South Central Library System Board of Trustees Minutes
7/28/2022, 12:15 p.m.
Chester Room
4610 S. Biltmore Lane, Suite 101, Madison, WI 53718
Meeting held via BlueJeans & in person

Action Items:
Accepted the recommendation from BNAW to divest SCLS from continuing work on the plan for a decreased size building at 2801 Walton Commons ($7.6 million -$8.1 million).

Did not accept the recommendation to continue discussions with Keller regarding having Keller owning 25% of the Walton Commons building and constructing the original full sized Walton Commons facility.

Present: S. Ballhorn-Wagner, B. Clendenning, P. Cox, S. Elwell, S. Feith, N. Foth, M. Furgal, J. Healy-Plotkin, J. Honl, M. Nelson, G. Poulson, L. Ross, T. Walske, K. Williams
Excused: N. Brien, T. Teelin
Recorder: H. Moe
SCLS Staff Present: M. Van Pelt, K. Goeden
Guests: Devin Flanigan, Keller, Inc.

Call to Order: 12:15 p.m. G. Poulson, President

a. Introduction of guests/visitors: Shannon Ballhorn-Wagner, newly appointed Dane County Trustee, was introduced.
b. Requests to address the Board: None

Approval of previous meeting minutes: 6/24/2022

a. Motion: P. Cox moved approval of the 6/24/2022 minutes. T. Walske seconded.
b. Changes or corrections: S. Feith moved to amend the minutes to include the approved formal resolution. Seconded by P. Cox. Motion carried.
c. Vote: Motion carried of amended minutes.

Financial Statements: K. Goeden provided an overview of the financial statements. S. Feith inquired about how the legal fees are being recorded and questioned why legal fees for the building project are not being put into account 7630 (building expense). S. Feith also inquired why the BCPL loan is being recorded as an asset without a balancing liability.
K. Goeden noted SCLS has one legal fee account regardless of what the legal fees are for. It is also an internal management decision about how to record expenses. All legal fees are being recorded under legal fees because we don't have a specific account for every legal situation. S. Feith feels it would appropriate to separate the costs of the building project into account 7630.
J. Honl noted if the current process is working for SCLS then why change that.
M. Nelson noted it is possible to pull all building related expenses year to year to keep track.
T. Walske noted SCLS has been recording items this way for four years during the building project, so why change it now. She also noted that the prior year books have been closed. The last 4 years of reporting can't be "undone".
Chair G. Poulson noted that as long as SCLS can identify where the fees come from he would be satisfied.

The BCPL loan is recorded as an asset because our auditors noted we need to record it as income. Whatever isn't spent during the year is moved into a carryover contingency account. Because we are a government entity, we have to record it as income.

Bills for Payments: The payment amount is $371,235.24

a. Motion: T. Walske moved approval of the bills for payment. M. Furgal seconded.

b. Discussion: K. Williams thanked T. Walske for reviewing the bills and said she would do them next month.

c. Vote: Motion carried.

Presentation: How to review SCLS Financial Statements – K. Goeden – You may view the PowerPoint presentation in the documents online.

S. Feith inquired about the member holding accounts and if it is part of the SCLS Foundation. K. Goeden noted the foundation is separate from SCLS holding accounts. Historically, member library holding accounts were earning interest, which they are not any longer. Once the remaining libraries close or empty their holding account funds, we won't be opening any new accounts.

S. Elwell inquired what the 2021 year end income amount was. Revenue $5.5 million loan with BCPL, $6 million of regular revenue, and $1.1 million of grant income. Contingency fund amounts are not included. There is an intended use for contingency funds, which we report to DPI.

T. Walske noted that all 2021 year end income amounts may be found in the 1/2022 Financials on the website.

B. Clendenning noted he felt the agenda should be provided a week in advance of the meeting date. The current SCLS Bylaws were changed to reflect the agenda be sent within 3 days prior to the meeting.

S. Feith inquired how the restricted funds are recognized as part of revenue. They are identified on the audited documents. The only restricted funds we have are for the building. Grants don't go into contingency funds since they are spent within the current year.

Committee Reports

a. Advocacy: No report.

b. Building Needs Assessment Work Group: M. Van Pelt noted the attorney sent his review of the ground lease for Lot 3. G. Poulson is attending the BNAW meetings and signed the counter offer, which was accepted by the seller, and we have 90 days to research contingencies. We can pull our offer at any time. Inspections are being held at Lakeland, estimated remodeling costs, timelines, and ALTA survey, which our attorney recommended, are underway.

Because of the delay in the timeline with Walton Commons and the Lakeland property, Delta Properties has approved extensions for our delivery lease for one year. Delivery will stay in the current building until 11/30/2023. The headquarters lease with St. John's Properties ends Memorial Day 2023. We can go on a month to month lease, but it will be 1 ½ times the highest rent. We will not receive any savings with St. John's. K. Goeden spoke with Richard Sneider regarding restructuring options for the BCPL loan to push back payments. SCLS doesn't want to pay rent and a mortgage. Interest rates are higher now so refinancing is not a good option. K. Goeden and M. Van Pelt met with the Keller, Inc. CFO to discuss the possibility of Keller purchasing 25% of the Walton Commons building. The Lakeland remodel sketches were over budget. In order to make numbers work, we would have to limit the internal build out cost to $1 million. We provided feedback of our space needs and priorities and asked for a new sketch for the estimated cost. The internal building structure has to be under budget and if it can't be done, then it won't work. The BNAW is working through all of the questions and gathering as much information as they can to provide the Board with their findings at the September board meeting. The board will make a determination at that meeting of what to pursue or not.

S. Elwell said we cannot exceed a prior year fiscal income so $7 million is the maximum amount we can put toward the new building.

J. Healy-Plotkin inquired why we are still pursuing Walton Commons? If Keller owns 25% is it financially feasible for us?

S. Feith noted she had requested legal documentation from SCLS regarding the building project. She was asked to request the information at the SCLS Board meeting so the rest of the board was informed as well. She expressed her frustration that she wasn't provided the documents and felt under Public Records the request should have been granted.

K. Goeden referenced the trustee essentials documentation whose purpose is that all information and decision making is done as a full board, not as an individual acting on behalf of the full board. The board has to act as a full body, not independent members, and no trustee should independently ask staff for information.

B. Clendening noted he is "in this war" and has taken this up with corporation counsel.

Chair G. Poulson noted we can take these questions to DPI to get answers.

M. Nelson requested that the action items be addressed since there are time constraints.

S. Feith inquired whether the board was provided with the most current ground lease for the Lakeland property. Does the board feel comfortable in creating a deal for property that doesn't include land? The most recent ground lease will be sent to the board. Attorneys have reviewed it.

D. Flanigan addressed the contractual information with Keller. SCLS signed an agreement in the amount of $1,500. Keller has not been paid anything other than the $1,500 regardless of the amount of time they have put into the plans created. Keller is committed to find a solution that works for SCLS.

S. Feith expressed concern that if we go ahead with the Lakeland property and it's on leased land, it could be taken back from SCLS in 50 years.

K. Williams noted the Lakeland property was originally ruled out since it was on leased land. She researched the assessed value of the leased land and noted the realtor provided comparables, but they were with land owned, not leased properties. In our rush to quickly fill our need, she feels that we are overpaying for our site. If we were getting a good deal, that would be fine. She raised questions about parking spaces as well. She noted the BNAW may not be a good group to do this work regarding financial information. She would like the board members to discuss money.

S. Feith acknowledged the investment of time the BNAW has put into this project, however there are certain board versus BNAW decisions. G. Poulson inquired if S. Feith would like a vote of no confidence to stop the project.

S. Feith noted she would like the board to take back ownership and be in the driver seat of expenditure of money and control of building authorization.

J. Honl noted some people have been on this board a long time and others are newer. There has been a huge amount of time and planning that has gone into the project with staff and the board and the goals haven't changed. Because a board member hasn't been here since the beginning of the project doesn't mean everything has to start over. She would like to see us be able to move forward. We have the funding, we have staff, and we have board members that have put in so much time. It's been 4 years. We need to move forward.

Action Items

a. Accept recommendation from BNAW to divest SCLS from continuing work on the plan for a decreased size building at 2801 Walton Commons ($7.6 million -$8.1 million).
    i. Motion: M. Nelson moved approval to accept the recommendation from BNAW to divest SCLS from continuing work on the plan for a decreased size building at 2801 Walton Commons ($7.6 million -$8.1 million). L. Ross seconded.
    ii. Discussion: None
    iii. Vote: Motion carried unanimously.

b. Accept recommendation to continue discussions with Keller regarding having Keller owning 25% of the Walton Commons building and constructing the original full sized Walton Commons facility.
    i. Motion: M. Nelson moved approval to accept the recommendation to continue discussions with Keller regarding having Keller owning 25% of the Walton Commons building and

constructing the original full sized Walton Commons facility. P. Cox seconded.
ii. Discussion:
J. Healy-Plotkin asked for clarification of the recommendation.
S. Feith questioned whether the contract with Keller was still in effect after the board rejected the bids for Walton Commons construction. The contract with Keller is in effect, the contractor bids for the new building were rejected. K. Goeden noted the proposal that came from Keller, Inc.
S. Elwell stated the budget needs to stay within $ 7 million.
iii. Vote: Motion did not pass.
Roll Call Vote:
S. Ballhorn-Wagner: No
N. Brien – Absent
B. Clendenning: No
P. Cox: Yes
S. Elwell: No
S. Feith: No
N. Foth: No
M. Furgal: Yes
J. Healy-Plotkin: No
J. Honl: No
M. Nelson: No
G. Poulson: No
L. Ross: No
T. Teelin - Absent
T. Walske: No
K. Williams: No

SCLS Foundation Report:

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

Discussion:

a. Ask DPI for a review and response to questions in regard to purchasing/leasing property by a system under Chapter 43.
Chair G. Poulson requested the board provide specific questions prior to the next board meeting. Please email your questions to him directly.

Administrative Council (AC) Report: All Directors met 7/21/2022. You may view the minutes online.

Other Business: None

Information sharing: T. Walske requested that the effort is made to keep the October board meeting to an hour since the SCLS Foundation board starts at 1:30.

Adjournment: 2:29 p.m.

For more information about the Board of Trustees, contact Martha Van Pelt
BOT/Minutes/7/28/2022