

South Central Library System Board of Trustees Minutes
1/27/2022, 12:15 p.m.
Chester Room
4610 S. Biltmore Lane, Suite 101, Madison, WI 53718
Meeting held remotely via BlueJeans & in person

Action Items:

Approved the Revised SCLS Board Bylaws

Approved the increased budget for building project

Approved applying for \$1 million in funds from BCPL for increased new building budget and that SCLS will use only what is needed

Present: N. Brien, B. Clendenning, P. Cox, S. Elwell, S. Feith, N. Foth, M. Furgal, J. Healy-Plotkin, J. Honl, N. Long, M. Nelson, R. Nelson, G. Poulson, T. Walske, K. Williams

Excused:

Absent:

Recorder: H. Moe

SCLS Staff Present: M. Van Pelt, K. Goeden

Guests: Jody Hoesly, SCLS; Devin Flanigan, Keller, Inc.

Call to Order: 12:15 p.m. J. Healy-Plotkin, President

- a. Introduction of guests/visitors: The board thanked Jody Hoesly for her service to SCLS and wished her the best in retirement. D. Flanigan, Keller Inc. was also introduced.
- b. Changes/additions to the agenda: None
- c. Requests to address the Board: None

Approval of previous meeting minutes: 12/17/2021

- a. Motion: K. Williams moved approval of the 11/19/2021 minutes. M. Furgal seconded.
- b. Changes or corrections: None
- c. Vote: Motion carried.

Financial Statements: K. Goeden provided an overview of the year-end financial statements. R. Nelson inquired about the difference between realized versus unrealized loss. The realized loss is when something is actually sold. Unrealized loss is when the market value has changed, but nothing has been sold. N. Brien inquired

about the funds that are currently being held for the new building. They are being held in a money market and are earning interest.

Bills for Payments: The payment amount is \$547,585.02

- a. Motion: G. Poulson moved approval of the bills for payment. B. Clendenning seconded.
- b. Discussion: None.
- c. Vote: Motion carried.

Presentation & Discussion of Building Project: D. Flanigan, Keller Inc. and K. Goeden:

K. Goeden provided a brief recap of the Building Needs Assessment Work Group charge, priorities, timeline and goals. D. Flanigan discussed the aspects that go into the bidding process. Once the project goes to bid, the price is set and locked in so we will be safeguarded from changes in labor and material costs. The project will go to bid in the spring and break ground in June 2022. Material prices have increased across the board and the main reason is in how companies maintain inventory. During the pandemic there was a stockpile and decrease in demand and companies reduced their inventories. Now supplies are needed and aren't as readily accessible and on top of that there is the inflation factor and infrastructure bill. As things are projected out, it will continue to increase the costs. The proposed building has been reduced in size, simplified, exterior selections were changed to be more cost effective, the building height was reduced, unique features were removed, and spaces were eliminated. The big money reductions have been exhausted and there is nothing else to give. In order to decrease the price, the building size would need to be decreased, but that will have a negative long term effect on the building. There have been substantial price increases and we have done everything we can do to cut costs.

SCLS currently has an approved budget of \$6 million (\$5.5 million loan with BCPL and \$500,000 approved use of contingency). Another \$800,000 is projected to be needed. The comfort level is to increase the total budget to \$7 million to allow for fluctuation from now to bidding. K. Goeden reviewed the spreadsheet showing the cost differences between rent and loan payments over the life of the loans. Even with a second loan of up to \$1 million, SCLS will save money in the long run by building vs. continuing to rent.

S. Elwell noted that the land and building will appreciate in value, which has not been factored in the savings.

S. Feith inquired whether the contract with Keller includes waiver rights regarding increases for labor. D. Flanigan noted that the labor and material costs are locked in.

S. Feith inquired whether the spreadsheet takes into account maintenance and operating costs, such as replacing a furnace in 20 years, and utility costs. K. Goeden noted those operation expenses have been accounted for in an ownership situation. Currently SCLS is paying utilities on 2 buildings as well as paying for every repair that occurs. SCLS won't be paying property taxes on the new building and we have currently budgeted for common area maintenance such as mowing and landscaping. We also currently pay for janitorial service. Major repairs would be a new expense line and there are also contingency funds available.

M. Nelson commented that supply chain issues and pandemic interruptions don't take into account how lumber arrives. Also, as in Canada with fires and blight, sometimes the unavailability of lumber has nothing to do with the pandemic.

J. Honl inquired if the new building will be an energy efficient building. Currently the building is efficient and the systems are on the higher end. SCLS is investigating solar panels and is looking into grants as well as being enrolled in the *Focus on Energy* program that could provide rebates.

S. Feith inquired whether a line of credit could be used instead of a loan. An option is available through First Business Bank Trust and Investments (FBB), but the SCLS portfolio would be used as collateral and the payback period would be prohibitive. FBB also has a commercial loan, but that would include a balloon payment in full at 5 years, which does not align with SCLS's funding.

N. Long inquired if the \$7 million includes costs that will cover surprises in construction? Yes, there is a contingency built in the project budget for unexpected expenses. SCLS will also be pursuing grants, fundraising, assessing state aid, etc. to alleviate the need for the full \$1 million.

N. Brien commended the work done by K. Goeden and M. Van Pelt. She inquired what the interest rate of the additional funds from BCPL would be. The interest rate would be 4% (same as the previous amount borrowed). We qualify for the additional funds and once the loan is in place, we can use what we need with no penalty for pre-payment of the funds that we may not use.

B. Clendenning noted he is in favor of borrowing the additional \$1 million in funds.

Committee Reports

Advocacy: K. Williams noted M. Furgal received a letter from Senator Tammy Baldwin in response to his letter to her urging support of funding for libraries. Library Legislative Day is Feb 8th.

Finance and Personnel Committees: Confirm 2022 committee meeting dates: 6/8/22 and 8/17/22 at 9:30 a.m. Email M. Van Pelt whether you can attend these meetings.

Bylaws: G Poulson noted the committee presented the revised bylaws to the board last month. The committee did due diligence in reviewing statutory citations, reviewed census data, clarified language, eliminated AC information which didn't belong in the SCLS Bylaws, clarified language on emergency meetings and conflict of interests.

Action Items

a. Approve the revised SCLS Board Bylaws

i. Motion: G. Poulson moved approval of the revised SCLS Board

Bylaws. S. Feith seconded.

ii. Discussion: None

iii. Vote: Motion carried.

b. Approve increased budget for building project

i. Motion: B. Clendenning moved approval for an increased budget of an additional \$1 million dollars for a new total of \$7 million for the building project. K. Williams seconded.

ii. Discussion: None

iii. Vote: Motion carried unanimously

c. Approve funding options for increased new building budget

i. Motion: N. Foth moved approval to apply for \$1 million from the Board of Commissioners of Public Lands through a 2nd loan and that SCLS will use only what is needed. J. Honl seconded.

ii. Discussion: There was discussion to make sure staff pursue other options for funding, which includes grants, system aid, SCLS Foundation, etc.

iii. Vote: Motion carried unanimously.

Recess the SCLS Board Meeting for the Purpose of Conducting the 2022 SCLS Annual Meeting

i. Motion: M. Furgal moved to recess the SCLS Board meeting. G. Poulson seconded.

ii. Discussion: None

iii. Vote: Motion carried.

I. Convene the 2022 SCLS Annual Meeting

a. Election of officers - Nomination Committee

President: Gary Poulson

Vice President: Suma Elwell

Secretary: Mary Nelson

Treasurer: Nancy Foth

i. Motion: K. Williams moved approval of the election of officers as presented. T. Walske seconded.

ii. Discussion: None

iii. Vote: Motion carried unanimously.

b. Other Business: None

The board thanked J. Healy-Plotkin for her service to the board and her willingness to serve 3 years of presidency.

i. Motion: N. Foth moved approval to adjourn the annual meeting and reconvene the January SCLS Board meeting. J. Healy Plotkin seconded.

ii. Discussion: None

iii. Vote: Motion carried unanimously.

Reconvene the January SCLS Board Meeting. G. Poulson took over running the meeting as the newly elected president.

SCLS Foundation Report: M. Van Pelt noted the annual meeting will be held 1/27/22. The 2021 Cornerstone was the most profitable to date.

System Director's Report: You may view the System Director report online.

a. BNAW report: The SCLS Building Timeline document is available online. A timeline of the SCLS Board of Trustees' actions related to the project is also included. There are four openings for directors in the system and this is happening across the state. DPI is meeting to discuss ways to alleviate this issue. The director

of Mazomanie will be retiring in March, and the director of McMillan will be retiring in June.

Discussion:

- a. SCLS Time Line for 2023 Budget
- b. 2022 Schedule for Meeting Topics
- c. 2022 Board Education Topics – If anyone has additional ideas, please email M. Van Pelt.
- d. 2022 Committee assignments – B. Clendenning and S. Elwell volunteered to serve on the Advocacy Committee. S. Elwell volunteered to serve on the Personnel Committee. S. Feith volunteered to be on the Personnel committee if needed. G. Poulson will assign chairs for the committees.
- e. Purchase Sale Agreement – The purchase sale agreement has been reviewed by the SCLS Attorney, the City of Madison, the BNAW, and Keller, Inc. The finalized agreement will be voted upon at the February board meeting. If the board has any questions or concerns, please contact M. Van Pelt prior to the 2/2022 board meeting. The board requested an email from the attorney verifying the agreement is complete and correct.

Administrative Council (AC) Report: Met 1/20/22. L. Oathout is the newly elected chair of the AC.

Other Business: None

Information sharing: What is the latest information on the soil borings at the building site? D. Flanigan noted the company was on site and unfortunately the rig broke. They did provide test pits and based on the soil consistency, it looks good, but when the final report is available, it will be provided to the board.

Adjournment: 1:54 p.m.

For more information about the Board of Trustees, contact Martha Van Pelt

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