

**WEBER COUNTY LIBRARY
BOARD OF TRUSTEES
MINUTES**

Date: September 3, 2013

Board Members
in Attendance: Marie Irvine, Chair
Kathleen Herndon
Eric Jacobson
Scott Spencer
Spencer Stokes
Tom Taylor
Jan Zogmaister, Commissioner

Others in
Attendance: Mathew Bell, Commissioner
Dan Olson, Comptroller
Lynnda Wangsgard, Director
Karen Burton, Associate Director
Scott Jones, Assistant Director
Julia Valle, Business Office Manager
Monette Hurtado, Legal Counsel
Holly Bauman, Development Board
Evelyn Bertilson, Friends of the Library
Prescott Muir, Prescott Muir Architects
Jay Lems, Prescott Muir Architects
Holin Williams, Commission Office

Call to Order and Approval of Minutes:

Irvine called the meeting to order at 5:00 p.m.

Jacobson moved acceptance of the August 20, 2013 meeting minutes as mailed. Taylor seconded the motion. There being no discussion, the minutes were approved by voice vote.

Director's Report and Discussion:

Jones presented an overview of a Web design plan to inform the public concerning progress on Library capital projects. Outlined on a two-page handout, the update included a timetable and pages for each of the four projects: Southwest Branch/Headquarters, Ogden Valley Branch parking, Main Library renovation, and the North Branch remodel. When populated, the pages will contain budget information, updates, and pictures detailing progress on each project. Board members discussed and made suggestions for other critical or interesting details that could be included.

Bond Financing:

Dan Olsen, Weber County Comptroller, represented work being done by the County Finance Committee in presenting an overview of government bonds and a Library capital plan cost.

Olsen detailed the advantages of general obligation (GO) bonds, which are the least expensive in the long-run, but noted they are also the least used form of governmental bonding because they require a public vote. The County issued \$25,000,000 in GO bonds during 1998, which have an outstanding balance of \$8,410,000. These Jail bonds will be paid in full January 15, 2018.

Revenue bonds, Olsen continued, do not require a vote of the public and there are many different types. Revenue bonds are more expensive, relative to GO bonds, because they are secured by a particular revenue stream rather than the full faith and credit of property owners.

Lease revenue bonds are issued by a municipal building authority (MBA), and a governmental or other entity pays rent as the repayment revenue source. The buildings are pledged as security for the bondholders. Between 1994 and 1997, \$37,780,000 in lease revenue bonds were sold to construct the Weber Center and Ogden Eccles Conference Center.

Olsen concluded his explanation of the various types of government bonds by noting that sales tax revenue bonds do not pledge buildings as security for bondholders, rather sales tax is pledged as a source of repayment. Sales tax revenue bonds were issued for the landfill gas project (\$4,835,000), Health Department Building (\$3,990,000), Pleasant Valley Library (\$6,950,000), Animal Shelter expansion (\$2,560,000), and the Ice Sheet expansion (\$4,935,000).

The Board reviewed the overall debt structure of the County and constraints on the ability to issue bonds, including ratings by groups such as Standard and Poor's, the Internal Revenue Service (IRS) arbitrage regulations, and market conditions. Weber County enjoys a Standard & Poor's AAA bond rating for sales tax revenue bonds, and a Aa2 rating for general obligation bonds. These excellent ratings will help keep the interest costs low for County projects. IRS regulations require proceeds from bond sales be utilized within 36 months. Interest earned in excess of interest paid during the spend-down period must be turned over to the IRS if the County does not spend 100% of the bond proceeds within established spend-down benchmarks. During construction of the Pleasant Valley Branch in 2006, \$90,000 in excess interest earned was paid to the IRS because the County did not meet the first six-month spend-down benchmark.

Market conditions are currently fluctuating with interest rates going up over 1% since May 2013, causing investors to begin pulling out of the bond market to avoid losses. Whether interest rates will continue to climb, or dip, between now and spring 2014 is impossible to predict.

When the public approved Library bonds, during June 2013, the tax to be levied for repayment on an average home valued at \$161,000 was estimated at \$31.50 per year, representing a \$13.50 increase and an extension of the Jail tax at \$18.00 per year. With the current increase in interest rates, the estimated total tax due on an average home will be \$34.40, or an additional \$2.90 per year.

Timing for issuance of the bonds was projected to begin in spring 2014 with a \$30,000,000 issuance, followed during the fall of 2015 with another issue of \$15,000,000, totaling \$45,000,000. This plan was predicated on a spreadsheet prepared by Library staff detailing planned, monthly expenditures over a five-year period.

Olsen concluded with a graphic of where property tax dollars go, illustrating Weber County receives approximately 22% of all property taxes collected. Redevelopment districts receive 9%; school districts 42%; cities & towns, 10%; water and sewer districts, 11%; and other districts 6%.

General discussion included questions from the Board on a number of issues and clarification of the possible impact of interest increases, or decreases, between the present time and when the Library bonds are sold. It was noted that fluctuating interest rates are always part of the bonding process, and possible adjustments to the amount due from each property owner were disclosed when the \$45,000,000 bond was proposed.

Steps were being taken to help mitigate increasing interest costs. For example, the spend-down schedule was being moved forward in time, and the Headquarters Library and renovation of the Main Library will proceed simultaneously, taking advantage of economy of scale and the expertise of two architectural firms. Moving the schedules forward has the advantage of paying for architectural services while interest rates are at their lowest levels. Adjustments were constantly being made in building plans to ensure they come in on budget.

Olsen encouraged Board members to contact him directly if they have additional questions or concerns.

2014 Budget Submission:

The 2014 proposed budget summary was presented for the Board's consideration. The summary included revenue and expense projections at a no growth budget rate and at 1% and 3% reductions over the 2013 budget. Also included was a full service budget as recommended by the Library administration team. The difference between the no growth budget and the full service budget was only \$4,208, all taken for employee training. The 1% reduction of \$85,810 was taken from the books and materials line item, and the 3% reduction contained an additional cut of \$5,000 in training funds, \$3,000 cut in postage for public programs, \$4,000 in special supplies for children's literacy programs, and \$257,429 in books and materials.

Wangsgard noted the budget had been scrubbed to get within \$4,000 of the 2013 allocation, especially since \$200,000 had been allocated for collection upgrades for the new and renovated libraries. The cost of the materials, along with expense for cataloging and processing the items, had been positioned within the administrative team's full service budget.

A spreadsheet detailing line item expenses by cost center was also distributed. This spreadsheet disclosed items in those line items where there was an increase requested over that authorized for the current year. This was the second presentation of the proposed budget, the first rendering of those line items over which the County directs costs; e.g., employee benefits, cost-of-living-adjustments, insurance, and administrative fees.

After review, Stokes moved and Herndon seconded direction to the Library administration to adopt the budget as presented and directed submission according to the County Comptroller. The motion was approved by voice vote with Zogmaister abstaining as she will vote on the Department budget when it is considered as a part of the overall County budget plan.

Ogden Valley Branch Parking Project Update:

Muir reviewed plans for on-street parking at Ogden Valley Branch. The Huntsville Town Planning Commission had approved the plan presented to the Board during their August meeting with two exceptions.

1. A surface retention basin on the north end of the eastside street parking was to be replaced with an underground detention basin.
2. Curb and gutter on the south end of this eastside parking was to be eliminated. It was noted that this section of curb and gutter was not a portion of the plan that was to be paid for with Library funds, so the elimination of this portion of the project would not affect the Library budget.

Wangsgard will attend the September 5, 2013 meeting of the Town Board to seek their final approval of the plan.

Headquarters Building Update:

Lems reviewed the Southwest Branch/Headquarters building site plan, addressing issues raised by the Board during their previous meeting. The architectural team was recommending the building be moved several feet eastward, and that staff parking be located along the shared property line with the neighboring school. The loading dock area had been reordered and downsized, making it unnecessary for a large truck to back into the delivery space. A second delivery door was added to accommodate drop-off by small vehicles such as UPS and the USPS.

A change in the fence between the two neighbors was proposed to accommodate an opening, allowing children to cross to library property via a gated crosswalk. An entrance will be located on the south side of the library to accommodate easy entry.

Adjustments in space relationships and workflow were still being considered on the west side of the main level and on the support services mezzanine. They were expected to be resolved within the next ten days, at which time the schematic design of the building will be undertaken. At the Board's request, Lems detailed some of the work that will be done during this phase including energy modeling; design of heating, ventilation, and air conditioning (HVAC); lighting; and other building support systems.

Muir and Lems were thanked for their work in effectively addressing the concerns raised during the August meeting.

Other:

There being no further business, Stokes moved and Spencer seconded a motion that the meeting be adjourned at 6:45 p.m. All present voted "aye."


Respectfully Submitted: Julia Valle