

Memorandum of Understanding
Village of Oregon Village Board and Library Board
Relating to the Construction of a New Municipal Library
[Originally Approved by Library Board on September 18, 2018, and
Originally Approved by Village Board on October 1, 2018, and
Amended by the Village Board on May 3, 2021 and Library Board on May 12, 2021.

This memorandum of understanding is entered into by the Village Board of the Village of Oregon (“Village Board”) and the Village of Oregon Library Board (“Library Board”).

RECITALS

- A. The Village Board and Library Board would like to construct a new municipal library on certain lands owned by the Village of Oregon known as the “Former Methodist Church Property” (the “Property”).
- B. Wisconsin law provides that the Library Board has exclusive charge, control and custody of all lands and buildings acquired or leased by the Village for library purposes. Consequently, the Village Board and Library Board enter this memorandum of understanding to address the potential use of a new library building on the Property.
- C. The Library Board has exclusive control of the construction of a library, when authorized by the Village Board. Consequently, the Library Board and Village Board enter this memorandum of understanding to address the process to design, finance and construct a new library.

AGREEMENT

The Village Board and Library Board agree as follows:

- 1. *Site Designation.* The Former Methodist Church Property is designated as the site for a new library to be designed, constructed and financed in accordance with the terms of this memorandum of understanding. The Village purchased this property at a cost of \$890,000.00. \$107,188.00 in previously collected library impact fees will be allocated to the Village to offset the purchase price for the property.

2. *Design Process.*

- a. The Library Board will select and contract with such architectural, engineering and other consultants (“Design Consultants”) as may be needed to assist in designing and constructing the new library. The Library Board will not approve and execute any contract for Design Consultant services without first obtaining the Village Board’s approval. The Library Board also will not incur any cost or contractual obligation that will be paid with funds to be appropriated by the Village Board without first obtaining the Village Board’s approval. Nothing in this section limits the Library Board’s authority to expend funds under the Library Board’s control.
- b. The Library Director and Library Board will work with the Design Consultants to develop such plans as may be necessary for the construction of the new library, including such preliminary plans as may be necessary or convenient in connection with fundraising, public participation, and seeking zoning or other approvals, and final plans and specifications for the construction of the new library. The Library Board may appoint committees to assist and advise the Library Board in this process.
- c. The Library Board will obtain Village Board approval of conceptual plans for the new library before seeking approval of any zoning or other approval required to construct the new library.
- d. The Library Board and Village Board must each approve final plans and specifications for the new library before the public bidding of the construction project.

3. *Anticipated Cost and Financing Process.*

- a. The Village paid \$890,000.00 to purchase the site for the new library building. In addition to purchasing the site, on December 11, 2017, the Village Board adopted a motion indicating its willingness to issue \$6,000,000.00 in debt to apply toward the construction of the new library. On February 22, 2021, the Village Board adopted a motion increasing the total amount it expects to borrow to apply toward the construction of the new library to \$10,000,000.
- b. On April 12, 2021, the Village Board adopted an initial resolution to borrow \$1,530,000 for the construction of the new library, and the Village Board expects to complete that borrowing in late spring or early summer 2021. The Village Board expects to borrow the remaining \$8,500,000 for library construction in either a single borrowing in 2022, or potentially in one borrowing in 2022 and another borrowing in 2023.

- c. The Village has and will continue to collect impact fees to apply toward construction of the new library. The Library Board will evaluate the extent to which private funds can reasonably be expected to be raised for the project, and will undertake a capital campaign to raise additional funds to apply toward construction.
- d. The budgeting, design, financing and construction components of building the new library are somewhat interrelated. The Village Board and Library Board agree to use the following process to address these interrelated issues:

Step 1: The Library Board will hire a fundraising consultant to evaluate fundraising potential.

Step 2: The Library Board will use the fundraising consultant's advice to establish fundraising goal. At this step, an initial estimate of sources of funds for the project can be established (borrowing plus impact fees in hand plus donations in hand plus estimated donations and planned gifts).

Step 3: The Library Board will contract for architectural services, at least addressing preliminary services needed to proceed with the capital campaign. Impact fees collected for library purposes and on hand at the time of such services will be used to pay for architectural services. To the extent there are insufficient impact fees available to pay for such services, the Village shall pay the additional cost of such services, subject to being reimbursed from the planned \$10,000,000 Village Borrowing.

Step 4: The Library Board will conduct a capital campaign based on initial cost estimate and preliminary design.

Step 5: The Library Board will contract for and proceed with final engineering and architectural work necessary to publicly bid the project and construct the new library building. The Library Board will determine whether to contract with a construction manager. The Library Board will obtain all permits and approvals needed to proceed with construction of the new library. Impact fees collected for library purposes and on hand at the time of such services will be used to pay for architectural and engineering services. To the extent there are insufficient impact fees available to pay for such services, the Village shall pay the additional cost of such services, subject to being reimbursed from the planned \$10,000,000 Village Borrowing.

Step 6: Before the project goes out to bid, a final budget for the project will be established jointly by the Library Board and Village Board. The final budget will include all costs for the project including construction, professional services, project contingency, all soft-costs including furniture, fixtures & equipment, and any additional land acquisition costs. The sources of funds that will be used to establish the final budget will be: (1) the projected net proceeds

of the \$10,000,000 Village Borrowing;¹ (2) impact fees in hand; (3) donations in hand; and (4) such percentage of planned gifts not yet collected as the Village Board and Library Board agree at the time the final budget is established.²

Step 7: The Library Board will publicly bid the project as required by law.

Step 8: Assuming there is a bid received from a responsible bidder that is within the approved budget for the construction component of the project budget, then barring presently unforeseen circumstances the Village Board expects that it will: (1) adopt a resolution authorizing the Library Board to award the construction contract, and (2) adopt an initial resolution to proceed with borrowing \$8,500,000 (plus such additional amount needed to pay borrowing costs) to complete the borrowing needed to fund construction. After the Village Board has adopted the foregoing resolutions, the Library Board may proceed to award the construction contract.

Step 9: Impact fees collected after Village borrowing for the project is issued, and that are designed to help finance the new library, will be allocated to make debt service payments on the Village borrowing.

4. *Construction Process.*

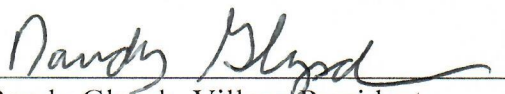
- a. The construction of the new library will be publicly bid in accordance with Wisconsin law governing public construction. The Library Board will not approve and execute any construction or other contract without first obtaining the Village Board's approval of the contract. The Library Board will not approve any change order that will require an additional appropriation of funds by the Village Board, beyond the approved Village Borrowing, without first obtaining the Village Board's approval.
- b. The Library Director and Library Board will be responsible for managing the construction process, with such assistance from the Design Consultants as may be necessary and appropriate. The library board is considering whether to contract with a construction manager.

¹ The net proceeds of the Village Borrowing means the proceeds of the borrowing, reduced by any amount needed to reimburse the Village for funds advanced by the Village to pay for Design Consultants. The cost of borrowing (such as fees paid to bond counsel and financial consultants to accomplish the borrowing) will not be deducted from the \$10,000,000.00 in borrowing that will be made available to fund the project.


² If the final budget for the project includes an amount based on planned gifts, it will likely be necessary for the Village to borrow additional funds to make payments due before planned gifts are received.

5. *Use of the New Library.* The Library Board will have exclusive charge, control and custody the new library building. The Library Board understands that the Village will be working on other components of its civic campus plan, including building a new senior center and either building or remodeling Village administrative and governance facilities. The Village may request the opportunity to use conference room and community room spaces within the new library building, on a limited term basis, particularly while other building and remodeling projects are taking place. For example, the Village Board may request to use a room to conduct board, commission or committee meetings, or to use space in the library to conduct elections, or for other reasons. The Library Board will cooperate with the Village Board to accommodate such requests for use of the new library building whenever reasonably practicable and consistent with library operations.
6. *Use of the Old Library Property.* In exchange for obtaining a new library building, after library operations have moved to the new library building, control and custody of the lands and building used for the current library at 256 Brook Street will be vested in the Village Board.
7. *Preservation of Powers and Duties.* The Library Board and Village Board shall retain all of their powers and duties under Wisconsin law. This Memorandum is not intended to and shall not be construed to modify the powers or duties of either the Library Board or the Village Board.
8. *Prior Agreement Superseded.* This Agreement shall supersede and replace the previous agreement approved by the Library Board on September 18, 2018; approved by the Village Board on October 1, 2018; and signed on behalf of both parties on October 8, 2018.

Signed this 4th day of May, 2021.

By: 
Randy Glysch, Village President

Signed this 21 day of May, 2021.

By: 
Jenny Nelson, Library Board Chair