South Central Library System Board of Trustees Minutes
8/25/2022, 12:15 p.m.
Chester Room
4610 S. Biltmore Lane, Suite 101, Madison, WI 53718
Meeting held via BlueJeans & in person

Action Items:
Approved to Terminate *Purchase and Sale Agreement* for Walton Commons
Approved to Authorize Chair to sign request for the return of the earnest money for Walton Commons
Approved to Authorize to reconfigure $5.5 million BCPL loan to be for interest only in Year 1 of the payment schedule.

Present: J. Chrisler, B. Clendenning, P. Cox, E. Galanter, S. Feith, N. Foth, M. Furgal, J. Honl, M. Nelson, G. Poulson, L. Ross, T. Teelin, T. Walske, K. Williams
Excused: S. Ballhorn-Wagner, N. Brien, S. Elwell
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: Eve Galanter, MPL representative, was introduced.
b. Requests to address the Board: None

Approval of previous meeting minutes: 7/28/2022

a. Motion: K. Williams moved approval of the 7/28/2022 minutes. P. Cox seconded.
b. Changes or corrections: None
c. Vote: Motion carried.

Financial Statements: K. Goeden provided an overview of the financial statements.

Bills for Payments: The payment amount is $289,709.01

a. Motion: K. Williams moved approval of the bills for payment. M. Furgal seconded.
b. Discussion: A check in the amount of $150,000 was written to Keller, Inc. This is a partial billing for engineering and design services provided by engineers that Keller hired for mechanical, electrical, plumbing, structural and casework design for the Walton Commons construction documents.
c. Vote: Motion carried.

Committee Reports

a. Advocacy: No report.
b. Personnel and Budget & Finance: M. Nelson noted the committee met 8/17/22 to go over the 2023 budget. The minutes are online. They examined the budget line by line and at this time the final vote for the budget is not due until September, but the committee recommends approval of the budget. There is a recommendation to the board that the BCPL loan be made interest only for year one. It needs to be approved by the board this month due to deadlines that need to be met and enable the budget to be implemented.
c. Building Needs Assessment Work Group:
    i. DPI written answers to questions submitted by trustees. Shannon Schultz, DPI, answered the questions in writing and her responses were provided to the board prior to the meeting.
        1. Does Chapter 43, Wis. Statutes limit the amount of money a library system can borrow for a building project? "Per s. 43.17(9)(b) A public library system board

of a multicounty library system may borrow money to accomplish any of its purposes, but *the outstanding amount of such loans at any time may not exceed an amount equal to the system board's receipts for the prior fiscal year.* A federated public library system… may obtain a state trust fund loan to accomplish any of its purposes, but the *outstanding amount of a federated public library system's state trust fund loans, together with all other indebtedness of the system, may not exceed an amount equal to the system's receipts for the prior fiscal year*."

2. Under Ch. 43, does the decision to purchase land or a building fall on a system board? Per s. 43.17(9)(a) "All contracts for public construction made by a federated public library system… shall be let by the public library system board to the lowest responsible bidder in accordance with s. 62.15 (1) to (11) and (14). For purposes of this section, the system board possesses the powers conferred by s. 62.15 on the board of public works and the common council. All contracts made under this section shall be made in the name of the federated public library system and shall be executed by the system board president and such other board *officer* as the system board designates."

"So, yes, the decision to purchase land or a building, and the contracting involved, must be made in the name of the South Central Library System and executed by the SCLS board president and one other board officer, as designated by the board."

3. Under Ch. 43, can a system board delegate to a subcommittee made up of a majority of system staff and a lesser number of system board members the authority to make recommendations on purchasing land or buildings?
"This question is a bit outside the scope of Chapter 43, in its specificity. However, parts of statute and other resources imply that a board may appoint such a committee if it wishes."

"First, the SCLS Bylaws: Article VII, Section 1d: d. states that "other committees shall be appointed by the president as the need arises or at the request of a majority of the system board." This subsection provides the authority and the mechanism for appointing such committees."

"Second, the question indicates that this committee would make recommendations to the board, which means it would be an advisory committee. If such a committee were created, it would be very similar to the advisory committee referenced in s. 43.17(2m): "Every public library system may appoint a public library advisory committee to, among other things, advise the system board about the status and needs of libraries in the system, serve as a conduit of information between the system board and individual libraries in the system and make recommendations to the system board relating to libraries in the system. If the system board has the authority to create such a committee for the purpose of receiving recommendations from member libraries, it makes sense that it could also seek advisory recommendations from system staff relating to system operations."

"Last, s. 43.17(4) states that Responsibility for administration of a public library system shall vest in a head librarian who shall be appointed by and directly responsible to the public library system board. This implies the expectation that the system director is hired, compensated, and responsible for doing the groundwork for the system board. Since her staff are her best resources, they are also one of the best tools a board can utilize to make educated and informed decisions. As long as the authority and execution remain in the hands of the system board, this does not appear to be a violation of, or departure from, Chapter 43."

ii. Revise BCPL $5.5 million loan to interest only loan: K. Goeden noted there is an option to restructure our loan to an interest only loan for year 1 of the 19 year amortization. This will reduce the year one mortgage payment by $140,000. The reason this option is being pursued is because the public bid for the Walton Commons site failed and the timeline of the project has been extended 6 months while the group pursues alternate options. This causes an additional 6 month overlap of delivery rent in 2023 along with the first mortgage payment in March 2023. BCPL has restrictions on the loan that do not allow SCLS to prepay the loan between September 1 and March 1. Any requests for prepayment must be placed with a 30-day minimum advance notice. As SCLS is outside of that time frame, the first mortgage payment in 2023 will need to be made regardless of whether or not SCLS constructs a new facility. Therefore, SCLS would like to put itself in a flexible financial position so it can balance the budget for 2023.

Action Items:

a. Terminate *Purchase and Sale Agreement* for Walton Commons

i. Motion: J. Honl moved approval to terminate the purchase and sale agreement for Walton Commons. M. Nelson seconded.
ii. Changes or corrections:
iii. Vote: Motion carried unanimously.

b. Authorize Chair to sign request for the return of the earnest money for Walton Commons

i. Motion: N. Foth moved approval to authorize the chair to sign request for the return of the earnest money for Walton Commons. K. Williams seconded.
ii. Changes or corrections:
iii. Vote: Motion carried unanimously

c. Authorize to reconfigure $5.5 million BCPL loan to be for interest only in Year 1 of the payment schedule.

i. Motion: M. Nelson moved to authorize to reconfigure $5.5 million BCPL loan to be for interest only year 1 of the payment schedule. M. Furgal seconded.
ii. Changes or corrections:
iii. Vote: Motion carried unanimously

SCLS Foundation Report: Met 8/9/22. The Cornerstone event will be held in Waunakee at the Lone Girl Brewing Company on September 15, 5:30 – 7:30. Summit Credit Union donated $500 and First Business Bank donated $2,000 to sponsor the Cornerstone event. The foundation website has been revised so donors may select a specific library for donations.

System Director's Report: You may view the System Director report online. The Marathon County Library Board met and will make a decision whether to switch from the WI Valley Library System (WVLS) to SCLS at

their December 2022 meeting. Previously, Marathon County had voted to leave WVLS, but the county board of supervisors vote was put on hold. There will be a merger between the Arrowhead Library System and the Lakeshores Library System. The total count of systems will be 15 as of 1/1/2023.
Katherine Elchert has been hired as the director of the McMillan Public Library and Elizabeth Clauss is the director of the Monticello Public Library. The Brodhead Public Library hired Kyle Domer as director and his start date is 9/12/22.

Discussion: None

Administrative Council (AC) Report: Met 8/18/2022. You may view the minutes online.

Other Business: None

Information sharing: S. Feith requested pro forma budget information regarding the Lakeland Property prior to the September meeting. K. Goeden noted the 2023 budget makes the assumption that we are moving forward with the Lakeland property. All revenue and expenses in that budget are based on the costs of living in the Lakeland property with the Delivery addition. The budget was put together based on the information we have now. The goal is to move forward with the property if it makes sense financially and administratively to do so. M. Nelson noted we are waiting on a couple of estimates. If the estimates exceed the total $7 million budget for the overall project, then the Lakeland property won't work. K. Goeden noted draft floor plans and site map have gone to the estimators for the internal build out and delivery addition. The figures will be available by the 9/1/22 BNAW meeting and will be forwarded to the board. There is a lengthy list of contingencies that have been answered and confirmed by attorneys on both sides. Every department in the City of Madison has looked at the proposed site plan and provided their feedback, which was positive. There are some storm water considerations, but there is no minimum parking stall requirement, which was a big hurdle.
S. Feith inquired if there is an inspection report of the Lakeland Property. Keller contacted contractors who evaluated the building at no expense to SCLS. D. Flannigan provided a recap of the walkthrough and noted the following: exterior looked good, parking lot needs to be seal coated, exterior brick is in good condition, sidewalks in fair condition-not deteriorating, HVAC in good working condition, roof is 10 years old, ceiling tiles were in good shape which can be an indicator of roof damage, HVAC system was designed under "education" so there is more air exchanges than needed. There will be wiggle room to work with roof top units, we may need an additional transformer, or move it since it's in the way, the electrical is in good condition, lighting may be a concern as it seems too dim for offices, and plumbing is in good shape. Overall, it's a nice building.
It was requested that the next board agenda include information about the difference between buying a building on a land lease versus owning the land. K. Goeden will contact David Haug and ask him to attend the September board meeting so he can address questions from the board. He has provided a summary of the pros and cons of a ground lease and that will be provided to the board prior to the next meeting.
K. Goeden and M. Van Pelt will create a summary for the board, outlining the Lakeland property information, the list of the contingencies and the information that SCLS has received to date. This will be sent to the board in advance of the September board meeting, so everyone has ample time to review the information.

T. Walske reminded folks to attend the Cornerstone event and encouraged the board to make a donation to the SCLS Foundation.

Adjournment: 1:03 p.m.

For more information about the Board of Trustees, contact Martha Van Pelt
BOT/Minutes/8/25/2022