

SPECIAL Meeting
BELVEDERE-TIBURON LIBRARY AGENCY
Belvedere-Tiburon Library, Tiburon, California
September 20, 2021
As approved on October 18, 2021

Roll Call, Present: Chair Jeff Slavitz, Vice Chair Ken Weil, Niran Amir, Thomas Cromwell, Lawrence Drew, Maureen Johnson

Members Absent: Roxanne Richards

Also Present: Deborah Mazzolini, Glenn Isaacson, Marilyn Oliver and Doug Pryor, Bartel and Associates, Kristin Johnson, Deirdre McCrohan

CALL TO ORDER: Chair Slavitz called the meeting to order at 6:15 pm

OPEN Forum:

Chair Slavitz opened the floor to comments or questions from the public. There were none.

1. Chair's Report

Chair Slavitz deferred the Chair's report to item 5.

2. Library Director's Report

Director Mazzolini reported that the children's room murals, originally created and installed by Evans & Brown SF 25 years ago, have been successfully re-installed in the Children's Room. Owner Charlie Brown had originally organized the images and painted the murals. They were removed from the walls of the old Children's room, cleaned, carefully wrapped, and stored last year by expert Sarah Zbinden. Last week they were unwrapped and mounted by Zbinden in the new space. They appear beautifully restored, and have been placed with quite a visual impact. The week-long process involved re-sizing, blending, and patching. Project Manager Glenn Isaacson added that staff have created a video and photographs of the process which could be used for fundraising.

The Foundation will host a donor event in the new Children's room on October 7, and this event will mark the beginning of the re-opening of the Library.

Staff are preparing to move to temporary quarters in the new space. Their planning for book volume and placement has been very exact, with a necessary paring down of what will be housed in the temporary quarters. For example, only 130 out of 800 art books will be shelved in the temporary setup. Staff are also collaborating with Project Manager Isaacson on selecting a moving company and storing books which will not be shelved at this time.

The Library's Curbside Service is very popular and efficient. Patrons are grateful for the books and for the reference help.

Chair Slavitz asked when the temporary Library quarters will be open to the public. Director Mazzolini said the late October is a possibility, with a mask requirement in place. The new Founders' Room will house 5 rows of the Adult Collection, the Reference Desk

will be situated in the new Gallery, and the Children's and Teen's Collections will be available in the new Children's Room. These are the areas that will be open to the public, provided that the COVID situation allows.

Vice Chair Weil asked about daily hours for the temporary space opening. Director Mazzolini said that the hours would likely be similar to the current curbside hours, open from 10am to 4pm Monday through Saturday. It is likely the Library will remain closed on Sundays until the expansion is completed and the need for part-time staff re-hiring can be reassessed. It is hoped that prior part-timers will return to the Library and it is not expected that hiring will be difficult. The current projected date for re-opening the entire Library is April of 2022.

3. Expansion Update

Project Manager Glenn Isaacson reported that the date for a Grand Opening and Celebration is most likely to be sometime in April, when all furnishings, finishes, and infrastructure are in place and operating. The renovation of the old Library will take at least 5 months.

September has been a very good month in terms of project momentum, with respect to both the interior and exterior.

In the parking lot, the last rain retention basin excavation is complete, so formwork can begin, and work is completed on curbs, gutters, draining, and light standards. As soon as the last retention basin is finished, the contractor will schedule the paving of the parking lot, the completion of which will, hopefully, coincide with the opening of the new portion, creating easier access for patrons.

Site work will shift to the Tiburon Boulevard side of the building and the civic plaza. The PG&E energizing of the new electrical system went well, and the Tiburon Fire Department has signed off on the fire line work. Construction of the trellis above the main Library entry from the parking lot is underway. A loading walk is being built at the service door on Mar West: This form work has been complex, and the concrete was poured this week. When this is completed, focus will be shifted back to the front of the building.

In the building interior, painting has been completed. This allows for moving forward with other interior finishes, including the grid for drop in ceilings, lighting, trims, wood slat ceiling finishes, kitchen fixtures, and the extension of the nave into the new space. Cabinet work has been largely fabricated and will be delivered soon. Planning for the arrival of carpeting and woodwork has involved staying ahead of supply chain issues as well.

Trustee Johnson asked whether the project is up to date on Town of Tiburon inspections. Mr. Isaacson affirmed, but added that a revised set of plans for the renovation of the existing space had been submitted last week, and these will need to undergo review by the Town.

4. Foundation Report

Foundation President Rachael Ong reported that September has been good month and has outpaced the prior year in terms of fundraising. She expressed thanks to the City of Belvedere for donating \$150,000 to the Library for the Expansion Project.

Foundation members have been working diligently on the Strategic Planning process through 2024 with the help of expert Julie LaNasa. The Foundation's plan is to complete the Hero Campaign when the funds raised reach \$17,000,000, and then transition to partnering with the Agency to pay off the Expansion Line of Credit.

Planned Giving is key to completing the Hero Campaign, and a mailer was sent out last week to 500 potential donors.

Suzannah Scully will be hosting the first Library Giving Circle event on October 7. This will be the first live Library event since the last Teddy Bear Tea, which was held in February, 2020. COVID protocols will be observed and guests will experience the new space first-hand.

The Capital Campaign Cabinet have met and are trying to spearhead a group of past Foundation Directors to reinvigorate the Foundation and plan another event. There have been many supporters involved in the Foundation over the years, within a previously very large board. Current Foundation Directors will be encouraging their return and participation.

One possible future event would be for new homeowners in the area, hopefully held inside the new Library space.

A Petrocelli Coffee Morning event has been planned for November 16, with Elaine Petrocelli participating again this year.

The Bookmarks group, under the guidance of Pamela Goldman and Whitney Lee, will be planning a December Wreath Auction Event.

5. Treasurer's Report on Expansion Line of Credit

Chair/Treasurer Slavitz reported that a milestone has been reached, in that the Foundation has about \$1,000,000 remaining in its Expansion fund cash on hand. Chair Slavitz will be reporting regularly on money spent and funding needs in the coming months. The Agency's expansion reserve of \$1,000,000 will be transferred to the project when it is needed. Beyond that, the Project will need an additional \$2,000,000 to complete the construction. In addition, \$400,000 in pledges receivable will need to be covered until the money arrives. That various needs total \$2,400,000, which will be drawn from the Expansion Line of Credit.

The \$2,400,000 in borrowing will not cover the estimated costs of Solar installation or the purchase of a power backup battery system. An additional \$500,000 in funds would be required for those items, which equates to additional Line of Credit use at this **time**.

6. Agency Financial Statements, August 2021

Clerk Johnson reported that, with 17% of the year passed, no revenue has been received and expenditures are at 22% of budget. This is normal at this time of year, as most

revenues are received in December and April, and many digital subscriptions, all insurance, and the CalPERS UAL are paid in July, the first month of the new fiscal year.

7. Committee Reports

Vice Chair Weil thanked Chair Slavitz and Trustee Amir for their work on the Director Search Committee.

He added that there have been 71 respondents to Bradbury Millers targeted and BTLA website surveys. Respondents included Agency Trustees, Library Foundation Board Members, community government and school stakeholders, and members of the public.

The Director's Position Job announcement has been placed on the Bradbury Miller website, 49 Library Job Sites, and in a Library newsletter which is sent out to 1700 library professionals. In addition, Bradbury Miller is contacting members of the firm's network.

There are currently 16 applicants for the position, and Bradbury Miller staff are reviewing the applications for candidate selection. The closing date for applications is October 3, so more applications are expected to arrive before that deadline. Bradbury Miller staff have also identified an additional 10 individuals who have been recommended through their network.

Application documents will be placed in an online lockbox and made available to Agency Members for review on October 5.

After Bradbury Miller completes the pre-screening, semifinalist candidates will be interviewed by Agency Trustees in a closed session of a Special Agency Meeting on October 14 from 4-to-6 pm. Additional semifinalist interviews will be scheduled for Special Meetings on October 25 and 26 from 1-to-5 pm.

Trustees are asked to notify Clerk Johnson if any contact information has changed, so that Bradbury Miller can provide scheduling and lockbox information.

CONSENT CALENDAR

8/9. Motion to approve the Minutes of August 16, 2021, and the Warrants dated August, 2021, made by Vice Chair Weil seconded by Trustee Cromwell.

Roll Call Vote:

Ayes: Vice Chair Weil, Trustee Amir, Trustee Cromwell, Trustee Drew, Trustee Johnson, and Chair Slavitz.

Absent: Trustee Richards

Noes: None.

Motion Passed.

TRUSTEE CONSIDERATIONS:

10. Consideration of continuing with the process of soliciting rooftop solar proposals

Chair Slavitz said that, considering the amount of Line-of-Credit borrowing needed to complete the Library Expansion, Trustees should consider whether going ahead with the solicitation of rooftop solar proposals by Project Manager Isaacson is prudent. Library Foundation Members have expressed concern about the level of fundraising required at this time, and would like to delay any additions to financial needs. Decisions on and installation of both Solar Panels and a Generator can be delayed until a later time, as the foundations for their placement have already been established.

Trustee Johnson asked whether the purchase of solar panels and a generator can each be considered separately. Chair Slavitz affirmed.

Project Manager Isaacson added that the cost of solar panels alone with storage would cost \$150,000 net of a Marin Clean Energy \$50,000 subsidy. A generator would cost somewhere between \$200,000 and \$350,000, more likely on the lower end.

Trustee Cromwell suggested that a delay in solar selection would not impact planning and work with respect to the Library Expansion and Operations, and might allow time to connect with donors who are interested in specifically funding clean energy for the Library. Trustee Johnson added that public buildings should be conserving energy in these times, and she would hope that there are members of the community who favor solar and would come forward with funding. Trustees Amir, Drew, Weil, and Chair Slavitz agreed.

Chair Slavitz opened the floor for public comments. There were none.

Motion to delay the process of soliciting rooftop solar proposals made by Trustee Johnson, seconded by Trustee Cromwell.

Roll Call Vote:

Ayes: Vice Chair Weil, Trustee Amir, Trustee Cromwell, Trustee Drew, Trustee Johnson, and Chair Slavitz.

Absent: Trustee Richards

Noes: None.

11. Consideration of perspectives on Pension Obligation Bonds for Unfunded Pension Liabilities

Chair Slavitz welcomed Marilyn Oliver and Doug Pryor of Bartel Associates, LLC for an actuarial perspective on Pension Obligation Bonds.

Mr. Pryor said that Bartel has been providing CalPERS POB studies for government Agencies more heavily since 2003. Bartel works independently on an hourly basis and provides an independent viewpoint on Pension Obligation Bonds.

Mr. Pryor said that if the equation was as simple as a 3.5% bond versus a 7% CalPERS obligation, with both rates guaranteed, there would be no question that a Pension Obligation Bond made sense. However, the real crux of the issue is the probability of the Agency earning less than 3.5% on "investments," i.e., funding of CalPERS UAL, made via the Bond proceeds upon which the 3.5% will be charged. He added that Agencies need to understand the negative possibilities, so he will elaborate on those. The seeming appearance of a profitable tradeoff at the outset might be obscuring possible contra-indications along the way.

The Government Finance Officers Association (GFOA) issued a "do not issue POB" statement in 2015 and reaffirmed that opinion earlier in 2021. The basic premise was the arbitrage between the cost of borrowing and the CalPERS investment returns. In addition, if the payback period of the POB was longer than the scheduled CalPERS payback, more interest expense might be incurred in the long run. An Agency might be increasing both risk and debt burden by acquiring a POB.

As a consequence of the GFOA statement, and due to lower than expected earnings early in the term of some previous issuances (with several municipalities losing big money), POBs dropped out of fashion, but are now experiencing a revival with the more recent decrease in interest rates on borrowing.

Additional considerations more specific to CalPERS are:

- CalPERS investment policy is changed by CalPERS management internally, and agencies have no control over how CalPERS invests Agency contributions

Long term returns are currently expected to be less than 7%. Market return expectations are dropping and this may result in additional volatility and risk in achieving investment returns.

CalPERS' risk mitigation policy is pushing their investments more toward fixed income, thus more conservative discount rates. Even if most investment advisors in the marketplace believe that 7% is reasonable, CalPERS will be more conservative in the future and lower its discount rate. When the discount rate is lowered, the CalPERS charges to Agencies are increased to cover actuarial cost projections. An Agency could become subject to a reincarnating/increasing UAL even after issuing a POB to fully fund a prior UAL.

PEPRA UAL should not be funded, as provisions have been made by CalPERS to ensure lower costs and higher funding by Agencies. PEPRA rules apply to employees hired on or after January 1, 2013.

Also, if an Agency is close to paying off its full UAL, care should be exercised to avoid overfunding, considering the inherent investment risk.

POBs are a long-term bet; as short term volatility is projected on the current horizon. In the current 3-to-5-year time frame the POB may not appear to be a profitable choice, while the long-term experience could reveal a good yield.

Historically, there has been volatility in CalPERS' investment returns. There have been a few points in time where the 10-year average was 2.3%-to-2.5%, specifically in 2009.

Analysis of CalPERS' returns also reveals that, in a 1-to-5-year period, returns have been below 3.5% about 23% of the time. In 10-to-11 year periods, returns have been below 3.5% about 7% of the time. Thus, in the longer term of a POB, CalPERS returns are more likely to exceed the POB interest rate.

In analyzing the probability of various Agencies' success with POBs, most of Bartel's projections have indicated a 65%-to-85% likelihood over the long term.

12. Consideration of continuing the Pension Obligation Bond process with Wulff Hansen & Co.

Chair Slavitz asked for a motion to proceed with the process.

Motion to continue the Pension Obligation Bond process with Wulff Hansen & Co. made by Trustee Cromwell, seconded by Trustee Drew.

Roll Call Vote:

Ayes: Vice Chair Weil, Trustee Amir, Trustee Cromwell, Trustee Drew, Trustee Johnson, and Chair Slavitz.

Absent: Trustee Richards

Noes: None.

13. Meeting Dates

A Special Meeting with Closed Session for a review of the pool of candidates for Library Director will be held at 4pm on Thursday, October 14th.

The next Regular BTLA meeting is scheduled for Monday, October 18th, at 6:15pm via Zoom.

Additional Special Meetings during the fall related to Director Search interviews have been added to the schedule of meeting dates.

Chair Slavitz adjourned the meeting at 8:45 pm.

Respectfully Submitted,

Kristin M. Johnson, Clerk of the Belvedere-Tiburon Library Agency Board