

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

2:00pm, Tuesday, May 18, 2021

The meeting took place via teleconference due to the current COVID-19 public health crisis. An interactive public session with social distancing protocols in place was hosted at the Rawlings Library, 100 E. Abriendo, Pueblo CO

I. CALL TO ORDER AND ROLL CALL

Mr. Quintana called the meeting to order at 2:00 p.m. and asked Rose Jubert to conduct roll call.

Board Members Present: Fredrick Quintana, President
Doreen Martinez
Marlene Bregar
Lyndell Gairaud
Stephanie Garcia
Phil Mancha

Board Members Not Present: Dustin Hodge, Vice President

Attorney Present: Bart Miller, Collins Cockrel & Cole

Staff & Guests Present: Jon Walker, Executive Director
Sherri Baca, Associate Executive Director
Terri Daly, Director of Human Resources
Alexandria Romero, Director of Finance
Amy Nelson, Director of Rawlings & Customer Experience
Jill Kleven, Director of User Services
Nick Potter, Director of Community Relations
Sean Miller, Help Desk Specialist
Rose Jubert, Secretary to the Board
Brent Turner, Vice President of Investment Advisory Services - ColoTrust

II. CORRECTIONS OR MODIFICATIONS TO THE AGENDA

Members of the Board of Trustees or the Executive Director may suggest corrections or modifications to the agenda at this time.

There were no corrections or modifications to the agenda.

III. Discussion Items

1. Pueblo Library Investments (estimated time: 20 minutes)

OVERVIEW: The Trustees heard a report and recommendation regarding Pueblo Library's long-term fund balance.

Alexandria Romero – Ms. Romero introduced Brent Turner, ColoTrust investment banker. Mr. Turner is PCCLD's investment advisor and presented a new investment option that PCCLD was looking to move funds into.

Brent Turner – Mr. Turner shared that the new portfolio name was Edge. As background he shared that PCCLD had been a ColoTrust participant for many years. He said that Edge was a portfolio that was created as a means of providing an additional investment option to help navigate what could be a low interest environment for a longer amount of time.

He stated that the vision was a comprehensive suite of products and Edge was just one more option for PCCLD to consider for its strategic reserves or medium term savings.

He said that ColoTrust was a local government investment pool with approximately 1700 local government participants in the state of Colorado and is only available to local governments. It's been active since 1985 and they currently manage \$11.7 billion in Colorado funds. They only manage public sector dollars and only invest in the money market space, the short term maturities.

He reported that PCCLD participated in ColoTrust Plus+ which was a prime-style fund. Mr. Turner stated that Edge was a new solution that would move beyond the sixty and one hundred and twenty-day weighted average maturity and weighted average life requirements that ColoTrust Plus+ invests under. The reason the ColoTrust board believed it was important to build off of this was that it allowed ColoTrust to move capital and provide a more competitive rate of return.

He reported that there were districts that needed other options to invest dollars so ColoTrust Edge was created.

Mr. Turner pointed out that the purpose for ColoTrust was that it had intermediate liquidity compared to short-term liquidity in both ColoTrust Prime and ColoTrust Plus+. This means that the monies that go into ColoTrust Edge aren't the same monies that would be put into ColoTrust Plus+. ColoTrust Plus+ monies are daily liquid so you can take in out in the day you request it, where in ColoTrust Edge you have to wait 5 business days. This gives the portfolio management team the flexibility and discretion to invest in longer maturity assets.

Stephanie Garcia – Ms. Garcia asked if the funds were FDIC insured?

Brent Turner – Mr. Turner answered by saying no, FDIC was a program for banks and ColoTrust was a local government investment pool not a bank so they could not be FDIC insured. The primary difference between a bank and a local investment pool was the yield, you get a higher rate of return with the local government investment pool.

Jon Walker – Mr. Walker asked Mr. Turner to talk briefly about the onus or burden in terms in what Colorado governments can and can't do in terms of these kinds of holdings.

Brent Turner – Mr. Turner shared that Colorado revised statute 24-75-601.1, the Legal Investments Act or LIA, outlines the investment constraints within which a local government can invest public funds. It also outlines PCCLD's maturities and types of securities that a local government can invest in.

ColoTrust was a local investment pool and an LGIP was a specific type of investment that the LIA permits. He explained that an LGIP had its own asset class in the mind of legislators and regulators. ColoTrust was overseen by the division of securities, the securities commissioner to file quarterly annual reports. They also provide monthly statements online for all participants. He stated that ColoTrust was governed by a board of trustees that's elected from the pool of overall participants and they come from local government. They are governed by local governments.

The investment policies that ColoTrust promulgates they restrict even further, making it more conservative, the types of investments that ColoTrust can invest in as a pool. He said that while LIA permits treasuries up to 5 years, ColoTrust Plus+ can only go up to 1 year. He explained that ColoTrust Edge shifts the portfolio more in line with what the legal investments act would permit overall for maturities, they can't invest in anything PCCLD couldn't invest in on its own. It's pooling the securities with a longer maturity profile than what's currently available in Plus+ in order to provide a more competitive rate of return to participants.

Jon Walker – Mr. Walker shared that they wanted the trustees to understand that as a local government PCCLD was restricted under the LIA with regard to where it can hold its funds. As an example, he explained that they can't put funds in the stock market. He said that the public money was held in conservative and secured investments. He shared that PCCLD only has a few options where funds can be held for any length of time.

Sherri Baca – Ms. Baca added that there were a couple of Colorado revised statutes that apply to local governments. She stated that Mr. Turner had mentioned one of them, LIA, the other was Public Deposit Protection Act. This Act requires PCCLD to use banks that are authorized to hold local government funds. She said that even these banks are not FDIC insured, these banks have to match their own collateral the deposits that are on hand for local governments. She shared that there was another statute that pertained to the Local Government Investment Pools, LGIPs, and that it was duplicated in all 50 states.

Brent Turner – Mr. Turner shared that yes, LGIPs were an investment option for local governments throughout the country. What made them distinct in the investment class was ColoTrust couldn't take new money from a New Mexico school district, New Mexico would set up its own government investment pool. LGIPs are state specific.

Mr. Turner stated that there were 3 local government investment pools in Colorado. They were ColoTrust, CSAFE & CSIP with ColoTrust being the oldest and largest local government investment pool in Colorado.

He shared that PDPA was an over collateralization mandate it was not an insurance program. What banks could over collateralize your deposits with was much more liberal than what the Legal Investments Act would permit.

Mr. Turner spoke about the most important characteristics of the enhanced cash portfolio.

Mr. Turner reported that ColoTrust trustees for the last year and as soon as the Federal Reserve made its last rate cut on March 21, 2020 took the Federal Funds target rate down to zero. If you were investing in an LGIP, a money market mutual fund specifically for governments, the rate of return went down between 4 & 8 basis points which was roughly where we are now. This could be for a long time if the Federal Reserve's dot plot was to be taken at face value. If the interest rate would remain at zero for the next 4-6 years then it was important from the ColoTrust board's perspective that there be other options beyond ColoTrust Plus+ so they could have a more competitive rate of return.

Salient Characteristics of an enhance cash portfolio.

-Variable Net Asset Value

- EDGE establishes a \$10 transactional share price.
"Enhanced cash" returns are more sensitive to interest rate movements and can therefore deviate from a stable NAV, net asset value.

-Weekly Liquidity

- Transaction Date +5 business days.

Mr. Turner said that the above two points are the two salient differentiators from ColoTrust Plus+ with the stable net asset value pool. ColoTrust Edge earned a more competitive rate of return by allowing the net asset value to fluctuate if necessary. Since Edge was established the transactional share price and net asset value have only been 10.00. ColoTrust had the ability if needed for the net asset value to drift to 9.99 or to 10.01. If a higher rate of return was what you wanted and more flexibility you would have to turn some dials. The dials the ColoTrust board decided to turn were the variable net asset value and the weekly liquidity.

-Continued Emphasis on Safety

- Safety remains the primary objective for the enhanced cash strategy.
- Investments are limited to Board policy and C.R.S. 24-75-601.1
- Fundamental credit profile for EDGE is the same as the stable NAV portfolios.

-Reporting & Statements

- Monthly EDGE statements will be available in the Participant Portal.
- Monthly statement will provide the fair value NAV, month's beginning and ending balances, purchases, redemptions, income earned, income earned YTD, and transaction activity summary.

Reporting and statements will be the same as ColoTrust Plus+.

Sherri Baca – Ms. Baca thanked Mr. Turner for his explanation of the longer term investment option that ColoTrust was offering that could pull down a little more yield for PCCLD.

Alexandria Romero – Ms. Romero presented the ColoTrust Edge proposal and the options that PCCLD was asking the Trustees to review and offer up suggestions as to how to proceed.

Ms. Romero shared that there were 3 different options she would present and PCCLD's recommendation for his investment option.

She presented the 3 investment account's average monthly yield.

Ms. Romero reported that PCCLD had investments in all 3 different organizations, as follows:

ColoTrust Plus+	Short term investment	\$13, 605 mill	Middle Yield
CSIP	Short term investment	\$695,675	Lowest Yield

CSAFE Core Longer investment/similar to EDGE \$326,098 Highest Yield

ColoTrust Plus+ monthly average yield – 0.006%
Predicted monthly average yield for ColoTrust Edge – 0.011%

She reported that Edge invested in high-quality, longer-duration securities that produce a higher level of yield, similar to CSAFE Core investment portfolio.

Edge offered weekly liquidity as opposed to daily liquidity with Plus+.

She reported that additional analysis will continue, specifically with our CSIP account.

Sherri Baca- Ms. Baca reported that the CSAFE Core option was already a longer term investment option that is why it had a higher yield. PCCLD moved to CSAFE Core to test out the longer term option because ColoTrust had not yet created Edge. This move took place in December of 2018. She shared that PCCLD should look at CSIP since it had a lower yield. The reason they did not look at it in 2019 was the markets yield curve inverted because of a possible recession. The result of this inverted curve would have been that longer term investments would have had a lower yield than shorter term investments. PCCLD decided not to move the CSIP/shorter term investment into a larger termed investment due to this. Due to the change in economy in 2020 due to Covid-19 the Federal Government lowered interest rates and provided Covid-relief funds to the economy. She said that the economy's back to a normal yield curve so PCCLD felt it was a good time to look at long term investment options for the CSIP investments.

She shared that when she first started ColoTrust visited her in 2015 and there had been talk of a longer termed option, so it had taken 6 years to get to this point. She felt this spoke highly of them and showed they were methodical in their thinking.

Alexandria Romero - Ms. Romero presented the ColoTrust Plus+ sub-accounts as of April 30, 2021.

Account Balances were presented as follows:

Chamberlain	\$3,290
General	\$2,996,326
Capital Operating	\$15,072
Infozone	\$46,364
Building Projects	\$1,338,269
Library Replacements	\$1,503,251
2020 COPS	\$7,115,212
Nesbitt	\$4,478
Reserve	\$583,179

TOTAL Invested in ColoTrust Plus+ \$13,605,441

Proposed amounts to transfer from ColoTrust to Edge are as follows:

There are 3 types of accounts; Operating, Capital Fund Projects and Fund Balance.
All operating accounts would stay in short term options.

Account type	Account	4/30/21 balance	Proposed transfer amount to EDGE
Capital Fund Project	Building Projects	\$1,338,269	\$800,000
Capital Fund Project	Library Replacements	\$1,503,251	\$1,100,000
Capital Fund Project	2020 COPS	\$7,115,212	\$4,000,000
Fund Balance	Nesbitt	\$4,478	\$4,478
Fund Balance	Reserve	\$583,179	\$583,179

She finalized her presentation by asking that the Trustees approve the use of ColoTrust Edge as an investment option for PCCLD, to establish sub-accounts in Edge that correspond with the sub-accounts in ColoTrust Plus +, and to approve the above noted transfers.

Fredrick Quintana – Mr. Quintana stated that ColoTrust had an inherit level of trust in this recommendation. Anytime PCCLD can earn more, he was open to the recommendation.

He stated said that it would be put on the agenda for regular action in the next meeting.

2. Children's Feature Exhibit

OVERVIEW: The Trustees heard a presentation and recommendation regarding design, fabrication and installation of a featured exhibit in the Children's Services area at the Rawlings Library.

Amy Nelson - Ms. Nelson thanked Mr. Quintana and Ms. Bregar for their participation in the review process. She was excited to report they had excellent candidates for this exhibit. She presented the processed to date and the recommendation from the review team.

Project Overview

PCCLD is seeking a company to design, fabricated and install a permanent interactive learning and play-based exhibit.

She shared that the basis of their recommendation was focused around the following 5 components:

- Aesthetics – a visual highlight or feature that draws visitors to the new, renovated space.
- Longevity – will remain beautiful, functional for a long time.
- Inclusivity – sensory-friendly, accessible, bilingual, represents the diversity of our community.
- Community – celebrates Pueblo's unique character.
- Imagination – transformable, multi-purpose, and encourages imaginative play.

6 vendors provided their proposals to PCCLD, they were:

- Proprint
- MDSX
- Unrivaled
- RedBox Workshop
- The Public Works
- TMC Learn Play

The review team used a scoring system to select the top 3 candidates.

The top three candidates were:

- Unrivaled 409 points
- RedBox Workshop 393 points
- TMC Learn and Play 400 points.

Ms. Nelson reported that the top 3 scorers participated in an interview and answered additional questions. Upon completion of that process, each person on the review team had the opportunity to rate and score the candidates and made their top selection.

The top selection results were as follows:

- RedBox Selected by 2 reviewers as their top selection.
- TMC Selected by 1 reviewer as their top selection.
- Unrivaled Selected by 5 reviewers as their top selection.

Ms. Nelson reported that based on the results and on additional feedback from the selection team, Unrivaled was selected as the top choice.

The team would like to recommend Unrivaled to the design, fabrication and installation of the exhibit.

Ms. Nelson provided additional team feedback as to why they felt Unrivaled should be selected.

These discussions included the following points:

- Budget & value engineering - Unrivaled had a very large budget they proposed and it was very detailed. They also had the ability to meet the libraries needs in terms of value engineering. They made it very clear what was included, what wasn't included and options for the future exhibit and any modifications.
- Experience with children's museums, not limited by trends in libraries - They had experience with

children's museums but had not had the opportunity to create an exhibit for a public library. The team saw this as an advantage in that they are not limited by the trends that are normally followed in libraries. Some of the other vendors had the same look and feel that would be experienced in any town USA. Due to their lack of experience in working with libraries, Unrival pushed the boundaries on what was possible and showed a lot of innovation in their design they proposed.

- Collaborative – They had a very collaborative way of working with stakeholders.
- Innovative – Their ideas were out of the box and would provide a unique experience for the community.
- Enthusiastic – Their enthusiasm was over the top and they would be exciting to work with!
- As a side note they do not do a lot of marketing, a lot of their work came from referrals of people they worked with before.
- One-stop-shop. – They do all of their services in house but are open to the idea of working with a local vendor who could provide some aspect of the design or fabrication. They are open to working with facilities on the installation piece.
- Experience with technology – Unrival showed a higher level of experience with technology that would offer a product with a higher level of engagement.
- Ongoing support and warranty - They offer ongoing support of their product with regard to the technology piece and the upkeep. The first year's warranty is completely covered with future options to update the technology that's included.
- Storytelling and community – They had a nice focus on storytelling, which was a key component to early literacy development. The team thought this was a strong piece considering Pueblo's culture and history and felt it would be nice to incorporate some of Pueblo's oral history into the final design.
- Infinite replay value- Each visit would be a new experience.
- Highly inclusive – Multi –sensory, multi-lingual, multi-ability, variety of ages.
- Testing samples done with target age groups.
- Safety-Oriented – Since they had done displays with children's museums they would guarantee a child safe product.

Ms. Nelson provided a brief background on who Unrival was.

-Unrival was a digital + dimensional agency driven to create an inspiring user experience.

-They continually push into new areas. They create things that haven't been done before.

-They were established 20 years ago.

-Located in Ogden, Utah.

Ms. Nelson presented photos of the conceptual design of Unrival's proposal. She described in detail what each age appropriate area would include.

The project timeline was reviewed in detail to include:

- Discovery & Project Brief – a local focus group would be included.
- Conceptual Design
- Detailing & Engineering
- Schematic Design
- Content Creation
- Fabrication
- Installation

Discovery and design work would commence, June 2021.

Installation projected to be completed, Spring 2022.

Budget. Unrival provided a detailed and specific budget for each of the phases of their proposed project that appealed to the review team.

Phase 1 Design \$18,525

Phase 2 Fabrication \$42,923

Phase 3 Installation \$12,465

TOTAL \$73,913 – Below the \$75,000 budget amount.

Reference Checks

PCCLD had conducted reference checks with other groups who had contracted with Unrival. Some of the comments were:

- “We have hired Unrivald for almost every large exhibit design, fabrication and installation over the past 17 years.”
- “One of the many things I love about Unrivald is they are a true partner.”
- “Also, I trust Unrivald 100-percent. They are completely honest. At the end of each project I know we are going to get exactly what we envisioned and payed for.”

Stephanie Garcia – Mr. Garcia had a question with regard to a conceptual slide. She said that there was an area that looked compartmental to her and asked, were those offices or study rooms? Her concern was not being able to see kids if they went into these rooms.

Amy Nelson – Ms. Nelson responded by saying that there would be a central tower to maximize the use of the height in that area. The tower would include areas where they could move in and out of the tower to maximize the ability for people to see inside and to watch their child. Each of the kiosk looking structures would have same ability and be connected with tubs for sound.

Marlene Bregar – Ms. Bregar thanked Amy and her team. She was impressed with how Unrivald tuned into how PCCLD would like for it to look. She was particularly impressed that they were interested in the oral history stories and how excited they were to incorporate them into the display. They initial item she wanted to keep in mind was that she did not want replication, she didn’t want it to mimic the Children’s Museum or other children’s exhibits. She was particularly impressed with the focus on literacy.

Amy Nelson – Amy said that she was impressed with one of the designers and said that as he was creating his conceptual design he pictured himself as a child and what he would want to see and have access to in a library. She felt that a team that thought like that and engaged children to find out how they like everything created by the design team that showed they were really tuned into the right things for the library. They also offered to have PCCLD experience the project prior to installation to see if they had hit all of the marks. This would be done virtually or in person. They had top notch customer service.

Fredrick Quintana – Mr. Quintana asked to have this on the agenda for action at the next meeting.

IX. ADJOURNMENT

Mr. Quintana adjourned the meeting at 3:pm

Prior to closing he asked to have included on the agenda the topic of meeting in person again for trustee meetings.

NOTE: The next regular meeting of the Pueblo City-County Library District Board of Trustees was scheduled to take place beginning at 5:30pm, Thursday, May 27, 2021, via teleconference. An interactive public session would be hosted with social distancing protocols in place at the Rawlings Library, 100 E. Abriendo, Pueblo CO.