.

APPROVED:

January 5, 2016



JOHN L. MOREL,
Secretary, Public Building Commission

