

1. Here is a link to the legislation. Included within the legislation is the mathematical formula that will be used to determine eligibility and the state's share of the construction cost.<http://www.ilga.gov/legislation/publicacts/96/PDF/096-0037.pdf> It is a rather large document, but Article 15 deals with libraries. You will not have to scroll down very far to find the information. In fact, Section 15-5 has the language concerning the "grant index" calculation. Mark
2. Phil would probably be my first contact. We are knee deep in many other aspects of the process and have not been able to "dive in" to the formula to interpret fully. Hopefully, we will be able to get the formula soon, but do not really know when.

The rest of the e-mails are from Phil.

3. The short answer, I'm sorry to say, is that the Library does have to "go through" the City to issue debt of this size. Although there is a provision in the Act that allows for the Library Board to purchase property on installment contracts up to 20 years (up to 75% of the cost) it isn't really used very often and isn't the common way it's done. Usually the process of Article 5 of the Act is what's used.
4. Perhaps, I'm miss-recollecting, but do you have a financial advisor (or did the City) that was assisting you in "running the numbers"? The reason I ask is that all of the ones I know, tend to use bond counsel as the attorneys for such structuring if the deals (and since their charges are included within that financing, it tends to be more efficient and cheaper than using "local counsel"). If you're getting close to these kinds of decisions or choices, I think such an advisor is almost essential to use. Hope that helps Phil Lenzini
5. That sounds fine. I work with folks from Chapman & Cutler all of the time and they are great.
6. Honestly I haven't looked too closely at this formula yet, though I will. The federal "stimulus" money (what I think you're referring to as "Illinois Jobs Now" or at least was the first possible money earlier this year, didn't really favor public libraries after all, and although I had clients interested it really didn't pan out). Along came the State of Illinois in their "capital bill" which set out \$50 million for museums and libraries which is what I suspect the IPL Construction Act money you're talking about. I attended a session from Anne Craig and Pat Norris at ILA on the grant program. but the rules and regs had not been written at that time and I haven't actually seen them yet, thought that might be what Mark Shaffer is talking about. I'll look into it as soon as I send this off (I didn't want you to think I hadn't gotten your mail or was ignoring it). One thing I would strongly suggest, if you haven't done it already, is get your local state legislators (Senator and Reps) who may well be running in the Feb primary election and all the more ready to meet constituents, into the library to hear and see your needs and plans. Depending on how far up the ladder they are (especially in the democratic list with the current legislature) they may well find you some money. Yesterday it was announced that Peoria's riverfront museum was awarded \$5 million of that \$50 million by the local democratic senator, so it shows the "pork" is alive and well in Illinois (though remember "one man's pork is another man's needed public project").Phil Lenzini
7. I can certainly help with the formula calculation, the actual link to the law I could give you, but it's almost 300 pages and instead I will attach here the part that matters to libraries (since it's only about 7 pages and is that Article 15). You'll see that the "grant index" is the "formula" he was talking about (though it's really .35 to .75 as the state's share [and the local match would be the balance which is the .25 to .65% he was talking about]). The biggest problem right now would be if your calculations put you at the 99th percentile in the state since then you'd get nothing under

this program. I do NOT have the statewide numbers at this point though I have requested them, and as soon as I get those (and your per capita number) I could run this for you. We'll see how long the state takes for that calculation.

8. More importantly from my perspective, and I can see why Mark would never say this, is my Peoria example and the strings that can (should?) be pulled by the local elected officials. If you look at section 15-35(a) in the attached you'll see the Bill says the "grant index" times the project cost is the amount of the grant the SOS shall provide to reliable libraries. BUT note that last sentence: where the Gov and General Assembly approve appropriations designated for "specifically identified public library construction projects" this grant index isn't used. See I think what happened for Peoria Museum's \$5 million is the General Assembly just specifically named it and the Gov signed it and therefore they don't wait for a grant, they get it. Nice plan if you can convince your local reps and IF they can get it thought the GA or have enough power to do so (of course now the "veto session" is over and I have no idea when the GA will come back into session) but that's what I was talking about.
9. That means you currently have \$15,168.53 per citizen of EAV. THAT part of the formula is:  $\$645,860,800$  divided by 42,579. Now all I need are the state numbers I mentioned earlier. As soon as I get them or some idea when they will be done, I'll let you know.
10. I don't think it will really matter as the State will go by the most current per capita grant info. In fact, I have news from the state on the calculations. First, they have no numbers at this point, and when the time comes (see below) they will simply punch their computer and out will come the answer for each library because they will have your EAV and per capita data already in their database (as the numbers are the ones I was talking about earlier), BUT they are the only ones who will have those 90th and 99th percentiles for all Illinois libraries (and they are the only ones that will have those numbers since they are the only ones gathering all of the library data to run those calculations and compare). Doesn't sound like they will be distributing those either and as of now they intend to do all of those calculations themselves, not the grant applicants. An actually, as I said we couldn't do them without the 90th percentile data at least. We can so our "side" but we can't do the ratio.
11. Understand though that the State Library would NOT want to hear of this or see you succeed in such "earmarks" because after all, if I am right about Peoria's money (\$5 mil) coming from this fund, because of the special legislation, then consider of the \$50 mil, 20% or \$10 mil is Chicago right off the bat, \$5 mil for Peoria, pretty soon if that keeps up the SOS/State Library wouldn't have much left for the grant program and their "pork" barrel projects. But as I said, one man's pork is another's needed public project.
12. By the way, the other thing you need to keep in mind about this "money" and that is the \$50 mil is in the statute, BUT there's no real appropriation of the funding yet. More over there is no real source of the revenue by which the bonds would be paid back, so no bond sale (that's where the state gets the \$50 mil initially) has happened nor will it happen until a reliable revenue stream is identified and agreed to (and it won't happen now until next spring at the earliest). The only thing I've heard about such a revenue stream is fighting - everything from video poker (which sounds dead on arrival), food and candy sales tax increases (apparently in litigation), cigarette taxes, etc etc. Suffice to say that unless they come up with something, it'll be a long time before anyone sees any actual money from this.

Well, how do you like them apples?

I for one, suggest we forge ahead on new demographics, new DVD for a visual, but most importantly redefine our library mission to partner with all of the other "educational;" institutions in the city to make one comprehensive case for the lifelong importance of the public library and therefore the space for this new integrated model.

## Director's Report

November 7, 2009

### Supplemental report

Gary has asked for an EPA phase 1 report from the Clinic. He is asking me how we are going to pay for this piece of property. So.. I met with Frank Roberts. Gary is wondering if we can pay for the Clinic with some of the funds that we would garner from the \$50 million or bonds from the city.

Communication with Frank Roberts, Well first of all, I am still not sure that the library can borrow money without the city's "approval". But Rudy and I set the tax levy for .275 and that should raise \$150,000 which would pay off a \$2million loan with interest in 20 years.

I asked Phil Lenzini about borrowing money (see below) at Rudy's request and Phil said we needed the city's approval but... there was another way to borrow money too. We would definitely need a firm legal opinion.

Frank brought over a computer program which he will put on a jump drive for me that allows us to input all different numbers and calculate each scenario.

Right now, as we are calculating it with a relatively high interest rate, the average cost to a \$200,000 home would be \$16.00 a year.

1. We need to talk to Chapman and Cutler the big bond counsel. ( I will e-mail Gary Cordes immediately about that) They would underwrite the financial need and do the compliance to get "bank qualified" debt. That makes it tax free to the buyer.
2. We need to engage Bob Pritchard and Senator Burzynski at least 2 or three times a year. I do not know Senator Burzynski. Does anyone on the Board? I have met him a couple of times but I don't think he would remember me. I feel I have a good relationship with Representative Pritchard.
3. Frank Roberts would help work with a consortium of local banks to buy the bonds.
4. I will email Gary and Frank and the Board asking Chapman and Cutler for a possible bond anticipation note to buy the clinic.

### This week:

I am copying and pasting some e-mails from first Mark Shaffer of the Illinois State Library and then Phil Lenzini about the \$50 million promised in Library construction funds. They will be in chronological order. After attending the Live and Learn Construction grant workshop, I realized that we need a LOT more information about this \$50 million so I started by asking Mark Shaffer. I am just attaching their responses to my questions. I think it makes a compelling story.