

## Minutes of the Property Committee Meeting

The Property Committee of the McLean County Board met on Thursday, March 7, 2002 at 4:00 p.m. in Room 700, Law and Justice Center, 104 West Front Street, Bloomington, Illinois.

Members Present: Chairman Salch, Members Bostic, Nuckolls, Selzer and Owens

Members Absent: Member Hoselton

Other Board Members  
Present: None

Staff Present: Mr. John M. Zeunik, County Administrator; Ms. Martha B. Ross, County Administrator's Assistant

Department Heads/  
Elected Officials  
Present: Mr. Jack Moody, Director, Facilities Management;

Other Staff Present: Mr. Sammy Ferrara, Superintendent, Veteran's Assistance Commission

Chairman Salch called the meeting to order at 4:00 p.m.

Chairman Salch presented the minutes of the January 31, 2002 meeting, which served as the February meeting of the Committee, for approval. Hearing no corrections or additions to the minutes, Chairman Salch declared the minutes of the January 31, 2002 meeting of the Property Committee to be approved as submitted.

Mr. Jack Moody, Director, Facilities Management, presented the annual request by the Children's Advocacy Center and Child Protection Network to display blue ribbons in the Law and Justice Center Building courtyard. The display is intended to promote awareness of Child Abuse Prevention and Awareness Month during the month of April. The display would remain in place during the month of April only and would be disassembled by the members of the Child Protection Network at the conclusion of the month.

Motion by Nuckolls/Owens to Recommend Approval of a Request by the Children's Advocacy Center and the Child Protection Network to Display Blue Ribbons in the Law and Justice Center Building's Courtyard during the Month of April. Motion carried.

Mr. John Zeunik, County Administrator, presented a Request for Approval of an Emergency Appropriation Ordinance for the Facilities Management Department in the amount of \$18,463.30. He explained that this amount represents the County's fifty percent (50%) share of

the operating expenses incurred at the Government Center Building from the date of closing on May 15, 2001 through the end of that year.

Mr. Zeunik noted that the packet included both an invoice and an itemization of costs from the City of Bloomington (the "City"), including the rent that was paid by the tenants and subsequent expenses. The largest expense for the Government Center Building has proven to be deferred maintenance. It has become apparent that both National City Bank and the building's previous owner chose not to address many maintenance issues prior to the sale of the building. Therefore, as current owners of the building, the City and the County found it necessary to address those maintenance issues and their subsequent expenditures.

Mr. Zeunik stated that the net following the debit for rent was \$36,926.00. Per the County's agreement with the City, that cost is split between each governmental entity. The resulting amount is \$18,463.30, which is now assessed against the County.

Ms. Bostic asked whether the amount billed for electric service, \$78,284.59, seemed unusually high. Mr. Moody responded that the amount is in line with expectations at this time. He explained that there are three (3) active electrical meters at the building. Electricity usage in the building is minimal for the unoccupied floors. Emergency lights in designated areas are lit and the entire basement is lit, as it is utilized on a regular basis. The third floor, which is occupied by National City, is lit, and includes electrical load for a variety of office machines. Since National City only pays rent, not utility costs, the building's owner must pay for the electrical usage.

Ms. Bostic asked whether the amount billed was only from May 2001 through December 31, 2001. Mr. Moody responded that such was the term for this billing cycle.

Mr. Nuckolls asked whether the amount assessed for Janitorial Services in the itemized statement are provided by the City or by the County. Mr. Zeunik responded that the current janitorial services are provided to National City Bank by an outside company, which was employed by the previous owner of the building. Those services have continued following the sale of the building. Mr. Zeunik stated that since neither the City nor the County have occupied the building yet, there have been no arrangements made for janitorial services nor supplies for the building.

Motion by Selzer/Nuckolls to recommend approval of an Emergency Appropriation Ordinance amending the McLean County Fiscal Year 2001 Combined Annual Appropriation and Budget Ordinance General Corporate Fund 0001, County Board 0001, Facilities Management Department 0041 for the Government Center Building. Motion carried.

Mr. Zeunik remarked that the Committee had requested Mr. Gene Asbury, architect, to provide detailed plans of the Government Center Building's space allocations for their review. It was the intent to have those plans prepared for the March Property Committee meeting. However, Mr. Asbury does not have final cost estimates from the mechanical engineering firm. The time estimate from the mechanical engineering firm to complete the cost estimates to be prepared is an additional two (2) weeks. Therefore, Mr. Asbury will present his report to the Committee when all of the information is assembled.

In lieu of Mr. Asbury's report, Mr. Zeunik provided a comparison of Public Building Commission tax-exempt financing versus financing via referenda, which had been previously requested by the Committee for the Old Courthouse, the Health Department Building, and the McBarnes Building.

The Old Courthouse was inspected and a report provided by the firm of Wiss, Janney and Elstner Associates. The report showed a breakdown of three (3) priority areas, with an estimated cost for the total project of \$2,829,432.00. The Farnsworth Group completed a study of the Health Department Building and recommended that the exterior dryvit material be replaced with a metal panel system, at an estimated cost of \$617,260.00. The study of the McBarnes Building, which was updated by architect Gene Asbury, included costs for renovation of the third floor and installation of a new elevator. The cost estimate for the McBarnes Building was \$295,000.00.

Mr. Zeunik remarked that if all three projects were consolidated into one tax-exempt bond issue, the projected cost would be \$3,741,692.00. He stated that for purposes of looking at options, the estimate was rounded up to \$4,000,000.00. That would both provide for any contingencies in the project and issuance costs that are customarily charged whenever capital markets are utilized.

Mr. Zeunik explained that for Fiscal Year 2002, the projected Equalized Assessed Value (the "EAV") of \$2,382,326,372.00 was used to prepare the budget. For purposes of projecting the tax rate for the debt service, an increase of 3.5% per annum, equalized assessed valuation was used.

Mr. Paul Brown, First Midstate, provided three (3) financing options for this report. Option One is a 10-year term for a \$4 million financing with a conservative interest rate of 5.5%. Option Two presents a 15-year term, and Option Three offers a 20-year term. Each option lists a principal and interest cost, and what that cost would translate to via the tax rate. This is, of course, based upon the assumption of how the EAV would grow.

Mr. Brown also provided a summary of what is currently outstanding so that the Committee is aware of County obligations. The summary showed the status of the current Law and Justice Center, whose bonds extend through the year 2007. The payments that are due are also listed.

The 911 Bonds that were sold at \$3.1 million to build the MetCom/911 Building in 1996, extend through the year 2005. The Government Center Building's status is represented in two columns.

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The first column is the tax-exempt portion of \$11 million. The taxable amounts are represented in the area labeled as 2001A.

Mr. Selzer asked who would own the MetCom/911 Building when the outstanding bonds are retired in 2005. Mr. Zeunik responded that the Public Building Commission (the "PBC") would continue to own the building. If the PBC chose to then deed the building to the County, it has the discretion to do so. However, there is no such requirement. Mr. Selzer then asked what the PBC typically does in such situations. Mr. Zeunik responded that the PBC typically responds to the preference of the County, but there is no requirement for them to do so. They may conceivably choose to hold title.

Mr. Selzer asked where any revenue from the MetCom/911 Building would be placed, once any bonds are retired. Mr. Zeunik responded that the rent charged is the amount of the debt service payment. Therefore, once the debt is paid, there would be no further rent payments. However, since the building occupies land owned by the Bloomington-Normal Airport Authority (the "Airport Authority"), there is still a land lease payment assessed to the PBC.

Mr. Selzer asked, in the event that the County owned the MetCom/911 Building, could the County then charge rent to the 911 Center. Mr. Zeunik answered that this scenario is possible, but that the County would pay that rent, along with the City of Bloomington, the Town of Normal and the Emergency Telephone Systems Board.

Mr. Selzer noted that action should be taken to address the needs of the Old Courthouse as soon as possible. He stated that the Committee should consider developing a recommendation on the Old Courthouse project by the April meeting cycle so that the spring/summer construction season can be utilized to its full advantage. Mr. Zeunik commented that, for the Old Courthouse alone, a minimum of a \$3 million bond issue should be considered so that the issuance costs could be included. The report by Wiss, Janney and Elster Associates did include a contingency, which was factored into the estimates. Also included were contractor overhead and profit.

Mr. Selzer asked whether Mr. Brown could provide a realistic estimate of costs for a bond issuance in the amount of \$3 million for the next Committee meeting. Mr. Selzer then asked what is the term of the lease on the Old Courthouse. Mr. Zeunik responded that the lease has a 30-year term and 10 years have passed.

Chairman Salch asked who would be the architect for the Old Courthouse renovations. Mr. Zeunik stated that perhaps Wiss, Janney and Elstner Associates could serve as architects, since

they are already quite familiar with the building, and are knowledgeable about renovation work on historic buildings.

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Mr. Nuckolls asked what advantage there is in issuing bonds in the amount of \$4 million. Mr. Zeunik remarked that the advantage is actually two-fold. First, if the issued amount is sufficient for the proposed project, the County would not need to return to the capital markets. Since there are several associated costs in accessing capital markets, i.e. attorney and bankers' fees, consolidation is advantageous in that it allows such fees and other extra costs to be paid only once. Second, the bond issue should be sizeable enough to make accessing the capital markets cost effective. Selling bonds in an amount less than \$2.5 million is not an efficient use of the capital markets. Therefore, a \$3 or \$4 million issue would be appropriate. However, a bond issue for the Health Department Building or the McBarnes Building would not be appropriate, since the size of the issue would not exceed \$2.5 million.

Mr. Zeunik commented that the Health Department Building, which is now fully rented, has a positive cash flow. Therefore, the dryvit could be repaired on a cash basis, using tenant rent proceeds. The McBarnes Building is a somewhat different circumstance in that it is difficult to decide whether the needed repairs and upgrades should be made prior to attracting tenants, or whether tenants should be secured before work is commenced.

Mr. Nuckolls asked whether there are any prospective tenants for the McBarnes Building. Mr. Zeunik responded that there are two leads that are under consideration. It is hoped that by the May meeting cycle, more information will be available.

Mr. Nuckolls asked whether the elevator in the McBarnes Building has been upgraded to comply with the current provisions of the Americans With Disabilities Act ("ADA"). Mr. Zeunik answered that a new elevator is needed. The current elevator cannot be expanded in place. Additionally, the restrooms in the building will need to be upgraded to meet ADA requirements.

Mr. Owens asked whether the County owns the Old Courthouse. Mr. Zeunik responded affirmatively. Mr. Owens then asked, if the PBC issued bonds for the County to complete the proposed upgrades, would the PBC then take ownership of the building. Mr. Zeunik responded that it would.

Chairman Salch asked if the Finance Committee should be involved along with the Property Committee in the proposed building upgrades. Mr. Zeunik responded that the Property Committee recommendation to move forward on the repairs to the Old Courthouse through the PBC, would go to the Finance Committee. In such a case, that recommendation would go to the Finance Committee.

Mr. Selzer remarked that the Property Committee should convene a meeting prior to the Finance Committee's April meeting to discuss the possibility of entering into a financing arrangement with the PBC. In that way, the Committee's recommendation can be finalized, and the other factors put in place, so that the upcoming construction season can be fully utilized.

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Mr. Zeunik suggested that, in order to help the Property Committee prepare a recommendation for the Finance Committee in April, a special meeting of the Property Committee could be convened immediately following the March 19<sup>th</sup> County Board meeting, since the members would all be present at that time. Members of the Finance Committee could be invited to remain for the meeting as well.

Mr. Zeunik stated that the notice of the Special Meeting could be included with the March County Board packet, along with documents for the Committee. In that way, every Board member would be aware of the meeting and would have an opportunity to examine the documentation. All those wishing to attend would then be so notified and invited to do so.

Mr. Selzer asked about the status of the Health Department Building's dryvit panels and whether there is an immediate need for them to be replaced. Mr. Moody explained that the panels on the south side of the building have all been replaced and are functioning properly. The panels on the east side of the building, however, leak badly whenever it rains. Mr. Selzer then stated that, perhaps, surplus cash dollars should be utilized for this project.

Ms. Bostic asked, in the event that the Committee utilized PBC funds in addition to incoming rent money to fund repairs to the Health Department Building, would the rent funds be used to defray the tax levy. Mr. Zeunik responded affirmatively.

Mr. Owens asked, in the event that the County would utilize PBC funds for the McBarnes Building upgrades and repairs, could the outstanding debt on that building be included. In that way, the outstanding debt would then be repaid through the PBC debt financing. Mr. Zeunik responded that he would need to inquire about this.

Mr. Selzer asked what is the PBC. Mr. Zeunik explained that it is a body created by state law. McLean County appoints five of the nine members. One member is appointed by the City of Bloomington, one member is appointed by School District 87, one member is appointed by the Bloomington-Normal Water Reclamation District, and the last member is appointed by the Bloomington-Normal Airport Authority. The reason for the appointees being from certain groups is that those are the only taxing bodies for which the PBC can finance capital improvements by issuing bonds.

Mr. Selzer asked whether an Executive Session could be held in order to discuss the names of potential tenants for the McBarnes Building. Mr. Zeunik responded that an Executive Session

could be held for this purpose once negotiations have commenced. However, an Executive Session may not be held if formal negotiations regarding property or real estate have not yet begun. Mr. Selzer noted that an Executive Session could assist in helping determine which tenants' negotiations will culminate in a lease agreement.

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Mr. Zeunik commented that it is always possible to amend the debt offering up until the time that the Preliminary Official Statement is made public and available for bids. The County Board could approach the PBC and state that it has determined that the amount of debt it will incur will need to be more than originally indicated.

Mr. Zeunik announced that there would be a special meeting of the Property Committee immediately following the County Board meeting on Tuesday, March 19, 2002. The location will be contained in the official meeting notice. He suggested that the Committee members contact the County Administrator's Office with any suggestions of other items or issues they would like to include for discussion at this meeting. The special meeting agenda packet will be included in the mailing containing the March County Board packet.

Chairman Salch presented the bills, which have been reviewed and recommended for transmittal to the Property Committee by the County Auditor.

Motion by Owens/Bostic to recommend payment of the bills  
as presented by the County Auditor. Motion carried.

There being nothing further to come before the Committee at this time, Chairman Salch adjourned the meeting at 4:37 p.m.

Respectfully submitted,

Martha B. Ross  
Recording Secretary

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