

PUEBLO CITY-COUNTY LIBRARY DISTRICT BOARD OF TRUSTEES
MINUTES FOR THE REGULAR MEETING
October 27, 2011

I. CALL TO ORDER AND ROLL CALL

Following an Employee Recognition Event, the regular session of the Pueblo City-County Library District Board of Trustees was called to order at the Rawlings Library at approximately 5:30 p.m. by President Jim Stuart.

Board Members Present: Jim Stuart, President; Sherri Baca, Vice President; Marlene Bregar; Rhonda Gonzales; Philip Mancha; Roy Miltner; Frances Terrazas-Alexander

Attorney Present: Nicholas Gradisar

Staff Present: Jon Walker, Executive Director; Chris Brogan, Chief Financial Officer; Charles Hutchins, Information Technology Director; Jane Palmer, Public Services Director; Midori Clark, Community Relations Director; Teresa Valenti, Technical Services and Collection Development Director; Diann Logie, Lamb Library Manager; Richard Tucey, Special Projects Librarian; others not recorded

Others Present: Rob McGee, President RMG Consultants, Inc.; Marty Guerra

II. CORRECTIONS AND MODIFICATIONS TO AGENDA None.

III. APPROVAL OF MINUTES

Mr. Stuart said the Minutes of the Library Board Work Session held on September 13, 2011, and Minutes of the Regular Library Board meeting held on September 22, 2011 were provided to Board members prior to the meeting.

There being no corrections, Ms. Bregar made a Motion, seconded by Dr. Mancha, to approve the Minutes of the Library Board Work Session held on September 13, 2011. The Minutes were approved by unanimous consent.

There being no corrections, Mr. Miltner made a Motion, seconded by Ms. Bregar, to approve the Minutes of the Regular Library Board meeting held on September 22, 2011. The Minutes were approved by unanimous consent.

IV. REPORTS

A. Executive Director Report

Mr. Walker shared two Proclamations from City Council and the Board of County Commissioners. One declared October 1, 2011 as "Center for New Information Technology Day," and the second declared October 1, 2011 as "All Pueblo Reads Day." Mr. Walker concluded that was a very special day for the library.

Mr. Walker also distributed the Preliminary Program for PLA, noting the Board had touched on that at the Work Session. PLA meets every other year, and some of the trustees have attended in the past and found it to be worthwhile.

Finally, Mr. Walker introduced Rob McGee from RMG Consultants, Inc. The library has started a process for RFID and Automated Materials Handling (AMH) which is something

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the library would like to see completed by the end of 2012. The library's collection now has nearly half a million items. This will be a highly competitive project expected to cost over a million dollars, but we believe there will be a return on the investment.

Mr. McGee said he appreciated the opportunity and interest of the Board in this project. Mr. McGee said he has been impressed with the people here because everyone has been working since Monday, and he appreciates the kind of people they appear to be and remarked on the magnificent building. Mr. McGee said this is an incredible achievement and tells him the civic pride and tradition in Pueblo is being well tended.

Mr. McGee said Mr. Walker asked him to share what he has been asked to do. Mr. McGee was selected to do consulting, reporting and analysis of RFID (Radio Frequency Identification) and AMH (Automated Materials Handling). Mr. McGee explained that RFID and AMH are both technologies that have been applied in other industries and have been applied to the library world, and one of the goals is to understand what the return on investment will be. He has met with the project team, walked through each of the library locations and two of the satellites, and talked to people operating those facilities. The staff are counting items and using reports to give him a snapshot of the workload. Mr. McGee said the team will be looking at a draft RFP, and he will be back in November with the goal of getting the RFP ready to ship out to the vendors. The vendors will have 6-8 weeks to get proposals in, and once they see what the vendors propose, there may be a second stage for a best and final offer. Mr. McGee expects they will be able to determine the best supplier by April. The goal will be to get the contract by May. Then the library will begin putting a new tag on each item in the collection which will be a lot of work, but he believes there will be some benefits to the staff and the public. Getting more DVDs available to the public and better self-service are reasonable goals to achieve. Mr. McGee then offered to respond to questions.

Mr. Stuart asked how many vendors will be involved. Mr. McGee said the project team has not talked about to whom they will send the RFP, but there are 6 or 7 active vendors in the marketplace. Mr. Tukey talked with several vendors at ALA to learn about the process which also helped him understand the competitiveness of this. Different vendors have a lot of different features to offer, and there was some discussion of the various advantages that might be available.

Mr. Miltner asked if there are other libraries in Colorado that have this already in place. Mr. Tukey responded there are several including Denver, Pikes Peak, and Boulder was an early adopter, before there were standards, and is now going through a second round.

Mr. Stuart asked about the return on investment and how a value is placed on the customer aspect of improved checkouts. Mr. McGee responded that about half of that will be in self-service checkouts because people tend to like to do things themselves, and he expects the percentage of self-checkouts to rise with RFID because customers will be able to checkout and accomplish other functions more easily. The other thing the library will see is the availability of materials so customers can be notified earlier when holds become available to improve the performance of the library.

Mr. McGee asked Diann Logie to discuss the visit to the Lamb Library and what she sees the benefits will be and how the Lamb Library will be able to work better. Ms. Logie responded that she believes staff will be able to spend more time with the customers and less time behind the desk. Ms. Logie envisions half the workstations behind the desk and the use of mobile stations which will allow staff to mingle with customers more easily as well as allow more time for public programming and visits into the community.

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Dr. Mancha asked about the state of the technology, noting concerns about the early adopter of RFID, and asked whether the library would require an upgrade in another five years. Mr. McGee said the library has done the right thing because the technology has improved and the price of tags has improved, and there have also been some price performance gains. AMH has been nicely adapted for libraries, and there are now companies with proven track records in libraries.

Ms. Baca asked how long Mr. McGee expects it will take from start to finish. Mr. McGee said the project team will be discussing the implementation plan tomorrow, and there will be several phases. The library is in the planning stage now which should be finished in November or December. Mr. McGee expects the procurement phase will be completed by May. Mr. Walker said they have estimated that it will take about 3,000 staff hours to tag the collection as well as some equipment needed to complete the tagging process, and there has been money allocated in the 2012 budget to finish the tagging process in 3-4 months, and he hopes the process is complete by the end of 2012. Mr. Walker added that for the past couple of years the library has been weeding the collection to include eliminating VHS tapes due to low use, so the tagging will be done to a well-weeded collection.

Mr. McGee explained issues with external book drops for AMH that may involve building redesign, and noted that only Pueblo West Library was designed properly for RFID/AMH. There was additional discussion of possible building modifications that may be required to get the full return on investment, and Mr. Walker said there has been some capital money set aside for internal redesign to facilitate AMH, but was not sure it would be sufficient.

Mr. Walker said if they were designing the library today, they would have done things differently, and as they look at building additional libraries they will have that in mind.

Ms. Gonzales asked if there would be RFID for patron library cards as well, and Mr. McGee responded that most libraries in the United States have stayed away from it due to privacy concerns and continue to use barcode library cards.

Mr. Walker thanked Mr. McGee for taking the time to speak with the Board tonight. Mr. Stuart also thanked the project team that worked on preparing for this.

Mr. Stuart also thanked the New Information Technology team for their work in putting together the policy and procedures for checking out the new electronic devices from the library.

Mr. Stuart also expressed appreciation to Midori Clark, Nick Potter and Susan Wolf for the Black Tie Ball. Everyone had a great time, and the middle school students were thrilled. Carl Hiaasen was a great speaker.

Mr. Stuart complimented the people who prepare the monthly report which reflects there are a lot of people doing a lot of work, and the report makes a great historic record of the library.

B. Friends of the Library Report

Mary Simmons introduced herself as the Treasurer for the Friends of the Library and said she would provide a quick overview of the October Friends of the Library meeting.

The Friends heard from the committee that is working on three events. The Annual Dinner in April, where they are in negotiations to get an author who is as popular as last year's author. The Volunteer Lunch when the Friends invite all of the Books Again volunteers for lunch because they are the engine that drives the Friends of the Library. The last is a social gathering for all three Boards—the Friends of the Library, Library Board, and the

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new Foundation Board as well as some library staff. The point of the gathering is to meet one another and to spark a good working relationship between the three boards.

The Friends also heard an update on Books Again, and the Books by the Bag Sale in October was a great success. Sales in the store were about \$6,400, virtually the same as 2009 and 2010. Sales for the year were down slightly from last year, but it is not a big concern. What is a concern is finding a manager for Books Again. Melanie Tappen is stepping down, and the management committee has been stepping up.

A group from the Friends of the Library judged 2,000 scary stories and also signed up to read the next Adventure Story contest. The Friends will be hosting a reception for the winners of the Scary Story Contest on November 3.

The Friends of the Library decided to invest in new membership software with one year of support for a reasonable price. The Friends do have a program, but it is not supported. Membership income is about a quarter of the Friends' total income.

The Friends will start to look for scholarship applications for those pursuing an MLS degree. Ms. Simmons concluded by offering to respond to any questions.

C. Attorney's Report

Mr. Gradisar reported on the Colorado City Improvement Corporation litigation. He has received some initial responses to discovery and is working with the attorney on the adequacy of those. Mr. Gradisar said he will be setting depositions, and the case is proceeding. Ms. Gonzales asked if there is anything alarming at this point, and Mr. Gradisar said there is not. Mr. Stuart asked if there is a sense of how long it might take, and Mr. Gradisar responded it was difficult to predict because they seemed to be hiding some information which sometimes requires the judge to get involved. Mr. Gradisar said it has not been acrimonious, and he is working with opposing counsel.

D. Financial Report

Mr. Stuart said the Board is asked to ratify the September 2011 bills and accept the September 2011 Fund Statements. Chris Brogan, Chief Financial Officer, will provide a synopsis of the Financial Report and will be available to answer any questions.

Ms. Brogan said there is nothing new to report in the Combined Balance Sheet. In the General Fund the target percentage for the end of September is 75%. Property tax was 98% collected, compared with last year at this time when it was 95%. Specific Ownership tax was 66% collected. Fines and miscellaneous sales continued to exceed budget projections. Other categories were somewhat under, but nothing alarming. Contracts and grants percentage collected will increase in October as e-Rate refunds are received. Total revenues at the end of September were 93% collected, which continues to exceed collections at this time last year.

Ms. Brogan said expenses were a little under target at 68% spent. Personnel expenses were 70% spent, employee insurance was 77% spent because it is paid a month in advance. Materials were 60% spent, and Facilities were 69% spent for the entire category. Operating expenditures were 74% spent. The copier lease payment in October will be the final expense except for Community Relations equipment which is still under contract and not included in the replacement bid.

Mr. Stuart asked about Materials only being 60% spent and whether there would be enough time in the budget year to get caught up. Ms. Brogan said she believes it will. Ms. Brogan sent a reminder that they will cut off ordering big-ticket items so those can be

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invoiced this year. Ms. Valenti added that the Materials percentage is already catching up in October.

Information Technology was 71% spent. Ms. Brogan noted that last month she pointed out the need for a correction, and the credit this month reflects that correction for capital assets in this journal entry.

In the Capital Project Fund, there were no revenues. Under expenditures there was \$11,616 spent for BTOP, and the library will be requesting reimbursement. There was also \$9,953 spent for InfoZone expenses.

In the Check Summary Report, Ms. Brogan referred to a payment on page 7 to MSP Master Tenant, LLC which is a payment to Main Street Energy for the energy produced by the photovoltaic panels. Ms. Brogan had done some analysis and determined the library had saved about \$3,000. The library pays 2¢ per kilowatt hour instead of 9¢ per kilowatt hour from Black Hills. The payments to Main Street Energy amount to 3-5% of energy use.

Ms. Brogan pointed out the payment to All Seasons Gourmet Deli & Cat was short for "Catering," and she will be changing that abbreviation. On page 10 there is a payment to the Arapahoe Library Friends Foundation, and Ms. Brogan explained that a program presenter for the library waived her fee and asked that it be paid to the foundation instead. Finally, there were two payments to Roselawn Cemetery which was the cost of engraving the large granite plaque recognizing the All Pueblo Reads authors on the 2nd floor.

Ms. Brogan concluded that the total expenditures for the Board's approval include ACH payments of \$153,551.42, Payables of \$310,188.99, and Payroll of \$276,651.80 with three payrolls in September, for a total of \$740,392.21.

Mr. Stuart asked about a payment to Time Clock Plus, and Ms. Brogan said that was for annual maintenance for the timekeeping system. Mr. Stuart also asked about a payment to Recorded Books for \$10,000, and Ms. Brogan responded that is a subscription. Mr. Stuart asked about a \$300 payment to the Air Force Academy, and Mr. Walker explained that was a refund for a meeting room payment.

Ms. Baca made a Motion, seconded by Ms. Gonzales, that the Board approve the September 2011 bills and accept the September 2011 Fund Statement as contained in the October 27, 2011 Board materials. There being no further discussion, MOTION CARRIED 6-0.

VI. OLD BUSINESS None

VII. NEW BUSINESS

A. Announcements

- ☐ The next regular Work Session is scheduled for Thursday, November 10, at 4:00 p.m. in the Ryals Room at the Rawlings Library. This meeting date was changed at the September Board Meeting and is earlier than normal due to the Thanksgiving holiday.
- ☐ The Library will be closed on Friday, November 11 for Veteran's Day.
- ☐ The next regular Board meeting is scheduled on Thursday, November 17 at 5:30 p.m. at the Barkman Library, 1300 Jerry Murphy Road.
- ☐ The Library Board is invited to set aside Saturday, December 3 for Nesbitt's Library Staff Christmas Party at the River's Edge. Complete information will be forthcoming.

B. Action/Discussion Items

1. Preliminary 2012 Annual Plan and Budget

Mr. Stuart said the Trustees were presented the preliminary 2012 Annual Plan and Budget for the Pueblo City-County Library District on October 14 and initially reviewed the proposed plan and budget at the Work Session on October 18, 2011. The recommended action is that the Trustees consider and discuss the plan and budget presentation, and ask questions as desired. The preliminary budget presentation will be followed by a public hearing on the plan and budget at the November 17 Board meeting. The Trustees will be asked to adopt the 2012 plan and budget, set the mill levy, and appropriate sums of money for the 2012 budget at the December 13 Board meeting.

Mr. Walker said items in the Annual Plan were written largely using a participatory model using input from the Steering Committee, supervisory staff and the Board of Trustees. Mr. Walker reviewed the strategic goals for 2012 which include: increase use of library materials, improve Information Technology, expand services to the underserved, improve funding, and maintain district assets. Mr. Walker invited Board members to ask any questions as he highlights items from the Annual Plan.

Mr. Walker referred to the first item on page 1 to insure the library does the best job of merchandising library materials. In item D on page 2, the library will offer additional e-book and e-audiobook content beginning in 2012, and the library will be using vendors Freading and OverDrive. Mr. Walker said OverDrive has been around for some time, while Freading is relatively new, and the library hopes to be able to offer "hot" titles that customers will be able to checkout online onto their e-reader devices. Ms. Gonzales raised a question about instructions for downloading, and Mr. Walker responded that Freading is more user-friendly; however, there will be instructions and staff assistance available.

Mr. Walker referred to page 3, item G to implement use of Radio Frequency Identification (RFID) and Automated Materials Handling (AMD), and the library is in position to procure the necessary equipment to try to handle the increase in volume. Mr. Walker said circulation in the last ten years has nearly doubled, and 70% of that increase occurred in the last five years, so it is increasing at a more rapid rate. Mr. Walker said now is the time to make that transition, and the Board heard more about those first steps earlier.

On page 4, item K, Improve marketing of library services, which will include making the newsletter available electronically and social networking, and there is an objective to make an effort to video and broadcast library public events and increase advertising.

On page 6, item C, Plan and implement an initiative to digitize items in Special Collections. The library's collection of archival material is located on the 3rd floor, and in 2012 the library will establish a comprehensive program to digitize appropriate portions of that collection to make those available to the community and outside the community. Mr. Walker said the library receives a request for archival material nearly every day because this collection has some following in the region and nationally. As items are digitized, the requests will only increase, and Pueblo's collection has something to contribute to the whole world.

On page 8, item A, Plan for a library on the Eastside, in the 2009 Strategic Plan one of the goals is to have a full-service library on the Eastside. Mr. Walker reviewed the financial plans for the Eastside Library construction and operation, and he expects the

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library to be about the size of Barkman with 7,500 square feet which will be a full-service library open 48 hours per week. The library is working with the City of Pueblo on possible sites for this facility, and Mr. Stuart and Mr. Walker had visited some possible sites on the Eastside. Representatives from the City have indicated a willingness to donate land for the project. In 2012 Mr. Walker expects the library to make a final site determination, hire an architect for building design, hire a contractor and establish a construction fund and begin fundraising, with a goal to break ground in early 2013 and library services commencing in 2014.

Mr. Walker said there are similar plans for a Mesa Library on page 8, item B. The St. Charles Mesa is a loosely defined part of Pueblo County with a population of about 10,000. The Mesa is served by four satellite locations at South Mesa, North Mesa, Vineland and Avondale Elementary Schools. The satellite concept came out of the bookmobile to provide library services to rural areas of Pueblo County. Each of the satellite libraries is open to the general public eight hours a week, but these do not qualify as full-service libraries. Mr. Walker said the 2005 Strategic Plan had established a goal to offer a library on the Mesa by 2010, and in the 2009 Strategic Plan, this area continues to be underserved. According to State Library Standards the library needs to be at least 7,000 square feet. Focus groups were held and there is public interest in a full-service library in this area. Recently, the County Commissioners committed to provide the site for the library located at the former site of the Pueblo Boys' Home, but there is no building on the site today. The 2012 budget and long-range financial plan include considerations of cost to build and operate this library. It will also be a library the size of Barkman, will be open 48 hours a week, and will be a full-service public library. In 2012, they hope to make the final site determination, hire an architect to complete the building program, bring on a contractor and begin fundraising in order to break ground in 2013 and open in 2014.

Mr. Walker said proposing to do the projects simultaneously will result in some cost savings by designing them together, it will not be half the cost, but there are some savings. One idea is to use the same program design for both locations which could reduce architectural design fees which are typically about 8% of the cost. Mr. Walker said he has spoken with an architect, and they will have to adjust the designs based on each building site, and may also vary the exterior faces.

Mr. Walker displayed a map of the Pueblo area showing the locations of each of the libraries, including the proposed new libraries.

Mr. Walker said Greenhorn Valley and Pueblo's North side were also identified for future library branches in both the 2005 and the 2009 Strategic Plans. Mr. Walker said Ms. Brogan will share some ideas for also funding a library in the Greenhorn Valley which are worth considering. Mr. Walker said the completion of libraries for the Eastside, St. Charles Mesa and Colorado City, would represent more than half of the libraries envisioned in the Strategic Plan; the other was on Pueblo's North Side.

Mr. Walker then referred to page 8, item D to move forward to expand Books a la Cart which is really a mini-bookmobile. As part of that, they want to add a wireless hotspot and provide iPad and laptop services. Mr. Walker said they will also continue to look into kiosks.

On page 9, item F, they will be evaluating the Centers for New Information Technology. Since the centers opened on October 1, there have been 323 devices checked out which represents four turnovers for each device in a very short time. There are also 201 holds on those devices with iPads being especially popular. The

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library will use the remaining BTOP funds to purchase additional devices, and there will be a more complete report in December. The library has allocated funds in 2012 to expand the project to other libraries.

Mr. Walker said the Pueblo Library Foundation, on page 9, item A, is being founded now by the Trustees, and 2012 will get it off and running. Ms. Simmons talked about hosting an event to get acquainted with the three Boards, and the Friends of the Library have expressed a desire to support the Foundation. The Black Tie Ball dinner sales will benefit the Foundation, and we have other opportunities for fundraising. The Eastside and Mesa Libraries will give the Foundation an opportunity for target fundraising in 2012, and the library hopes to raise 10% of the funds needed to build the two projects which can be enhanced with fundraising and grant writing. There is interest in supporting those facilities, and the library has allocated funds for a fundraiser or grant writer to support the Foundation.

Mr. Walker said on page 11, item E, there has been support from the employee Steering Committee and management to move from a step system to a pay for performance system to reward high-performing employees. Mr. Walker said they will be working with a consulting firm so it is done carefully and to help with the transition for supervisors and employees.

Mr. Walker then invited Ms. Brogan to discuss the 2012 Budget highlights. Ms. Brogan said copies of the Preliminary 2012 Budget & Annual Plan were distributed to members of the Board of Trustees by e-mail on October 14, 2011, so the budget law requirement to distribute the budget by October 15 was met. Copies are also available on the library's website, and there are extra copies available tonight. Ms. Brogan said this is a preliminary budget that will undergo revision up to the final date of adoption, appropriation and certification of the mill levy at the December Board meeting. The library is required to certify the mill to the county by December 15. A public hearing of the budget is scheduled for Thursday, November 17 during the regularly scheduled Board meeting. Notice of the budget was published in the October 19, 2011 issue of *The Pueblo Chieftain*.

Two funds are budgeted: General Fund and Capital Projects Fund. The General Fund contains all general operating expenses, categorized into five broad sections: personnel, materials and services, facilities, operating, and Information Technology. The Capital Projects Fund contains all capital asset expenditures. Replacement plan capital asset purchases reside here, in addition to new building projects and InfoZone upgrade expenses.

The budget includes a 6% increase in revenues over the 2011 estimated budget in a non-reassessment year. Assessed valuation increases by nearly 10%, and abatements and refunds are included in this budget in the amount of \$26,762, adding .018 mills to the voted mill levy. The assessed valuation increase is due to Xcel Energy coming on to the tax rolls in 2012. Total assessed valuation was reduced by Tax Increment Financing (TIF) allocations equivalent to \$380,842 for this year's revenue. That amount is just under 5% of total revenue. There is a significant decrease in interest earnings over the 2011 budget. Rates for both operational funds and property tax interest earnings were reduced. Contracts and grants decrease by 3% because e-Rate funds will be less than in 2011 due to elimination of the T-1 lines.

Ms. Brogan said there will be an 11% increase in expenditures over the 2011 budget which includes implementation of the Annual Plan objectives. The personnel budget increases by 7% over 2011 estimated expenses, but only 1.3% over the 2011 budget.

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This includes a 2.5% increase to stay current with the pay plan and minimal additional salaries to implement some components of the Annual Plan. Examples are restructuring satellite library staffing, part-time volunteer coordinator, part-time media coordinator for electronic marketing, and additional hours to help with increased work load. This amounts to only 1.6 FTE over 2011. The PERA required contribution stays the same in 2012, and the budget for health insurance increases by 5%. Workers Compensation costs have doubled, due to a high rate of claims, from about \$11,000 to \$26,000. Costs for training have increased, reflective of a commitment to continue to provide opportunities for employees to learn.

The budget for materials and services has an increase of 7% and is included in the calculation throughout the term of the long-range financial plan to continue the objective to maintain materials at 15% of total operating expenditures.

Facilities reflect a 39% increase over 2011, due almost exclusively to the debt service payment including principal payments. Interest only payments were made for the first five years. There is also an increase in the budget to allow for refunding the current debt and additional borrowing of \$3.5 million for capital building projects and RFID. Costs are budgeted in the Capital Project Fund, but debt service is a General Fund expense.

Operating expenditures are up 17% from the 2011 budget due to increases in contract services, community relations and office supplies to support Annual Plan initiatives.

Information Technology reflects a decrease of 3% because of the elimination of T-1 lines, made obsolete by the implementation of the VOIP telephony system.

Ms. Brogan then referred to the Capital Project Fund which includes new buildings, InfoZone upgrades funded through the Rawlings Foundation, and capital asset expenditures which is also known as the Replacement Plan. Revenue in 2012 is anticipated from capital campaign funding of \$234,000 and a modest interest earnings. Expenses include design and beginning construction for two new facilities on the St. Charles Mesa and the Eastside, completion of the InfoZone renovation project, and implementation of several technology projects including RFID, point of sale software for cash management, various items from the Library Replacement Plan, and other requests through the Annual Plan.

Ms. Brogan distributed a set of spreadsheets and said since the 2012 preliminary budget was presented at the Board Work Session, more detailed analysis of the building projects has been done, working with the Financial Projection long-range spreadsheet to determine feasibility of four different options.

Scenario 1 is to build two library buildings at 7,500 square feet, seek additional COP funding to cover all costs of building, design, FF&E (furniture, fixtures & equipment). Ms. Brogan said the fund balance stays significantly above the 20% minimum required by policy, the debt service percentage of revenue remains below the 10% maximum defined by policy, and the annual debt service payment increases to \$734,000 average. In 2020, the fund balance remaining is estimated at \$7,962,275 which is a healthy fund balance. Ms. Brogan referred to row 20, showing Lease purchase (COPs) to show the annual debt service payment. Ms. Brogan also referred to row 48 showing the fund balance as a percentage of operating expenditures, noting that should never drop below 20%. She also referred to row 51 showing the debt service as a percentage of revenue which should never exceed 10%. Mr. Walker pointed out that this scenario shows the library borrowing about \$4.5 million.

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Scenario 2 also builds two library buildings of the same size, but borrows only enough for construction, covering additional expenses from the operating budget. The fund balance and debt service percentages hold, and the annual debt service payment is reduced to \$687,000 average. Ms. Gonzales asked what would be included in the soft costs from the operating budget, and Ms. Brogan explained that would include FF&E, architectural fees, and miscellaneous fees and services to get the building opened. This scenario shows the library borrowing a little more than \$3.7 million. Ms. Gonzales asked if taking the soft costs from the operating budget would impact other services planned. Ms. Brogan referred to cell G-37 showing the amount transferred in and explained that it is split between two years with the bulk of the cost in 2012. FF&E is not needed until right before the building opens. Operating costs such as insurance, utilities, and maintenance have also been factored in as well.

Scenario 3 builds three library buildings of the same size including the Greenhorn Valley Library to show what would happen if one more library was added. The COPs are increased to cover all costs of construction, design, and FF&E which is almost \$6 million. That puts us slightly over the tax-exempt bond limit with \$12 million in outstanding debt, but that could be borrowed in two different years. Ms. Baca said banks will sometimes extend the amortization schedule over an additional five years. Ms. Brogan projects a 2032 pay-off. Ms. Brogan said the debt service percentage holds but comes within 1% of maximum, and the annual debt service payment averages \$845,000.

Mr. Miltner asked if she is proposing in the first scenario borrowing \$4.5 million, \$3.5 million in the second scenario, and \$6 million in the third scenario. Ms. Brogan said even in the third scenario the ending fund balance in 2020 is nearly \$7 million, and the fund balance as a percentage of revenue is good. The only place where it is tight is the debt service as a percentage revenue which gets as high as 9% in some years, and that would limit the library's ability to issue new money in the years ahead.

Scenario 4 also builds three library buildings of the same size, but the soft costs are taken from the operating budget, which still leaves a healthy fund balance. The debt service also looks better at 7% maximum, and the average annual debt service payment averages \$688,000.

Scenarios 1 and 2 build two libraries, and Scenarios 3 and 4 build three libraries. RFID is included in each of the scenarios.

There was additional discussion on the specifics of each of the scenarios. Mr. Miltner noted that this does not anticipate any grants or gifts coming in from the Foundation, and Ms. Brogan said about \$200,000 is anticipated in 2012, but she did not carry that forward although that is another area where the library might be able to raise more. Ms. Gonzales asked about the increase in property tax revenue which goes from 7% to 5% to 2%, and Ms. Brogan said that is based on historic trends, but the 7% in 2012 is known. The 5% is projected because Black Hills Energy comes on, but then it goes down, because that is what it has done historically. Ms. Brogan said she has seen property tax increases as high as 12%, but this is conservative because when she projects out this far, she has to rely on historic trends.

Ms. Brogan noted that this is good timing to do this because the call date for the COPs is December 2012, so that could be done as early as September 2012. There was additional discussion about future interest rates and potential economies of scale in building three libraries and other savings which were estimated to be about 14% less than Pueblo West. Mr. Walker distributed a spreadsheet showing a breakdown of the

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costs for each of the libraries and commented that cost estimates were based on a number of factors. Mr. Walker said he had visited two or three sites, and the cost for the Eastside and Mesa Libraries were based on a construction contractor providing a budgetary estimate. Mr. Walker explained that the Mesa location projects less for site work than the Eastside because the building site requires less foundation work and backfill.

Mr. Walker said he has spoken with Colorado City Metropolitan District Manager who said they will try to identify a building site.

Referring to the cost breakdowns, Mr. Walker said he has extrapolated the estimates for the Eastside and Mesa Libraries to arrive at an estimate for the Greenhorn Valley. Mr. Walker said an owner's representative will be needed to coordinate between the architect, contractor and owner. Having the land donated is important because the cost of land can represent 10-20% of a project. Mr. Walker said the construction costs and FF&E estimates were based on Pueblo West. Using these breakdowns, Mr. Walker estimates the Eastside Library will cost \$1.6 million, the Mesa will cost \$1.3 million, and the Mountain community will cost \$1.5 million in addition to operating costs, utilities, staffing and materials.

Mr. Stuart suggested the Board go over this further at the next Work Session, and suggested a break at approximately 7:30 p.m.

The Board reconvened at 7:45 p.m.

2. Appointment of Auditor

Mr. Stuart said the Local Government Audit Law, C.R.S. 29-1-602 and C.R.S. 29-1-603 requires the governing body of each local government to engage a Colorado licensed Certified Public Accountant to conduct an annual audit of the financial statements of the local government for each fiscal year.

Mr. Stuart said this was discussed at the Work Session, and the recommendation of the Board Audit Committee was to engage Swanhorst & Company to conduct the audit for 2011.

Dr. Mancha made a Motion, seconded by Ms. Gonzales, that the Trustees engage Swanhorst & Company, LLC, Greenwood Village, Colorado, to conduct the annual audit of the financial statements for the fiscal year ending December 31, 2011. There being no further discussion, the MOTION CARRIED 6-0.

3. Photocopier Replacement

Mr. Stuart said the Trustees had reviewed and discussed the bids received for replacement of PCCLD copiers during the October 18 Work Session. Board approval is needed because the replacement cost of photocopiers exceeds \$25,000.

Mr. Walker asked Charles Hutchins to provide some additional evaluation for the Board. Mr. Hutchins provided a brief presentation explaining that he had reviewed the five-year cost projections, explained the use of toner and fusers and the number of copies used for the estimates, and explained how he arrived at the calculations Mr. Hutchins said the recommendation continues to stand to use All Copy Products to purchase ten new Konica Minolta Bizhub C280 copiers at a total cost not to exceed \$47,492.31.

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Dr. Mancha asked why Mr. Hutchins did the re-evaluation, and Mr. Hutchins said there was a vendor concerned about how he had arrived at those estimations, and he had used the numbers stated in the RFP in the calculations.

Mr. Stuart thanked Mr. Hutchins for being so thorough, and it was good that he came to the same conclusion.

Mr. Miltner made a Motion, seconded by Ms. Bregar, that the Trustees approve the recommendation to enter into an agreement with All Copy Products for ten new Konica Minolta Bizhub C280 copiers at a total cost not to exceed \$47,492.31. There being no further discussion, MOTION CARRIED 5-0, with Ms. Baca abstaining not having attended the Work Session in which this was discussed originally.

4. Revision to the Pueblo Library Foundation Articles of Incorporation

Mr. Stuart said the Trustees have reviewed and discussed changes to the Pueblo Library Foundation Articles of Incorporation suggested by attorney Heidi Glance.

Mr. Gradisar referred to the clean copy provided saying these are ready without further changes. Ms. Gonzales asked about the change that had been made, and Mr. Gradisar the only change was an extra word that had been removed.

Dr. Mancha made a Motion, seconded by Ms. Bregar, that the Trustees adopt the changes as recommended at the October 18 Trustee Work Session to the Pueblo Library Foundation Articles of Incorporation.

Mr. Miltner questioned a provision on page 3 which states, "The corporation shall make distributions for each taxable year at such time and in such manner so as not to become subject to the tax imposed by section 4942 of the Code." There had been concern that only a public foundation was required to make distributions, and Mr. Gradisar said if the Code requires a distribution, the foundation will make the distribution, and that provision was necessary.

There being no further discussion, MOTION CARRIED 6-0.

5. Revision to the Pueblo Library Foundation Bylaws

Mr. Stuart said the Trustees have reviewed and discussed changes to the Pueblo Library Foundation Bylaws as suggested by attorney Heidi Glance.

Mr. Gradisar had made the changes discussed and presented a clean copy, and he noted some resulting adjustments to the Table of Contents. On page 10, Section 4.1, Mr. Gradisar also recommended changing the final sentence to read, "Elected officers must be voting directors of the corporation."

On page 13, he noted a spelling error in item (f) to correct the word "acquittances." Dr. Mancha asked what the word means, and Mr. Gradisar said it basically refers to receipts.

Mr. Gradisar referred to page 3 where it addresses disqualified persons, and after discussing this with Heidi Glance, they agreed that it does need to be included.

Mr. Gradisar explained a discussion with Heidi Glance on the issue of the Library Board having veto power, and they came to the conclusion that the Library Board will have the necessary control without impeding the ability of the Foundation Board to take care of fiduciary responsibilities and expectation of finality in its decisions.

Mr. Gradisar said the document presented had incorporated the changes discussed during the Work Session.

Ms. Bregar made a Motion, seconded by Mr. Miltner, that the Trustees adopt the changes recommended at the October 18 Work Session in addition to the changes discussed today to the Pueblo Library Foundation Bylaws. There being no further discussion, MOTION CARRIED 6-0.

6. Pueblo Library Foundation Nomination Process

Mr. Stuart said a committee met to discuss the nomination process for the Pueblo Library Foundation, and Dr. Mancha will discuss the recommendations.

Dr. Mancha reviewed the discussion and thinking of the committee that included Mr. Stuart, Ms. Gonzales, Mr. Walker and Dr. Mancha. The committee identified the skills needed on the Foundation which include legal, fundraising, financial, managerial, organizational, as well as being connected to the community, willingness to give of their time, and an expectation that all members financially contribute to the Foundation within their means.

Dr. Mancha said they reviewed the representatives needed from the Library Board and there was a discussion that one of the Vice President's roles might be to serve on the Foundation Board. Dr. Mancha said the thinking behind that was that understanding how the Foundation works would give the Vice President additional experience and knowledge of the big picture. In the discussion of the Friends of the Library representative on the Foundation, the committee was inclined to accept the nominations from the Friends. Dr. Mancha said the Bylaws provide that the Foundation Board will have 7-9 directors, so if the Library Board and the Friends Board each nominate two representatives, the remaining at-large representatives could range from 3-5.

Dr. Mancha described the selection process for the at-large seats. The Library Board members were asked to suggest names at the next Work Session on November 10 and will discuss potential Foundation Board candidates. The list of candidates will be narrowed down to a short list, and a Trustee will be assigned to approach each of the candidates identified. Board members will then approach the potential candidate, take them to lunch, introduce them to people at the library, and if the candidate submits the application they will be appointed to the Foundation Board with no further interview to make as few hurdles as possible for the candidate.

Dr. Mancha said Board members will come back to the December 6 Work Session to report back on how candidates responded, and the Board may be able to get a sense of how many had returned applications. Board members may have to approach additional candidates if someone declines or wants to wait. Dr. Mancha said at the December 13 Library Board meeting, they hope to be able to approve the Foundation Board. The only thing to decide will be whether each member will serve a 1-, 2- or 3-year term.

Dr. Mancha said Board members will have a packet of information to give the candidates which will include the application, the Library Strategic Plan, the Library Annual Plan, the Foundation Articles of Incorporation and Bylaws, and a one-page prospectus. The prospectus will include fundraising goals, the Foundation mission statement, photographs of current libraries or planned libraries, efforts to build a corpus for the long-term health of the library, and why they should want to serve on the Pueblo Library Foundation Board.

Ms. Gonzales said Board could approve as few as three at-large members if both the Library Board and the Foundation Board each provide two representatives. The

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Library Board does not have to fill all nine seats with the first Foundation Board. Mr. Miltner suggested that the decision could be determined by the quality of the candidates.

There was a discussion whether Board members should speak to the person before suggesting their name. It was explained that it was probably best not to approach the person prior to the November 10 Work Session in case the person is not on the short list so there are no hurt feelings. There was additional discussion and review of the proposed process.

Mr. Stuart pointed out the length of the term really will not matter since the Bylaws provide that they can be reappointed for unlimited terms. Mr. Stuart said the Board may consider where candidates live as part of the discussion, e.g., a representative from Pueblo West; however, he does not foresee having a slot for someone from Pueblo West.

Mr. Walker said this will be added for discussion at the November 10 Work Session.

VII. PUBLIC COMMENT

Marty Guerra had signed in to speak but was no longer in attendance.

Ms. Alexander noted that her term will expire in December and asked if the City and County had been notified of the vacancy. Mr. Walker said both her term and Mr. Stuart's term will expire in December, and the County had posted the vacancy and received three applications.

VIII. ADJOURNMENT There being no further business, the meeting adjourned at 8:39 p.m.

Respectfully submitted,

Jane Carlsen
Secretary