

SUPERIORLAND LIBRARY COOPERATIVE
MEETING OF THE BOARD OF DIRECTORS
July 17, 2014

CALL TO ORDER: A meeting of the Superiorland Library Cooperative Board of Directors was held at the Superiorland Library Cooperative, Marquette and via video conference at the Devereaux Memorial Library and the West Iron District Library. Other participants dialed in via ReadyTalk audio service. The public was invited to participate at the Superiorland Library Cooperative headquarters (1615 Presque Isle Avenue, Marquette), the Devereaux Memorial Library (201 Plum St., Grayling), or the West Iron District Library (116 Genesee St., Iron River). John Schaeffer, Chair, called the meeting to order at 10:04 a.m. eastern.

SLC BOARD MEMBERS PRESENT: (*denotes voting member) John Schaeffer*, Chair; Kay Elzinga*, Secretary; Ginny Detterbeck*, Chris Homan*, Jeri Selthoffer*, Joan Brown*, Kim Nowack, Sandra Kraai, Sharon Sholke, and B.R. Smith

MEMBER LIBRARY DIRECTORS/STAFF/BOARD MEMBERS PRESENT: Pat Cheski (Menominee County Library Director)

SLC STAFF MEMBERS PRESENT: Suzanne Dees, Director and Pamela Malmsten, Recorder

GUEST PRESENTERS: Terra Langham, MERS Regional Manager and Tammy Marier, MERS Benefit Plan Advisor

VOTING BOARD MEMBERS ABSENT: Pat Houle, Gwen Chapman, and Susie Schwedler

APPROVAL OF THE AGENDA: A MOTION was made TO APPROVE THE AGENDA AS PRESENTED (MSC Chris Homan/Kay Elzinga). Motion carried unanimously.

PUBLIC PARTICIPATION: The library director present had no comments at this time. There was no other public participation at the Superiorland Library Cooperative or any of the video conference locations.

APPROVAL OF THE MINUTES: A MOTION was made TO APPROVE THE MINUTES OF MARCH 26, 2014 AS PRESENTED (MSC Chris Homan /Joan Brown). Motion carried unanimously.

Board members agreed to move the MERS Actuarial Report discussion and MERS representative presentation to the beginning of the meeting.

MERS Annual Actuarial Report, December 31, 2013: Suzanne summarized the MERS (Municipal Employees Retirement System) Annual Actuarial Report as of December 31, 2013; the complete report was posted to the SLC web site. SLC's Defined Benefit pension plan Funded Ratio showed a slight decline: from 98% funded in 2012 to

96% funded in 2013. SLC's required employer contribution will increase over the next two years: from 9.65% of payroll in FY 2014 to 12.41% in FY 2015. Suzanne noted that the extra expense of about \$3,848 for FY 2014/2015 would not be a problem, and, in fact, SLC has been making a voluntary \$4,800 employer contribution to MERS for the past few years. MERS investments resulted in an estimated 6 percent earnings for SLC's pension plan in 2013. Because of large market losses in 2008, MERS spread the 25 percent losses over 10 years; we are currently in year 5. Without the 10 year smoothing of losses, SLC's plan Fund Ratio would be 90% instead of 96%.

Presentation by MERS Representatives and Review of Defined Benefit Pension Provisions Current as of July 2014: Beginning in fiscal year 2015, new Governmental Account Standards Board (GASB) rules will require that municipalities report Net Pension Liability (NPL) rather than unfunded liability in their financial statements. NPL, which uses the actual market value of the assets rather than the "smoothed" value, is the difference between Total Pension Liability and the market value of the assets. To reduce SLC's pension liability, Suzanne suggested that the Board consider the possibility of changing one or more of SLC's defined benefit plan provisions. (Current MERS retirees and active participants would not be affected by any changes.)

MERS Regional Manager Terra Langham presented information on SLC's defined benefit pension plan options. Terra said that the new GASB NPL reporting requirement should have minimal impact on SLC's financial position since its defined benefit pension plan is well-funded; she added that it is, however, a good idea for the Board to be proactive. She also noted that MERS assets have been returning over 8 percent since 2008. Possibilities for reducing the pension liability include: increasing retirement vesting from 8 years to 10 years, dropping the early retirement (age 55 with 25 years of service) option, and/or dropping the 2.5% COLA provision, which calls for a yearly 2.5 percent cost of living increase on pension pay-outs. SLC's current member contribution rate of 4.7% of earnings is comparable to the state average; Terra said that another option would be to increase the employee contribution rate. Terra said that many employers are moving from defined benefit to defined contribution plans or hybrid plans, however this accelerates the employer's pay-off of the unfunded liability for a closed division.

After discussion, the Board agreed that the Finance Committee should further consider the retirement plan options. John Schaeffer noted that it is important to offer a plan that would help to attract and retain high quality employees. Suzanne asked if MERS would charge a fee to analyze the impact of any changes to SLC's unfunded liability; Terra replied that some questions can be handled in-house, however if the analysis goes to the actuary, there would be a charge.

MERS 457(b) Deferred Compensation Plan: At its June 17 meeting, the SLC Finance Committee recommended that SLC open a MERS deferred compensation plan. Tammy Marier, a MERS Benefit Plan Advisor, talked about the MERS 457(b) deferred compensation plan. Tammy said that the MERS deferred compensation plan is completely flexible—employees can make contributions to the plan at any time—and there is no cost to the employer. Tammy said she would be available to talk to employees about the plan. Suzanne noted that although SLC currently offers a deferred compensation plan through Nationwide, this may be a good time to set up a second plan since MERS has a good investment track record and the MERS plan may be easier to

administer. A MOTION was made TO SET UP A 457(b) DEFERRED COMPENSATION PLAN THROUGH MERS (MSC Joan Brown/Jeri Selthoffer). Motion carried unanimously.

DIRECTOR'S REPORT:

Suzanne updated and highlighted some items in the written Director's Report that was distributed to board members and posted online. She reported that long-time Board member Gwen Chapman, who represents the Forsyth Township Public Library, has resigned from the Board due to health issues.

Proposal 1 will be included on the August 5 primary election ballot. If passed, Proposal 1 would assure that a portion of sales tax revenues will be available to reimburse libraries and other local governmental units for revenues that will be lost through the elimination of personal property taxes; an authority will be established to distribute the revenues. Suzanne said that some SLC libraries will experience significant revenue losses if personal property tax revenues are not reimbursed.

Suzanne presented an update on the Open Meetings Act (OMA) bill that would require board members to be physically present at public meetings and disallowing the use of audio and/or video conferencing technology. Senator Casperson's aide reported that the bill sponsor has listened to constituents' concerns and is considering limiting the scope of the legislation to elected university boards.

State Aid to Public Libraries is expected to remain unchanged in fiscal year 2015 at \$0.2945 per capita.

The Director's Report included pictures of the plans for the Forsyth Township Public Library's building renovation project. The library will move to a building located two doors down from the existing library building. When complete, the renovations will result in an expanded, upgraded facility for the library.

FINANCIAL REPORT:

March, April, May, and June 2014 Cash Disbursements and Year-To-Date Reports: Suzanne presented the financial report. She noted that the YTD financial reports now include separate "re-billed" line item expenses and revenues. GASB rules stipulate that line item expenditures cannot exceed budgeted line item amounts. In the past, group subscriptions, computer supplies, equipment, and other items purchased and re-billed to member libraries were usually zeroed out in a revolving account—expenses and revenues were posted to the same account. Re-billed expenses and revenues are now posted to separate expense and revenue accounts and are included in the budget. The new accounting and reporting method makes line item budgeting easier and conveys a more accurate picture of SLC's group purchasing services.

Cash disbursements for March, April, May, and June 2014 were reviewed. There were no questions on the bills. Suzanne also summarized the balance sheet as of June 30, 2014. A MOTION was made TO APPROVE MARCH 2014 CASH DISBURSEMENTS OF \$50,973.89, APRIL 2014 DISBURSEMENTS OF \$47,522.56, MAY 2014 DISBURSEMENTS OF \$47,920.17, AND JUNE 2014 DISBURSEMENTS OF \$47,622.68, THE YEAR TO DATE EXPENSE AND REVENUE REPORTS AS OF 6/30/2014, AND THE BALANCE SHEET AS OF 6/30/2014 (MSC Chris Homan/Jeri Selthoffer). Motion carried unanimously.

FY 2013/2014 Budget Review: A proposed revised budget for FY 2013/2014 was reviewed; line item changes were highlighted in color. Funds were moved out of the technology reserve contingency account to the appropriate line item accounts—equipment (one furnace was replaced), software, and computer supplies; \$10,000 remains in the contingency account. About \$128,000 was added to both the expense and revenue budgets for re-billed items, as Suzanne had previously explained during the YTD report discussion. Suzanne estimated revenue over expense of about \$10,000 at year-end. A MOTION was made TO APPROVE THE FY 2013/2014 REVISED BUDGET [with total expenses of \$519,668 and total revenues of \$529,881] AS RECOMMENDED (MSC Jeri Selthoffer/Chris Homan). Motion carried unanimously.

FY 2014/2015 Draft Budget Review: A draft budget for FY 2014/2015 was reviewed. The budget assumes that state aid will remain the same for next year. The final FY 2014/2015 budget will be approved at the September 2014 Board meeting.

OLD BUSINESS:

Personnel Policy Revision: Part-time Employee Group Medical/Rx/Dental Insurance (Finance Committee Recommendation): The SLC health insurance policy regarding part-time employees states that part-time employees working 28-32 hours per week are eligible for group health insurance. To comply with ACA guidelines, the Finance Committee recommended that the policy be amended to state that part-time employees who work 30-39 hours per week are eligible for employee-only (single) health insurance coverage.

Superiorland Library Cooperative Personnel Manual

CURRENT POLICY: Part-time employees who work on average 28 – 32 hours a week are eligible for group health insurance for employee and spouse, with 50% of premiums to be paid by employer. The employer-paid percentage of premiums may be adjusted annually.

NEW POLICY RECOMMENDED BY THE FINANCE COMMITTEE (complies with Affordable Health Care Act): **Part-time employees who work 30 to 39 hours a week are eligible for group medical, Rx, and dental insurance for employees. Eligible employees will pay a percentage of monthly premiums as determined by the Board. This policy change shall be effective as of 1 September 2014.**

A MOTION was made TO ACCEPT THE PERSONNEL POLICY REVISION REGARDING EMPLOYEE GROUP HEALTH INSURANCE ELIGIBILITY AS RECOMMENDED BY THE FINANCE COMMITTEE EFFECTIVE SEPTEMBER 1, 2014 (MSC Kay Elzinga /Joan Brown). Motion carried unanimously.

Report on Group Health Insurance TPA Transition and Employee Premium Contribution Rates as of July 1, 2014 and October 1, 2014: For the past several years, SLC's employee group health insurance policy has been managed by a Public Employee Trust (PET) and was administered by Third Party Administrator (TPA): Michigan Employee Benefits Services (MEBS). SLC's plan was a Blue Cross high deductible plan with a wrap plan that reduced employee co-pays and deductibles. Prior to SLC's July 1 contract renewal date, SLC was informed that its fully insured health plan would not be renewed. SLC was also notified that MEBS would be going out of business as of 4/1/2014, so Suzanne decided to contract with a local company, Employee Benefits

Agency (EBA) for TPA services. SLC received its July 1 health plan renewal options from EBA in May and, after deliberation by employees and a budget review, a Blue Cross plan was selected; a dental plan was also chosen, but vision insurance was dropped at the request of employees.

Because the new plan rates are based on the ages of each employee and his or her dependents, the premiums for most employees are significantly higher than current plan premiums. Deductible and out-of-pocket costs are also higher. Due to the increased employee premium and out-of-pocket costs, Suzanne recommended that the employee premium pay share be changed from 18 percent (for full time employees) and 50 percent (for eligible part-time employees) to 15 percent (full time) and 40 percent (eligible part-time) beginning July 1, 2014. The health insurance expense changes were included in the revised FY 2014 budget that was approved earlier in the meeting. The FY 2015 draft budget includes a 20 percent employee premium contribution for all employees eligible to participate in the group health plan. Suzanne noted that all new hires are limited to single (employee-only) health insurance. A MOTION was made TO CHANGE THE EMPLOYEE HEALTH INSURANCE PREMIUM CONTRIBUTION FROM 18 PERCENT TO 15 PERCENT [for eligible full-time employees] AND FROM 50 PERCENT TO 40 PERCENT [for eligible part-time employees] BEGINNING JULY 1, 2014 (MSC Kay Elzinga/Jeri Selthoffer). Motion carried unanimously.

NEW BUSINESS:

Accept the Little Traverse Bay Bands of Odawa Indians Cultural Library as Associate Members Effective August 1, 2014: Current tribal SLC Associate Members include the Nah Tah Wahsh Library in Hannahville, the Bay Mills Community College in Brimley, and the Keweenaw Bay Ojibwa Library in Baraga. Associate members pay a yearly base fee (currently \$150) plus varying fees for other services and shared subscriptions. Suzanne said the Cultural Library is especially interested in participating in the Overdrive downloadable digital media service. A MOTION was made TO ACCEPT THE LITTLE TRAVERSE BAY BANDS OF ODAWA INDIANS CULTURAL LIBRARY AS AN ASSOCIATE MEMBER OF THE SUPERIORLAND LIBRARY COOPERATIVE (MSC Chris Homan/Kay Elzinga). Motion carried unanimously.

Authority Control Services to Improve the *Enterprise* Discovery Tool for Online Public Catalog: The Finance Committee recommended that SLC make a one-time contribution of \$12,000 to a UPRLC online catalog database and authority clean-up project; the estimated total cost of the work would be about \$18,000. UPRLC will soon be implementing a new product, Enterprise, which is an online catalog "discovery layer". Since Enterprise's advanced searching capabilities will reveal more of the cataloging mistakes and new RDA (Resource Description and Access) cataloging standards will necessitate clean-up of the records, the UPRLC Automated Library Services users group agreed that this is the right time to contract for authority control clean-up and other necessary work to assure that the records are RDA compliant. UPRLC staff researched vendors and SirsiDynix's costs and work plan were selected. The authority control would include on-going maintenance that will require minimal local staff time to resolve problems identified by the automated process. A MOTION was made THAT SLC CONTRIBUTE \$12,000 TO THE COST OF THE UPRLC ONLINE CATALOG AUTHORITY CONTROL PROJECT (MSC Joan Brown/Chris Homan). Motion carried unanimously.

Update SLC Bylaws Prior to Submitting Bylaws to Library of Michigan (First Notice of Minor Change to Update the Membership List of Libraries): The Library of Michigan has requested updated copies of SLC's Bylaws and Plan of Service. A first notice of minor changes to the SLC Bylaws was presented to the Board. One of the changes includes adding the Alanson Public Library, the last library to join the cooperative, to the list of member libraries. The Board will vote on the Bylaws revisions at the September meeting. Current SLC Bylaws can be found online at: http://joomla.uproc.lib.mi.us/SLC/images/pdf_files/bylawscurrent.pdf.

Update Appendix A of SLC Plan of Service Prior to Submitting Minor Changes to Library of Michigan: A first reading of proposed revisions to the SLC Plan of Service was presented to the Board. Item V. "Advocacy/Marketing" would be revised to include: "public relations and marketing activities that support Cooperative's mission and goals." One of SLC's employees has indicated that she is considering retirement in FY 2015; one of her responsibilities is processing cooperative OCLC interlibrary loan requests. After doing some research and seeking input from member library directors, Suzanne recommended that *if* the employee retires, the job description of the open position should change and would focus on marketing and public relations services. Since OCLC interlibrary loan requests have continued to decline as MeLCat participation and usage have increased, OCLC interlibrary loan services would be outsourced to the White Pine Library Cooperative. ILL outsourcing would *not* require a change to the Plan of Service since SLC would still be offering ILL for items not found in UPRLC online catalog or MeLCat.

Item IV. "Technology Support and Innovation" would be changed to emphasize high definition and desktop video conferencing technology and to eliminate the reference to a mobile training lab since the mobile lab is no longer available. The complete Superiorland Library Cooperative Plan of Service is online at: http://joomla.uproc.lib.mi.us/SLC/images/pdf_files/planservice.pdf.

The revised plan of service can be approved at the next meeting. There was some discussion about the difference between the Plan of Service and the Schedule of Services. Suzanne explained that the Schedule of Services is a detailed narrative of services offered to member libraries; she said she would send the Schedule of Services to the Board members.

Consider Moving Annual Meeting from Tuesday, September 23 to Tuesday, September 30: After discussion, the Board agreed to change the next meeting date from Tuesday, September 23, 2014 to Tuesday, September 30, 2014.

ADJOURNMENT: There being no further business, the Chair declared the meeting adjourned at 12:30 p.m. eastern.

Kay T. Elzinga, Secretary

Pamela Malmsten, Recorder