



**Board of Directors Third Quarterly Meeting
July 11, 2012 – 11:30 a.m.**

A. Call to Order

Mr. Stuart called the meeting to order shortly after 11:30 a.m.

B. Roll Call

Board of Directors Attending: Priscilla Lucero, Anthony Nuñez, Gary Parks, R. J. Black Schultz, Jim Stuart, Joyce Vigil, Michael Voute

Others Attending: Jon Walker, Executive Director; Chris Brogan, Chief Financial Officer; Midori Clark, Community Relations Director; Amber Pepin, Fundraising Manager/Grant Writer; Nicholas Gradisar, Library Attorney; Jane Carlsen, Executive Assistant

C. Corrections/Modifications to Agenda for July 11, 2012 Meeting

Mr. Walker asked to add Item L. to discuss the East Side Library.

D. Approval of Minutes of April 11, 2012 Meeting

Mr. Nuñez made a Motion, seconded by Ms. Lucero, to approve the April 11, 2012 Minutes. There being no further discussion, Motion passed unanimously.

E. Finance Report

D&O Coverage: Mr. Voute said they had not been able to use the library's D&O (Directors & Officers liability) coverage without additional cost. They received two bids, and the best offer was provided by the library's carrier at a cost of \$648 per year. Mr. Voute distributed the Nonprofit Professional Liability policy for the Board's review.

Finance Policy: Mr. Voute said PFM Funds provided a boiler plate investment policy, and they had made some minor changes which were distributed for the Board's review. Mr. Voute said the policy provides a framework and allows for adjustments in the future. It is a little early to fill in completely at this point, but provides the framework of the Foundation's investment priorities which are: Safety, Liquidity, and Return. Mr. Stuart suggested giving Board members an opportunity to review the policy and defer adopting the policy until the October Board Meeting. Mr. Stuart suggested Board members share any comments or input they have on the policy with Mr. Voute before the next meeting.

Financial Statement: Mr. Voute distributed the Statement of Revenue & Expense. The investment earnings were \$22.89. It was noted that although the Foundation had collected a little over \$70,000, \$40,000 of that is restricted for use on the library building projects. The only expenditure was for D&O insurance.

Mr. Voute said at the last meeting Mr. Walker suggested coming up with a budget, and he expects to do that after getting into the fundraising phase of the Foundation's work.

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Board of Directors

Jim Stuart, President ★ Anthony Nuñez, Vice President ★ Joyce Vigil, Secretary ★ Michael Voute,
Treasurer

Priscilla Lucero ★ Gary Parks ★ R.J. Black Schultz

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Ms. Lucero made a Motion, seconded by Ms. Vigil, to accept the Statement of Revenue & Expense presented. There being no further discussion, Motion passed unanimously.

F. Introduction of Foundation Officer

Midori Clark introduced Amber Pepin who was selected to fill the Fundraising Manager/Grant Writer position. Ms. Pepin had headed the fundraising and development at the Pueblo Community Health Center. Ms. Pepin described her background and interest in the library and said she appreciated the opportunity to work with the Pueblo Library Foundation.

G. Board Vacancies

Mr. Stuart noted that there remain two vacancies on the Pueblo Library Foundation Board, noting that the Friends of the Library and the Board of Trustees may appoint two members to the Foundation Board, but have only appointed one each. Mr. Stuart said the Foundation will need all the help it can get as it starts fundraising and suggested the Foundation proceed to try to fill those vacancies. After additional discussion, it was suggested that the Library Board of Trustees and the Friends of the Library Board be asked to appoint an additional representative, and if no representatives are forthcoming for the Foundation to make appointments to fill the remaining vacancies.

Mr. Walker pointed out that although the Foundation Board makes the recommendations for membership, the Library Board of Trustees formally approves the appointments to the Pueblo Library Foundation Board. It was also noted that there are two terms expiring at the end of 2012, and the Foundation needs to know if Dr. Black Schultz and Mr. Voute plan to continue for an additional three-year term. Mr. Stuart said the Library Board of Trustees will have to approve those four appointments before the January Foundation Board meeting. Both Mr. Voute and Mr. Stuart will determine whether the Board of Trustees or Friends of the Library wish to appoint an additional representative; if not, Mr. Stuart suggested Foundation members consider potential candidates for the Foundation Board. Those recommendations will be discussed at the October Foundation Board Meeting.

H. Fundraising Strategy

Mr. Voute said at the last meeting the Foundation Board appointed an ad hoc committee to look into how the fundraising campaign would work. Mr. Stuart, Mr. Voute, and Ms. Vigil met with Ms. Clark and Mr. Walker, and Ms. Clark presented the fundraising model used for the Pueblo West Library. Ms. Clark distributed the Benevon Model Overview which can be modified. Ms. Clark reviewed the four steps involved which start with an introductory event to provide guests with information about the organization, a follow-up to get feedback and seek further involvement, followed by an “ask” event, the final step is for them to introduce the organization to others. Ms. Clark said the library produced a video on how libraries change lives and provided information on what the library does, then followed up with those who attended. The third step was when the library asked for donations. Ms. Clark emphasized that these are low-key, inexpensive events. By the time people attend the “ask” event their interest has been cultivated.

Ms. Lucero asked the estimated number to be invited to the initial event, and Ms. Clark said it can be anywhere from 50 to 100. Ms. Clark emphasized that this is usually only a one-hour gathering over lunch or breakfast to talk about what the library is doing and also talk about the new libraries. Ms. Clark said each of the events would be tailored for that particular

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community's library. Ms. Clark said the idea is that through these events you keep filtering, and at the end people will connect to the library and are ready to be asked to give.

Mr. Nuñez asked whether the events were done at the library or brought out to the community. Ms. Clark said they actually did both, one event was held at the Pueblo West High School, another held at the Pueblo West Fire Station which presented a perfect opportunity to demonstrate the importance of having a meeting place for the community.

Mr. Voute emphasized that buy-in from the local community will be important. He also stressed that the Foundation Board will have a major task in doing this.

Ms. Pepin said she had done some research on software packages as the Foundation moves forward in cultivating donors for the new libraries and ultimately to establish an endowment for the library and the importance of continuing to update donors. Ms. Pepin recommended the use of The Raiser's Edge software which is a robust and fully integrated package used by many nonprofits and most universities. Ms. Pepin said the cost is \$18,000 with an additional \$3,000 for annual maintenance, and details about the benefits of the package were discussed to include: detailed notes on donors, reports, invitations, contributions, letters, etc. They will also set up a donation portal that blends with the library's website. Mr. Voute considers this to be a living permanent database which will be used over a long period of time.

Mr. Voute made a Motion to invest the \$18,000 for new software at this point.

Mr. Walker suggested the library district could reallocate a portion of its capital fund to share in the cost of the fundraising software.

Mr. Stuart asked Ms. Pepin about the cost of the other software packages, and Ms. Pepin reviewed some of the lower cost options, but noted that all the functionalities were built into this software. Mr. Stuart asked if it is online, and Ms. Pepin said it is an online system which facilitates remote access at the point of purchase and will not burden the library's system resources. There was additional explanation of the benefits of this particular software package and its ability to reduce the manual work involved in fundraising. Ms. Lucero agreed that it is a comprehensive system that many foundations use.

Mr. Walker pointed out that the Foundation has \$70,000 with \$40,000 designated for the capital projects. Ms. Vigil asked if the Foundation should vote contingent on the library making half the contribution. Ms. Brogan expressed some concern about how to record sharing a fixed asset with Foundation, and after some discussion it was suggested that it might be better for the library to purchase the asset outright, and the Foundation could then make a donation of \$9,000 to the library. Ms. Brogan asked if there is an interface with the library's accounting system, and Ms. Pepin said she would have to look into that.

Mr. Voute then amended his initial Motion, seconded by Dr. Parks, for the Foundation to donate \$9,000 to the library for the purpose of acquiring the software necessary for fundraising. There being no further discussion, Motion passed unanimously.

I. Update on website and other PR matters

Ms. Clark said the website is in progress but is not up yet. It will be available soon at <http://www.pueblolibrary.org/Foundation>, and there should be a new page to show the Foundation soon.

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Ms. Clark also displayed a new page available under News & Events, New Libraries (<http://www.pueblolibrary.org/NewLibraries>). The page has an article Jon Walker wrote about the project to build new libraries, where they will be, and it includes a link to the latest news about the new libraries which was about the Greenhorn Valley land donation.

Mr. Walker said the library will continue to enhance the web page. There was discussion of how the website will eventually provide a link to the fundraising software; however, it will be seamless to the donor. There could also be options for donors to contribute regularly. Ms. Vigil asked how successful online giving is, and Ms. Pepin responded that she does not have data but it depends on the marketing and could eventually reach corporate sponsors. Ms. Clark noted that it is difficult to project because this has never been offered before. Ms. Pepin discussed online credit card payments and how charges would be assessed and kept low.

Ms. Clark also distributed a form for Foundation Board members to complete and return to let her know the telephone number and email address they preferred to use on their Foundation business cards. Ms. Clark said all of the business cards will list the library's address.

J. 501(c)(3) Application Update

Mr. Gradisar said the application was filed on April 16, but he had not heard back from the IRS yet. Doug Gradisar was checking on the status, and Mr. Gradisar had received a text that they had sent a letter, but it has not yet been received. Hopefully by the next meeting there will be something more to report.

K. Enterprise Zone

Mr. Walker provided information on potential wording to encourage contributors to make Enterprise Zone contributions and how the deductions and credits can lower the net cost of the donation. Mr. Walker said the Enterprise Zone is a state tax credit rather than a deduction and any donation of \$250 or more is eligible for the Enterprise Zone tax credit. There are federal deductions that also apply. With the Federal and the state tax credit, the net cost of the donation is reduced at different rates based on the donor's annual income ranges. Mr. Walker said the Enterprise Zone tax credit was a powerful tool in raising funds for the Pueblo West Library. Mr. Walker suggested Foundation Board members keep this in mind as they talk to others. Dr. Black Schultz said they were able to use it and complete a project at the Aircraft Museum. Mr. Voute asked if his previous contribution could be counted as an Enterprise Zone contribution, and Mr. Walker suggested he consult with Ms. Brogan about that.

L. East Side Library Project

Mr. Walker presented a map and discussed the work that had been taking place with the City of Pueblo to identify a site for a library. Mr. Walker said the library's project plan has always assumed the sites would be donated. The Colorado City Metropolitan District gave 4.1 acres for that purpose, and on the St. Charles Mesa there is a deal with a private donor to have 3-4 acres donated as an Enterprise Zone transaction. Mr. Walker reviewed his consultations with the City Manager who identified a site, but City Council felt that site was too close to the Rawlins Library. City Council then instructed Mr. Walker to work with City staff to present possible sites for their consideration. They came up with three possible sites on the East Side.

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Mr. Walker said they are working with Safeway to see if it would be willing to grant a long-term easement to the library for access and use of a portion of Safeway's parking area. The parking area is adjacent to three houses, and the proposal is to procure those properties for the library building. Mr. Walker described some of the City of Pueblo's finance problems, but it does have some money in a fund for the East Side from a gift from Black Hills, some of which had been used, but the proposal at this point is for the City to use that money to procure and use those properties to build a library. The cost estimate for procuring the properties and clearing the sites was about \$100,000 more than the City had available in that fund.

Mr. Walker suggested the Foundation Board consider a commitment of \$50,000 which could be combined with a separate request from the Friends of the Library for another \$50,000, to give the City the additional \$100,000 needed to purchase those properties. Mr. Walker provided a draft letter from the Foundation to the City Manager. The commitment would be contingent on getting the same amount from the Friends and the City's willingness to procure those properties to make the site available to build a library. Mr. Walker said this offer would be valid until the end of August, so the City would need to commit to this right away. This would allow the property to be procured and abated to allow the project to go forward.

There was a lengthy discussion regarding assurances from Safeway to grant the easement, the value of the properties, concerns whether the properties would be suitable, and other contingencies between the sellers, City, Friends and Foundation.

Mr. Walker said he has been in contact with Safeway, and that easement would have to be in place before this could go forward.

Mr. Walker said this site was selected during three community meetings held at Risley Middle School and St. Leanders where they worked toward consensus on a site, and this was the top choice. It is right in the middle of the population area of the East Side, and the site is close to public transportation. The City had used the Tax Assessor's records but had not done actual appraisals of the property. The total value of the properties was estimated to be about \$200,000. In addition, there will be some preparation and demolition which was factored into the total cost of the project. The estimated total cost is about \$390,000 which includes a significant contingency. The City is short about \$100,000, which is why the additional \$100,000 from the Foundation and Friends could help make this option possible. Mr. Walker suggested the library could provide the front money to the City with a separate agreement from the Foundation to raise the money to repay the library's capital reserve fund over five years.

There was additional discussion of the \$50,000 from the Foundation and the same amount from the Friends of the Library. Ms. Lucero said the library would need to have clean title to the property. There was additional discussion about how this should be structured, soil testing, and whether the property owners were willing sellers. Mr. Walker said it would be up to the City to make the deal with the property owners, and they would want to make sure the site could be used to build a library. Mr. Walker suggested additional language to the letter, and he would work with Mr. Gradisar to add the necessary contingency language as well as the Safeway easement contingency, although they may have to adjust the August 30 deadline. Mr. Voute suggested that when the language had been worked out to draft a similar letter from the Friends of the Library.

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Ms. Lucero made a Motion, seconded by Mr. Voute, to make a commitment of \$50,000 to purchase the property for the East Side Library.

Ms. Lucero asked if the library would post that pledge as a liability, and Ms. Brogan said it would.

Mr. Stuart explained this was designed to get the City moving on this. Mr. Voute suggested that rather than getting the Friends to commit the funds to the City, perhaps the Friends should commit the funds to the Foundation. This would remove the contingency from the letter for a like sum from the Friends, and Mr. Voute felt the Friends would be more willing to commit funds to the Foundation than to the City of Pueblo. Mr. Stuart said that would also be more straightforward to the City. Mr. Voute felt confident the Friends would be willing to make a \$50,000 commitment to the Foundation over five years, and the Friends might be able to accelerate the payments.

Ms. Lucero amended her Motion that the Foundation make a commitment to raise \$100,000 to purchase property for the East Side Library, contingent on the City accepting the commitment. The money would be repaid to the library over five years. There being no further discussion, the Motion passed unanimously.

Mr. Voute asked for a copy of the letter of commitment to discuss the proposal with the Friends of the Library Board.

The meeting adjourned at approximately 1:00 p.m.

Respectfully submitted,

Joyce Vigil
Secretary