



Minutes of the meeting of the
Elbert County Library District
Board of Trustees

Monday, December 8, 2014

The Board of Trustees of the Elbert County Library District met at a special meeting in the Elizabeth Library, 651 W Beverly Street, Elizabeth, CO 80107.

Board Members Present: Karen Suchan, Ron Vermillion, Susan St Vincent, Jill Duvall, and Suzanne O'Neill

Staff Members Present: Kari May, Jan Gabehart, Sue Dischner, and Tim Miller

Guests: Rick Brown; Barb Winkler and Mike Hardy, Hutchinson, Shockey, Erley & Co.; Erick Stowe, bond counsel, Becker Stowe Partners, LLC; Kim Seter and Elizabeth Dauer, legal counsel, Seter & Vander Wall, P. C.; Derek Peters, CoBiz Public Finance, Inc.

President Susan St Vincent called the meeting to order at 6:02 pm.

The following corrections were made to the agenda:

- Remove approval of the November 25, 2014 minutes
- Add Foundation Report
- Reorder the agenda to address Resolution to Refinance first

Decision Item

Ms. May summarized the current lease obligation and turned the presentation over to Mike Hardy and Barb Winkler to describe the terms of the refinance.

The current lease is a 15-year lease that expires in 2024. With the refinance, the lease is a 20-year lease, set to expire in 2034. The new annual payment is \$69,000, a savings of \$36,000. Along with the \$51,000 saved by not make our second payment in 2014 the refinance helps boost our cash flow, which is the primary reason for refinancing the lease. In recent years, the sale of buildings on Main Street helped with cash flow, but we do not have any more assets to sell.

Hutchinson, Shockey, Erley & Co (HSE) shopped around with several banks, and CoBiz Bank is the only one who responded at this time. Reasons explained for the low level of interest are that it is a small amount; initially there was some concern about our financials and reserves; and that not many banks are doing business with non-taxable bonds. Mr. Peters stated that his bank spent some time reviewing the data to become comfortable with our financial situation and with refinancing the lease.

Ms. May had shared preliminary numbers with another bank last week, and the Board inquired about that option. Unfortunately, that bank was unable to confirm final details that would allow them to refinance our obligation.

One of the requirements of the refinance is to maintain a \$150,000 minimum general fund balance. Mr. Peters clarified that this is not a separate fund balance and includes the minimum 3% that we are required to set aside for TABOR. The reason behind this requirement is to give the District time to work directly with the bank if either party sees some issues with the finances that need to be addressed before the District might default on a payment.

The 7-year balloon means that we will need to refinance the lease in seven years, and CoBiz will refi if we choose to stay with them, but we do have the opportunity to shop around at that time. The payoff balance in 7 years would be approximately \$748,000. The Board expressed a concern that interest rates will be higher in seven years. Mr. Peters stated that if the rates are close to the same rate, they would refinance at the same rate. This first seven years gives both parties an opportunity to build a strong relationship. Maintaining a good track record will also decrease our risk rate. Mr. Peters expressed that the bank wants our loan and plans to keep it until it is paid off. The District can pay off the amount in full after five years without any penalty.

The Board inquired about option to sublease the back space of the Elizabeth Library. The easiest use would be to another governmental entity. Renting to a non-profit would require a TEFRA (referring to the Taxing Entity Fiscal Responsibility Act of 1984) hearing and converting the lease to qualified C3 bonds. An extra step that is easily done. If the District wants to rent to a for-profit business, then we would refinance the portion of the building they would occupy and issue a taxable bond for that portion.

The interest rate on our current obligation is 3.1%; the interest rate of the new, 20-year lease is 3.627%, which adds approximately \$150,000 to the payments the District will make over the life of the obligation.

The Board asked about the clause in the contract that allows the right to assign the lease. The first thing that happens at closing is that HSE assigns the lease to CoBiz Bank, who then internally assigns it to their tax-exempt division. They do have the right to assign the lease, but Mr. Peters stated that to date, he is not aware of any loans they have assigned, and that it is their intention to hold the lease until maturity, a statement that Mr. Peters will be signing at closing.

The Board agreed that they are happy to be keeping business in Colorado. In the near future, Mr. Peters would like to meet with staff to explore opportunities for taking care of other banking needs. Ms. May will schedule a meeting with Mr. Peters early in 2015.

There being no further discussion, Ms. Suchan moved and Mr. Vermillion seconded that the District adopt the Resolution to Refinance the Lease Obligation on property at 651 W Beverly Street. The motion passed, 5-0.

Treasurer's Report: Mr. Vermillion moved and Ms. Suchan seconded to approve check register #14153-1416. Motion Passed. This being the final meeting of the board in 2014, the year-end checks and payroll will be ratified at the January 2015 Board meeting.

Public Input: Rick Brown introduced himself and stated his interest in serving on the Library Board. This led to a brief discussion about the appointment process and the role of the Elbert County Board of County Commissioners, which is to ratify the selection that the Library Board recommends to them.

Foundation Report:

Ms. O'Neill shared a sample donor recognition plaque that she and Board member Laura Kissinger created. The intention is to hang the plaque in each branch library and to update it annually. The list includes both personal and business donations. The Foundation Board purchased a mailing list for this

year's annual fund drive, and the responses have been low. Tuesday, Dec 9 is Colorado Gives Day, and this year is the first year that Pines & Plains Libraries Foundation is participating. Ms. May clarified that, while the Colorado Gives website indicates that donations made through them may be eligible for a tax credit, our Enterprise Zone is not set up so that we can take advantage of the tax credit if payment is made through Colorado Gives.

Trustee Items

Discussion Item

MSEC Salary Compensation Survey

Ms. May distributed the executive summary report for the compensation survey and reviewed it with the board.

Ms. Suchan made a motion to convene executive session at 8:13 pm: Pursuant to section 24-6-402(4) of the Colorado Revised Statutes, I move that this regular public meeting of the Board of Elbert County Library District adjourn and that, upon an affirmative vote of at least two-thirds of the members present for this motion, the Board reconvene in executive session for the sole purpose of discussing personnel matters and developing negotiating positions as authorized by 24-6-402(4)(e)(f). Ms. Duvall seconded and the motion carried.

An executive session meeting of the Board of Elbert County Library District convened at 8:13 pm on December 8, 2014 for the purpose of discussing personnel matters and developing negotiating positions as authorized by 24-6-402(4)(e)(f). Attending were Kari May, Director; Susan St. Vincent, Trustee; Karen Suchan, Trustee; Jill Duvall, Trustee; Suzanne O'Neill, Trustee; Ron Vermillion, Trustee; Kim Seter, attorney; Elizabeth Dauer, attorney. During the executive session the board discussed personnel matters and developing negotiating positions. The Board did not adopt any policy, position, resolution, rule, regulation or take any formal action.

Ms. May left the executive session at 8:40 pm.

Ms. Suchan made a motion to end executive session, Ms. Duvall seconded and the motion carried. The executive session meeting was adjourned at 9:20 pm, and the Board reconvened in regular session.

Ms. Suchan moved to bring all staff positions below the minimum up to the minimum of their salary grade, as presented in the MSEC Salary Compensation Study. The rest of the money allocated for staff pay increases in 2015 will be allocated to those staff in grades 9-12 who fall below the midpoint of their range, and distributed among those staff on a percentage basis. Mr. Vermillion seconded the motion, and the motion carried.

Trustee Item

Decision Item

Approve 2015 Budget

A public hearing was called to order at 9:26 pm. There being no public comments, the hearing closed at 9:27 pm.

Ms. Suchan moved and Mr. Vermillion seconded a motion to approve the 2015 Budget Resolution. The motion passed 5-0.

Other Business

Ms. O'Neill added to the Foundation report that the Foundation Board has prepared a set of four questions for Foundation and District Board members to ask to engage people in the community and get a better understanding of how people view the libraries. Ms. May will forward a copy of the questions to the Board.

Adjournment

There being no further business, Ms. Suchan moved and Ms. O'Neill seconded to adjourn the meeting at 9:29 pm. Motion Passed.

The next meeting will be Wednesday, January 28, 2015 at the Elizabeth Library at 6:00pm.

Minutes prepared by
Kari May