

**MINUTES OF THE SPECIAL MEETING
OF THE BOARD OF TRUSTEES OF THE LEMONT PUBLIC LIBRARY DISTRICT
COOK AND DUPAGE COUNTIES, ILLINOIS
HELD AT THE LIBRARY DISTRICT MEETING ROOM
50 EAST WEND STREET, LEMONT, ILLINOIS**

June 26, 2014

I. Call to Order

President Vytenis Kirvelaitis called the meeting to order at 6:32 p.m.

II. Pledge of Allegiance

III. Roll Call

The following trustees answered present: Thomas Burton, Jr., Patricia Camalliere, Daniel Geoghegan, Christine Hogan, Vytenis Kirvelaitis, Catherine Sanders and Michaeline Skibinski. Library Director Sandra Pointon was also in attendance.

IV. Presentation by Thomas Reedy and William Hofherr

Messrs. Reedy and Hofherr, associates in the Public Finance division of [George K. Baum & Company](#), were introduced. At the Board's request, they had researched options for financing a \$2.8 million bond issue and prepared a summary of financing scenarios.

Mr. Hofherr noted that the financial climate is excellent at the present time, with municipal market interest rates at a near all-time low, resulting in favorable loan terms. Interest costs for the original building bond were significantly higher in the mid-1990s.

Mr. Reedy reviewed three amortization terms for structuring the proposed \$2.8M renovation project – 10 year, 15 year and 20 years. He noted that the interest rate assumptions were very conservative and included 30 basis points. He reviewed the timeline for issuing bonds following a successful referendum in November, noting that the certification, and financial and legal processes would not be complete until at least mid-February.

Mr. Hofherr explained the costs and timeline involved in the bond rating process. GK Baum anticipates that the Library would receive a rating of AA or A, given its financial strength (an A rating was assumed for purposes of this analysis). Bond insurance was not recommended due to the cost of such insurance and the Library District's strong credit rating.

The tax impact analysis of the three financing terms was reviewed, using homes with market values of \$250,000; \$300,000; \$354,900 (average home value in Lemont) and \$500,000. In all cases, the annual debt service tax rate would decrease, with the greatest decrease occurring with a 20 year loan, slightly less with a 15 year loan and a modest reduction if a 10 year loan option was chosen. Interest costs were also reviewed. In 2015, interest would be capitalized to avoid any tax rate increase until the current debt service is retired. The debt service tax rate would be decreased beginning in 2016 and would be a level debt service throughout the remainder of the loan term.

V. Public Participation.

There were no comments from the public present.

VI. Consideration of Bond Financing Options.

The Board reviewed the options presented at length. A consensus was reached that the Board's intention to protect current assets and plan for future needs is best served by choosing a financing plan that results in a significant tax rate decrease. Based on current market rates, the 15 year bond

option - which would result in a reduction of approximately 30% over current debt service tax rate would be a likely scenario. The District could finance a shorter term, lower interest rate bond that would fund a renovation plan to address needed repairs, provide additional public space and improve the efficiency and usability of the existing building.

As Mr. Hofherr noted, no decision needed to be made at the present time. Once the referendum was successfully passed, a further analysis of the options based on the financial climate and market interest rates at that time would be required. It would be stressed that this is a likely scenario, but is subject to future financial conditions.

VII. Old Business

A. Revisions to Personnel Policy.

Further discussion was deferred until the regular Board meeting on Thursday, July 10 to allow Trustees sufficient time to review the proposed updates to tuition reimbursement, staff development and vacation policies.

B. Working Budget FY2014-2015.

Director Pointon noted that an adjustment had been made to the budget amounts allocated for personnel insurance and salaries due to a clerical error whereby one employee had not been included in the insurance costs. The overall Corporate Fund budget remains unchanged.

VII. New Business

Director Pointon polled Trustees for their availability to attend the two community meetings planned to discuss financing options and requested that they respond with possible dates via email. A publication was being prepared for mailing to all households in the Library District in early July.

IX. Adjournment

A motion was made by Trustee Burton and seconded by Trustee Sanders to adjourn the meeting at 7:58 p.m. Voice vote: all ayes, no nays. Motion passed. Meeting adjourned.

Respectfully submitted,

Sandra D. Pointon