

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

Tuesday, October 5, 2021, at 3:30 p.m.

The Public Building Commission of McLean County, Illinois (the "Commission") was called to order by Chairman Novosad on October 5, 2021 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, Schultz, Harris, Reid, and Fruin. Messrs. Farnsworth and Fazzini were absent.

Also present were Commissioner Attorney Robert Porter, Commissioner Treasurer James Mulligan, County Consultant Bill Wasson, Stephen Adams of PMA Securities, LLC., and Andrew Kim of PMA Securities, LLC.

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

Chairman Novosad began the meeting by presenting the Minutes of the July 6, 2021 Quarterly 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 Quarterly Meeting Minutes. It was moved by Mr. Morel and seconded by Mr. Zimmerman that the Minutes of the July 6, 2021 Quarterly 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 then called on Commission Treasurer James Mulligan to present the Treasurer's Report for the fiscal year. Mr. Mulligan initially noted that the Treasurer's Report featured up-to-date interest earnings on all but one (1) of the Commission's accounts. Mr. Mulligan specifically indicated that the Commission's account at Heartland Bank & Trust Co. had yet to be reconciled. Mr. Mulligan noted that the Commission was yielding little annual interest earnings on most of its accounts.

Mr. Mulligan next relayed that the Commission had recently received the City of Bloomington's final 2021 operation and maintenance and capital improvement payments. Mr. Mulligan then indicated that the Commission had yet to receive the County's final 2021 lease payment. Mr. Mulligan reminded the Commission that it would be making its final principal and interest payment on the Series 2013 Public Building Refinancing Issue on November 1st. Mr. Mulligan added that the Commission would be making a two million four hundred fifty-three thousand nine hundred dollar and 00/100 (\$2,453,900.00) principal and interest payment on its Series 2015 Public Building Revenue Bond Issue on December 1st.

Mr. Mulligan further indicated that the Commission's disbursements were featured on page thirteen (13) of the Treasurer's Report. In addition to the typical professional fees, Mr. Mulligan noted that the Commission would be making an eight hundred forty-four thousand sixty-five dollar and 99/100 (\$844,065.99) payment to McLean County to pay for operation and maintenance costs incurred between July and September.

Mr. Mulligan then asked Mr. Wasson when the County would be tendering its final 2021 lease payment to the Commission. Mr. Wasson replied that he did not have an answer to Mr. Mulligan's question, but that he would find out and report back to the Commission.

Chairman Novosad then asked Mr. Mulligan to address the status of the Commission's approximately one million seven hundred thousand dollar and 00/100 (\$1,700,000.00) administrative fund C.D. at Morton Community Bank. In response, Mr. Mulligan noted that he and Mr. Porter had explored options to achieve a greater yield on these funds. Mr. Mulligan stated that Morton Community Bank did not have any better options than its current C.D. rates. As a result, Mr. Mulligan noted that the C.D. would automatically renew on October 28, 2021 for another three (3)-month term.

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. It was moved by Mr. Schultz 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 Mr. Wasson to address the status of capital improvements to the Old Courthouse. Mr. Wasson initially reported that the roof replacement work on the Old Courthouse had recently been completed. Mr. Wasson added that work was currently proceeding to renovate the Old Courthouse's drainage system. Although Mr. Wasson did not know when the drainage system renovation was scheduled to be completed, he nonetheless noted that the work appeared to be near completion.

Chairman Novosad then inquired about the status of the Fairview Building. Mr. Wasson reported that the Fairview Building had recently received a historical status designation from the Illinois Historic Preservation Agency. Mr. Wasson added that the local Laborers International Union of North American ("LIUNA") was still interested in converting the facility into senior housing. Toward that end, Mr. Wasson indicated that LIUNA was working on submitting tax credit applications for the project. Mr. Wasson noted that the application was expected to be submitted on Thursday, October 7th. Mr. Wasson anticipated consideration on the tax credit application to take approximately six (6) months.

Chairman Novosad next turned to the Commission's "New Business" and asked Mr. Wasson to discuss the County's planned capital improvements to Commission-owned facilities as well as the planned renovations to and/or replacement of the Animal Control Shelter. Mr. Wasson initially noted that the County had included funds in its Fiscal Year 2022 budget to begin servicing

debt for a planned replacement of the Animal Control Shelter. Mr. Wasson then stated that the County still needed to conduct an assessment of the Animal Control Shelter's current site before determining the feasibility of proceeding with renovations as opposed to constructing a new facility. Mr. Wasson next indicated that the County planned on renovating and/or replacing elevators across its facilities over the course of the next two (2) to three (3) years. Mr. Wasson indicated that the County was requesting that the Commission issue Revenue Bonds in order to pay for this work. Mr. Wasson stated that that County had identified January 2022 as a target sale date for the Bonds.

Chairman Novosad then asked Commission Attorney Robert Porter to address the role of PMA Securities, LLC. in the sale of Revenue Bonds. Mr. Porter initially reminded the Commission that the County had retained PMA Securities, LLC. to serve as financial advisor on the upcoming Revenue Bond Issue. Mr. Porter indicated that Stephen Adams and Andrew Kim were the specific advisors from PMA Securities, LLC. that had been working with the County. Mr. Porter further relayed that, unlike a municipal bond underwriter, PMA Securities, LLC. owed a fiduciary duty of loyalty to the County and Commission. Mr. Porter noted that this meant that PMA Securities, LLC. is legally obligated to advise the County and Commission on how best to secure the lowest yield on the debt without regard to how it impacts PMA Securities, LLC.'s fee. Mr. Porter next indicated that PMA Securities, LLC. is assisting the County at a not-to-exceed fee of fifteen thousand dollars and 00/100 (\$15,000.00). Mr. Porter noted that, as a part of the scope of its contract with the County, PMA Securities, LLC. will also be explicitly assisting the Commission.

Mr. Porter next noted that PMA Securities, LLC. has the ability to sell the Commission's Bonds on a so-called "competitive basis." Mr. Porter indicated that when bonds are sold on a competitive basis, a financial advisory firm conducts a sealed bid by which any number of municipal bond underwriting firms submit their best offers to purchase the Commission's Bonds. Mr. Porter indicated that the Commission thereafter has the ability to select the best bid or bids. Mr. Porter stated that the Commission also has the ability to reject the bids. Mr. Porter reminded the Commission that it has traditionally sold its Bonds to First Midstate, Inc. through a negotiated sale, i.e., at a negotiated price.

Mr. Porter further relayed that, on September 9th, he, Chairman Novosad, Mr. Farnsworth, County Administrator Cassy Taylor, Assistant County Administrator Cathy Dreyer, and Mr. Wasson met with representatives of First Midstate, Inc., Mesirov Financial, Inc., and Bernardi Securities, Inc. Mr. Porter next noted that Mr. Adams and Mr. Kim also took part in the session. Mr. Porter indicated that, in conversations following the September 9th interviews, he, Chairman Novosad, Mr. Farnsworth, Ms. Taylor, Ms. Dreyer, and Mr. Wasson all came to the conclusion that utilizing PMA Securities, LLC. to sell the Commission's Bonds on a competitive basis would best meet the County and Commission's objectives of borrowing money at the lowest yield.

Mr. Adams then introduced himself to the Commission. Mr. Adams noted that he works out of PMA Securities, LLC.'s Fairview Heights office. Mr. Adams remarked that the Commission was used to dealing directly with underwriters. Mr. Adams distinguished PMA Securities, LLC. from underwriting firms insofar as PMA Securities, LLC. would have a fiduciary relationship with the County and Commission. Mr. Adams noted that underwriting firms do not owe their clients any

fiduciary duties. Mr. Adams then indicated that PMA Securities, LLC. would be making its recommendations to the Commission and County based on what it was seeing in the market.

Mr. Kim then added that PMA Securities, LLC.'s role was different from that of a municipal bond underwriter. Mr. Kim noted that municipal bond underwriters purchase and re-offer municipal bonds. Mr. Kim indicated that the role of financial advisor was created to rectify the asymmetry of information that issuers have when going out into the market. In specifically describing PMA Securities, LLC.'s role, Mr. Kim stated that PMA Securities, LLC. would help prepare the Commission's Bond Issue for the sale date. Mr. Kim relayed that PMA Securities, LLC. would set up the Issue on a portal for a specific date and time. Mr. Kim then noted that various municipal bond underwriters could log onto the portal and submit bids. Mr. Kim stated that the lowest bid would get the deal.

Mr. Kim indicated that PMA Securities, LLC. sometimes recommends negotiated sales for its clients when the bond market is volatile and a client has a weak credit rating. However, Mr. Kim reminded the Commission that the County has the second (2nd) highest credit rating offered by Moody's. Mr. Kim accordingly underscored that PMA Securities, LLC. was recommending that the Commission sell its Bonds on a competitive basis.

Chairman Novosad remarked that he had been very pleased with the services offered by PMA Securities, LLC. to date. Chairman Novosad felt that the Commission was moving in the right direction by selling its Bonds on a competitive basis.

Mr. Schultz agreed with the sentiment expressed by Chairman Novosad. Mr. Schultz nevertheless inquired into the arguments made in favor of a negotiated sale. In response, Mr. Porter indicated that a negotiated sale offers an issuer greater control over the timing of the sale of bonds. Mr. Porter noted that a negotiated sale also enables a single underwriting firm to spend more time marketing an issuer's bonds for sale.

Chairman Novosad then asked whether there were any additional questions or comments regarding the County's planned capital improvements to Commission-owned facilities as well as the planned renovations to and/or replacement of the Animal Control Shelter. Hearing none, Chairman Novosad asked Mr. Wasson to provide the Commission with a status report on the operation and maintenance of the Commission's various facilities.

In response, Mr. Wasson indicated that the County would be undertaking some paving work at the Fairview site in the next month.

Chairman Novosad next asked Mr. Wasson whether he was aware of any outstanding issues or concerns with respect to the Law & Justice Center Expansion Project. Mr. Wasson stated that there were no such concerns or issues.

Chairman Novosad next asked whether there were any additional questions or comments regarding the status report on the operation and maintenance of the Commission's various facilities.

Hearing none, Chairman Novosad turned to the Letter of Engagement with PMA Securities, LLC. for financial advisory services and the competitive sale of the Commission's Bonds. Chairman Novosad noted that PMA Securities, LLC.'s anticipated fee would be around fifteen thousand dollars and 00/10 (\$15,000.00). Chairman Novosad indicated that the guaranteed maximum fee would be thirty thousand dollars and 00/100 (\$30,000.00).

Mr. Porter then noted that, while the County is already under contract with PMA Securities, LLC., PMA Securities, LLC. has agreed to accept a Letter of Engagement from the Commission. Mr. Porter indicated that he drafted the Letter of Engagement included as an exhibit to the County's contract with PMA Securities, LLC. Mr. Porter noted that the Letter of Engagement acknowledges PMA Securities, LLC.'s services and commits that PMA Securities, LLC. will be paid from the eventual Bond sale proceeds.

Chairman Novosad asked whether there were any questions or comments regarding the Letter of Engagement with PMA Securities, LLC. Hearing none, Chairman Novosad asked for a Motion to approve the Commission entering into a Letter of Engagement with PMA Securities, LLC. for financial advisory services and the competitive sale of revenue bonds. It was moved by Mr. Fruin and seconded by Mr. Harris for the Commission to enter into a Letter of Engagement with PMA Securities, LLC. for financial advisory services and the competitive sale of revenue bonds. Upon a roll call vote, all Commissioners voted in favor of the Motion.

Chairman Novosad thereafter asked Mr. Porter to address the retention of Chapman & Cutler, LLP. as Bond and Disclosure Counsel.

In addressing the subject of Bond and Disclosure Counsel, Mr. Porter initially reminded the Commission that Bond Counsel would have to render an opinion that the interest of the Commission's Bonds was tax-exempt as a precondition to the sale. Mr. Porter also noted that Bond Counsel assists in preparing the Commission's official statements and otherwise ensures compliance with SEC requirements.

Mr. Porter next reminded the Commission that Chapman & Cutler, LLP. had served as Bond Counsel on the Commission's prior Public Building Revenue Bond Issues. Mr. Porter voiced his recommendation to the Commission that it retain Chapman & Cutler, LLP. to serve in this capacity again. Mr. Porter noted that Chapman & Cutler, LLP. would be paid from the proceeds of an eventual Bond sale. Mr. Porter then noted that Chapman & Cutler, LLP. had estimated its fees in the Letter of Engagement.

Chairman Novosad asked whether there were any questions or comments regarding the retention of Chapman & Cutler, LLP. as Bond and Disclosure Counsel. Hearing none, Chairman Novosad asked for a Motion to retain Chapman & Cutler, LLP. as Bond and Disclosure Counsel. It was moved by Mr. Fruin and seconded by Mr. Schultz to retain Chapman & Cutler, LLP. as Bond and Disclosure Counsel. Upon a roll call vote, all Commissioners voted in favor of the Motion.

With respect to the Commission's "Other Business," Chairman Novosad noted that Mr.

Zimmerman and Mr. Reid were recently re-appointed to the Commission for new five (5)-year terms by McLean County and the Bloomington-Normal Airport Authority, respectively.

Chairman Novosad then asked if there were any additional items of "Other Business" to discuss. Hearing none, the Commission adjourned sine die to reconvene and recognize at 4:20 p.m.

The next meeting of the Commission will be Tuesday, January 4, 2022 at 3:30 p.m.

January 4, 2022

George A. Furnsworth / rwp
John L. Morel,
Secretary, Public Building Commission