

MINUTES
LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT
BOARD OF TRUSTEES MEETING
LAS VEGAS, NEVADA
July 12 and 13, 2007
(approved September 11, 2007)

The Board of Trustees of the Las Vegas-Clark County Library District met in retreat session in the Turnberry Room at the Golden Nugget Hotel and Casino on Thursday, July 12, 2007 and Friday, July 13, 2007.

Present:

Board:	V. Davis-Hoggard	L. Overstreet
	F. Sponer	L. Harala
	A. Arthurholtz	A. Aguirre
	K. Benavidez	E. Sanchez (July 13 only)
	J. Costello	

Counsel: G. Welt

Facilitator: Ronald Dubberly, Dubberly Garcia Associates, Inc.

Absent: K. Carter
E. Sanchez (July 12 only)

Staff: Daniel L. Walters, Executive Director
Numerous Staff

Guests: Charles Dorsey, Wells Fargo Insurance Services of Nevada, Inc. (July 12 only)
Katherine Ong, Hobbs Ong & Associates, Inc. (July 13 only)
James Chachas, Hobbs Ong & Associates, Inc. (July 13 only)

V. Davis-Hoggard, Chair, called the meeting to order at 3:02 p.m. on Thursday, July 12.

Roll Call All members listed above represent a quorum. Trustee Sponer arrived at 3:06 p.m., Trustee Arthurholtz arrived at 3:22 p.m. Trustee Harala left at 6:04 p.m.

Agenda Trustee Aguirre moved to approve the Agenda as proposed. There was no opposition and the motion carried.

Approval of Proposed Minutes Regular Session, June 14, 2007 and Nominating Committee Meeting, June 4, 2007. (Item III.) Counsel Welt requested the minutes of the June 14, 2007, Board of Trustees Meeting be corrected to add the affirmative information showing what was actually passed in the Consent Agenda (Item VIII.A.1-7), not simply a title. The corrected version is below:

Chair Davis-Hoggard moved to approve the Consent Agenda (VIII.A.1-7), which consisted of the following items, in its entirety:

Authorize staff to award a printing services contract to Las Vegas Color Graphics for Item #1 as specified in Bid No. 07-09, and to A & B Printing for Item #2 as specified in Bid No. 07-09, and to extend the contracts in subsequent years subject to available funding and continuing contractor performance standards outlined in the bid documents.

Authorize the Executive Director to award a contract to Unique Management Services, Inc. to provide library materials and debt collection services for one year and to authorize staff to extend the contract for three one-year renewals in subsequent years subject to funding being available and the vendor continuing to meet specifications as outlined in the contract documents.

Authorize the Executive Director to contract with Shared Technologies for the upgrade of the District's Telephone System: \$43,541.14 for the mail system; \$37,240.81 for the accounting package; and \$3,154.94 for the telephone system management subject to review by counsel.

Authorize staff to award a contract to install a packaged chilled water central cooling plant for the Summerlin Library, in accordance with Bid No. 07-13, to Johnson Controls, Inc. for an amount not to exceed \$27,329.00.

Authorize staff to award a contract for the electrical service replacement for a new packaged chilled water central cooling plant for the Summerlin Library, in accordance with Bid No. 07-15, to Hamill Electric, LLC for an amount not to exceed \$29,700.00.

Authorize the Executive Director to execute an at-will employment agreement for Albert Prendergast for the position of Information Technology Director, CIO effective July 20, 2007 subject to the review and approval of legal counsel.

Approve the revisions to the *Drug Free Workplace Policy* as proposed by staff.

There was no opposition and the motion carried.

Trustee Overstreet moved to approve as corrected the Minutes of the Board of Trustees Meeting held June 14, 2007. There was no opposition and the motion carried.

Trustee Benavidez moved to approve the Minutes of the Nominating Committee Meeting held June 4, 2007. There was no opposition from Committee members and the motion carried.

Chair's Report
(Item IV.)

Chair Davis-Hoggard advised Trustees that they have been given the list of Board committees for Fiscal Year 2006-2007 and asked them to indicate their interest in serving on committees for Fiscal Year 2007-2008. Trustees can serve on more than one committee.

Trustee Costello expressed interest in serving on the Risk Management Committee and the Finance and Audit Committee.

Chair Davis-Hoggard indicated she was interested in the meetings for the Las Vegas Art Museum Board and Trustee Benavidez said she would be willing to give up her seat if Davis-Hoggard was interested. Trustee Aguirre said he would be willing to remain on the Art Museum Board and updated Trustees on the Art Museum's plans to seek another location.

Trustee Sponer arrived.

With no other changes requested by Trustees, Chair Davis-Hoggard appointed Trustee Costello to the Risk Management Committee and the Finance and Audit Committee. Davis-Hoggard replaced Trustee Benavidez on the LVAM Committee. The list of committees for the 2007-2008 Fiscal Year is as follows:

FY 2007-2008 Committee Assignments –

Standing Committees:

Executive Committee: Verlia Davis-Hoggard, Chair, Francie Sponer, Vice-Chair, Kelly Benavidez, Aldo Aguirre (meet every 4 months)

Finance and Audit Committee: Andi Arthurholtz, Chair, Louis Overstreet, Francie Sponer, Kelly Benavidez, Elaine Sanchez, Larry Harala, Jamie Costello

Risk Management Committee: Ken Carter, Chair, Andi Arthurholtz, Francie Sponer, Aldo Aguirre, Larry Harala, Jamie Costello

Bylaws Committee: Louis Overstreet, Chair, Francie Sponer, Andi Arthurholtz, Larry Harala and Counsel Gerald Welt

Special/Ad Hoc Committees:

Legislative Committee: Verlia Davis-Hoggard, Chair, the Board will serve as Committee of the Whole. This committee will be "sunsetting" for the next year, but the Trustees will maintain an active interest in what is going on regarding legislative matters.

Las Vegas Art Museum Board Representation: Aldo Aguirre, Verlia Davis-Hoggard

Chair Davis-Hoggard then gave a brief review of the ALA Annual Meeting in Washington, D.C. in June. She was happy to report that ALTA is improving. She expressed her belief that strong suggestions from herself and Trustee Arthurholtz have helped encourage the ALTA division organization to reorganize to become more structured and to be able to make progress in accomplishing its goals.

Executive Director's Report (Item V.)

Mr. Walters said that his charge for the month was to hold all reports until the September meeting so that Trustees could devote time to the Retreat issues and he has done so.

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Discussion and possible Board action regarding contract award for property and casualty insurance for the policy year commencing on July 15, 2007, for public officials and employment practices liability insurance for the policy year commencing on August 1, 2007 and for builders risk insurance for Centennial Hills Library for a sixteen month policy term commencing on July 15, 2007. (Item VI.A.)

General Services Director Steve Rice introduced this item. He reported that the Risk Management Committee met on Wednesday prior to the Board meeting with the District's Broker of Record, Charles Dorsey of Wells Fargo Insurance Services of Nevada, Inc. At the meeting, Mr. Dorsey explained the procedure he followed to obtain the coverage proposals and presented the Committee with the proposals for the coverage for the renewal of the property and casualty insurance, proposals for the renewal of the public officials and employment practices liability insurance, and proposals for the builders risk insurance for Centennial Hills Library.

Rice reported that the Committee spent some time reviewing the proposals and asking questions of Mr. Dorsey. Mr. Dorsey is present to answer any questions.

Trustee Aguirre said that he agreed with what he understood Trustee Costello's comment to be at the Committee meeting. Trustee Costello had said that he believes the District should continue to solicit competitive bids for the insurance instead of accepting a discount for renewing automatically with Chubb.

Mr. Walters advised Trustees that the Board cannot take action at this meeting with regard to whether or not to continue with the bidding for each policy year or renewing automatically with a specific company as the item was not on the agenda. Walters said that the issue was discussed at the Committee meeting and staff has been instructed to bring back a method for considering that action during the next policy term.

For the record, Trustee Sponer apologized to members of the Risk Management Committee and Mr. Rice for missing the Risk Management Committee meeting. She misread the meeting date and time.

Trustee Aguirre moved to authorize staff to award a contract, through Wells Fargo Insurance Services of Nevada, Inc., to Chubb Insurance Group at an annual premium of \$254,255 for property and casualty insurance for the policy year commencing on July 15, 2007. There was no opposition and the motion carried.

Trustee Aguirre moved to authorize staff to award a contract, through Wells Fargo Insurance Services of Nevada, Inc., to AIG at an annual premium of \$24,783 for public officials and employment practices liability insurance for the policy year commencing on August 1, 2007. There was no opposition and the motion carried.

Trustee Aguirre moved to authorize staff to award a contract, through Wells Fargo Insurance Services of Nevada, Inc., to Chubb at a term premium of \$16,617 for builders risk insurance for Centennial Hills Library for a sixteen month policy term commencing on July 15, 2007. There was no opposition and the motion carried.

Discussion and possible Board action regarding contract awards for architectural services for efficiency remodel projects for the Rainbow, Enterprise, Las Vegas, Sunrise, Clark County, Spring Valley and West Charleston libraries. (Item VI.B.)

Mr. Rice introduced the item. He explained that the District is ready to start on the next phase of the efficiency remodels, now that the West Las Vegas and Centennial Hills projects are through the architectural design process.

Mr. Rice said that at the March 9, 2006 Board of Trustees meeting, Trustees approved architect selection for efficiency remodel projects for the urban libraries. **Domingo Cambeiro Corporation** was selected for the Rainbow, Enterprise, Las Vegas and Sunrise libraries and **Welles Pugsley Architects, LLP** was selected for the Clark County, Spring Valley and West Charleston libraries.

District staff requested cost proposals from the firms. Mr. Rice said the scope of work for each project includes providing architectural services including schematic design, design development, construction documents, bidding assistance and construction administration. Upon review, the proposed costs seem appropriate. Staff is recommending contract awards of \$185,990 to Domingo Cambeiro Corporation and \$183,565 to Welles Pugsley Architects, LLP be awarded to the selected firms so that the District can get started on the next phase of the efficiency remodels.

Counsel Welt clarified that the amount for each firm, for example, the \$185,990 proposed by Domingo Cambeiro Corporation covers the total cost of the architectural services for the Rainbow, Enterprise, Las Vegas and Sunrise libraries, and is not \$185,990 for each library. Mr. Rice confirmed the total amount covers all the libraries assigned to the particular architect.

Trustee Overstreet asked what the total construction budget is for the efficiency remodels. Mr. Rice said that each group of libraries runs about \$2,000,000. Overstreet observed that the design fees are under 10% of the proposed construction costs for each group, which is a very good ratio.

Trustee Costello asked whether the criteria stated in the *Strategic Service Plan* was considered in the efficiency remodel projects and how the criteria was communicated to the architects. Mr. Rice said the process started with the circulation efficiency initiatives identified in the *2005-2008 Strategic Service Plan*. Those initiatives were further defined in the *Library Efficiencies Report* generated by Aaron Cohen Associates Ltd. (ACA). ACA developed conceptual floor plans on a building by building basis which incorporated all the efficiency initiatives. Rice said those documents were provided to the architects to review. The architects will then work with staff committees at each branch in order to more fully develop the program. The architects will then come up with proposals on how each branch should be laid out in order to fulfill the initiatives.

Trustee Costello asked if the overall concept remains "return on investment," which in this case would be an improved use of staff time and improved customer service. Mr. Rice agreed, saying that the

results should be faster checkouts, shorter lines, and increased efficiencies.

Trustee Aguirre asked if the proposed architect's numbers reflect fees for any engineering revisions and Mr. Rice said the totals included all anticipated architecture and engineering fees.

For the record, both Trustees Aguirre and Benavidez disclosed a personal friendship and that they serve on the Latin Chamber of Commerce Board with Mr. Domingo Cambeiro, but did not think that will interfere with their ability to make a decision on this matter. Counsel Welt said as long as Trustees can render an independent judgment and vote accordingly, there should be no problem. Both Trustees said they could.

Mr. Walters disclosed that he is a member of the Las Vegas Executive Association, along with Welles Pugsley principal Dave Pugsley, and that relationship played no role in staff's evaluation or recommendation of the firm.

Trustee Costello disclosed that both Mr. Cambeiro and Mr. Pugsley are personal friends; however Trustee Costello said he was not on the Board during the selection process and does feels he can render an independent opinion.

Trustee Overstreet moved to authorize the Executive Director to execute a contract with Domingo Cambeiro Corporation not to exceed \$185,990, plus authorized reimbursable expenses, for architectural services for efficiency remodel projects for the Rainbow, Enterprise, Las Vegas and Sunrise libraries. There was no opposition and the motion carried.

Trustee Sponer moved to authorize the Executive Director to execute a contract with Welles Pugsley Architects, LLP not to exceed \$183,565, plus authorized reimbursable expenses, for architectural services for efficiency remodel projects for the Clark County, Spring Valley and West Charleston libraries. There was no opposition and the motion carried.

Presentation of a staff report and Board discussion regarding developing service strategies for the District's growth areas without bond funds. (Item VI.C.)

Mr. Walters introduced Ron Dubberly, one of the principals of Dubberly & Garcia Associates, who will facilitate the Board's discussion regarding developing service strategies for the District's growth areas. Walters said Dubberly had been part of the development of the two previous *Strategic Service Plans* the Board has adopted.

A copy of the official report submitted by Facilitator Dubberly is attached to the minutes. Noted for the record are arrivals, departures and breaks.

Trustee Arthurholtz arrived during Mr. Dubberly's opening remarks.

Robb Morss, Deputy Director, C.O.O., presented a progress report on the *2005-2008 Strategic Service Plan*. He provided a handout to Trustees which has been included in the official meeting file.

The meeting recessed for a short break from 4:24 p.m. to 4:37 p.m.

Mr. Walters outlined the District's financial status and trends. He provided a handout to Trustees which has been included in the official meeting file.

While the Trustees were discussing the reports, Trustee Harala left for the day due to a work-related obligation.

Trustee Sponer moved that the meeting be recessed until 8:00 a.m. on Friday, July 13. There was no opposition and the motion carried. The meeting was recessed at 6:50 p.m.

**Friday, July 13,
2007**

Chair Davis-Hoggard reconvened the meeting at 8:19 a.m.

Roll Call

Chair Davis-Hoggard and Trustees Sponer, Aguirre, Benavidez, Arthurholtz, Costello, Harala, Overstreet were present when the meeting reconvened which constituted a quorum. Counsel Welt arrived at 8:43 a.m. and Trustee Sanchez arrived at 9:19 a.m.

**Continuation of
Board Discussion**

Mr. Dubberly opened the discussion by reviewing what had been discussed the previous day.

A financial presentation was made by Katherine Ong and James Chachas of Hobbs, Ong & Associates, Inc. Ms. Ong and Mr. Chachas provided a handout to Trustees which has been included in the official meeting file.

Counsel Welt and Trustee Sanchez arrived during the Hobbs, Ong presentation.

The meeting recessed for a short break from 9:52 a.m. to 10:06 a.m.

The meeting recessed for lunch from 11:55 a.m. to 12:35 p.m.

**Announcements
(Item VII.)**

Chair Davis-Hoggard reminded Trustees that the Centennial Hills groundbreaking is scheduled for Thursday, July 26 at 9:00 a.m. and hoped that they can all attend.

Mr. Walters announced that Mr. Welt would not be able to attend the next Board Meeting, scheduled for Thursday, September 13, because it falls on Rosh Hashanah. Trustees agreed to reschedule the September Board meeting to Tuesday, September 11, 2007 in the West Las Vegas Library at 6:00 p.m.

**Public Comment
(Item VIII.)**

None.

Adjournment (Item IX.) Trustee Sponer moved to adjourn the meeting at 1:07 p.m. There was no opposition and the motion carried.

Respectfully submitted,

Kelly Benavidez, Secretary

SUMMARY NOTES
LIBRARY BOARD RETREAT

July 12, 2007 3:00 PM to 7:00 PM

July 13, 2007 8:00 AM to 3:00 PM

Turnberry Room, Golden Nugget Hotel and Casino

Facilitator Ronald Dubberly, Dubberly Garcia Associates, Inc.

The Library Board retreat was opened by Library Board Chair Verlia Davis-Hoggard. After introductions of the Trustees and staff, facilitator Ron Dubberly reviewed the agenda for the retreat.

The anticipated outcomes for the retreat were briefly discussed. There was informal consensus among the Trustees that the following outcomes would be appropriate:

1. The Trustees would understand the status and trends of the District's finances and the 2005-2008 Strategic Plan.
2. The Trustees would understand the major financial challenges and opportunities regarding District operations and capital projects.
3. The Trustees would become aware of details of an alternative strategy for financing operations and capital projects.
4. The Board would reach consensus regarding a time table for adopting a course of action.

The District's Deputy Director, Chief Operating Officer Robb Morss, presented a progress report on the 2005-08 Strategic Plan. He outlined the plan's service priorities, strategic initiatives, and efficiency objectives. Mr. Morss reviewed the major accomplishments to date, noting that many of the plan's objectives had been accomplished and most others soon would be accomplished. He recommended that next steps include updating the District's Strategic Plan later this year, reassessing the impact of District demographic trends, and developing a revised capital improvements strategy. The Trustees asked for additional information on several items in the presentation.

Executive Director Dan Walters outlined the District's financial status and trends, with emphasis on enabling a vision that would accomplish needed capital projects while sufficiently funding operations. That vision for the year 2015 included funding to sustain high quality services, hours, and collections; to operate new Centennial Hills, Compass Point, and Mesquite Libraries; and construct a 100,000 square-foot Service Center on the Compass Point site. With the plan that he would next recommend, no tax increase would be required for the completion of these projects or for operations.

The impact of inflation on construction costs was reviewed for the planned capital projects of Centennial Hills, Compass Point, East Las Vegas, Mesquite, and a Service Center. The financial result of construction costs inflation is that transfers and savings from the operating fund to the Capital Project Fund will be insufficient to pay for the scheduled capital projects.

Mr. Walters presented an overview of five methods for funding capital projects. The alternatives included pay-as-you-go savings, a bond issue, an operating levy increase, municipal bonds, and a combined funding model. He said that his overview would be followed on Friday by a detailed financial presentation by Hobbs, Ong & Associates, Inc.

a. Savings Plan (Pay-As-You-Go)

Because of recent and anticipated construction costs inflation, it was explained that the current pay-as-you-go savings method is now impractical. Given the realities of operating revenues and increasing capital costs, the District cannot accumulate sufficient funds to operate the District and construct only two libraries and a Service Center.

b. Bond Issue

A bond issue for capital projects would require public hearings before the City Council and County Commission, approval by the Clark County Debt Management Commission, and voter approval of a tax increase for an excess levy to pay for the bonds, which would have a 20-year term. Voter approval of a tax increase is seen as unlikely in the next several years.

c. Operating Levy Increase

An operating levy increase would require public hearings before the City Council and County Commission, approval by the Clark County Debt Management Commission, and voter approval of a tax increase. The operating levy would have a 20-year term, with the proceeds qualifying for capital and operating expenses. Voter approval of a tax increase for an

operating levy is seen as unlikely in the next several years.

d. Municipal Bonds

The sale of long term bonds would also require public hearings before both the City Council and County Commission and approval by the Clark County Debt Management Commission but not approval by the voters because no tax increase would be involved. Municipal bonds guaranteed by future District operating revenues could be issued for two different terms: up to ten years, and up to 20 years. The long term municipal bonds would require a pledge against future revenues from the Consolidated Tax (CTX or C-Tax). Initial analysis indicates that if municipal bonds alone are used as a financing method for planned capital projects, the proceeds of the current levy would be insufficient to also operate the new facilities over a projected 20-year horizon.

e. Combined Funding Model (Municipal Bonds and a Savings Plan)

This model combines the use of municipal bonds ("d" above) and the current pay-as-you-go savings plan ("a" above). This combined funding model proposes using District savings for two purposes: funding construction projects as in previous years and reserving a portion for future annual operating expenditures.

Mr. Walters outlined the opportunities and risks of the proposed combined funding model.

Opportunities

- A. Complete planned capital projects, fund current operations and operate the additional libraries, and provide fund balances that can be used for operating expenses when needed after 2023.
- B. Enable financial stability during the leadership transition that will occur in the next several years. (The terms of five trustees expire in 2009.)
- C. Give future Library Boards time and opportunity to consider future bond issues, levy overrides, and other financial opportunities.

Risks

Large fund balances generated until 2023 will help fund operations after that date will need to be protected from decisions outside the District.

Unanticipated short-term use of fund balances for other priorities could jeopardize future operations and designated capital projects.

Political disagreement could arise regarding the Library Board's decisions on capital project priorities, when the District seeks City Council and County Commission approvals for issuing municipal bonds.

Two alternate strategies were also briefly outlined. They were to continue the present course or to borrow for only one project.

Continue Present Course

The likely result of continuing the present "savings plan" strategy would be the possible opening of only one additional facility and funding its operations, but reducing the District's capacity to achieve sufficient future savings to construct other facilities.

Borrow for Only One Project

Borrowing funds to construct only one additional library project would not address service needs in other areas of the District. Alternatively, construction of the Service Center without public service expansion may be difficult to justify.

Mr. Walters recommended that the District engage in additional study of the proposed combined funding model and plan for its possible implementation. Library Board decisions would follow its review of the study and planning results. These decisions probably would occur in December 2007. He said that the combined funding model provides a unique opportunity. It creatively leverages the Capital Project Fund previously established by the Board and enables the District to fast-track capital projects based on the successful Centennial Hills model. Further, he stated, the proposed borrowing through municipal bonding will not hurt the District's ability to sustain current service levels at present and currently planned locations.

Planning efforts through December 2007 would include

- updating the Strategic Plan to include the period of 2008-2011.
- evaluating two top architectural firms from the 2006 list.
- initiating programming for the Service Center and the Mesquite Library.
- refining estimates for proposed borrowing through municipal bonds.
- preparing for presentation of the financial model for potential 2008 hearings.

Following a lengthy discussion of Mr. Walters' presentation, Ron Dubberly reviewed the topics covered during Thursday's session. The Board then recessed until the next morning at 8:00 a. m.

The Friday session of the Library Board's retreat began with a presentation by Hobbs, Ong & Associates, Inc. (Hobbs, Ong). The presentation was made jointly by Katherine Ong and James Chachas.

Their presentation began with a review of the District's financial position to assess its ability to fund and operate new facilities and complete remodeling for efficiencies. Funding for the new facilities demonstrated in the financial model included Centennial Hills, Compass Point, Mesquite, and the Service Center planned for the Compass Point site. Background topics included the 2003 bond election and an assessment of revenues and expenditures. Ms. Ong and Mr. Chachas provided preliminary financial results for a "conservative scenario" using pay-as-you-go funding and using 100 percent financing. They then provided preliminary financial results for an "enhanced property tax revenue scenario" with no debt financing.

Next, Ms. Ong and Mr. Chachas described several debt instruments that might be used by the District in funding capital projects and supporting operations. The debt instruments discussed included general obligation bonds, general obligation bonds with additionally pledged revenues, and general obligation bonds of medium term. They noted that debt financing within existing resources (general obligation bonds) is the predominant type of debt instrument used by Clark County and the municipalities within Clark County. They further noted that this method of financing is legislatively authorized, requires no increases in taxes, fits within the District's existing resources, and is "a better match of costs among current and future users."

In closing their presentation they indicated that preliminary indications are that a combination of general obligation bonds, transfers and savings from operating funds, and the use of the Capital Projects Fund for operations and capital projects likely could provide the funding necessary to complete three library facilities and the Service Center, as well as sufficient operating revenues through 2023. During the discussion that followed with the Board, Ms. Ong and Mr. Chachas indicated that if desired they would continue their work in refining the combined funding model and related financial results.

Mr. Walters then outlined possible next steps and discussed them with the Trustees. He briefly reviewed his recommended implementation plan and the required tasks. A question/answer period followed this

review. The discussion included a strong interest among several Trustees that financial planning should include the construction and operation of an East Las Vegas Library along with the three other libraries and the Service Center.

When the discussion was completed, Mr. Dubberly said that he sensed

- comfortableness among the Trustees with serious Board consideration of a financial strategy that includes bond financing.
- Trustee awareness that District management must move forward with planning and information-gathering tasks which will provide information for the Board's deliberations in December 2007.

The retreat was adjourned by Library Board Chair Verlia Davis-Hoggard.