

Midlothian Public Library Board of Trustees
Ad Hoc Building Envelope Committee Meeting
December 2, 2019
Minutes

Attendance: Jim Woolard, Committee Chair; Brenna Baker, Committee Member; Mary Chiz, Board President; Jennifer Cottrill, Library Director; Christy Parente, Office Manager; Jamie Rachlin, Meristem Advisors (via online video conference)

Mr. Woolard called the meeting to order at 10:06 AM and appointed Ms. Cottrill recorder of minutes.

Ms. Cottrill summarized recent developments since the November 19 board meeting:

- November 20, Mr. Woolard asked Ms. Cottrill to discuss with Dan Eallonardo of Independent Construction Services, Chris Hansen of Kluber Architects + Engineers and Mr. Rachlin the possibility of expanding the scope of the building envelope project to include the spine curtainwall windows and main entryway doors as a potential way to save on total costs.
- Mr. Eallonardo and Mr. Hansen concurred with Mr. Woolard's opinion that combining the projects would significantly cut costs. Mr. Hansen gave a rough estimate of \$500,000 for the construction work, and Mr. Eallonardo estimated an additional \$100,000-\$250,000 for soft costs.
- Using \$675,000 as a rough estimate of additional costs, Mr. Rachlin performed calculations and concluded there is virtually no difference between borrowing the money in 2020 and paying it off over a 15 year period versus saving money to perform the additional work in 2029 (at costs adjusted for inflation), further supporting Mr. Woolard's opinion that expanding the scope now would save the library money.
- While working on the application for the Live & Learn Construction Grant, Ms. Cottrill spoke with a representative of the Illinois State Library who informed her that, according to the rules of the grant, the library would need to borrow the money for the project and have it in its bank account prior to the January 10 deadline.
- Mr. Rachlin informed Ms. Cottrill that it is possible to expedite the issuance of debt certificates, but they would have to be issued by a bank rather than sold on the public market. When Ms. Chiz asked whether this would mean less favorable interest rates for the library, Mr. Rachlin explained that in the current market, the library would probably get about a quarter-percent better interest rate on the public market than with banks. However, with banks, the underwriting fee would be much lower (\$2,500 as opposed to \$20,000), so the total amount borrowed would be lower.
- November 26, Mr. Rachlin asked Ms. Cottrill to inquire whether the Village had any significant borrowing plans in 2020. Village Treasurer Maggie Britton replied that the Village intended to borrow \$10 million in 2020. Mr. Rachlin explained that if the Village's and library's combined borrowing surpassed \$10 million in a calendar year, both entities would lose the "bank certified" designation (favorable loan status). Mayor Gary L'Heureux informed Ms. Cottrill that the Village's borrowing in 2019 was significantly under \$10 million, so Mr. Rachlin explained that the library would have to expedite the sale of its debt certificates to close by the end of 2019.
- November 29, Ms. Cottrill spoke to Mr. Hansen, who estimated the cost of the expansion of the project to be \$570,000 (including soft costs). He cautioned the Board to consider, however, that

the replacement of the spine curtainwall windows would entail greater disruption of library service (a longer period of closing), potentially moving books and other library furniture and equipment, and possibly breaking the project up into two phases, ending phase one in December 2020 and starting phase two in April 2021. Ms. Parente shared that during the 2012 renovation, the library saved significant costs by renting moveable bookshelves and relying on staff to move materials instead of hiring movers.

At 10:15 AM, the Committee began an online video conference call with Mr. Rachlin.

- Mr. Rachlin presented the library's Capital Plan spreadsheet adjusted for the rough estimate of the expanded project (\$675,000).
 - Ms. Cottrill inquired whether the bathroom renovation project could be planned any sooner than 2024 if other less-urgent expenses were postponed. Mr. Rachlin replied that this would be possible and invited Ms. Cottrill to speak further by phone to rearrange the timeline of projects.
 - Mr. Rachlin also explained that the debt service schedule could be set at the time of borrowing to accommodate higher capital needs in some years (and therefore lower debt service payments in those years).
- Mr. Rachlin also presented the library's adjusted Financial Projection spreadsheet. Key points:
 - Because we keep a surplus in our money market account, we actually have funds available for our Reserve Fund to equal 50% of our annual operating expenses and for our Special Reserve Fund to hold \$1.2 million; however, actually moving the money to these funds would result in a money market account balance of \$0 (not desirable).
 - A combined levy of \$260,000 per year in the "capital needs" and "debt service" lines going forth will be sufficient to cover the additional debt service.
 - The property tax income line projections are based on a levy increase that keeps pace with inflation (2% per year).
 - The payroll and benefits expense line projections take the minimum wage increases through 2025 into consideration.
 - The critical measure of the library's financial stability is the Ending Low Cash Balance and the Fund Balance as a % of Expenditures. A low fund balance of 50% annual operating expenses is ideal.
- Mr. Rachlin went over the paperwork for the issuance of debt certificates.
 - He presented a placement agreement to hire an underwriter for the loan for a fee of \$2,500. Ms. Cottrill committed to signing this agreement and faxing it to the underwriter by the afternoon of December 2.
 - He presented a Terms Sheet that he will to send out to banks on December 3 to invite them to bid on the loan.
 - By the December 17 Board meeting, Mr. Rachlin will provide an attorney-prepared Parameters Resolution for the Board's approval. This means the Board can approve the sale of debt certificates provided that the low bid meets certain parameters and authorize Ms. Cottrill and Ms. Chiz to sign off on the documents. This will allow the bids to come in on December 18 or 19 and permit quick action in time for a closing before December 31.

The committee decided to recommend that the Board expanding the scope of the project and sell debt certificates in the amount of \$2,380,000.

Mr. Woolard adjourned the meeting at 11:25 AM.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jennifer Cottrill".

Jennifer Cottrill,
Library Director