

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

Tuesday, April 7, 2015

The Regular Meeting of the Public Building Commission of McLean County, Illinois (the "Commission") was called to order by Chairman Novosad on April 7, 2015 at 3:30 p.m. in Room 404, Government Center, 115 East Washington Street, Bloomington, Illinois.

Assistant Secretary Zeunik called the roll with the following members answering "present": Members Farnsworth, Zimmerman, Good, Schultz, Zeunik and Novosad. The following members were absent: Members Morel, Funk and Harris. Chairman Novosad noted the presence of a quorum.

Also present were Commission Attorney Robert Porter, Commission Treasurer James Mulligan, Mr. Jack Moody, Facilities Manager, McLean County, Ms. Hannah Eisner, Assistant County Administrator, McLean County, Mr. Paul Brown, President, First Midstate, Inc., Mr. Kevin Wills, Vice President, First Midstate, Inc., and former Commission member, Mr. Mel Schultz.

Chairman Novosad introduced Mr. David Schultz and welcomed him to the Commission. Mr. Schultz advised the Commission that he works for Morton Community Bank and is pleased to join the Commission. Mr. Schultz noted the long and distinguished tenure of his father as a member of the Commission.

Chairman Novosad presented the Minutes of the October 7, 2014 Regular Meeting and the Re-Organization Meeting of the Commission for approval. Chairman Novosad asked if there were any corrections, additions or 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. Zimmerman that the Minutes of the October 7, 2014 Regular Meeting and the Re-Organization 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 six months of the fiscal year, the Fiscal Year 2014 Annual Audit and the Annual Financial Report to the Illinois Comptroller's Office.

Mr. Mulligan reported that there was not a lot of activity during the first six 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 10. The disbursements include the Operations

and Maintenance reimbursement to the County. The pending payments to be made by the Commission also need to be approved. An interest only debt service payment will be due on May 1, 2015. Mr. Mulligan asked if there were any questions.

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 the proposed payments as submitted. It was moved by Mr. Good 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.

Mr. Mulligan then presented the Fiscal Year 2014 Annual Audit which was prepared by Sulaski & Webb, Certified Public Accountants. Mr. Mulligan stated that the audit was discussed at the Commission's October meeting. At that meeting, Commission members were asked to forward any questions, comments or concerns about the audit to Mr. Mulligan. Mr. Funk reviewed the audit along with Mr. Mulligan. Mr. Mulligan asked if there were any questions or concerns. Hearing none, Chairman Novosad asked for a Motion to approve the Fiscal Year 2014 Annual Audit. Mr. Farnsworth moved and Mr. Good seconded the Motion to approve the Fiscal Year 2014 Annual Audit as submitted. Upon a roll call vote, all Commissioners voted in favor of the Motion.

Mr. Mulligan presented the 2014 Annual Financial Report which is required to be submitted to the Illinois Comptroller's Office. Mr. Mulligan reported that this is the second year that the Commission has been required to submit this report. Previously, the Commission was included as a Component Unit of the Annual Financial Report submitted by McLean County to the Comptroller's Office. Mr. Mulligan reported that the Report was submitted on a timely basis. The Illinois Comptroller's Office has acknowledged receiving the report and has accepted the 2014 Annual Financial Report as submitted. Mr. Mulligan asked if there were any questions or concerns. Hearing none, Chairman Novosad asked for a Motion to approve and ratify submission of the 2014 Annual Financial Report. Mr. Zimmerman moved and Mr. Schultz seconded the Motion to approve and ratify the submission of the 2014 Annual Financial Report as submitted. Upon a roll call vote, all Commissioners voted in favor of the Motion.

Mr. Porter presented a "DRAFT" Engagement Letter with First Midstate Inc., Bloomington, Illinois for Underwriting Services. Mr. Porter advised that the "DRAFT" Engagement Letter is presented for information and review by the Commission members. This is not an item for action today. Mr. Porter noted that with several County building projects scheduled in the near future, the Commission will need to approve an Engagement Letter for Underwriting Services and an Engagement Letter with Chapman and Cutler for Bond Counsel services. Mr. Porter asked if there were any questions from the Commission members. Hearing none, Chairman Novosad asked Mr. Porter to present the proposed Investment Policy.

Mr. Porter noted that, at prior meetings, questions have been raised about what investments are available to the Commission. Several members have questioned whether the Commission is investing its surplus funds in a manner to return the best return to the Commission. Mr. Porter explained that, pursuant to State law, the Commission's surplus funds must be invested in federally backed securities. Mr. Porter added that the Investment Policy of

the Commission has been included with the packet of materials for today's meeting. Currently, the Commission's funds are invested in a Heartland Bank and Trust account. Mr. Mulligan advised that until the Commission decides how it wishes to invest its surplus funds, he has maintained the investment in the Heartland account. This account pays a very low interest rate because of its liquidity and security. Mr. Mulligan noted that it is difficult to invest long-term to gain a higher interest rate when the County is considering a number of capital projects in the near future.

Mr. Good asked how long will the Commission need to have the surplus funds on hand for these future projects and what are the Commission's working capital needs during the fiscal year. Mr. Good noted that \$8 million in surplus funds is a significant amount to invest. If the Commission does not plan to use these funds for a capital project or to meet day to day operating expenses, then it would be prudent to invest these funds at a higher rate of return, for example, in U.S. Government bonds.

Mr. Zimmerman asked what the surplus funds would be used for. Mr. Good asked if the Commission has certain leasehold improvements that we are required to make under the terms of our lease agreements with the County and the City.

Mr. Moody responded the Operations and Maintenance Agreements, which are approved by the County and the Commission as a part of the annual budget process, funds the day to day operating expenses of the buildings and provides funds for any necessary capital improvements, for example, a new roof, heating and air conditioning systems. Mr. Moody noted that the Commission has approved short-term loans to the County from the surplus funds for specific capital improvement projects, for example, the replacement of the dryvit panels on the 200 West Front Street Building and the new air conditioning/humidity control system at the McLean County Museum of History.

Mr. Good stated that there are not any good short-term investment options available to the Commission. Chairman Novosad added that the Commission's first objective should be that we are good stewards of the surplus funds.

Mr. Mulligan asked whether it would be prudent for the Commission to invest the surplus funds among a number of financial institutions or would it be better to close the unused accounts and consolidate all of the accounts at one financial institution.

Mr. Good replied that there is a cost to the Commission when we have multiple accounts spread across different financial institutions. He supports the recommendation to close the accounts that are not being used and consolidate the Commission's investments. Mr. Good advised that when financial institutions are asked to collateralize investments to guarantee the security of the investment, this is an expensive cost for the financial institution.

Chairman Novosad summarized the discussion by stating that there are not many good short-term investment options available to the Commission. If interest rates rise and there is an opportunity to increase the rate of return on our surplus funds, the Commission needs to be in a position to take advantage of this. In the meantime, the Commission should close accounts that

are no longer being used, consolidate investments wherever possible while maintaining collateralization and meet with Heartland Bank and Trust to explore what other investment options might be available.

Chairman Novosad introduced Mr. Mel Schultz, a former member of the Commission who served as a member for 35 years from 1979 – 2014. On behalf of the Commission, Chairman Novosad and Robert Porter presented Mr. Schultz with a Resolution recognizing his years of service as a member of the Commission, his many contributions while a member of the Commission and expressing the Commission's appreciation and gratitude to Mr. Schultz for his many years to the Commission.

Chairman Novosad asked Mr. Jack Moody, Director of Facilities Management, and Ms. Hannah Eisner, Assistant County Administrator, to present an update on the federally qualified Health Center project on the County's Fairview Campus.

Mr. Moody advised the Commission that the County has entered into a contract with The Farnsworth Group to provide architectural, engineering, land surveying and construction management for the proposed health care clinic to be built on the Fairview Campus. The County has directed The Farnsworth Group to look at options for locating the new building on the site so that sufficient land is preserved for the possible replacement of the County Nursing Home at some future date.

Mr. Moody informed the Commission that the estimated cost to renovate the Fairview Building is \$5.5 million. The cost to demolish the building is approximately \$300,000.00. One question that the County Board will need to consider is whether to retain the Fairview Building or tear it down.

Mr. Moody stated that the County and Chestnut Health Systems have just begun the design process with The Farnsworth Group. To date, The Farnsworth Group has completed a topographical map of the site and a Gantt chart listing proposed tasks that need to be completed. Working with Chestnut Health Systems, the County and The Farnsworth Group are just beginning to outline the specific needs and requirements for the proposed 15,000-18,000 square foot health care clinic building.

Ms. Eisner informed the Commission that, during the recent Economic Development Commission "One Voice" trip to Washington, D.C., Bill Wasson, County Administrator, learned that federal grant money is available for this type of healthcare project. The County intends to explore all opportunities to secure grant funding for this project.

Mr. Porter asked if the County has established a specific timetable for this project and, specifically, when the County might ask the Commission to issue bonds for the project.

Ms. Eisner replied that a specific timetable has not been finalized at this time. She advised the Commission that she expects construction on the project to begin later this year. The request to the Commission for financing will depend on the final scope of the project, any grant

funds that may be awarded for the project and the associated soft costs. The “ballpark” estimate for this project is approximately \$4 million.

Mr. Good asked how the County is handling the costs incurred for the architectural and engineering services.

Mr. Porter replied that the County is paying for these professional services at this time. When the County asks the Commission to finance the construction project, the County will seek reimbursement of these costs as a part of the bond issue.

Mr. Zimmerman asked who will prepare the grant application and will the County and Chestnut need to have a firm cost estimate for this project before submitting the grant.

Mr. Moody responded that Chestnut Health Systems will be the applicant for any grant funding available from the federal government. Before submitting the grant application, Chestnut Health Systems, the County and The Farnsworth Group will have defined the scope of the project in order to provide an accurate estimate of the project’s cost.

Mr. Good noted any grant funding received by Chestnut Health Services for this project could reduce the amount of bonds issued by the Commission.

Mr. Farnsworth recommended that the County staff be given full responsibility for managing the day to day working relationship with the architect and general contractor. In previous projects, Mr. Farnsworth noted that the Commission has become very involved in approving the pay requests, debating proposed changes to the project, and intervening when County department heads have a specific request of the architect. Mr. Farnsworth suggested that County staff are better qualified to manage the day to day affairs and negotiate details related to the project.

Mr. Good asked when are the bonds issued for this type of project.

Mr. Paul Brown, First Midstate Inc., replied that the bonds are issued immediately before construction begins on the project. In some instances, bids have already been received and the bond issue is sized based on the bid award. In other cases, the bond issue is sized based on the architect and engineer’s estimate of the total costs for the project. There are a number of required steps that the County can take prior to the bond sale. For example, the County will be required to hold a Public Hearing on the proposed issuance and sale of the bonds.

Mr. Porter stated for the health care clinic project, if the Commission finances the project with a bond issue, then the Commission will retain title to the property and the County will enter into a lease agreement with the Commission. Chestnut Health Systems will then enter into a lease agreement with the County as a sub-tenant. It is anticipated that the lease amount due from Chestnut Health Systems will be sufficient to cover the principal and interest costs for the bonds issued by the Commission.

Mr. Farnsworth asked if the Commission will need to meet on a monthly basis.

Mr. Good commented that if the architect and the County have approved the pending bills for this project, then a one page summary listing the expenses for approval by the Commission would be sufficient.

Mr. Zimmerman added that he agrees with Mr. Good. As long as the architect, County and Commission legal counsel have reviewed and approved the bills for payment, then a one page summary would be sufficient.

Mr. Porter stated that if the County enters into a contract with the general contractor, similar to the arrangement with The Farnsworth Group, then the Commission would be reimbursing the County for the expenses incurred for this project.

Chairman Novosad suggested that with the major capital projects to be undertaken in the next 12-18 months, the Commission may need to consider meeting on a quarterly basis and, perhaps, even on a monthly basis.

Mr. Moody stated that the information presented this afternoon was an update on the status of the proposed health clinic at the Fairview Campus. As the County, Chestnut Health Services and The Farnsworth Group continue to meet and define the scope of this project, more information will be presented.

For the record, Mr. Farnsworth stated that he has no contractual or financial relationship with The Farnsworth Group.

Ms. Eisner updated the Commission on the proposed expansion of the County Jail to provide additional beds and an appropriate setting for housing mentally ill inmates. The County has received the Needs Assessment report from Dewberry Architects and Goldman and Associates. This report is available on the County website (www.mcleancountyil.gov). The County Board has to decide how many beds to add to the current jail. The report provides the option of adding two to four new pods. The decision before the County Board is whether the County should add two pods now with the capability to add two additional pods in the future. The proposed addition to the current jail would be built on the existing parking lot located immediately east of the current jail. The County Board, Sheriff, the Circuit Court and County administrative staff prefer building the addition adjacent to the current jail rather than building a new facility on a remote, green site and then transporting inmates to and from the Law and Justice Center for court appearances.

Chairman Novosad asked if the County has set a timetable for beginning this project.

Ms. Eisner replied that, hopefully, the County will be ready to begin this capital project in 2016. No definite timetable has been finalized at this time. Mr. Moody stated that the Needs Assessment prepared by Dewberry and Goldman and Associates will be presented to the Property Committee on Thursday, April 9, 2015.

Mr. Moody informed the Commission that the County was awarded a State of Illinois grant in the amount of \$254,000.00 to renovate the restrooms and lighting in the basement of the McLean County Museum of History. However, per the recent action taken by the Governor to reduce the fiscal year 2015 State budget, this grant award has been suspended. Therefore, the County will not be able to complete the proposed renovation of the restrooms and lighting in the basement of the Museum.

Mr. Moody noted that the Route 66 Visitor's Center located at the south entrance of the Museum is nearly finished. This project was funded by a grant from the State.

Mr. Zimmerman stated that an Open House for the new Visitor's Center is scheduled for the weekend of April 24-25, 2015. All members of the Commission should receive an invitation to a special preview event on Friday, April 24, 2015.

Mr. Porter advised that, pursuant to State law, the Commission must designate a Freedom of Information Officer. Under the State Freedom of Information Act (the "FOIA"), the officer is required to respond to any FOIA requests submitted to the Commission and to insure that the Commission is in compliance with FOIA. Mr. Porter volunteered to serve as the Commission's FOIA officer. Chairman Novosad asked if there were any questions. Hearing none, Chairman Novosad asked for a motion to designate Robert Porter as the FOIA officer for the Commission. Mr. Good moved, seconded by Mr. Schultz that Mr. Robert Porter be designated as the FOIA officer for the Commission. Chairman Novosad called for the vote on the motion and the motion carried unanimously by voice vote.

Mr. Porter presented a proposed Underwriting and Disclosure Policy. The purpose of this policy is to further define and specify the best practices of the Commission in a formal, written policy. The proposed policy memorializes many of the points that are included in an engagement letter with an underwriter and/or financial advisor. Like the Commission's Investment Policy, this proposed policy sets forth how the Commission will enter into agreements with underwriters and financial advisors. Mr. Porter advised the Commission that action on the proposed policy need not be taken at today's meeting. If the Commission wishes, this proposed policy can be tabled for further discussion and consideration at the next meeting.

Mr. Farnsworth stated that if this proposed policy is adopted by the Commission, then the Commission must insure that we follow the policy. Mr. Farnsworth asked if the Commission has in place the necessary procedures and mechanisms to insure that we follow this policy.

Mr. Porter replied that he has had discussions with First Midstate, Inc. regarding the specific requirements outlined in the policy, specifically, the requirements to provide the Commission with reports and assurances that action taken by the underwriter and/or financial advisor comply with the policy.

Mr. Good asked if the proposed policy has been reviewed by underwriters, financial advisory firms and bond counsel.

Mr. Porter responded that the proposed policy is consistent with the letter of engagement that the Commission has entered into with bond underwriters, financial advisory firms and bond counsel.

Chairman Novosad asked if there were any further questions or comments. Hearing none, Chairman Novosad asked if there was a motion to approve the proposed Underwriting and Disclosure policy. Mr. Zimmerman moved, seconded by Mr. Farnsworth that the proposed Underwriting and Disclosure Policy be approved. Chairman Novosad called for the vote on the motion and the motion carried unanimously by voice vote.

Mr. Porter asked the Commission to consider whether it would be advisable to begin meeting on a quarterly basis. Mr. Porter noted the capital projects that are scheduled to begin in the next 12-18 months. Once construction on these projects begins, the Commission will need to review and approve payments related to each project. Mr. Porter stated that, given the time frame outlined for beginning these projects by the County, it may not be necessary for the Commission to meet again until October.

Chairman Novosad asked the members whether they agree with the suggestion to begin meeting on a quarterly basis. Mr. Farnsworth stated that he supports quarterly meetings. Mr. Good concurred with the recommendation since the Health Clinic project is anticipated to start later this year and the Jail Expansion project is expected in 2016.

Chairman Novosad asked if there were any further questions or comments. Hearing none, Chairman Novosad asked if there was a motion to approve the recommendation that the Commission begin meeting on a quarterly basis. Mr. Good moved, seconded by Mr. Schultz that the Commission begin meeting on a quarterly basis. Chairman Novosad called for the vote on the motion and the motion carried unanimously by voice vote.

Chairman Novosad stated that the Commission needs to go into EXECUTIVE SESSION to discuss pending litigation pursuant to 5 ILCS 120/2(c)(11). Mr. Good moved, seconded by Mr. Farnsworth that the Commission go into EXECUTIVE SESSION to discuss pending litigation pursuant to 5 ILCS 120/2(c)(11). Mr. Porter asked that the motion include that the following members of the public remain in the EXECUTIVE SESSION: Mr. Jack Moody and the representatives from First Midstate, Inc. Chairman Novosad called for the vote on the motion and the motion carried unanimously by voice vote.

The Commission went into EXECUTIVE SESSION at 5:00 p.m.

Mr., Zimmerman moved, seconded by Mr. Good that the Commission come out of EXECUTIVE SESSION. Chairman Novosad called for the vote on the motion and the motion carried unanimously by voice vote.


The Commission came out of EXECUTIVE SESSION at 5:38 p.m.

Chairman Novosad asked if there was any other business to come before the Commission at this time. Mr. Porter advised that, pursuant to the action taken at today's meeting, the next

regular meeting of the Commission will be on Tuesday, July 7, 2015. Chairman Novosad asked for motion to adjourn. Mr. Farnsworth moved, seconded by Mr. Zimmerman 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:

July 7, 2015



JOHN M. ZEUNIK,
Assistant Secretary,
Public Building Commission of
McLean County, Illinois