

**Carmel Clay Public Library
Board of Trustees Meeting
May 21, 2018**

**Board Room
5:30 p.m.**

Present: President Ranj Puthran, Vice President Jim Hehner, Treasurer Dan Kramer; Members Jim Garretson, Jane Herndon, Jack Stafford; Director Bob Swanay; Assistant Director Nancy Newport; Managers Lisa Dick, Elizabeth Essink, Peter Konshak, Christine Owens, Christy Walker, Cindy Wenz; Administrative Assistant Johnna Mishelow

Absent: Secretary Patti Napier; Managers Jamie Beckman, Katherine Kersey; Foundation Director Liz Hamilton

Guest: Financial Consultant Mike Reuter

CALL TO ORDER/WELCOME

President R. Puthran called the meeting to order at 5:30 p.m. All in attendance were welcomed, including guest Mike Reuter.

AGENDA

R. Puthran asked to add Resolution 1-2018 for the purchase of the property in West Clay to the agenda under New Business.

J. Herndon moved to adopt the agenda as amended, seconded by J. Hehner, and the motion carried.

FINANCIAL CONSULTANT MIKE REUTER – FISCAL PLAN

Following Mr. Reuter's presentation of the Fiscal Plan, he was thanked for his time and work. A summary of his report will be attached.

MINUTES

J. Hehner moved approval of the minutes of the April 23, 2018 Board of Trustees Meeting, seconded by J. Herndon, and the motion carried.

TREASURER'S REPORT

April Financial Report: D. Kramer stated that on the revenue side line 4240, \$60,000 of that amount is a CD that matured. We rolled into a one year CD at 2.75 percent. D. Kramer mentioned we are 33 percent through the year as of this report. Our total operating expenditures are tracking at about 28 percent. Fund balances are very strong. We got the first distribution of property and excise taxes. The State Technology Grant Fund and the Lease Rental Fund balance are both restricted to very particular purposes.

J. Hehner moved to receive the April Financial Report, seconded by J. Stafford, and the motion carried.

May Bills List: D. Kramer pointed out on page 2 the Summer Challenge expenses, Volunteer Reception expenses, and MSR luncheon are all provided by the Friends and Foundation.

J. Hehner moved approval of the May Bills List, seconded by J. Garretson, and the motion carried.

**Minutes of the Board of Trustees Meeting
May 21, 2018
Page 2**

COMMITTEE REPORTS

Building & Grounds: No report.

Finance: D. Kramer stated Umbaugh sent a preliminary finance report which is included in the board packet. D. Kramer said we wanted to know exactly what we can get out of a bond issue. We started with one year to find out what principal amount we have to issue to keep our tax levy the same in 2019. They also provided a two year option which would give us the ability to keep the debt service fund reserve at 15 percent rather than to drop to zero. J. Herndon referred to page 2 of the report. It is an illustration of the levy of our current debt. Page three shows a constitutional debt limitation which is a formula that take the library's current net assessed value divided by three times 2 percent. The formula gives the maximum amount a unit could borrow, ignoring tax rate impact. This is legally how much can be borrowed through a direct borrowing called a General Obligation Bond. That amount would be \$49,324,410 minus any principal outstanding of GO (which we don't have). We are legally allowed, therefore, to borrow \$49,324,410. The next page shows a couple of scenarios. In the second column it shows that \$885,000 is how much we could borrow through a 2018 issued General Obligation Bond with a one year maturity. That is very conservative in that they built in a taxable interest rate plus 75 basis points. That would leave us up to \$24,490 that we could issue in 2019 or some combination thereafter with a 20 year repayment of an additional \$24,490 in principal, in addition to the cash to be spent on future projects. In the same column, the aggregate par amount of the bonds both combined would give us a total of \$25,375,000 to put toward projects. The total interest cost over the 20 years is \$12,000,000. The annual debt service is \$1,957,650 which is consistent with what we are paying to keep that levy flat. If we chose a two year repayment instead of a one year repayment, we could borrow \$1,185,000 in 2018. Then the next GO bond issue would be \$24,180,000. These options would not affect the tax levy. The next page is a pictorial view. The gray bars show the amount of principal and interest due each year on the existing debt. The blue is what could be proposed principal and interest. The yellow shows in 2019 and additional debt service amount that appears too high. In reality, however, we would not actually levy for that. Instead, we would eat down our operating balance. Because the rule changed from 50 percent that you can have in a debt service balance to only 15 percent on new debt, if we don't issue something we will have a drop. J. Herndon stated the graph is confusing because it shows the principal and interest that is due. The actual levy is shown by the black line. It is very steady. The red line is the operating balance. That is why it is less than \$1,000,000 because we can have up to one extra payment, or 50 percent annually. We have it in 2018, but in 2019 it will get eaten up by this one payment. We will then build it up to the 15 percent which is why less debt service is shown with the light blue bar than what the levy is. The next example illustrates a two-year repayment. This option might give up more flexibility because it does not completely eat down the operating balance. D. Kramer will follow up and get the actual numbers because it is unclear from the data. J. Herndon stated this is inexpensive borrowing. The amount of interest on the \$885,000 paid in one year would be very little. J. Herndon suggested talking to the City Council in June, and possibly asking for their approval in July and or August. Every elected board is different in terms of what kind of information they need.

J. Herndon stated the plan for involving architects is to send out a RFP soon for a response by the June meeting. Interviewing will be done right after the June meeting, and make a decision by early July. J. Herndon recommended the Board should to consider what figure they are comfortable spending, then let the working group decide on how much contingency is needed, how much will be used for soft construction costs, and how much will be needed for cost of issuance. The working group should bring

**Minutes of the Board of Trustees Meeting
May 21, 2018
Page 3**

this back to the Board. The committee had some discussion about if and what kind of construction management oversight would be needed. The consensus was that we would need some kind of construction manager. At this point, we want to look at a construction manager at risk. If we issue \$885,000, D. Kramer stated to keep in mind that \$480,000 is already spent with the wire from LIRF fund for the purchase of the west side building. We will get reimbursed for that from bond proceeds. Some of the remaining money will be used for technology.

Nominating: J. Hehner presented the proposed slate of officers for 2018 – 2019: President – Ranjit Puthran; Vice President – Jim Hehner; Secretary – Patti Napier; Treasurer – Dan Kramer. Personnel and Policy has Patti Napier, but R. Puthran will fill in as needed. The new board member is referred to as the School Board appointee. Because J. Herndon will no longer be on the board at the end of this year, and because J. Stafford is out of town for a couple of meetings, the School Board appointee was added to the Strategic Planning. Hopefully the new board member can fill in with the hope of eventually taking the position permanently. The only other change is that Bob Swanay will be the legislative representative. J. Herndon will also stay involved until she is off the board.

J. Herndon moved to approve the slate of officers, seconded by J. Garretson, and the motion carried.

Personnel & Policy: No report

Strategic Planning: No report. C. Walker will get out the corrected Year in Review.

TRUSTEE LIAISON REPORTS

Foundation: L. Hamilton provided a written report.

Friends: No report.

Legislative: No report.

Telecommunications: J. Garretson stated the main goal is to get the four carriers to carry the government station in HD because of the equipment they purchased. Metronet and Spectrum have agreed to that. Comcast and AT&T have not agreed. The school station does not have the capability to broadcast in HD at this time. J. Garretson stated AT&T seems to be pushing Direct TV. Satellite TV cannot carry those two stations. Winston Long will work on them. Winston Long believes the cable industry will evaporate in favor of streaming.

DIRECTORS REPORT

B. Swanay stated he had nothing to add to the written report.

J. Hehner moved to accept the Directors Report, seconded by J. Stafford, and the motion carried.

OLD BUSINESS

There was no old business discussed.

**Minutes of the Board of Trustees Meeting
May 21, 2018
Page 4**

NEW BUSINESS

J. Garretson moved that the Board of Trustees resolve that Robert Swanay, in his capacity as Director of Carmel Clay Public Library, has the authority to execute any and all documents necessary to effect the purchase of, and closing for the real estate located at 12770 Horseferry Road, Carmel, IN 46032 as Resolution 1 – 2018. The motion was seconded by J. Hehner, and the motion carried.

B. Swanay stated he will bring a budget relating to the branch soon.

ADJOURN

President R. Puthran adjourned the meeting at 7:03 p.m.

Ranjit Puthran, President
Board of Trustees

/jrm