

**PUEBLO CITY-COUNTY LIBRARY DISTRICT BOARD OF TRUSTEES
WORK SESSION MINUTES
2:00 p.m., Tuesday, August 18, 2020**

I. CALL TO ORDER AND ROLL CALL

PCCLD facility closures, due to COVID-19, caused the Pueblo City-County Library District Board of Trustees work session meeting to be held via teleconference. Sean Miller, I.T. hosted a public session on-site in the Ryals Room at the Rawlings Library. Jon Walker, Executive Director; Sherri Baca, Associate Executive Director and Gloria Madrill, Board Secretary, attended via teleconference. Other directors and staff attended via teleconference. Doreen Martinez called the meeting to order at 2:02 p.m. Trustees in attendance via teleconference include Marlene Bregar, Lyndell Gairaud, Stephanie Garcia, Dustin Hodge, Doreen Martinez, and Fredrick Quintana. Phil Mancha was not able to attend.

II. CORRECTIONS OR MODIFICATIONS TO THE AGENDA

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

Mr. Quintana asked for the addition of Item F to the agenda regarding the Library Trustee Award for Exemplary Performance.

III. WORK SESSION DISCUSSION ITEMS

A. Legal Counsel

Introduction of PCCLD's new general counsel.

Mr. Walker introduced Mr. Bart Miller as the principal legal counsel for the district from the law firm Collins, Cockrel & Cole. Mr. Miller was asked to join this Work Session but usually will attend just the Regular Meetings. Collins, Cockrel & Cole Law Firm represents a number of library districts around the state. Our district is the largest they represent. Mr. Miller said he looks forward to working with us and please don't hesitate to reach out if you have any questions. Ms. Martinez welcomed Mr. Miller on behalf of the trustees. Mr. Walker reminded the Trustees we worked with the firm (and Mr. Miller) on the ballot measure and he has some familiarity with our district. During this item, Mr. Hodge joined the meeting.

B. Library District Status

An update on PCCLD operations during the ongoing COVID-19 public health emergency.

Mr. Walker provided a recap of the library's COVID-19 response. The library locations closed all locations on March 13 in response to the public health crisis. Phase 1 of the reopening process began towards the end of April when the Governor started loosening restrictions and staff returned to the libraries. Phase 2 of the reopening started on May 4 when we started accepting material in our book drops and provided contactless services through curbside pickup and mail. On June 19, we moved to Phase 3.1 which included limited access to computers. On June 26, we began Phase 3.2 which allowed limited 30-minute browsing sessions. We are now getting ready to proceed with Phase 4.1 after Labor Day. Phase 4.1 would expand us to normal hours of service at all locations. We would also allow patrons one hour browsing sessions instead of 30-minute sessions. Mr. Walker also provided an update on the Columbus Statue situation. The library has been closed the last few Sundays due to safety concerns with the protests and counter protests. Mr. Walker thinks it is calmer than it was

before and we are still monitoring situation. The city is working to mediate a solution for the parties that are in dispute. It is our hope to reopen Rawlings on Sundays in the not too distant future.

Mr. Walker also shared the Colorado Department of Local Affairs has awarded the library district a Coronavirus Relief Fund Grant of \$500,000 to help us offset unforeseen costs (including PPE, cleaning, and additional staff costs). Ms. Martinez added she was happy to hear this news as it will help us keep our budget fiscally and lessen the impact of COVID-19. She and Mr. Walker thanked Ms. Romero and Mr. Potter who worked on the grant.

C. Ten Year Financial Plan

An update of PCCLD's ten year financial plan.

Ms. Romero provided an update on property and specific ownership tax collection. She presented a comparison of 2019 and 2020 tax collection. As of July, we have collected 97.3% of our \$10.8 million budget for property taxes. This time last year we collected 97.7% of our budget so we are on target. Last month Mr. Del Olivas indicated there may be a 1.5% shortfall. He is now projecting a possible 0.5% or 0.75% shortfall. In regards to specific ownership tax, we have collected 53.9% of our \$956,214 budget. In 2019 at this time we collected 56.42%. We are still expecting to hit our budget in that area but the board will continue to be updated. Combined we have collected 93.77% of our property and specific ownership taxes as of the end of July and are short about \$732,000.

Ms. Romero reviewed the preliminary payment structure for the COPs, prepared by Jim Manire from Hilltop Securities. The document includes a schedule of annual lease payments from 2020 through 2035. The column on the right is a combination of the projected 2012 lease refunding and reissuance and series 2020 issuance. Each year it is about the same for the first twelve years at \$1.36 million. Payments in the last three years reduce significantly as they only include the 2020 series repayment and is closer to \$585,000. The document was presented to the underwriter selection committee by the committee's recommended underwriter with the only difference being the payment amount slightly differing.

Ms. Romero then presented the updated Master Facility Plan. The plan has been updated to include the new amounts transferred from general fund to capital fund per year, the balance budgeted for the NEH grant and NEH matching funds, and project costs for the Rawlings Renovation. The transfers from the general to capital fund are foot amounts that will be changed as other pieces of the plan come in place. The NEH has been budgeted for \$250,000 for the NEH grant portion and \$750,000 coming from donations used in the match. In 2020, Mr. Potter raised enough to qualify for the full amount of the NEH grant of \$125,000. Part of that was \$87,500 from the Rawlings Renovation that was put forth for the Master Facilities Plan. These two figures are in the 2020 column and are factual numbers that are no longer estimates since we closed the year with NEH. The numbers in blue are projections at this point and will be adjusted as we submit requests for matching funds to NEH. The building project cost for the Rawlings Renovation figures comes from the draw schedule provided by our architects AndersonMasonDale, LLC. We will be looking at changing general fund transfers so we only have what is in there that will be spent on the master facilities plan.

Lastly, Ms. Romero reviewed the 10-year financial projection. It has been updated to include lease payments from the preliminary payment schedule, the transfers from the general fund to capital project fund each year, and annual projected renovation costs. The lease payments amount come from level payment structure estimates on the preliminary schedule prepared by Jim Manire. These payments amounts will keep the district moving in the positive direction with revenues exceeding expenses in the general fund every year on this schedule. This payment structure is one option for the district. The details on the payment structure are still being studying to find the best option for us. By refinancing the series 2012 COPs the district will save close to \$380,000. They are currently sitting at a coupon

rate of 3.49%. The payment on the schedule is the reissuance of 2012 COPs and new issuance of 2020 COPs. Mr. Quintana asked if she had information on the rates in 2012 compared to this rate. Mr. Walker added we are projecting below 2% on the new refunding and reissue. Ms. Romero said the new payment would include the 2012 and 2020 issuance.

Ms. Romero brought attention to line 54, the unrestricted fund balance as a percentage of expenditures. That line will no longer be highlighted in the future instead we will be looking at line 55 which will be a more accurate representative of the available fund balance. Line 55 is the unassigned fund balance as a percentage of operating expenditures. This balance is a more accurate representation as it does not include funds committed to the library replacement plan and master facility plan. Policy states 20% of annual general operating expenditures must be in the unreserved fund balance. On this schedule the unassigned fund balance stabilizes about 28% and moves up to 30% by 2026. The last row is the debt service percentage of revenue. Per policy the total of all debt carried by the district is not to exceed 10% of the annual revenue at the issuance date of the debt. Technically at the date of issuance the district will be in compliance but in 2021 through 2025 the debt service percentage of revenue does exceed the amount slightly (10.4% for 2023, 10.4% for 2024, and 10.2% for 2025). Since the debt service figures have not been finalized we are not asking the board to take action at this time. We will continue to monitor this percentage and update as we draw closer to the date of issuance. Mr. Walker added operating expenditures remain strong and we are devoting resources to new books and material and funding salaries to be aligned across the board. It is a strong picture for the district and funds the master facilities plan that we are refreshing over a 10-year plan.

D. Rawlings Library Renovation Project

A report on the Rawlings Library Renovation Project, including financing, design, and construction.

Mr. Walker provided a report on the Rawlings Renovation Project. First he reviewed the financial plan. Mr. Jim Manire, with Hilltop Securities, has assisted as our financial advisor. An RFP was issued for underwriters on July 2. Mr. Manire and his team did the scope of the work for the RFP and there were seven responses. A team was put together to review proposals and included library staff and team members from Hilltop Securities. During the evaluation we ended up focusing on three firms that rose above the others in three areas. The three firms were invited to provide additional information. We looked at the number of Colorado COP transactions they have done in the last couple of years. Colorado COPs are unique and experience in that zone was a key differentiator. We also looked at the size of the issuance and also viability of terms of their own financial performance. On average the Stifel issuance was more aligned with our issuance. Stifel started standing out more during the evaluation, primarily because of their experience in Colorado. In addition to having a local office in Pueblo, the staff that Stifel has assigned to this project has quite a bit of experience in Pueblo. They also have a Colorado underwriting desk. The recommendation of the team is for Stifel to be the underwriting firm for our issuance. It is the staff's recommendation that the library trustees consider an action item on the underwriting for the transaction to authorize the executive director to enter an agreement with Stifel based on their proposal being the best-lowest cost proposal to proceed with the underwriting process. Then ultimately the transaction would come back to trustees for a subsequent approval to approve the loan. The interest rates are so desirable at this point (below 2%) it looks like it will be in our best interest to refund our current debt and re issue with our new debt. The final proposal for what will be underwritten will come to back to the trustees at the September or October meeting. We are trying to work diligently and thoughtfully but expedite the deal because of the favorable interest rates. Ms. Garcia asked about the criteria asking for the underwriting firm's stance on a reserve fund. Mr. Walker mentioned that the amount was held as a final payment of the debt that we can't access. Mr. Manire said the debt service reserve fund is a security feature under some market conditions we

find it necessary to support a particular bond rating or attracting more investor interest when selling COPs. In 2012 that is what we faced when we decided to fund a reserve fund. We have moved away from having a reserve requirement especially for organizations like the library with highly rated credit. There is less of an expectation for a reserve requirement. We want to not have a reserve fund for the new financing and access the reserves tied up from 2012 COPs which will be applied to the refinancing. The question was more about opinion and to create dialogue with the underwriting firms. Our objective is to proceed into this transaction without having to borrow the extra amount that would need to be put in a reserve. Mr. Walker added we have \$810,000 of library money we can't access it. It constitutes the last payment of the debt. As an alternative, for a minor fee, we can engage in an insurance policy to insure the debt. Mr. Manire said we will be making that decision concurrently with the new rating we will apply for with Moodys. Ms. Garcia asked about the timeline on when we can lock into those rates. Mr. Manire answered he was hoping we can get the resolution drafted by the bond council firm KutakRock by the September 24 meeting. We would do a parameters and delegation resolution the board would be authorizing Mr. Walker and Ms. Baca to complete the transaction subject to certain financial parameters included the resolution. That way we can get board approval and then enter the market without having to do the bond sale then call a special meeting for board approval. We expect to see a sale mid-October and closing late-October. Ms. Martinez set it as an action item for the next meeting.

Mr. Walker talked about the Construction Manager General Contractor selection process. We have been working very diligently with Rawlings renovation program plan. We have been meeting with AndersonMasonDale and HBM Architects and team of staff. We have been reviewing the program plan for building adopted last year. There are no major changes but we have tweaked the plan. We hope to bring to conclusion the program planning, move to schematic design, design development then construction designs. Mr. Walker reviewed the site plan. We have closed off Bates lane to create a shaded outdoor programming and event area. We are also able to create 15 additional parking spaces closer to the building and a book drop that will go directly in the building. We also created a Mobility Plaza with a new drop off point. We are continuing to watch the budget and staying in the budget allocation. The first floor will be children's area, circulation department, meeting rooms and an exhibit space with the flexibility to convert one of the meeting room to accommodate larger exhibits. The floor will also have a café, public meeting space, technology training areas and maker space. We might have some partnering institutions to fund material in the maker space. The second level did not have a lot of changes from initial design. The level will have the adult and teen collections and public use computing as well as an expanded staff pace. There will also be a children's area and teen space. The Hispanic Resource Center was moved from the second floor to the third floor with Special Collections. There will be an increased area of for local history and vault area as well as a digitalization space. The executive conference room space will be used for office space. The fourth floor will be used for a large public event space to accommodate seating for 300. The InfoZone will become part of this event space. The catering kitchen will be adjacent to a hallway for easier access.

An RFQ was placed for a Construction Manager General Contractor (CMGC) with a due date at the end of July. We received eight proposals. We had a committee with the Andy Nielson the principal architect and a team of staff that scored qualifications of these eight firms. The four most qualified have been invited to make further presentations that include pricing costs and fees. One of the three firms is a local firm the other are in the Colorado Springs and Denver metro area. All four firms are highly qualified. They have done lots of work on public libraries and interior renovation work. The final proposals will include costing and become important criteria. We hope to have a recommendation to the board of trustees to enter into an agreement with top proposing firm. Mr. Quintana asked a question regarding the schedule for interviews. Mr. Walker said yes we have a full schedule and invited any trustee that wants to sit on the meeting to do so. If more than two are interested we would

need to post it as a public meeting. Mr. Walker added that this is a strong design team that knows the building and knows public library buildings. Ms. Martinez set an action for the next meeting for the financing and CMGC choice.

E. Colorado Healthy Families Workplace Act

Terri Daly, Human Resources Director, report on Colorado's new Healthy Families Workplace Act.

Ms. Terri Daly provided a report on the Colorado Healthy Families Workplace Act (HFWA). The act was signed on July 14, 2020 and will be effective January 1, 2021. Employers must offer one hour of paid sick and safety time for every 30 hours an employee works. Paid Sick Leave is capped at 48 hours accrued and used in a 12 month period. The sick leave does not need to be paid out when an employee leaves the organization. If an employee is rehired within a six-month period the accrued sick leave must be reinstated. Notification to employees is required in the form of a Labor poster provided by the Colorado Department of Labor and Employment. With the new Act, we will be revising the PCCLD Sick Leave Policy 02.06.04 and notifying employees through a posting. All PCCLD employees with standard hours over 20 already meet the requirement for paid sick leave under the new Act. Employees who have standard weekly hours fewer than 20, including Substitutes, will begin earning paid sick leave on January 1, 2021 based on hours worked.

The reasons for paid sick leave use are pretty standard but a few items were highlighted. Sick leave can be used for abuse victim care or related legal services with regard to sexual assault or other domestic abuse. It may also be used for mental or physical illness. These will need to be included in the policy revision. The act also requires all employers in Colorado, upon declaration of a public health emergency, to supplement each employee's accrued paid sick leave. Much like we done for FFCRA passed earlier this year. Employees who normally work 40 or more hours per week receive 80 hours of additional paid sick leave. Employees who normally work fewer than 40 hours per week receive additional leave the number of hours they are scheduled to work in a 14-day period or the average time they work in a 14-day period whichever is greater. Also an employee may use the supplemental sick leave until four weeks after the suspension of the public health emergency. In conjunction with HFWA the State of Colorado passed the Public Health Emergency Whistleblower Law. The act will be effective January 1 so we are currently revising the sick leave policy to be in compliance. Mr. Walker added the revised policy may be ready as early as September. We would like to present to board for approval prior to next year.

F. Item F Library Trustee Award for Exemplary Performance

Ms. Martinez was not able to stay for this portion of the meeting. Mr. Quintana brought a recommendation for consideration regarding the Library Trustee Award for Exemplary Performance. It is awarded to those whose work goes above normal job performance and recognized as a model of excellence. Throughout this health crisis the library team has faced challenges head on and has done everything in our power to keep the library open and functioning for our community. On these grounds we would like to recognize the performance of each of our staff members. Mr. Quintana added although he hasn't made a written recommendation he would like to submit one if the board is willing to consider supporting the recommendation. He envisions the board nominating the staff as a whole and each person receiving a certificate of appreciation. Ms. Gairaud, Ms. Bregar and Ms. Garcia expressed support of the recommendation. The board was going to research if any small monetary item would be allowed for this recognition as well.

IV. ADJOURNMENT

Reminder: The Regular Board Meeting will be held at 5:30pm on Thursday, August 27, 2020, via teleconference with an interactive public session abiding by social distancing guidelines hosted in the Ryals Room at the Rawlings Library.

Ms. Garcia adjourned the meeting at 3:36 p.m.

Total meeting time: 1 hour, 35 minutes