

SUPERIORLAND LIBRARY COOPERATIVE
MEETING OF THE BOARD OF DIRECTORS
June 30, 2017

CALL TO ORDER: A meeting of the Superiorland Library Cooperative Board of Directors was held at the Superiorland Library Cooperative, Marquette and via interactive video conference at the Dickinson County Library. Other participants dialed in via ReadyTalk audio conferencing service. The public was invited to participate at the Superiorland Library Cooperative headquarters (1615 Presque Isle Avenue, Marquette), the Dickinson County Library (401 Iron Mountain St, Iron Mountain), the Devereaux Memorial Library (201 Plum St., Grayling) or the West Iron District Library (116 Genesee St., Iron River). The Chair, John Schaeffer, called the meeting to order at 11:01 a.m. eastern.

SLC BOARD MEMBERS PRESENT: (*denotes voting member) John Schaeffer*, Chair; Sara Basso*, Vice-Chair; Pat Cheski* Secretary; Debra Friedman*, Sharon Scholke*, Greg Rathje*, Kim Nowack*, Lisa Koon-Bloomburg* (joined at 12 noon eastern), Tina Graber, Pat Houle, Dwight Sunday, and Pam Christensen (SLC Director)

SLC STAFF PRESENT: Pamela Malmsten (Recorder)

LIBRARY DIRECTORS/STAFF/BOARD MEMBERS PRESENT: Megan Buck (Dickinson County Library), Andrea Ingmire (Peter White Public Library), Dillon Geshel, (Portage Lake District Library), Denise Engel (Wakefield Public Library), and Lynne Wiercinski (Ironwood Carnegie Public Library)

VOTING BOARD MEMBER ABSENT: Carole Hiney

APPROVAL OF THE AGENDA: Sara Basso asked that a discussion of 'Team building for SLC' be added to the agenda under "New Business, Item "d". A MOTION was made TO APPROVE THE AGENDA AS AMENDED (MSC Sharon Scholke/Pat Cheski). Motion carried unanimously.

PUBLIC PARTICIPATION AT ALL VIDEO CONFERENCE LOCATIONS:

Megan Buck, Director of the Dickinson County Library, commented on agenda items. She said that she felt that the adoption of the MERS Defined Benefit Pension Plan Surplus Funds Policy (Agenda Item VIII. (c)(ii)) is a great idea and that, if the policy is adopted, she would be interested to hear how it affects SLC's annual required defined benefit employer contribution.

Megan also commented on the proposed Travel Advance and Reimbursement Policy (Agenda Item VIII. (b)(ii)). She commented that (1) SLC's auditor should be asked if reimbursements without receipts are acceptable. (2) Regarding the proposed policy provision that states that SLC would not pay for the travel expenses of people traveling with the authorized traveler, Megan commented that the cooperative's insurance agent should be consulted regarding cooperative liability that could arise by acknowledging in a policy that non-employees are accompanying an authorized traveler. (3) The Travel Advance section of the policy states that "A traveler may request a Travel Advance prior to travel. The Travel Advance will be based on per diem to include all expenses anticipated to be incurred during the

specified travel.” Megan questioned whether this policy provision should apply to employees traveling with a SLC credit card since their expenses could be charged to the credit card.

APPROVAL OF THE MINUTES:

A MOTION was made TO APPROVE THE MINUTES OF THE BOARD MEETING OF MARCH 24, 2017 AS PRESENTED (MSC Deb Friedman /Sara Basso). Motion carried unanimously.

EXECUTIVE DIRECTOR’S REPORT: Pam Christensen presented the Executive Director’s Report. Prior to the meeting, Board members received a detailed written report on each item listed below. Pam C. highlighted information regarding the state aid increase for FY 2017/2018.

Reelection to Michigan Library Association Board of Directors: Pam Christensen was re-elected the Michigan Library Association (MLA) Board of Directors for a three year term that will expire on June 30, 2020.

MLA Health Insurance Committee: MLA is working with the National Insurance Services (NIS) to develop group health insurance coverage for institutional MLA members. Pam Christensen volunteered for the MLA Committee that is working on this issue. Pam C. noted in her Director’s Report that she felt it was important to have input on the development of the health insurance plans to advocate for the needs of SLC libraries, especially the small libraries that have only one or two staff members that may not qualify for group coverage. She also noted that she wants to make sure that an adequate number of Upper Peninsula health care providers are covered in the plan.

Statewide RIDES Delivery Taskforce: In her Director’s report, Pam C. noted that the increased costs associated with the statewide RIDES library material delivery service have had a huge impact on the budgets of SLC member libraries. The Michigan Cooperative Directors Association has expressed concern about the inequity of the RIDES delivery fees between Upper Peninsula and Lower Peninsula libraries. The Midwest Collaborative for Library Services (MCLS) contracts with the Library of Michigan (LM) to administer and implement the RIDES delivery system. LM provided LSTA (Library Services and Technology Act) funding to MCLS to conduct a study of RIDES and make suggestions for improvements. To conduct the study, MCLS established A RIDES Delivery Task Force. Pam Christensen was one of two cooperative directors to be appointed to the task force.

Richmond Township Library Grant for Computers: Pam Christensen helped Richmond Township Library Director Jan St. Germain secure \$1,100 in grand funding from a local union for the purchase of two new computers.

TV White Space Grant for Ironwood Carnegie Public Library: The Superiorland Library Cooperative was one of three Michigan public libraries to win a \$13,000 award from Gigabit Libraries Network’s (GLN) “Beyond the Walls” Initiative. SLC was selected to participate in the national “TV Whitespace Project”. The project, which is funded by Microsoft Corporation and Library of Michigan (LM) LSTA funds, involves using television analog broadcasting range to increase and extend libraries’ Internet Wi-Fi capability. The analog range is no longer used since television broadcasting was converted to digital technology.

SLC is partnering with the Ironwood Carnegie Public Library, the City of Ironwood, Merit Network, the Library of Michigan, and Gigabit Libraries Network to implement the project. The Ironwood Public Library also received a \$2,000 grant from Library of Michigan LSTA grant funds. The \$13,000 GLN grant, along with the \$2,000 LM grant, will

be used to purchase equipment that will enable TV whitespace to be used to extend the library's online services and resources to the community. To insure that there would be no conflicts with the erate program and that the extended Wi-Fi locations would be secure, internet provider Merit Network agreed to provision a second circuit for the project; this segregated network would not draw bandwidth from the library and would not be part of the Upper Peninsula Region of Library Cooperation eRate internet consortium. In addition, the SLC Network Administrator, Jean Montgomery, will tighten down the security of the network as much as possible.

Jean Montgomery and Pam Christensen recently attended a project meeting in Alpena.

Library Director Retirements: Engadine Public Library Manager Janice Wagner retired recently and was replaced by Melanie Chaffin. Patty Hale, director of the Calumet School/Public Library, also recently retired and was replaced by Honora Mason.

State Aid Increase for FY 2017/2018: The Michigan House and Senate approved the Governor's FY 2017/2018 budget, which includes a \$1.2 million increase in State Aid to Libraries. Pam Christensen said that, at this point, we don't have definite amounts for FY 2018 state aid payments; however it is estimated that the increase will translate to about 2 cents per capita for a total of about 34.5 cents per person. The \$.02 per capita increase would result in a total increase in state aid (direct and indirect state aid) for the cooperative of about \$15,000. Since she has not yet received official word of the state aid increase, Pam C. said that she is advising member libraries to budget state aid revenues the same as FY 2017 for now.

FINANCIAL REPORT: Pam Malmsten presented the financial report.

March, April, and May 2017 Cash Disbursements: A \$600 payment to Peninsula Fiber Network in March was for one-time USF ineligible internet costs; USF ineligible costs (\$2,859.39) were also paid to Merit Network in May on behalf of the Curtis Public Library. Both of these subsidies were previously approved by the SLC Board. In May, SLC paid \$800 (3-801) toward the cost of a magician, Cameron Zvara, who visited 11 SLC libraries between June 11 and June 15; each participating library paid \$350 for the program. Library directors have been reporting that the magician was very popular and received excellent reviews from their patrons.

A MOTION was made TO APPROVE CASH DISBURSEMENTS OF \$49,276.54 FOR MARCH 2017, \$44,362.20 FOR APRIL 2017, AND \$47,578.52 FOR MAY 2017 (MSC Sara Basso/Sharon Scholke). Motion carried unanimously.

Year to Date Reports as of 05/31/2017: FY 2017 Year to date expenditures are under the 8/12 budget figures for most line items. Pam M. noted that, although the general fund electronic subscriptions line item (3-959) is 100% expended, there are still funds remaining in account 4-959 (rebilled electronic subscriptions) for Overdrive digital book purchases. Pam M. also said that, later in the meeting, the Board will be discussing RIDES delivery stipends for FY 2017/2018 (agenda item VIII. a.). RIDES subsidies, if approved as recommended, would cost \$5,452.50 in FY 2017 (July through September 2017) and \$16,387.50 in FY 2018 (October 2017 through June 2018). Pam M. added that, at this time, it appears that the Professional and Contractual line item would not have to be increased to cover the FY 2017 stipends.

Regarding year-to-date revenues, Pam M. said that SLC still has not received all of its first 50% indirect state aid payments, but that the final payments should be received by the remaining member libraries by the end of June.

A MOTION was made TO APPROVE THE YEAR TO DATE REPORTS AS OF 05/31/2017 [with total expenses of \$437,461 and total revenues of \$352,312] (MSC Pat Cheski/Deb Friedman). Motion carried unanimously.

Balance Sheet as of 05/31/2017: Pam M. reported that, as of 05/31/2017, total assets were \$657,466.99 and total liabilities plus fund balances were \$657,466.99. A MOTION was made TO APPROVE THE BALANCE SHEET AS OF 05/31/2017 (MSC Deb Friedman/Pat Cheski). Motion carried unanimously.

OLD BUSINESS:

Executive Director Evaluation Committee Report: John Schaeffer, Chair of the SLC Personnel Committee, reported that the Personnel committee met with Superiorland Library Cooperative Director Pam Christensen to discuss her evaluation and the results of a survey that had been distributed to member library directors and SLC board members. Copies of the survey responses were also distributed to all Board members and member library directors. John noted that the committee should have established objectives and performance guidelines before conducting the evaluation. John reported that the Personnel Committee was recommending that the Director receive a 3 percent merit-based salary increase retroactive to December 14, 2016, the date that marks the completion of one year of Pam Christensen's employment. Board member Greg Rathje asked if the Personnel Committee had developed a written report on the evaluation; John answered that it had not. Greg commented that the Director Evaluation process did not follow the SLC policy manual guidelines for conducting the Director Evaluation, and furthermore, did not follow the language specified in Pam Christensen's employment contract. John Schaeffer apologized for this oversight. There was also discussion about some of the survey responses and the reason for the Personnel Committee's recommendation for the merit-based salary increase.

Greg asked for an explanation of the USF (Universal Service Fund) erate program and Pam Christensen described the program. USF is a federal program that provides reimbursements to schools and libraries for internet and telephone service. The competitive bid process, multiple applications, and a comprehensive knowledge of USF rules are involved with USF erate program compliance. Greg also asked about the duties of the SLC erate coordinator. SLC has currently budgeted \$6,000 per year for an eRate Coordinator, who is a part-time SLC staff member. The Erate Coordinator files a consortium USF application for an Internet Consortium consisting of SLC, UPRLC and 18 SLC member libraries. The Coordinator also files four individual applications for SLC libraries that receive Internet from a different provider; she also files applications for telephone service reimbursement for SLC and for several SLC member libraries. Pam Christensen indicated that she would have no problem assuming the erate responsibilities.

There was also discussion about the fact that the Director and the Personnel Committee need to work on employee contracts, evaluations, job descriptions, and updating the Personnel Policy manual; Personnel Committee members said they would develop a time line for accomplishing these tasks

A MOTION was made TO AWARD A 3% SALARY INCREASE TO PAM CHRISTENSEN EFFECTIVE IMMEDIATELY AND RETROACTIVE TO DECEMBER 14, 2016 (Sara Basso/Deb Friedman). The Chair asked for support and Aye votes were heard. The Chair then asked if there were any opposed and one Nay vote was heard. Nay: Greg Rathje (1). Motion carried. Greg Rathje commented that he could not in good conscience support this motion since the terms of Pam Christensen's employment contract were broken.

NEW BUSINESS:

SLC RIDES Delivery Stipends FY 2017/2018: Pam Christensen said that last year RIDES delivery subsidies were distributed based on a formula: subsidies were higher for larger libraries that had more volume and more delivery days. This year a RIDES Delivery Committee was formed; the committee consisted of SLC staff members and member library directors. The RIDES Committee recommended that SLC provide a subsidy of \$750 to each RIDES library that serves as a delivery stop for FY 2017/2018. The committee also recommended that the Copper Country Intermediate School District (CCISD) receive a slightly larger stipend since it serves as a central site for delivery for three SLC member libraries.

A MOTION was made THAT THE SLC BOARD APPROVES THE RIDES DELIVERY STIPENDS OF \$750 FOR EACH MEMBER LIBRARY THAT SERVES AS A DELIVERY STOP FOR THE RIDES PROGRAM FOR FISCAL YEAR 2017/2018, AND A \$850 STIPEND TO THE COPPER COUNTRY ISD TO CONTINUE TO SERVE AS THE CENTRAL SITE DELIVERY POINT FOR THREE SLC MEMBER LIBRARIES (MSC Greg Rathje/Sharon Scholke). Motion carried unanimously.

Report of SLC Personnel Committee: The Personnel Committee met on June 6, 2017 in Marquette; the committee made recommendations regarding health insurance employee premium costs and a proposed travel advance and reimbursement policy

Health Insurance 80/20 Option Resolution: Michigan Public Act 152 of 2011 limits the amount public employers can contribute to employee health insurance plans. The law stipulates that public employers can opt for an 80/20 plan—employers pay 80 percent of premiums and employees pay 20 percent. The Personnel Committee recommended that the Board again adopt an 80/20 premium share policy for all employees eligible to participate in the SLC group health plan.

A MOTION was made THAT SUPERIORLAND LIBRARY COOPERATIVE WILL PAY NO MORE THAN 80% OF THE TOTAL ANNUAL COST OF ITS MEDICAL AND DENTAL GROUP PLAN; IN FY 2017/2018, EMPLOYEES' SHARE OF MEDICAL COSTS SHALL BE 20% OF THE TOTAL ANNUAL COST OF THE MEDICAL AND DENTAL GROUP PLAN. THE BOARD ELECTS THE 80/20 OPTION OVER THE HARD CAP OPTION (MSC Sara Basso/Pat Cheski). Motion carried unanimously.

Travel Advance and Reimbursement Policy: The SLC Personnel Committee recommended that the Board adopt a Travel Advance and Reimbursement Policy; the proposed policy was sent to Board members in advance of the meeting. One of the provisions of the proposed policy was to allow authorized travelers to receive per diem meal reimbursements without providing documenting receipts. In a memo accompanying the proposed policy Pam Christensen had stated that the Personnel Committee felt that reimbursement of meal expenditures without receipts would save time for the Administrative Assistant by reducing the amount of recordkeeping and eliminating review of receipts. Greg Rathje asked if a time study had been conducted to determine the amount of time the Administrative Assistant spends on the procedures involved with the meal receipt requirement; Pam Christensen replied a time study had not been done. Sara Basso said that the policy should be sent back to the Personnel Committee for further review.

A MOTION was MADE THAT THE ADOPTION OF THE PROPOSED TRAVEL ADVANCE AND REIMBURSEMENT POLICY BE TABLED AND THAT THE POLICY BE SENT BACK TO THE PERSONNEL COMMITTEE FOR ADDITIONAL REVIEW (MSC Sara Basso/Sharon Scholke). Motion carried unanimously. Megan Buck commented that, at the Dickinson County Library, policies move through multiple committees before

they come to the board; she suggested that the policy be considered by the SLC Finance Committee as well as the Personnel Committee.

Report of SLC Budget and Finance Committee: The Finance Committee met on June 12, 2017 in Munising. The Committee made recommendations regarding the adoption of a Fund Balance Policy and the MERS Surplus Division agreement. The committee also discussed a bequest to the Great Lake Talking Books Advisory Outreach Center.

Fund Balance Policy: Pam Christensen explained that the proposed Fund Balance Policy, which was approved by the Finance Committee, specifies the fund balance categories, includes descriptions of the categories, and provides guidelines for determining the amounts that should be assigned to each category. Prior to the start of each fiscal year, as part of the budgeting process, the Finance Committee would make recommendations to the Board on the specific amounts that should be assigned to each fund balance category.

A MOTION was made TO APPROVE THE FUND BALANCE POLICY AS PRESENTED (Greg Rathje/Sara Basso). After the motion was on the floor it was noted that the proposed policy stated that the "Committed Fund Balance of the General Fund will contain an amount equal to 100% of the previous *five* years' revenue from state aid", however it was the intention of the Finance Committee that the Committed Fund Balance of the General Fund contain 100% the previous *three* years of revenue from state aid. Greg Rathje AMENDED THE ORIGINAL MOTION TO APPROVE THE FUND BALANCE POLICY AS PRESENTED, EXCEPT THAT PARAGRAPH TWO OF THE "COMMITTED FUND BALANCE FOR CASH FLOW" SECTION BE REVISED TO STATE THAT THE AMOUNT OF FUNDS IN THE COMMITTED FUND BALANCE OF THE GENERAL FUND WILL CONTAIN AN AMOUNT EQUAL TO 100% OF THE AVERAGE OF THREE (3) YEARS' OF REVENUE FROM STATE AID. The Amended Motion carried unanimously. The complete Fund Balance Policy is attached to these minutes and can be found online at:
http://joomla.uproc.lib.mi.us/SLC/images/pdf_files/fundbalpolicy063017.pdf.

MERS Defined Benefit Plan Surplus Division Adoption Resolution: The Finance Committee recommended that the MERS Defined Benefit (DB) Plan Surplus Division Addendum be adopted by the SLC Board. The adoption of the MERS DB surplus division addendum would allow SLC's voluntary employer contributions to go toward reducing the existing unfunded DB pension liability.

A MOTION was made TO APPROVE THE ADOPTION OF THE MERS DEFINED BENEFIT PLAN SURPLUS DIVISION ADDENDUM EFFECTIVE JUNE 30, 2017 (MSC Greg Rathje/Sara Basso). After further discussion about the policy, Sara Basso commented that she could not vote for the policy because she did not understand it. The Chair asked for support and Aye votes were heard. The Chair then asked if there were any opposed and none were opposed. The Chair asked for those abstained and there was one abstained: Sara Basso (1). Motion carried.

Greg Rathje commented that this is the fifth or sixth year the cooperative's defined benefit pension liability has increased, and that difficult decisions, such as spending cuts, are going to have to be made to begin reducing this liability. It was agreed that both the SLC auditor and its MERS representative would be asked to attend the July 12 Finance Committee meeting.

Victoria Wolf Estate Bequest: The U.P. Library for the Blind, which is operated by the Superiorland Library Cooperative, was one of the beneficiaries of the estate of Victoria E. Wolf, a former U.P. Library for the Blind patron. SLC received the first disbursement from the estate, a check in the amount of \$97,588.25 in May 2017. The funds were deposited in a CD in the

name of Superiorland Library Cooperative/Victoria Wolf Estate at the River Valley Bank. There will be one more much smaller disbursement when the estate is completely settled.

Greg Rathje commented that SLC should have a copy of the Trust and a written document from the Trustee, Douglas Paine, which includes specifics on spending the money. He added that SLC needs to assess the needs of the blind and physically handicapped in the community before decisions are made on how the money should be spent. SLC also needs to keep the Trustee informed on how the money is spent. Another consideration is that there is boilerplate language in the Michigan State Budget stating that, in order to receive subregional funding for the Great Lakes Talking Books Advisory Outreach Center (formerly the U.P. Library for the Blind and Physically Handicapped), any level of local funding has to be maintained in subsequent years.

SLC Investments Report: A detailed accounting of all of SLC's financial investments and bank accounts was distributed to Board as part of the Board meeting packet. This report will continue to be included in future Board meeting packets.

Team building: Sara Basso recommended that SLC consider contracting with Fred Pryor Seminars, a consulting company that provides seminars on employee-management relationships, team building, and leadership skills. Pam Christensen said she would contact the company for more information and a price quote. Megan Buck commented that there may be someone from the Michigan State University Extension Service who could provide a similar program for less cost.

PUBLIC PARTICIPATION: Board member Dwight Sunday made three comments: (1) Area Lions Clubs can be a helpful resource for information regarding the needs of blind people in the community. (2) Dwight had attended several Fred Pryor seminars and they were good. (3) The program presented at the library by the magician, Cameron Zvara, was excellent.

NEXT MEETING: The next meeting of the Board of Directors is scheduled for September 29, 2017 11 a.m. eastern.

ADJOURNMENT: There being no further business, the Chair declared the meeting adjourned at 12:47 p.m.

Respectfully submitted,

Pat Cheski, Secretary

Pamela Malmsten, Recorder

Superiorland Library Cooperative Fund Balance Policy Adopted June 30, 2017

The Board of Directors of the Superiorland Library Cooperative has approved the Fund Balance Policy to meet the requirements of the Government Accounting Standards Board Statement #54 and to establish guidelines for maintaining Fund Balance Accounts.

The Fund Balance Policy is intended to provide for financial stability for the Superiorland Library Cooperative, provide sufficient cash flow for daily needs, and allow the Cooperative to meet challenges that may be caused by

- Loss of Cooperative Membership
- Declining Revenues
- State Aid Reductions
- Emergencies or Natural Disasters

The Governmental Accounting Standards Board defines the following categories for fund balances.

- Non-Spendable Fund Balance—funds that are not in spendable form such as inventory and prepaid expenses that must remain intact.
- Restricted Fund Balance—amounts constrained to specific purposes by external providers or higher levels of government.
- Unrestricted Fund Balance—amounts available for use under the following sub-category restrictions:
 - Committed Fund Balance are constrained to a specific purpose by the governing body. Committed amounts can only be imposed, removed or modified by formal action of the governing body (approved by a formal resolution of the full Board of Directors).
 - Assigned Fund Balance are intended to be used for specific purpose(s). Intent can be expressed by the governing body or recommended by an official delegated by the governing body or the Executive Director of the Superiorland Library Cooperative.
 - Unassigned Fund Balance are funds in excess (surplus) of the categories described above in the General Fund only. By their nature, other funds are established to account for revenues that are expended for specific purposes and therefore do not have unassigned fund balance.

Restricted Fund Balance

The Superiorland Library Cooperative Restricted Fund Balance will consist of the Marge Lilja Memorial Fund

Committed Fund Balance for Cash Flow

The Superiorland Library Cooperative will maintain a Committed Fund Balance in the General Fund sufficient to provide operating cash flow and protect against cash flow shortfalls related to interruption of revenues.

The Committed Fund Balance of the General Fund will contain an amount equal to 100% of the average of the previous three (3) years' revenue from State Aid. These funds cannot be spent or reassigned without the approval of the Superiorland Library Cooperative Board of Directors.

Assigned Fund Balance Funds

The Superiorland Library Cooperative will maintain four Assigned Fund Balance Funds.

- Assigned Fund Balance-Unfunded Pension Liability
- Assigned Fund Balance-Capital Improvements
- Assigned Fund Balance-Program and Services Enhancement
- Assigned Fund Balance—Accrued Leave

The Assigned Fund Balance-Unfunded Pension Liability will be used to defray the unfunded pension liability for the Superiorland Library Cooperative's MERS plan.

The Assigned Fund Balance Fund-Capital Improvements. Capital improvements will be defined as permanent structural modifications to the SLC facility or property in an amount of \$1,000 or above. The purchase of any one item at a cost of \$1,000 or above will be considered a capital asset.

The Assigned Fund Balance for Program and Services Enhancement can be used to purchase databases, licenses, equipment, professional and contractual services or materials to improve and enhance Cooperative Programs and Services to member libraries. These funds can also be used as matching funds for grants.

Unassigned Fund Balance

Should there be surplus unassigned fund balance, the Superiorland Library Cooperative will use such fund balance surpluses for one-time expenditures that are nonrecurring in nature or to make an investment in Cooperative programs and services.

The Executive Director and SLC Finance and Budget Committee shall annually determine assigned fund balances for each category based on fiscal year data.

The Superiorland Library Cooperative Board of Directors shall annually review the allocations to fund balance categories prior to the end of the fiscal year.

Any and all use of the Fund Balance Accounts will be recommended by the SLC Finance and Budget Committee and must be approved by the Superiorland Library Cooperative Board of Directors in formal Board action.

Approved: June 30, 2017