

Budget & Personnel Committee Meeting Minutes from 9/15/21

John Voss began the meeting at 6pm. Cindy Heischmidt, Rekha Patterson, John McGowan, and Katie Earnhart were in attendance.

The committee began discussions around the options for refinancing the Library's Certificates of Participation (COPs). Katie explained that our COPs are eligible for refinancing on April 1st, 2022. Regulations allow us to close 90 days in advance of the April 1st date, or around January 1st, 2022.

There is a possibility to change the type of refinancing from tax-exempt to taxable. This would allow us to refinance even sooner. Katie reached out to Mark Grimm from Gilmore Bell, our bond counsel, for his insight about changing our refinance type from tax-exempt to taxable. He said that any refinancing process (tax-exempt or taxable) would take around 75 days to complete so even if we were to switch to a taxable option, we would likely only speed up the process by 30 days. The group decided that it would be best to keep the tax-exempt option.

Katie reviewed the recommendation that she received from Dustin Ziebold, the City of Cape's Finance Director. He's recommendation was that we would reach out to banks and underwriters of our choice and ask them to give us proposals for refinancing. He also stated it would be in our best interest to look for the proposals that give us an interest rate of 2-2.25% and one that would make our repayments flat year to year. Currently our payments increase each year. Dustin offered to review any offers we receive.

The committee discussed whether it was worth the time and money to proceed, or if there was a minimum amount of savings that we want in order to proceed with refinancing. After discussion, the group decided that we would, at the very least, ask for proposals from both banks and underwriters to see what the options would be.

John Voss and Katie will work to develop the criteria we will want in the proposals. We want to ensure that the proposals come back in such a way that we can compare 'apples-to-apples'. The group also decided that they would prefer to receive proposals in writing and avoid in-person pitches from the financial groups. John McGowan said that it would be best to send out the proposal requests out 2-4 weeks in advance and that most should be able to respond within 10 business days.

The committee plans to draft the proposal requests, send them to the financial institutions of our choosing, receive the proposals back and have the committee review them. The committee will then make a recommendation to the full board. The goal being that, if the proposals provide a great enough benefit, the library can 'close' on a refinancing deal as soon as possible after the first of the year.

Finally, the committee also discussed creating a 'sinking fund' or special fund that is separate from our general reserve fund. Currently, any funds collected in excess of our yearly expenditures are deposited into our reserve fund. The committee recommends that a special fund should be created where we determine how much of the reserve fund should be moved into this special fund as well as create a policy or procedure to make sure that any future funds collected from the temporary building tax also be added to this fund.

The meeting adjourned at 7:10pm