

***Proceedings of the Council of the City of Joliet, Illinois
held on the 27th day of May, A.D. 2009***

SPECIAL MEETING of the Council of the City of Joliet, Illinois held on Wednesday, August 24, 2009 at 3:30 P.M. in the Council Chambers, Joliet Municipal Building, 150 W. Jefferson Street, Joliet, Illinois called for the following purpose:

- 1) Discussion re: Baseball Stadium and Financial Matters

ROLL CALL

PRESENT: MAYOR ARTHUR SCHULTZ and DISTRICT 4 COUNCILWOMAN SUSIE A. BARBER, DISTRICT 2 COUNCILMAN TIMOTHY M. BROPHY, COUNCILMAN AT LARGE THOMAS C. GIARRANTE, COUNCILWOMAN AT LARGE JAN QUILLMAN, DISTRICT 1 COUNCILMAN JOSEPH R. SHETINA and DISTRICT 3 COUNCILMAN ANTHONY UREMOVIC.

ABSENT: DISTRICT 5 COUNCILMAN WARREN C. DORRIS and COUNCILMAN AT LARGE MICHAEL F. TURK.

ALSO PRESENT: CITY MANAGER THOMAS A. THANAS and CORPORATION COUNSEL JEFFREY S. PLYMAN.

The City Manager stated this meeting is in regards to Silver Cross Field and the JackHammers and some issues that have arisen over recent months regarding financial and attendance issues. He said the City still takes great pride in the facility that was constructed at the direction of the Mayor and City Council , a decision that was made in the late 1990's and came to fruition in May of 2002. He said since then through 2008 we've had almost 1.4 million people go through the turnstiles for attendance. He said the high water mark was in 2002 where 207,000 people attended at an average of about 4,000 people per game. He said the lows have been in 2007 of 184,000 and a little bit more in 2008 so we've seen a little bit of a tail off in attendance but still it's been a source of great pride and a lot of fun for families in the Joliet area.

The City Manager said the most recent discussion deals with the financial picture and said when he has discussed this one on one with some of you he's indicated that the Jackhammer's are like other businesses that are struggling through a bad economy and they've had to make certain adjustments in their operations to try to weather the storm as have other businesses. He said unfortunately there has been a delinquency in the rent that is owed to the City of Joliet and he has been meeting along with staff members including Jeff Plyman and with the management of the ball club trying to resolve the issue and help them through the challenge of doing business in a bad economy. He said those of us who have been to games we've seen the attendance down this year, we've seen the suites not occupied as they used to be and we've seen the advertising down somewhat and we certainly can see that and know that that's probably the primary reason for some of the financial challenges the Jackhammer's have encountered over the last year and a half.

The City Manager said as a result of our meetings we've trying to find some kind of common ground to resolve the differences and we haven't really found that perfect formula that meets with the approval of the Jackhammers and with the City of Joliet. He said we met again this morning for 2 ½ hours with himself and Jeff Plyman representing the City as a request that came from one of the investors of the Jackhammer's was to meet again. He said what came out of that

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meeting was an agreement for the 2008 rent that is still owed, the second installment that was due on October 1st of \$127,000 and that would be paid within the next 30 days. He said then we will need to deal with the 2009 rent. He said there was an April 1st rent payment that was due that was not paid in the amount of \$116,000 and what we've agreed to do was to continue meeting to try to resolve the differences. He said the Jackhammer's is going to the landlord, City of Joliet, asking for some concessions. He said there are some issues dealing with the condition of the stadium. He said the Jackhammer's provided the City with a report in February of 2009 that addressed several issues that are basically wear and tear at the stadium and issues that really need to be resolved fairly quickly, nothing that jeopardizes the safety of anyone attending but just ordinary wear and tear on the property that needs attention. He said some of those items are the responsibility of the City of Joliet and he's indicated that we will step up and handle those improvements and take care of those issues but we also wanted to get resolution on the financial picture and make sure we've got everything resolved before we go ahead and start expending money on upgrading the stadium. He said we're making progress on that and certain improvements have already been done such as the replacement of the ceiling tiles in the suites, some lights needed to be replaced in the large standards in the outfield and it's very difficult because there is no way to get up there other than bringing in a crane with a bucket that will lift somebody up there to change the lights and there was some concrete work that had to be done which was done and a few other things that we thought needed to get done before the season started which we had done through the Jackhammer's in May of this year. He said there is still a list of things to be done and we've indicated that we would pursue that but we'd like to have the rent issue resolved before we actually pull the trigger on getting those improvements completed.

He said as he sits here today he can report back to you that the Jackhammer's have committed to paying the 2008 rent in full and we'll continue on with our conversations regarding 2009 knowing that nothing can be decided amongst us without having the Mayor and City Council review it and approve any kind of modification to the lease should that be required. He said going forward for the 2010 year he's asked the Jackhammer's to do a few things first being a business plan telling us how they're going to improve their business. He said he thinks we all have been reading the articles about some of the other teams in the Northern League and their attendance seems to be pretty strong with 5,000 and 6,000 in attendance and in some cases 8,000 people. He said we'd like to see our team perform at a similar level. He said we've also asked them to address the payment of local vendors and they've been doing that over recent weeks and he has been getting calls from some who've been in contact with him for quite a while and it looks like they're working on that list. He said the other thing he has asked them to do is look at the stadium itself and trying to take care of it better, keep it a little neater and cleaner so when our residents go to the game they have a great experience. He said that's the status as of about 12:30 p.m. today. He said we met with Mr. Ferro and his team, Mr. Costello, Mr. Toole, General Manager Kelly Sufka and Nick Ferro. He said we did meet with another investor this morning who is part of the ownership group; besides Mr. Ferro there are several other owners and they're involved in the process too as of very recently. He said Mr. Ferro and his team would be happy to answer any questions you have.

COUNCILMAN SHETINA asked for a basic plan of what you believe to be the responsibilities of the City and the responsibilities of the Jackhammer's with

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respect to the operation itself. He said what are the basic responsibilities and or rights of the City of Joliet with respect to the physical plan and the team.

The City Manager said we're much like any other landlord that is responsible for capital improvements. He said if you have a lease on a residential the tenant is probably responsible to keep the place in a clean and neat condition, take care of little things that go wrong but if the furnace goes out or the air conditioning goes out that is probably under the lease and the landlord's responsibility unless the lease shifts that responsibility.

COUNCILMAN SHETINA said so it's not a triple net lease, it's just a lease.

The City Manager said right and we are responsible for capital improvements and some of the items in the report that was given to us in January of 2009 are items that he freely acknowledged as the responsibility of the City of Joliet. He said he knows there's been some discussion about rent credits and what he did tell the Jackhammer's back in the winter of 2009 that if they paid for those improvements that are the responsibility of the City of Joliet then we would give them a credit towards their rent; for example the ceiling tiles, we treated that as a capital improvement and it was done but it wasn't paid for and at some point we'll have to pay that contractor who put the ceiling tiles in and this took a special kind of ceiling tile because of the use, it wasn't the standard office application. He said it's the Jackhammer's responsibility though to keep the place neat and clean and taking care of changing light bulbs in the public areas, taking care of the locker rooms, taking care of the front office, managing the Hall of Fame and those are the kind of things that the Jackhammer's are looked upon through the lease to take on as part of their relationship with the City.

COUNCILMAN SHETINA asked if all of that is cited in the lease agreement with respect to notwithstanding whether the lease is paid or not and those items you just cited are in the lease.

The City Manager said the lease does not say the City of Joliet will be responsible for the ceiling tiles, it doesn't say that the Jackhammer's will be responsible for the light bulbs in the washrooms. He said certain things like that are left to standard landlord/tenant relationships so we don't get into that level of specificity. He said he's asked for a list of things that need attention during our many meetings we've had with the Jackhammer management team and we can have two columns and one will say "City" and one will say "Jackhammer's" and we'll check who's responsible for that going forward so we don't have any controversies. He said for example mowing the grass is their responsibility but there's certain ones that with the wear and tear on the facility now is the time for some of these things to get some attention and we're willing to do that. He said the Jackhammer's management team has brought to his attention what they view are defects in the way the facility was designed. He said one example is some heating and cooling duct work which starts inside, goes outside and comes back inside. He said it seems a little unusual that you would heat the air, take it outside and bring it back in.

COUNCILMAN UREMOVIC said he remembers you brought this to us a while back saying that this stadium was designed for a much warmer climate, not for a colder climate here and so these operational expenses are zooming for the team and that's why we had to go ahead and talk about capital improvements and figure out a way to restructure this so it all works for all parties concerned both the City and the owners.

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The City Manager said he's not an expert but it seems like something needs to be boxed in or moved and that's something he indicated we would be willing to do. He said it would help reduce the utility expense for the team. He said it's been that way since 2002 and we're just learning about it in 2009 and if it is a defect its been there from the beginning but that's ok, it doesn't matter at this point he's only looking prospectively and certainly he would bring something back to you for us to approve a contract that would take care of that particular defect. He said he thinks that's probably the most serious of the defects. He said there is no question about the security of the facility, the place is a great facility and it's solid. He said like any other facility that's constructed especially when you construct one within a short time table you're going to have a few things that get missed and we always have a chance to go back and fix them.

COUNCILMAN GIARRANTE asked too if they had a problem with the sprinkling system freezing and flooding the offices and asked if that's been repaired.

The City Manager said no, it has not.

COUNCILMAN GIARRANTE said so we need to do that before winter gets here.

The City Manager said that was one more area that he indicated we would need to fix it. He said there are two different kinds of fire suppression systems, one is a wet system and one is a dry system and it was the wet system that had the problem. He said he indicated that if those are the kind of defects that we have we'll take care of those and he said if you go ahead and take care of those and go out and get local contractors to come in and take care of the problem and you run the bill by him before you go ahead and start the work and if the amount looks reasonable and he'd rely on his staff to determine if it's reasonable or not then we would come back to the City Council and say let's give them a rent credit for doing that work if they go ahead and do it. He said and that's why this rent credit discussion started a few months ago. He said he thinks it's a reasonable way to do it, no different than if your tenant at the house takes care of the furnace bill for \$300 and you'll say knock \$300 off your next rent payment.

COUNCILMAN SHETINA asked what is the lease agreement in terms of time.

The Corporation Counsel said from April of 2002 it is a 15 year lease so it is the end of the 2017 season.

COUNCILMAN BROPHY said he thinks we may need to talk about the standard landlord/tenant type relationships in our document because this is obviously not a typical asset, it's a very unique asset. He said we have both maintenance issues and long term capital replacement issues we don't have any plans for and when you talk about that usual "you do the work, I'll give you a credit thing" would be fine when you're talking about private money but we're talking about other peoples money so sometimes we have to review it at this level, it can't be that simple in some issues. He said so we really do need that left/right breakdown because for example he would want to know is that seat cover that needs to be replaced my expense because my constituent enjoyed it or theirs because their customer used it and how often does a sheet cushion need to be replaced and when you add them all up what do they cost. He said we need to do this in a capital reserve type thing so that the furnaces are 10 years and the seat cushions are 12 and whatever the case may be. He said especially when it comes to things with regard to the credit, if they put a guy on a ladder and he

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falls who does he sue. He said if that was on our side of the sheet but they're doing it with a rent credit and we didn't use our typical procedure to hire what happens now, does that have any affect on our insurance and our liability and our costs and so force. He said he needs to be clear on those things because we're spending other peoples money and because it is a very a-typical asset it deserves that special treatment. He said he wants to know going forward as the lights are replaced that's fine but what about the light poles themselves.

The Corporation Counsel said the lease is pretty clear about what the tenant responsibilities are and actually there has been no disagreement with the team over what items need repair and who would ultimately be financially responsible. He said for example the seat cushion example that you cited is in one of the letters that went out over the weekend and that's one of the items where the team has brought to our attention the fact that some of the seats in the first three rows that had the cushions, those cushions tore and does that really affect the business operations of the team, not significantly but they should be replaced so the facility looks first class. He said under the lease the provision for that sort of repair basically states that if a piece of equipment has lived its expected useful life and it's a capital item like a seat the City would be responsible for capital replacement for anything that has lived its normal expected life unless there's signs of lack of maintenance. He said it really has not been a point of contention that the seats should be repaired and ultimately the City would provide the financial means to pay for that repair. He said that's not been the problem. He said the lease is clear enough on those points. He said the lights for example, and this was a point of significant concern to him when the lease was being negotiated, we anticipated that that would be a significant maintenance expense and we specifically negotiated and asked the team to take that expense and they agreed to do it. He said so when it's time to send the cherry picker up to replace the light bulb in the light standard that's 135 ft. high the lease says that's the teams responsibility, that's our position. He said so is every item of equipment specified in the lease, no, but the general is capital replacement is the City's responsibility meaning has an elevator lived throughout its normal expected life that most elevators go and it's a time for a repair that would be the City's responsibility provided there is adequate maintenance.

COUNCILMAN GIARRANTE asked if we are budgeting specifically for those types of reserves or we're we counting on rent to cover year by year.

The City Manager said we have allocated \$200,000 in the 2009 budget to cover the City's portion of capital items for the ballpark, a specific line item and we have been doing that on a regular basis.

COUNCILMAN BROPHY said so we have that built up or have we invaded that reserve.

The City Manager said when we were going through our budget discussion last year even though we were looking for a lot of things to cut last year this item he said let's keep it in there because it is our ballpark and we have a couple hundred thousand people come through it every year and we are very proud of it and we're not going to short change that facility so that's why we included that \$200,000. He said when he was discussing about going ahead and making these improvements we actually had a line item in the budget that would have covered this, we would not have to look for another source of funding.

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COUNCILMAN BROPHY asked what information do we have that that's enough. He said he doesn't know what it would cost to replace the roof if the roof needs replacing.

The City Manager said he doesn't think we've done any kind of long term planning for any of that, it's really been an annual allocation. He said the place has been so new that it really hasn't needed that and is now the time to start doing that absolutely. He said we have a few things that we're working on that we'll bring to you that will address the long term stability of the ballpark. He said he thinks we'll see Silver Cross Field take a big step up in improvement and we will be building that in to future budgets.

COUNCILMAN GIARRANTE said that \$200,000 is over and above the credit we could give them on their rent if it exceeds that.

The Director of Management and Budget said right, there was \$200,000 on the expense side of the ledger that was set aside and he believes that balance is \$209,000 because there was a small carryover from last year. He said to answer your question it was an annual allocation in the budget to put the \$200,000.00 He said we knew the responsibility of certain items could come in to play so we felt it was responsible to keep it there.

COUNCILMAN BROPHY said so we've spent \$1.5 million over these 8 years it's operated.

The Director of Management and Budget said he would have to look at that. He said it's possible but it's also possible that there were some years when we did not use the \$200,000 and did not carry it over so he couldn't answer that right at this moment. He said we can certainly prepare a report.

The City Manager said we have not spent that much out of that line item this year at all.

The Director of Management and Budget said this year he thinks we spent maybe \$1,300.00. He said prior years he knows there was sometimes when we did and he believes that was the line item that was used when they did the concession stand in left field and there has been some other things like that.

COUNCILMAN SHETINA asked in your deliberations and particularly with respect to today have you gotten to a point where both parties can agree to what the terms of the lease are, who has what responsibility and is it in writing and can we see that.

The City Manager said it's not in writing, we have a general concept of who will be taking care of the specific items that are in the report that was given to us and this is a report that was done by a third party that was retained by the Jackhammer's to come in and do a top to bottom evaluation of the ballpark.

COUNCILMAN SHETINA asked if we had a copy of that.

The City Manager said yes, it has been distributed. He said there's a couple of rusty areas that need to be fixed, the seats were an example. He said there's quite a few things in there that just after 7 or 8 years ballparks need some attention especially when you have a couple hundred thousand people going through there every year. He said that kind of thing we can certainly take care of,

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that's the easy part of this. He said he thinks the hard part is dealing with the financial issue, getting that resolved and then moving on so we can see where we go in the future.

COUNCILMAN SHETINA asked if he sees light at the end of the tunnel.

The City Manager said he does, there will be baseball at Silver Cross Field period. He said he thinks from our meeting this morning the Jackhammer's have indicated they're willing to bring a business plan in for the Mayor and City Council to review so you have some assurance that in the 2010 baseball season you're going to see a much more robust level of activity at the ballpark. He said he thinks the last couple of weeks we've seen a lot of activity but he thinks we've also seen kind of a stepped up marketing plan and there have been much better gate receipts and that always brings better concession receipts and things like that. He said he thinks we have to remember why did we build the ballpark; first of all this is a town that loves baseball but the second reason was it's a tool for economic development, our goal is to bring people to downtown Joliet and to showcase downtown for a lot of the great assets it has and we try to sell Joliet to investors, developers and people who have decision making authority over grants that we're applying for and we talk about the ballpark and indicate to them that this is an asset that is used widely by the community, not only by the Jackhammer's but by the University of St. Francis and we're very proud to say we host two major baseball tournaments every spring of the IHSA. He said this year he believes the attendance was about 13,000 people including a local team that won the state championship. He said it's something that brings a lot of pride to our community.

COUNCILMAN BROPHY said the Stadium Club had a sign in it the other day that said "coming soon...." He said we haven't signed a lease with anybody have we.

The City Manager said we have not signed any lease. He said that one caught us by a little bit of a surprise. He said there was access given to somebody who had some interest in that facility. He said he's had two meetings with that person but he thinks one of our staff members may have gotten a little exuberant about this persons ability to put a project together so we've slowed that down and we're waiting for a business plan or pro-forma on that before we go any further with this. He said obviously in this economy financing is the game, everybody's got lots of great ideas and this gentleman has a great idea for that facility but he told him until we see a financing plan he can't take it to the City Council. He said he told them to please stop whatever he may be doing in the facility.

COUNCILMAN BROPHY asked how does he get in.

The City Manager said he was given access by a staff member.

COUNCILMAN BROPHY said by a City employee.

The City Manager said yes, by a City employee.

COUNCILMAN BROPHY said he doesn't have a key, we have possession of that.

The City Manager said we have possession of it and actually our police department uses it for some storage so we have control of that. He said this

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person was given a key to get in and said he was a little surprised by how far he had gone. He said when he found out about the signs and what's going he called a time out and said let's slow it down a little bit. He said and that's another key asset too for us, that obviously will be a big part of the ballpark some day.

COUNCILMAN SHETINA asked if it's appropriate that we listen to Mr. Ferro or someone from his staff to see if there on the same wave length were on.

MAYOR SCHULTZ asked who pays the taxes on the ballpark.

The City Manager said because it's a City owned facility it's tax exempt, however, the lease hold interest that's held by the Jackhammer's is taxable under Illinois law and therefore the Jackhammer's under the lease that Mr. Plyman drafted a few years ago requires the Jackhammer's to pay the real estate taxes of about \$15,000 a year on the lease hold interest. He said we have a few of those situations in town and an example is 2 Rialto Square Office Building owned by the Rialto Auditorium Exposition Authority which is tax exempt but the people who lease from the Rialto pay taxes on their lease hold interest.

COUNCILMAN BROPHY asked what happens with taxes like that that aren't paid and sold at a tax sale, can an investor get a hold of the real property.

The City Manager said we researched that and we determined that the taxes had to be paid and they were paid so we averted that issue. He said it would cause a cloud on title because what the tax sale buyer would be buying would be the interest of the leasehold and not necessarily getting ownership of the facility itself.

Mr. Pete Ferro said they are here and want to see this succeed. He said they signed a lease with the City on April 1, 2001 and the stadium was not completed at that time. He said they went forward and its been successful and attracted about 1.4 million fans to downtown Joliet. He said they've invested directly into the project \$5 million. He said it cost them \$1 million to buy the franchise from the Northern League, \$1.5 million towards the construction of the stadium to the City, \$1.7 million for pre-opening expenses and purchasing equipment and since they've been in there they've invested another \$800,000 in amenities. He said they have a significant investment in here. He said economic times are hurting everyone including them and they are not satisfied with this year's attendance and are not satisfied with the performance of the team. He said they intend to make some changes, they intend to straighten this out and keep it successful. He said they think they've brought to the City some phenomenal economic impact here; they've bought about \$12 million in goods and services from primarily local vendors in the past 8 years, they employ around 200 people and have brought in \$12 million worth of sales tax base in food and beverage and so forth and have also booked over 5,000 hotel rooms in Joliet. He said they think that that along with the naming rights issue that was negotiated between them, Silver Cross and the City has brought in an additional \$500,000 of naming rights income to the City so there has been a positive economic impact here.

Mr. Ferro then said the problem becomes where are we at right now. He said obviously we're not in total agreement or we wouldn't be here. He said they believe there are some deficiencies in that stadium and we differ on our belief as to the seriousness of them however we also believe that these deficiencies have caused and continue to cause some added expenses for them. He said they believe that is an issue and they initiated discussions with Mr. Thanas last

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October to try to deal with these issues. He said we've met 10 to 12 times since then. He said they believe that we had an agreement in principle and he knows that nothings final until it comes to this Council but they believed that they had an agreement in principle. He said they were operating under that agreement and again we have a disagreement what it was but that's why this thing has waited this long. He said we thought we had it done and we're continuing to discuss matters. He said he thinks the concept of the agreement of this morning is very good. He said we're willing to make that payment as a good faith effort to continue negotiations and we've committed to get the check to the City by Friday. He said Mr. Plyman has indicated that upon receipt of that check he would suspend the notice of default or whatever the letter that went out. He said we could sit down and negotiate for 30 days and get this thing resolved. He said there are still going to be some hurdles because we still have some issues but he thinks there's enough common ground that we can work this out. He said we may need some help or we may not but he's confident and hopeful that we'll have this done in 30 days. He said going forward they will provide the City with a business plan, a plan that shows what their marketing ideas are, what their organizational chart will be and one thing he can tell you at this point that will be in that plan is that he will personally be intimately involved with the operations of this team from now on. He said he has not been up to this point but in that business plan that will be indicated and spelled out. He said we have our differences but he thinks and hopes that we can work them out here in the next 30 days.

COUNCILMAN SHETINA said he's glad Pete is here and working with everybody and he thinks the Council needs to be involved too with respect to the differences that you might have and if we can be effective in trying to resolve those differences and he thinks it's incumbent upon us to do that. He said we haven't been heavily involved with respect to negotiations and he thinks it's time for us to get involved to the extent that we understand what the two of you and Jeff are trying to come up with as a resolve to this question. He said we were asked questions by people and we don't always have the answers and he thinks we need to come to an agreement as to whose responsibilities are what and to the best of your ability you pay the dollars that you owe and that the City does the maintenance that it needs to do, if it's causing deficiencies in your income stream as the result of the deficiencies at the stadium we have to look at that and he's sure we're all on the same page with that if in fact there are. He said Tom may not agree with that but if in fact there are some deficiencies that are caused by the lack of repairs and maintenance then we need to know that too. He said he thinks' we need to get a little more involved, we have a baseball committee here that you can meet with of the Mayor, Jan Quillman and Tom Giarrante and probably all need to be involved and if we need to do Council as a whole on some of this stuff then we probably need to do that too.

COUNCILMAN SHETINA said at some point in time he would like to see a lease where we both agree upon and they agree what their responsibilities are. He said if there are some issues that are still outstanding we need to know what those issues are. He said COUNCILMAN BROPHY talks about a reserve for replacement and that's very difficult to do because we don't do that ourselves at the City. He said we need to see an agreement in writing that we all agree upon whose responsibilities are what.

Mr. Ferro said he thinks we're all hopeful we can get it worked out and whatever help the Council can contribute to those negotiations he would be very fine with.

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COUNCILMAN GIARRANTE said as Chairman of the Baseball Committee he has had numerous meetings with Tom to keep updated on what's happening and the negotiations and has had some phone calls with Pete so he has been being updated and he has asked Tom if he wanted the Baseball Committee to get involved and he said let's see if the staff can work this out. He said if this Council wants the Baseball Committee to be involved with these negotiations he has no problem meeting with them if that's the wish of the Council to keep everyone abreast that's fine with him.

COUNCILMAN SHETINA said you guys are more up to date on these things than we certainly are.

COUNCILMAN GIARRANTE said he has been in touch with Tom many times in his office getting updates on this.

COUNCILWOMAN QUILLMAN said as a member of the committee she would like to have regular committee meetings because most of this information was not given to her and as a member of the committee and as a member of this Council who represent taxpayers she thinks we should have regular Baseball Committee meetings so that we know what's going on and everybody knows what's going on not just a couple people meeting behind closed doors.

COUNCILMAN BROPHY said whether or not we actually put the dollars aside for capital items in to reserve, he thinks we should budget for them, we should show them as negative numbers and we should do the same thing with streets and roads. He said all of our assets whether we fund it or not by statute we have obligations to pension funds and such but we ought to at least, by policy, set up our accounting such that we know what we're short on setting aside money for future needs that are going to come up. He said roads are going to break down, capital items are going to need new roof and new seats and whatever it may be. He said so in the least he would like to know that analysis by professional study of what these things do cost, how often they should be replaced and so we know just how short we are, if we're not going to fund it fine, but he wants to know how short we are so that someday should we be able to produce another budget surplus he might have some ideas as to where that surplus may go before we put it into operations.

COUNCILMAN BROPHY stated to Mr. Ferro that he runs a for-profit corporation and we set a fixed rent did we not.

Mr. Ferro said essentially yes.

COUNCILMAN BROPHY said so the business portion of this has every incentive in the world to make a profit because every thing over that rent the surplus is all theirs. He said we're not taking a piece of the action as it goes up, so success is all theirs so they have every incentive in the world and asked if he was wrong.

Mr. Ferro said no, just a technicality there is one item in the lease and he asked Jeff to explain it.

The Corporation Counsel said it's called additional rent which is based on attendance thresholds. He said last year we earned \$13,000 but essentially it's fixed rent.

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COUNCILMAN BROPHY said he would hope that the majority of that surplus is theirs for success and for producing the winning team and winning results. He said he needs some help with some rumors; there's whispering in the ears that this corporate veil was pierced for purposes in other areas, that other investments were invaded here in these books. He asked Mr. Ferro if he could speak to that, it's a private corporation but we have a very public interest in this thing so what can you help us understand and explain about that.

Mr. Ferro said the Jackhammer's are a for-profit organization. He said the Jackhammer's have in the past and may still invest in other businesses or ventures. He said we own a small piece of the Chicago Bandits, a girls fast pitch softball team. He said they made an investment in an entity called the South Coast League two or three years ago where they hoped to begin a new league in the southeast area. He said they invested some funds in to that and he personally loaned money in to the Jackhammer's so they could fund that entity. He said so the investment has been made and the investment is out there, there is no operating funds or expenses coming out of the Jackhammer's organization to the South Coast League, there never was and there never is. He said it was an investment, it's sitting out there and whether it will be successful or not he doesn't know.

COUNCILMAN BROPHY said so no operational costs draining Joliet going somewhere.

Mr. Ferro said no.

COUNCILMAN BROPHY said he appreciates you dispelling that because the rumor mill was chewing it up and doing all sorts of things. He said going forward he just has no idea what we might be looking at here as a landlord to replacing this roof or any other part of it so he would like to know that.

The City Manager said the financial commitment that was made this morning needs to be fulfilled that is probably Step No. 1. He said Step No. 2 is to resume our discussions and to bring back to the Mayor and City Council a proposal for going forward dealing with the 2009 financial situation and then what the future may hold as far as 2010. He said whether that's in the form of the existing lease or a modified lease that's something that still has to be worked out.

COUNCILWOMAN QUILLMAN asked the City Manager how long this is going to take him to finish these negotiations, is there a time frame on it.

The City Manager said he doesn't know.

COUNCILWOMAN QUILLMAN asked how close are we.

The City Manager said he thinks there still a considerable amount of talking that needs to occur. He said he can't report to you that we're close to resolving everything, he thinks a lot depends on a lot of other factors that aren't necessarily part of what we're talking about directly. He said there are some third parties involved and we need to hear from them and he really can't give you a deadline. He said what we talked about this morning though is using October 1st as kind of the jumping off point where there is a lease payment that's due on October 1st and if we don't have our matters resolved then then at that point we need to start going in different directions.

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COUNCILWOMAN QUILLMAN said she for one wants to see this team succeed and she wants them to win because she knows when they were a winning team we were packing those stands. She said she hopes we can resolve this in a timely fashion.

COUNCILMAN GIARRANTE said he needs some direction. He said he asked if this Council wanted the Baseball Committee to sit in these meetings and he never got a response. He said they are going to be extensive and he doesn't have any problem with that. He asked what is your pleasure. He said he knows COUNCILWOMAN QUILLMAN questioned about not having a meeting. He said the Chairman of the committee can call a meeting or two members of a committee can call a meeting and he never had a request to call a meeting so we didn't have any and Tom was doing it. He asked if this Council wants the Baseball Committee to meet and get involved with these negotiations.

COUNCILMAN SHETINA said personally he thinks they should be involved completely into it so we get reports back on a timely basis and if there is a question between Mr. Ferro and Mr. Thanas that we can resolve it or agree to disagree or whatever it is. He said yes, he thinks the committee should be involved.

COUNCILMAN GIARRANTE said if there's no objection than we will.

COUNCILMAN UREMOVIC said he would agree with COUNCILMAN SHETINA completely, they should have been in the meeting all the time, the committee is there to do this, the committee's responsibility should be overseeing this. He said as it says in this letter from Jeff to Mr. Ferro "all significant business decisions required a presentation to the Baseball Committee and approval by the Mayor" and none of this has even gone to the committee. He said nothing is in writing and from now on he would like to see more in writing and go straight to the committee.

COUNCILMAN GIARRANTE said that's fine.

COUNCILMAN SHETINA said he wants to get something clear in his own mind. He said he heard Mr. Thanas allude to it and also Mr. Ferro with respect to some investors who have interceded here and you've talked to investors and he asked who actually has the ability or the authority to make decisions for the team. He asked is it Mr. Ferro or a combination thereof or do you have the hammer to be able to make a decision and speak for the team.

Mr. Ferro said he does, he is the Chairman of the Board so he has the office to make that decision. He said just to clarify he is approximately a 30% owner of the Jackhammer's and there are six other investors with small percentages so he has the authority to make the decisions.

MAYOR SCHULTZ asked where is the check going to be delivered.

The Corporation Counsel said it would probably be best for Mr. Ferro to deliver it to the City Managers office.

Mr. Ferro said we'll exchange the suspension letter with the check.

The Corporation Counsel said sure, that's fine.

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Mr. Ferro said they will have it by Friday and maybe prior to that he will give him a call.

The Corporation Counsel said he'll let the Council know as soon as he knows anything.

MAYOR SCHULTZ said then you will meet after that again.

The Corporation Counsel said that is the intention to set up a series of meetings hopefully with a deadline of October 1st to resolve everything.

MAYOR SCHULTZ asked what do you think this stadium needs.

Mr. Ferro said he thinks that's going to be part of the negotiations. He said in that property assessment condition report that you have there is a whole list. He said as Tom has said some have been taken care of and some we have issues over as to whose responsibility is it and what should be done about it so he thinks that's part of the negotiations.

MAYOR SCHULTZ asked if the Jackhammer's pay for any of them.

Mr. Ferro said we have paid for some that we've talked about, not all. He said we paid for some, we contracted for others and haven't paid yet so we contracted for approximately \$58,000 worth of repairs and we probably still owe half of that. He said we did identify some areas that needed immediate attention prior to the opening of the 2009 season. He said as Tom alluded to there are still areas such as the HVAC systems and insulation problems and other problems we need to address and decide how we're going to handle them going forward. He said that will come in to the negotiations on what does it mean to the 2009 rent payments due and what will it mean going forward in 2010.

COUNCILWOMAN QUILLMAN questioned the article that Tim Placher wrote in the Herald News about how filthy the stadium was for the IHSA and the basic maintenance and asked if they could explain that.

Ms. Kelly Sufka said it was two years ago and it was for when University of St. Francis opened their season and they open in March. She said the week prior to that there was still snow on the ground and the issue with that was their plumbing and the fact that they could not turn water on up above the street level until we know that we aren't going to freeze and that the pipes are going to freeze and break. She said that is a winterization thing that they deal with yearly. She said what they do now is they completely clean the park and bring water out from underneath so they can at least power wash before St. Francis however they aren't able to turn on restrooms until we get closer to our season.

COUNCILWOMAN QUILLMAN asked how does this issue affect the Miracle League which has particularly taken off. She said there are 160 children signed up for the Fall League and it just keeps growing and growing and this is just the second full year.

Mr. Ferro said the Miracle League is a totally separate entity from the Jackhammer's. He said it was an entity founded by his family and is all volunteers. He said the Jackhammer's have not put money into that entity, you have accommodated us to put the stadium there. He said the Miracle League spent \$750,000 on improvements which included the field, concrete, asphalt,

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moving the picnic areas and so on. He said so that is another \$750,000 of leasehold improvements that the City has. He said so what happens in our discussions he doesn't think affects the Miracle League, that is a separate entity and it stands on its own. He said whether we come to an agreement or not come to an agreement he believes that stays.

The City Manager said when he and Mr. Ferro had a fairly heated conversation a couple of weeks ago he indicated to Pete that he would do everything he could possibly could to make sure that we didn't jeopardize the Miracle League and if we disagree as business people and we end up going off in different directions whether it's litigation or whatever the case may be, we would certainly do everything within our power to make sure the Miracle League continues operating the way it is and only getting better because it is a great facility. He said we need to formalize the arrangement, we were probably a little loose a few years ago and we must have given Pete the ok to go ahead and put the improvements in but the current lease doesn't really address the existence of the Miracle League and maybe we need to peel that off and make that the subject of a separate lease so that way from a legal perspective we have clean paper work dealing with the Miracle League so we don't have this issue coming up in our discussions with the Jackhammer's. He said that was something we agreed we would work on, it's not the kind of issue he would want to use in negotiation because he doesn't think that's appropriate because it is a great facility and he knows Jan is a "Buddy" and she's there and sees it first hand how great that facility is.

COUNCILWOMAN QUILLMAN said it's wildly popular and she is so happy that it did come here to Joliet and if you've never been out there to see these kids play ball, just one day will tug at your heart and you'll be volunteering at the door the next day. She said she is glad to hear that and she really wants to see that continue.

Mr. Ferro said it's been a lot of fun and very, very rewarding. He said Tom makes a good point we do need to tighten up and make sure we have paperwork that protects the Miracle League. He said we'll accept some responsibility too, we just haven't gotten together to do that.

COUNCILWOMAN QUILLMAN said she wanted to make that clear to people because there is a lot of people who don't know what the Miracle League is and they see that little ball field and they don't know what it's for so she wanted to get that out in public as well.

Mr. Ferro said opening day is September 12th and they will be playing every Saturday from 8 a.m. to 4 p.m.

COUNCILWOMAN QUILLMAN thanked Mr. Ferro and his family for doing that.

COUNCILMAN SHETINA said one other thing is that he hopes we have a lease agreement that both parties are party to and agree to as a template for us to work from if we're going to go forward on negotiations we all need to know where we're at and if you guys can agree on who's responsibility is who's responsibility that will help us a lot with respect to the committee and us as to what responsibility each party has. He said also with the Miracle League he thinks that needs to be addressed because it sits on our property and there needs to be some language with respect to that.

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The City Manager said we want to make sure we don't have the record be unclear though, we do have a lease and it's a lease that was based upon Jeff's research of many other leases for minor league teams and especially the setting of having a public owned facility leasing to a private minor league baseball team. He said Jeff spent a lot of time putting that lease together and negotiating it with the Jackhammer's management team and we have a very good lease.

COUNCILMAN SHETINA said so it is not in question at all right now.

The City Manager said he thinks for the time that it was negotiated it looked like a great lease. He said now we have some economic challenges and its imposed a hardship on the tenant in meeting the obligations and the question is do we modify that lease. He said a lot of landlords are going through that right now. He said he was willing to come to the City Council with a recommendation for a reduced amount of rent but there were some other issues that side tracked us and as long as those other issues were pending he didn't feel comfortable bringing to you a formal document that would have approved a modification of the 15 year lease that were in year 8 right now. He said we'll work on that issue and if we need a modification we'll bring that to you. He said he certainly knows Pete and his partners would like to see a modification of the lease and that's something that we really need to work on some more to see if there is common ground and if there is we'll bring it to you. He said he just wants to make sure that we do have a lease that is in affect.

COUNCILMAN GIARRANTE asked if we schedule a Baseball Committee meeting and we don't have a quorum can the meeting still go. He said no decisions can be made but there still can be discussion correct.

The Corporation Counsel said that's part of the problem with having business meetings and committee meetings at the same time. He said if you schedule a Baseball Committee meeting and there is a lack of a quorum he would recommend that either no meeting occur or that no committee members participate just so there is no question about the Open Meetings Act whatsoever.

COUNCILMAN GIARRANTE said no committee member participates, in other words a committee member could sit here and listen but not say anything is that what you're saying.

The Corporation Counsel said he doesn't want to get too arbitrary but by the same token he doesn't want to get cute with the rules and bring our actions in to any question at all. He said what he's saying is our committee meetings if they're going to be business meetings with teams the agenda would be the discussion of business and so if there is a failure of a quorum he would not want the one committee member who did show to participate in discussion in any way or interact with the business meeting in any way because that would be the performance of the activities that we're advertised in the meeting notice.

COUNCILMAN GIARRANTE said he thinks that's what he said; the committee member could sit here and listen but not participate, is that what you said?

The Corporation Counsel said that's basically what he said. He said there is no open meeting violation and an elected person observing a City Manager business meeting but in a real world it would be very difficult for a person to just simply observe while other people conduct that business and not interact and it gets risky at that point. He said he doesn't want to play real close to the line with

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an open meetings issue, we either have a committee meeting with a quorum or we don't and if we don't have a quorum let's reschedule or find out in advance if we can even have the meeting. He said we really should handle it that way.

COUNCILMAN SHETINA asked what constitutes a quorum.

The Corporation Counsel said two.

MAYOR SCHULTZ said one thing that is clear, we do have a lease.

The City Manager said yes.

MAYOR SCHULTZ asked when it expires.

The Corporation Counsel said after the 2017 season.

MAYOR SCHULTZ said what the Jackhammer's are trying to do is to make some changes in the lease.

The City Manager said that's correct, the Jackhammer's have made requests to change the funding formula for the rent for the lease.

MAYOR SCHULTZ said you will meet when.

The City Manager said they probably will meet this week. He said we've been able to meet it's just that some meetings end a little earlier than they probably should and we will continue to meet. He said getting together hasn't been a problem it's just that we haven't been able to reach agreement. He said he thinks this meeting has helped and we appreciate your intervention because he thinks it helped send messages to the staff as well as to Pete and his team. He said we'll be meeting this week and we'll have a Baseball Committee meeting so the Baseball Committee can be apprised of some greater detail on some of the issues especially with what's being proposed as far as a future change in the lease.

Ms. Sufka said they do have their final home stand this weekend and invited everyone out for that and all of the festivities all weekend long.

ADJOURNMENT

COUNCILWOMAN GIARRANTE moved that the Council adjourn at 4:40 p.m.

Motion seconded by COUNCILMAN SHETINA.

Motion carried by the following vote:

AYES: COUNCILWOMAN BARBER, COUNCILMEN BROPHY, GIARRANTE,
COUNCILWOMAN QUILLMAN, COUNCILMEN SHETINA, TURK,
UREMOVIC and MAYOR SCHULTZ.

NAYS: NONE.

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ARTHUR SCHULTZ
Mayor

JANET K. TRAVEN
City Clerk

Recorded on Tape