

**PUEBLO CITY-COUNTY LIBRARY DISTRICT BOARD OF TRUSTEES
WORK SESSION MINUTES**

September 16, 2014

I. CALL TO ORDER AND ROLL CALL

Ms. Bregar, President, called the meeting to order at 3:01 p.m. in the Ryals Room on the 4th floor of the Rawlings Library.

Board Members Present: Marlene Bregar, President; Lyndell Gairaud; Roy Miltner; Donna Pickman; Jim Stuart

Board Members Absent: Fredrick Quintana, Vice President; Philip Mancha

Attorney Present: Nicholas Gradisar

Staff Present: Jon Walker, Executive Director; Todd Smith, Information Technology; others not recorded

II. CORRECTIONS OR MODIFICATIONS TO THE AGENDA

Mr. Walker requested that item III.A. be discussed after item III.C. Mr. Walker also requested the addition of item III.G. for an Executive Session for the purpose of negotiations.

III. DISCUSSION ITEMS

A. Agreement Review

(Discussed after III.C.) Ms. Bregar said Nick Gradisar, library legal counsel, will provide an overview of negotiations with public institutions impacted by Pueblo Urban Renewal Tax Increment Financing initiatives.

Mr. Gradisar said at the last meeting Urban Renewal and Tax Increment Financing (TIF) negotiations were discussed. Mr. Gradisar provided a detailed review of presentations and contact made with Pueblo Urban Renewal Authority (PURA) and efforts to reach agreement regarding future urban renewal areas. PURA has a new Chairman of the Board, and the taxing entities have requested an opportunity to work with the PURA Board to resolve the remaining differences in the agreement. The PURA Board has indicated that it would set aside an hour during the PURA Board Retreat in October.

Mr. Gradisar provided a side-by-side review of the issues remaining, and explained the taxing entities' position as well as the arguments from the PURA staff and attorneys. The taxing entities propose an Inter-Governmental Agreement (IGA) or "global agreement" to set forth the rules requiring notice to the taxing entities and good-faith negotiations; however, PURA's position is that the global agreement is unnecessary because each project is unique and may not impact the taxing entities. The taxing entities and PURA have proposed a Cooperation Agreement template where the specific plans, costs and provisions will be specified for each project; however, without the global agreement, there is no means for the taxing entities to determine whether or not they will be impacted. There was discussion that the danger of not having a global agreement is PURA will continue to do business as usual and not bother with the Cooperation Agreement, and the taxing entities would have to fight projects with City Council, turn the matter over to the voters, or take legal action.

There was discussion of the differences between use of the percentage of TIF allocated. PURA's position is it is allocated a percentage of the revenue shared with the taxing entities to cover its administrative expense associated with the project, and the taxing entities' position is that upon commencement of the project and issuance of debt, a percentage of TIF should be allocated to the taxing entity, but prior to that the taxing entity should get all of the TIF except for the amount allocated for administrative expenses to PURA. PURA takes the position that the TIF money belongs to them and not to the taxing entities.

WORK SESSION MINUTES
September 16, 2014 — 2 of 5

Some of the differences are contained in PURA's Cooperation Agreement, but are included in the taxing entities' proposed global agreement.

Ms. Bregar relayed an experience in which PURA expressed that they needed to keep the money for other needs that might occur rather than identifying a need and improvement projects and then setting a budget. There was discussion that when the debt is paid, all taxes should be paid back to the taxing entities, whether it has been 25 years or not. PURA's position is they can retain the TIF whether or not they have incurred any debt, and they can use it for administrative expenses. The taxing entities' position is TIF can only be used for the limited purposes that allowed for the creation of the TIF. *(Mr. Miltner had arrived at this point.)*

Mr. Gradisar then reviewed the Urban Renewal law which allows PURA to be established, allows public bodies to cooperate and enter into agreements, but PURA contends that the public bodies do not have to be involved unless it is going to have an adverse effect. The Urban Renewal laws allows public bodies to appropriate money for Urban Renewal use, and allows the City to levy taxes for Urban Renewal purposes, and PURA is using a vendor fee. The law also provides Urban Renewal plans may not to exceed 25 years.

The TIF amount for PURA should be paid into a special fund of the authority, and it is for a limited purpose. The statute says to "pay principal and indebtedness." Mr. Gradisar said it had not been kept in separate funds, and PURA has loaned money from one urban renewal area to another. Mr. Gradisar understands that they have tightened operations since receiving an audit notice. The statute also provides that when PURA pays off the loans, any remaining money is to be paid to the respective public bodies, even if it is before 25 years, and that has not been happening.

Mr. Gradisar then compared the Urban Renewal statute with the Regional Tourism Authority (RTA) statute. Pueblo received an RTA grant, and the RTA statute is clear that the funds can be used for all of those purposes and specifically includes administrative expenses. There was discussion that PURA receives its funding from TIF, vendor fees, and grants, and the statute does not provide for the funds to be used for administrative expenses.

Mr. Gradisar then turned the discussion to solutions. There was discussion of the need for taxing entities to have a seat at the table when decisions are being made about the community's tax dollars, and there are other examples in the state where this happens; Estes Park voters eliminated its Urban Renewal Authority.

There was discussion of the importance of meeting with the PURA policy makers rather than the staff and attorney, efforts to emphasize the importance of PURA being specific in its planning, and City Council's tendency to side with PURA to take care of projects the City should be doing. Other options include litigation, public pressure, or going to the voters.

Ms. Bregar suggested a positive side is that if PURA can reach agreement with the taxing entities, the Boards of the taxing entities could become ambassadors if PURA will make a plan and share it with the taxing entities. There was discussion that PURA had not been required to do that and claimed that they could not project the amount of money that would be generated, but the RTA has now shown that it can.

There was a question about whether the Library Board members should attend, and Mr. Gradisar encouraged as many as possible to attend. As soon as the PURA Board sets a date for its Retreat, he will let the Board know the date and time. He also expects to meet with representatives of the taxing entities prior to the Retreat.

Ms. Pickman asked how long the taxing entities are going to give PURA to reach an agreement which led to a discussion about the importance of a timeline and alternatives to pursue if an agreement is not reached. Mr. Gradisar has drafted a declaratory judgment action as a possible alternative.

B. Pueblo City-County Library District Board Appointment

Ms. Bregar said she had sent letters notifying the Pueblo County Board of Commissioners and Pueblo City Council of the vacancy approaching at the end of 2014. Dr. Mancha has applied to be

reappointed. Because this is an “even” year, the City Clerk’s Office will handle the Board appointment.

Mr. Walker said Dr. Mancha had provided his application to the Board Secretary who had sent it in to the City Clerk’s Office. There was brief discussion of the timing and process for finalizing an appointment.

C. Greenhorn Valley Community Room

Ms. Bregar said consideration of a possible name for the Greenhorn Valley Community Room will be presented.

Mr. Walker said the Lucero Library and the Giodone Library Community Rooms have been sponsored and namings assigned, but they do not have a sponsor for the Community Room at the Greenhorn Valley Library. Mr. Walker suggested the Board consider approaching Charles Burns for naming the Community Room at the Greenhorn Valley Library.

Mr. Walker reviewed the litigation with Colorado City Improvement Corporation which led to a settlement awarding the library about \$136,000 which was applied to the construction of the Greenhorn Valley Library. Mr. Walker explained that Charles Burns had alerted him about the issue and declined numerous increasing settlements from the other side which led to the final settlement in favor of the library. *(Mr. Gradisar arrived at this point)*

Since there have been no other sponsors for the Community Room, Mr. Walker said his recommendation is that the Trustees consider authorizing him to talk to Mr. Burns to ask if he would be willing to have the Community Room named in his honor.

Ms. Pickman commented that she knows Mr. Burns, and he is a very nice man, but she was not sure how he would respond to the offer. There was additional discussion on precedent for naming a room for reasons other than financial contributions, details of the litigation, and the consensus was to have Mr. Walker contact Mr. Burns to discuss it. Mr. Walker said he will make contact, let the Board know the outcome and request formal naming at that time.

D. New Libraries Capital Construction Budget

Ms. Bregar said Jon Walker, PCCLD Executive Director, would present an update on the new libraries capital construction budget.

Mr. Walker distributed a Budget Summary of the library building projects showing the cost of each of the new libraries. Mr. Walker referred to \$10,847 shown in red and noted it is actually a positive number after all the money raised through COPs and the Foundation.

Mr. Walker reviewed the numbers for each library, noting that the numbers are a little over in some areas due to additional design work, and that overspending will come from the contingency funds, e.g., at the Lucero Library, \$26,843.97 was required for land preparation. Mr. Walker reiterated that this is as of the end of August based on actual revenues and expenses.

Mr. Walker then distributed what is essentially the check register for the budget expenses showing the actual expenses by category. This provides a detailed look at all of the expenses.

Mr. Walker said areas where there have not been a lot of expenditures are Furniture & Fixtures, Shelving, Signage and IT equipment. At this point, in total there is about half of the contingency remaining, and all of that is accounted for. The Board has approved the furniture expenditures, and that is on order and will be rolling in quickly. Signage will be one of the final steps. This does not include books which is included in the operating budget. About \$200,000 was budgeted to purchase opening-day collections for each library. Mr. Walker expects that the total cost of the Giodone Library will be about \$2.1 million, Lucero Library will be about \$2.2 million, and the Greenhorn Valley Library will be about \$2 million. One of the reasons the Greenhorn Valley Library was less is because the land was donated by the Colorado City Metro District. The \$5.7 million budget is expected to be closer to \$6.4 million when operating expenditures are included. Mr. Miltner thanked Mr. Walker for putting this together.

E. New Libraries Completion Schedule

Ms. Bregar said Jon Walker, PCCLD Executive Director, would present a draft of the completion schedule for the new libraries.

Mr. Walker started by sharing recent photographs taken at each of the new libraries. At the Greenhorn Valley Library and the Giodone Library, contractors are painting, finishing floors and getting down to the final steps. The Lucero Library is about a month behind.

Mr. Walker distributed the Completion Schedule that has the best information available as of September 11. Mr. Walker expects the contractor will have substantial completion at the Lucero Library on November 1, the Giodone Library on October 1, and the Greenhorn Valley Library on October 1. In about two weeks, the Greenhorn Valley and Giodone Libraries will be substantially complete from the contractor's perspective. Mr. Walker pointed out that the contractor controls access to the buildings during construction, and at that point they will turn the site over to the library. Mr. Walker said Rick Brake from Houston Construction is working on obtaining the Certificate of Occupancy (CO), and the library may have some access prior to the CO, but he expects the final CO to be issued close to those dates. Mr. Walker provided examples of the preliminary inspections required throughout the process which will lead to the final inspection in order to obtain the CO.

Mr. Walker reviewed a number of other things to be done before the library can open to the public. Furniture has to be put in, the history wall, vending, etc. At the bottom it shows a "soft opening" when the libraries will just open the doors without any fanfare. The Lucero Library is expected to open December 1, Giodone Library on November 10, and the Greenhorn Valley Library on November 3. The soft opening will give staff a chance to test the systems prior to the opening celebrations. Within a few days after the soft opening, the library will hold a formal opening which will be primarily media events. Several days after the formal openings will be the opening celebrations which will be all-day events held on Saturdays so everyone in the community can visit. The opening celebrations will include a lot of promotion to the general public. Midori Clark will manage the publicity and arrangements for media to attend formal openings, and each of the managers will be heavily involved with the opening celebration events.

F. Satellite Agreements

Ms. Bregar said PCCLD plans to continue operation of satellite public library services at the Beulah and Avondale Schools, respectively. A letter agreement to this effect will be presented for consideration.

Mr. Walker distributed revised agreements between PCCLD and Avondale Elementary School and Beulah School of Natural Sciences, noting that Mr. Gradisar had been involved in the preparation of the agreements. Mr. Walker said the library has had agreements in place since 2011 with each of the satellite elementary schools. Part of the agreement talks about a 30-day notice of either institution's intent to terminate the agreement, and the library exercised that with seven elementary schools earlier this year. The two remaining schools, Beulah School of Natural Sciences and Avondale Elementary, have agreements modeled on the agreements that were in place before. It sets forth the relationship.

Mr. Stuart asked if anything had substantially changed, and Mr. Walker said the revisions were minor. There was discussion that the satellite agreements are not as extensive as the agreement with the YMCA but have worked well in the past, and the advantages to the school, library and community.

Mr. Stuart noted that the financial commitment from the library is only 2,000 items. Mr. Walker said the library also provides eight hours of staffing each week as well as some software. The schools provide the computers, and we ask that they abide by the library's rules of conduct, which is different than an elementary school.

Mr. Walker was asked if there were statistics available, and he responded that satellites are included in the statistics. Mr. Walker commented that satellites are not a permanent solution for either of the communities and are considered substandard library service, and as they look at the

strategic plan, there may be better solutions. There was additional discussion that it is better than no service or other examples of rural book exchanges.

Board members agreed this should be added to the September meeting agenda.

G. EXECUTIVE SESSION

Mr. Walker requested that the Board enter into Executive Session for the purpose of negotiations pursuant to C.R.S. 24-6-402(4)(e).

Mr. Stuart made a Motion, seconded by Ms. Gairaud, to enter into Executive Session, and the audience departed at 4:34 p.m.

The public portion of the Board meeting resumed at 4:51 p.m. upon Motion made by Ms. Pickman, seconded by Mr. Stuart.

IV. ADJOURNMENT

Prior to adjournment, Ms. Bregar reminded Trustees that the Regular Board meeting will be on Thursday, September 25, 2014 at 5:30 p.m. at the Library @ the Y located at 3200 Spaulding Avenue in Community Rooms B and C.

There being no further discussion, the Work Session adjourned at 4:52 p.m.

Respectfully submitted,

Jane Carlsen
Secretary