



## Finance Committee

March 30, 2021 2:00 p.m.

### Virtual Meeting

### Minutes

*Pursuant to Governor Baker's March 12, 2020 Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, §18, this meeting of the Finance Committee is being conducted via remote participation.*

Finance Committee members attending remotely: De Angelis, Griesemer, Pam, Schoen, Steinberg, and resident members Hegner, Kubiak, and Sheffler

Members absent: None

Others attending remotely: Finance Director Sean Mangano, Comptroller Sonia Aldrich, Clerk of the Council Athena O'Keeffe, Jones Library Trustee Alex Lefebvre, Library Director Sharon Sharry, Doug Kelleher, OPM Ken Guyette, OPM George Barnes, Kent Faerber, Finegold Alexander Architects Doug Kelleher, Jones Library Trustee Robert Pam

#### 1. Call to order

Steinberg called the meeting to order at 2:04 p.m., confirmed members can hear and be heard, and announced audio and video recording.

#### 2. Jones Library:

- a. **Review the questions and responses regarding financial elements of each option and provide that review to the Town Council for consideration at its meeting on Monday, April 5, 2021**

Members began their discussion with the Historic Tax Credits. Pam said she was very skeptical of Historic Tax Credits, but there were very detailed meetings about it and she does not have any more questions. Schoen commented that the building has to be completed and asked about what the typical time lag is.

Kelleher said they apply throughout construction, and at the completion of the project they submit part 3 of the application which is typically 30-60 days. He said the whole process plays out during the application process and the agreement is worked out prior to submittal of part 3 of the application.

Griesemer said the consultants may not have seen the MOU, so they may not be able to give more detailed timeline for credits. She confirmed that once they have the certificate of occupancy, then they can complete the sale of the credits.

Lefebvre said the last payment to the MBLC is one year from the certificate of occupancy so the timing dovetails nicely.

Hegner asked what happens if the actual is below or above the \$1.6M estimate. Faerber said the \$6.6M commitment from the Trustees is composed of a number of amounts that are estimates; if one part falls short, the other parts can compensate. He said the commitment from the Trustees is \$6.6M total and if the money is raised, that is where the money should go. Griesemer added that if there is an excess, it can be put in an investment fund to be spent for building purposes.

Griesemer asked if the applications along the way correspond to events. Kelleher said many projects apply for credits even before they get started and there are no set milestones for applications outside State deadlines, a long construction period allows for wider application opportunities.

De Angelis asked why the Trustees have not determined eligibility and allow residents to see the renovation. Faerber said a determination of what kind of CPA funds would be available for a repair option would need study of what would be done with the repair option. He said what costs qualify as historic preservation remain to be seen. Faerber added that qualification doesn't necessarily mean grant awards, there are always more applications than there is money to give. He said if an application were made for repairs, it is hard to determine what would be granted for the repair option. He noted that some of the CPA money is a state match and there are conditions that come with that, and so it would be restricted to specific purposes. Faerber commented further that the \$6.6M goal was what the Trustees and Friends determined what was plausible and reasonable, adding that a bigger commitment is a stretch and he is not sure if the Friends would be willing to undertake a bigger goal.

Aldrich added that the CPA funding is for specific purposes, in this case the Special Collections room.

Schoen commented that the CPA fund has been a go-to for this historic building and it is hard to believe there would not be a significant amount that would qualify for CPA funds. Kubiak stated that using CPA money for restoration and repair is problematic when discussing renovations.

Pam stated she had a problem with CPA money being used as part of the fundraising, and heard that if there is need for more funds, the fundraising committee will raise more funds. She said the flexibility on the part of the Library and the Trustees makes her feel more confident with that commitment.

Aldrich said the CPA funds are contingent on approval of the expansion plan being approved and a new application would need submitted if a renovation plan were approved.

Schoen asked about operating costs. Members discussed library operations, including staffing and efficiencies.

Guyette reviewed reductions in the project budget. Steinberg opened the meeting to public comment.

#### Public Comment and Questions

Rudy Perkins asked how much of the budget will go towards repairing gas powered heating equipment and commented that the amended additional information there was discussion of a second cost estimate before going on to design and development and asked when that is expected, and noticed that the architect issued new drawings with different square footage than the earlier estimate by 1,500 square feet. He asked

where that square footage sits and that they make sure they are working with the updated number. He said he is concerned about dramatic reductions in contingencies, stating that the original MBA application gave an 11.5% estimate and 10% soft cost estimate. He said 3-5% construction contingency is too risky for a project with an old building and they need more realistic contingency amounts. Perkins said it did not look like there was escalation for the FFE number in the budget and it was in the original MBLC application. He said they have seen that the numbers have gone down so they should be adding around \$375,000 in escalation for the fees because that seemed like an unrealistic omission or reduction. He asked if there is any study on the strong building and any vibration mitigation they will need to do? Perkins added that the budget is unrealistically low, at least \$1.5M too low and he is concerned that the energy features will not make it into the project when those features are used to sell the project to the public. He asked the committee to give a realistic and transparent budget.

Guyette said the estimate and reconciliation would be the next phase prior to moving on to the next phase. He said their budget format is different from what the MBLC is looking for, they put their numbers into their spreadsheet and things are broken down in different ways in each of the budgets. He said fees are a product of a formula that comes from formula and some of the other line items such as temporary locations are unknowns. Guyette said there is another contingency, the design and pricing contingency, which allows the design to complete. He added that they are going to have to look at cost management solutions and the owner's contingency is for betterments and soft costs. He said the construction contingency is for unforeseen building issues and they will do their best to ensure unforeseen items are accounted for. He commented that he understands the concern about the budget but they will manage to that budget. Alexander spoke about making the budget work for the project, but they do need to get to the next phase to complete the design process.

Tierney said \$540,000 was gas-fired equipment.

Dorothy Pam asked if there is a possibility of putting the Civil War tablets in the library. Sharry responded that the plan has been that once they expand and renovate the tablets will be relocated there, to the ground floor. Bockelman said they have uncovered the tablets and they are on special structures, 600 lbs. each and they will be officially unveiled at the temporary location of the Bangs Community Center on Juneteenth.

Griesemer said this will come to the Council on April 5, and there will be a public forum on the CPA money for the library and the overall appropriations. She said at this forum other public comments can be made.

**b. Review a proposed Memorandum of Understanding and information provided by the Town Attorney**

Members reviewed a revised version of the Memorandum of Understanding between the Library and the Town. Robert Pam explained the reason for the change from "Trustees" to "Library," stating that the agreement will persist through the election of new Trustees in the future.

Steinberg commented that the CPA funds section does not say special collections for expansion/addition to be applied toward the total project cost.

Schoen suggested changes to strengthen the protection for the Town. She said in Section 7., they could take a proportionate share of the endowment and put it into an account as collateral. She also suggested changing “initially for thirty (30) years” to “in perpetuity” in Section 8.

Kubiak spoke about the trust and ownership issues related to moving funds from the endowment to an account. Robert Pam asked if they are requesting for \$6.5M in an escrow account? Schoen said no, it would be more like \$2M. She said it has not been that difficult to set up ownership in a different name and move funds and there was a temporary ownership change.

Robert Pam said he has an issue with “in perpetuity” because the agreement is in respect to the building.

Griesemer said MBLC requires the library agree to maintain the library for 20 years and CPA requires 30 years. She said they chose the longer term. She said for Section 7. while you could ask that a certain amount be labelled, to actually remove and not make the interest available to the library cuts down the flexibility to the library to use their trust funds. She said the compromise was to require the annual reporting listed in the document which allows the Town Manager to at least annually check on the health of the non-profit rather than mess with its money.

Steinberg said how the agreement is enforced and the rights of the Town to be reimbursed for costs and expenses that it might incur including attorney’s fees, gives a significant level of comfort that the Town is secure in the agreement. Schoen commented that she is concerned that it is not strong enough to protect the town even if intentions are good.

Kubiak asked if the document had been reviewed by town attorney. The answer was “Yes”.

Lefebvre said this is a one-sided hammer clause to compel the library to pay and they have multiple options to meet the obligations if there is a shortfall. She said there is language in this that say the library will pay for everything. She said the library would have to pay attorney fees, and this makes it very unpalatable for the trustees not to uphold their end of the bargain. She added that this is a good faith effort for the library to show their commitment to the town.

Robert Pam commented that Section 7. says “shall” regarding including the right to compel clause.

D. Pam said she appreciates the work Schoen has put into this and it helped develop trust.

Steinberg said this ultimately gets back to the fundraising plan. He said he has a lot of faith in Kent Faerber’s ability to see this through and has a lot of confidence in the library’s ability to do this.

### **c. Review the financial orders for Library**

#### **i. CPA**

Griesemer noted the Council will vote on the CPA order first and the overall financial order afterwards.

Members reviewed draft order FY22-8A. Aldrich said this has been reviewed by bond counsel. She said the CPA funds are contingent on project funds. Griesemer said if it is voted second it is seen as supplanting.

## ii. Overall Financial Order for Library

Members reviewed draft order FY21-06C.

Mangano said this has been reviewed by bond counsel, and is being reviewed by KP Law. He said the total amount is less than \$1M from CPA and MBLC will review this as well.

Hegner asked how the Town is going to borrow the library trustee commitment and pay it back and noted that this shows \$15M, not \$21M. Mangano said the borrowing will exceed \$15M. He said the full amount is above and below shows where the debt will come from.

Dorothy Pam asked if there is some way to write it to reflect what was said so people can understand it without interpretation? Aldrich said to remember that this is just authorization for borrowing \$35M, and the other order is authorizing \$1M for CPA. Mangano added that you never have to borrow up to the amount you authorize.

**MOTION:** Griesemer moved, second by Pam, that the Finance Committee thanks the Jones Library Trustees and Director and the experts who assisted the committee by answering questions from the committee, Councilors, and the Amherst Community and providing relevant information. The committee will forward the version of the “Additional Information Regarding the Proposed Library Expansion Project for Consideration by the Amherst Finance Committee March 2021” revised based upon the March 30, 2021 committee meeting to the Council. The Finance Committee finds that the information provided in this document is a reasonable projection of the costs and funding plan for the Renovation and Expansion Plan and the repair alternatives and recommends that the Council rely on this information.

Hegner recommended some edits for clarification, members agreed with the changes. Resident members expressed their support for the motion.

**VOTED** unanimously, 5-0 by roll call that the Finance Committee thanks the LJones Library Trustees and Director and the experts who assisted the committee by answering questions from the committee, Councilors, and the Amherst Community and providing relevant information. The committee will forward the version of the “Additional Information Regarding the Proposed Library Expansion Project for Consideration by the Amherst Finance Committee March 2021” revised based upon the March 30, 2021 committee meeting to the Council. The Finance Committee finds that the information provided in this document is a reasonable projection of the costs and funding plan for the Renovation and Expansion Plan and the repair alternatives and recommends that the Council rely on this information.

Members discussed the committee review of the orders and report to the Town Council.

### 3. Public comment (taken under Item 2.a)

### 4. Future meetings and FY22 budget calendar

Members reviewed a draft budget calendar. Steinberg said for the committee’s next meeting on April 6, they will discuss the regional schools’ budget.

Members discussed Councilor attendance and participation at Finance Committee budget meetings.

Schoen asked about sitting down with the DPW Superintendent to discuss the fixed quarterly water rate. Bockelman suggested this might be best in the summer.

Steinberg thanked the committee, Town Manager Bockelman, and Finance Director Sean Mangano. He said this process has informed the Council about financial aspects of the library proposal and he appreciates everyone's help.

**5. Topics not anticipated by the Chair 48 hours before the meeting. None**

**6. Adjourn**

Steinberg declared the meeting adjourned at 4:56 p.m.

Respectfully submitted, Athena O'Keeffe

Clerk of the Council

**Record of Agenda Packet Materials and Documents Presented**

Draft Calendar 3.22.21 (002)

Draft CO FY21 - 06C JONES LIBRARY EXPANSION AND RESTORATION - BORROWING AUTHORIZATIONS

Draft CO FY22 - 08A CPA - Borrowing Auth- Jones Special Collections Facility

Finance Committee Agenda 03.30.2021

KP-756838-v2-AMHR\_\_Library\_MOA\_(Version\_3 with endowment amount)

Library Questions FC dates Consultants etc\_ as of 3-27-2021

Memorandum to TC re MOU

QA For FinCom Draft 3-27-21