

SUPERIORLAND LIBRARY COOPERATIVE
MEETING OF THE BOARD OF DIRECTORS
July 23, 2020

CALL TO ORDER:

A meeting of the Superiorland Library Cooperative (SLC) Board of Directors was held via Zoom remote conferencing service. The public was also invited to participate in the meeting via Zoom. The Chair, Caroline Jordan, called the meeting to order at 11:03 a.m. eastern.

Shawn announced that the meeting was being recorded.

ATTENDANCE:

SLC BOARD MEMBERS PRESENT: Caroline Jordan*, Chair; Deb Friedman*, Secretary; Pat Cheski*, Patti Jahn*, Janet Wagner*, Kim Nowack*, Marion Luckey, and Shawn Andary, Director

SLC STAFF PRESENT: Pamela Malmsten, Recorder

LIBRARY DIRECTORS/STAFF/BOARD MEMBERS PRESENT: Lynne Wiercinski, Ironwood Carnegie Public Library; Megan Buck, Dickinson County Library; Jesse Shirtz, Ishpeming Carnegie Public Library; Leslie Makela, Forsyth Township Public Library; and Dillon Geshel, Portage Lake District Library

VOTING BOARD MEMBERS ABSENT: Dwight Sunday, Vice-Chair (Excused), Brad Winnicki, and Barb Rice

APPROVAL OF THE AGENDA:

Pat Cheski **MADE A MOTION TO APPROVE THE AGENDA AS PRESENTED.** The motion was seconded by Deb Friedman, unanimously approved, and carried.

APPROVAL OF THE BOARD MEETING MINUTES:

Approval of the Regular Board Meeting Minutes of May 28, 2020: Janet Wagner **MADE A MOTION TO APPROVE THE MINUTES OF THE REGULAR BOARD MEETING OF MAY 28, 2020 AS PRESENTED.** The motion was seconded by Patti Jahn, unanimously approved, and carried. .

DIRECTOR'S REPORT: Shawn Andary presented the Director's report.

- FY 2020 final 50% direct and indirect state aid payments have been received. State aid for FY 2021 is not yet known.
- SLC will be awarding \$100 stipends to member libraries to offset costs of Summer Reading programming. Shawn will be sending more information to the email ListServ.
- Technical Support Staff: Network Administrator Luke Bowers and Technology Assistant Eli Gladwell have both left their positions. Eli accepted a full-time IT position with the Marquette Schools and Luke accepted a technology job that allows him to work from home. Byron Fischer, a Northern Michigan University graduate with a degree in Cybersecurity, was hired at the end of June to fill the new IT Specialist position. Eli has

been coming in a few hours week to work with Byron. Luke has continued to be available for questions as well.

- Later in the meeting, a possible partnership with Compudyne will be discussed. Shawn said that web server and email server security and stability issues have been identified and the Board will be asked to approve a support contract with Compudyne for help with these issues.
- Library of Michigan CARES grants for library PPE (personal protective equipment) are being distributed.
- Library of Michigan Digital Inclusion grant awards should also be announced soon.
- SLC will continue to co-sponsor virtual author visits with member libraries.

FINANCIAL REPORT: Pam Malmsten presented the financial report.

Cash Disbursements:

May: The \$1,214.50 payment to Merit Network, Inc. (account 3-801) was for SLC's internet service for July 1, 2019 – June 30, 2020; the remaining invoice cost of \$21,825.53 was rebilled to other internet consortium members.

Total May disbursements: \$69,759.27

June: The \$5,077.08 payment to OCLC was for SLC's cataloging services for July 1, 2020 – June 30, 2021. The \$5,077.08 is the pro-rated expense amount for FY 2020; the remaining cost of \$13,374.59 is a pre-paid expense for FY 2020 and will be recorded as an expense for FY 2021. OCLC issues an interest payment of .75% to institutions that pay for the full year of service in advance. Account 3-801.7 shows the payments to the RIDES delivery libraries for the period July 1, 2020 – September 30, 2020. The \$1,459.20 payment to Custer (account 3-977) was for 3 glass stacker panels that were added to staff workstations as added protective barriers.

Total June disbursements: \$82,198.82.

Year to Date Reports as of 06/30/2020:

Revenues: The first 50% indirect and direct state aid payments have been received as of 06/30/2020. (Note: the final 50% state aid payments were received in early July.) As of 06/30/2020, year-to-date revenues totaled \$515,342.

Expenses: Most line items are under the 9/12 budget figures. A FY 2020 proposed budget revision will be discussed later in the meeting. As of 06/30/2020, year-to-date expenses totaled \$591,181.

Balance sheet as of June 30, 2020: The balance sheet as of June 30, 2020 showed total Assets of \$702,816.23 and total Liabilities plus Fund Balances of \$702,816.23.

Pat Cheski **MADE A MOTION TO APPROVE MAY CASH DISBURSEMENTS OF \$69,759.27, JUNE CASH DISBURSEMENTS OF \$82,198.82, THE YEAR-TO-DATE REPORTS AS OF 06/30/2020** [with total revenues of \$515,342 and total expenses of \$591,181], **AND THE BALANCE SHEET AS OF 06/30/2020** [with total assets of \$702,816.23 and total liabilities plus fund balances of \$702,816.23]. The motion was seconded by Deb Friedman, unanimously approved, and carried.

Approval of the FY 2019/2020 Budget Revision: A proposed FY 2019/2020 budget revision was sent to the board in advance of the meeting.

REVENUES:

The second 50% direct state aid, indirect state aid, and subregional Library for the Blind state aid payments were received in July. There was concern that the final FY 2020 state aid payments might be reduced due to the state budget deficit, however full funding was received.

EXPENSES:

Great Lakes Talking Books: Some line items were adjusted slightly. Total expenses remained the same.

UPRLC Class: UPRLC class expenses are billed monthly to UPRLC; revenues and expenses are a wash. Some line items were adjusted slightly.

General Fund: Total projected general fund expenses were reduced by \$40,269. Some of the line item reductions were due to the coronavirus lockdown, including the cancellation of conferences and travel reductions. Line item changes include:

1. Victoria Wolf Fund: Victoria Wolf fund expenses and revenues were adjusted to reflect actual expenditures.
2. Operating Supplies and Computer Supplies: Line items were reduced based on actual year-to-date expenditures.
3. Professional and Contractual:
 - a. Added \$2,300 for the cost of the building appraisal.
 - b. Added \$3,570 for Merit Technologies payment for consulting on Dickinson County Library server and virus issues.
 - c. Year-to-date actual payments to CDW Consulting and Compudyne for technical support (\$4,690.50) were added.
 - d. A \$1,402.50 payment to My Web Maestro for one year of member library web page hosting was added.
 - e. A total of \$2,500 for member library summer reading program expense subsidies was added.
4. Travel: The line item was reduced from \$11,050 to \$7,750.
5. Continuing Education/Conferences: The line item was reduced from \$15,920 to \$2,855 since most in-person spring, summer, and fall conferences were cancelled.
6. Capital Outlay: A payment of \$1,459.20 to Custer for installation of glass stacker panels between workstations was added to the budget. The glass panels were installed to enhance barriers between staff workstations.
7. The MERS defined benefit surplus division lump sum payment was reduced from \$30,000 to \$20,000.

Total revenues in the original (02/27/2020) budget: \$822,722

Total revenues in the revised (07/23/2020) budget: \$824,618

Total expenses in the original (02/27/2020) budget: \$855,259

Total expenses in the revised (07/23/2020) budget: \$814,411

Net loss in the original (02/27/2020) budget: \$32,487

Net income in the revised (07/23/2020) budget: \$10,209

Deb Friedman MADE A MOTION TO APPROVE THE FY 2019/2020 BUDGET REVISION [with total revenues of \$824,618 and total expenses of \$814,411] **AS PRESENTED**. The motion was seconded by Patti Jahn, unanimously approved, and carried.

First Look at the FY 2020/2021 Budget: A preliminary budget for FY 2020/2021 was sent to the Board in advance of the meeting.

REVENUES:

FY 2020/2021 state aid to public libraries is unknown at this time, however it is anticipated that state aid will be reduced due to the state budget shortfall. The preliminary FY 2021 budget assumes a 25% state aid cut; total direct and indirect state aid would be about \$314,783 under this scenario. The preliminary budget assumes that the subregional Library for the Blind state aid, which funds the Great Lakes Talking Books Advisory Outreach Center, will be the same as in FY 2020: \$41,073.

EXPENSES:

Great Lakes Talking Books: Total expenses are \$50,850, which is slightly higher than FY 2020 anticipated expenses of \$50,800.

UPRLC Class: The UPRLC-ALS group approved its FY 2021 budget in February 2020; the amount approved for the UPRLC-SLC management contract was \$158,019; this is total of the expenses and revenues allocated to the UPRLC class in the SLC budget.

General Fund: The total of projected general fund operating expenses (not including rebilled items) is \$335,477.

Total FY 2020/2021 projected revenues: \$723,449

Total FY 2020/2021 projected expenses: \$741,219

Projected FY 2020/2021 net loss: \$17,770

PUBLIC PARTICIPATION: There was no public participation.

COMMITTEE REPORTS:

Advisory Board of Librarians (ABL) Report: Megan Buck, the Chair of the Advisory Board of Librarians (ABL) reported. Library directors have been meeting weekly for informal Zoom chats. The meetings have been a time for library directors to support each other and discuss ideas. Caroline Jordan asked about reopening progress and Megan replied that depending on library size, access to additional entrances, and other factors, library re-opening phases vary widely. Some libraries are open to the public, some are still closed, some are open to the public by appointment, and some are offering curbside pickup services. The Dickinson County Library Board was planning to discuss its phase 5 "open to the public" date, but the discussion was tabled due to a regional increase in COVID cases. Leslie Makela, Director of the Forsyth Township Public Library, said that the library is open Monday through Friday with public computers available by appointment. Dillon Geshel, Director of the Portage Lake District Library, said that PLDL

is open to the public on a reduced capacity basis; PLDL is also offering curbside services and will soon be starting a homebound delivery program. SLC Board member Janet Wagner reported that the Crystal Falls District Library is open to the public and the West Iron District Library is offering curbside services. Lynne Wiercinski, Director of the Ironwood Carnegie Public Library, said that the library is open to the public by appointment and is offering curbside services.

OLD BUSINESS:

Cooperative Reopening Plan: The SLC Board approved the Cooperative Reopening Plan at the May 28, 2020 meeting. Shawn reported that SLC staff continues to work in the office on a staggered basis. The Great Lakes Talking Books Advisory Outreach Center is gearing up to reopen to the public by appointment. Shawn added that a plexiglass barrier would be installed on the GLTB desk before the reopening is announced.

NEW BUSINESS:

RIDES Subsidies for 10/1/2020 – 6/30/2021: The SLC FY 2019/2020 budget includes RIDES delivery subsidies for 30 library locations. Each RIDES library receives \$750; the Copper Country REMC receives \$850 since it is a hub location for three SLC member libraries. The Midwest Collaborative for Library Services (MCLS) bills libraries in June for delivery service for the following year (July 1 to June 30).

For past delivery subsidies, SLC has issued subsidy checks to libraries for the entire amount of the subsidy soon after libraries received their invoices from MCLS. Since the delivery period covers two SLC fiscal years, the pro-rated subsidy cost for the period from July 1 to September 30 was posted to the current year expense line item and the cost for October 1 to June 30 was posted as a prepaid expense for the current year. On October 1 of the next year, the prepaid expense was credited and the cost was charged to the professional and contractual—delivery expense line item.

This year, due to the uncertainty regarding FY 2020 and FY 2021 state aid revenues, Shawn decided that SLC should only issue pro-rated subsidies for the last three months of SLC's current fiscal year (7/1/20 – 9/30/20) and that Board approval would be sought before the remaining subsidies for 10/1/20 – 6/30/21 would be issued. SLC did subsequently receive the full amount of the FY 2020 second 50% direct and indirect state aid payments. State aid for FY 2020/2021 is still unknown, however it is anticipated that it will be reduced due to the state budget shortfall.

The total of the pro-rated (7/1/20 – 9/30/20) subsidy checks already issued is \$5,650. If the Board approves the immediate payment of the subsidies for the remaining delivery period (10/1/20 – 6/30/21), the total cost will be an additional **\$16,950**; this amount would be recorded as a prepaid expense (an asset account) for FY 2020 and as an expense for FY 2020/2021. Since libraries are required to pay for the entire year of delivery in one lump sum payment, it would be helpful to them if the remaining subsidy checks could be distributed immediately. Alternatively, however, the checks could be distributed after October 1, 2020 or when it is known what the FY 2021 state aid revenue will be.

Discussion: Janet Wagner said that she feels the checks should be distributed immediately. Pat Cheski asked if MCLS would be issuing a credit for the time that delivery

was suspended; Shawn answered that no service credits have been offered. Pat also asked what the impact would be if SLC waited to distribute the checks in September when possibly more would be known about state aid revenue. Megan Buck said that waiting would have minimal impact on the Dickinson County Library. Janet Wagner commented that the West Iron District Library would also likely be minimally impacted by waiting; however, a smaller library like Crystal Falls would probably experience some financial stress. Caroline Jordan said that she feels the checks should be distributed immediately.

Patti Jahn MADE A MOTION TO APPROVE THE IMMEDIATE PAYMENT OF THE MEMBER LIBRARY RIDES DELIVERY SUBSIDIES [\$16,950] FOR THE PERIOD OCTOBER 1, 2020 – JUNE 30, 2021. The motion was seconded by Janet Wagner.

Roll Call: Caroline Jordan: Yes, Pat Cheski: Yes, Janet Wagner: Yes, Patti Jahn: Yes, Kim Nowack: Yes, Deb Friedman: Yes.

Results: Yes: 6, No: 0, Absent: 3 Motion carried unanimously.

Approval of MERS 2019 Actuarial Valuation: Pam Malmsten reported that MERS will be reducing its investment assumption and wage inflation assumption effective with fiscal year 2021 contributions (10/1/2020 – 9/30/2021). The investment assumption will be reduced from 7.75% to 7.35% and the wage inflation assumption will be reduced from 3.75% to 3.00%. MERS also recently completed an Experience Study and adopted changes to certain demographic assumptions. Demographic assumption changes will be effective with fiscal year 2022 contributions. Alternate projection scenarios are listed in the table on page 6 of the report.

Table 1 on Page 8 of the AV shows that SLC's required employer contribution (with phase-in) beginning 10/1/2021 will be \$2,610 per month (\$31,320 per year). With the no-phase in contribution option, the amount will be \$2,859 per month (\$34,308 per year). SLC's current (FY 2020) required employer contribution is \$1,737 per month (\$20,844 per year). The FY 2020/2021 required employer contribution will be \$2,187 per month (\$26,244 per year.)

Table 5 on page 12 shows that SLC's assets as of December 31, 2019 were \$800,430. Table 5 also shows required and voluntary employer payments from 2009 until 2019. SLC set up a Surplus Division in 2017; the \$31,512 payment was the first payment into the new Surplus Division and all subsequent voluntary payments have been directed to the Surplus Division. Prior to 2017, all voluntary employer payments went into the regular defined benefit division. Voluntary payments to the regular division reduce the required employer contribution; voluntary payments to the Surplus Division reduce the future unfunded defined benefit plan liability. Table 5 also shows required active employee contributions to the plan; the last employee contributions were made in 2018; on August 28, 2018, the defined benefit plan was closed to new hires and a new Defined Contribution plan was adopted by the Board.

Table 7 on page 14 shows that SLC's DB plan was funded at 76% as of December 31, 2019 and unfunded accrued liabilities were \$252,264.

Pat Cheski **MADE A MOTION TO APPROVE THE MERS DEFINED BENEFIT PLAN ACTUARIAL VALUATION AS OF DECEMBER 31, 2019.** The motion was seconded by Patti Jahn, unanimously approved, and carried.

SLC Building and Land Appraisal:

Background:

In 2008, when the Northern Michigan Library Network (NMLN) was formed under an interlocal governmental agreement, the SLC building and land were transferred to the NMLN for the sum of \$1. Since that time, the true market value of the SLC building and land have not been reflected in NMLN financial audits; instead the value was shown as \$1.

By the end of February 2020, the NMLN Board and the Boards of the five participating libraries (SLC, Peter White Public Library, Superior District Library, Dickinson County Library, and West Iron District Library) had passed their “Resolutions to Dissolve the Urban Cooperation Agreement between NMLN and Member Libraries.” On March 11, 2020, NMLN Board officers executed a Quit Claim Deed whereby, for the sum of \$1, NMLN quit all claims to the SLC building and land located at 1615 Presque Isle Avenue, along with the adjacent empty lot located at 1617 Presque Isle Avenue.

Appraisal Report:

Once the NMLN was dissolved and the building and land were once again under the ownership of the Superiorland Library Cooperative, SLC’s financial auditor recommended that SLC have the building and land appraised by a professional appraiser so that the true market value could be reflected in future financial audits, beginning with the period ending September 30, 2020. In early July 2020, Lori Mercer from the appraisal firm Swanson, Mercier, and Associates was engaged to conduct the appraisal of the SLC premises and adjacent lot. Lori inspected the building and adjacent property on July 7 and completed her report on July 13, 2020. Her final value estimate of the building and land located at 1615 Presque Isle was **\$275,000** and the estimate of the adjacent property located at 1617 Presque Isle Avenue was **\$49,000**.

Patti Jahn **MADE A MOTION TO APPROVE THE SLC BUILDING AND LAND APPRAISAL REPORT.** The motion was seconded by Pat Cheski, unanimously approved and carried.

Partnership with Compudyne: Shawn said that SLC web server and email server security and stability issues, as well as other network security issues, have been identified. The issues will require high-level technical support and Shawn asked the Board to approve an expenditure of up to \$5,000 to be set aside to work with IT vendor Compudyne. SLC has already worked with Compudyne on some technical issues; Compudyne staff would work with SLC’s IT Specialist to resolve the issues. Shawn added that the company has an office in Marquette. Pat Cheski commented that if Shawn is comfortable working with Compudyne staff then she should continue to work with the company. Shawn is currently working on obtaining more exact pricing for the project.

Janet Wagner **MADE A MOTION TO APPROVE AN EXPENDITURE OF UP TO \$5,000 TO ENTER INTO A CONTRACT WITH COMPUDYNE FOR INFORMATION TECHNOLOGY SERVICES.** The motion was seconded by Pat Cheski, unanimously approved, and carried.

PUBLIC PARTICIPATION: SLC Board members commented; there was no other public participation. Marion Luckey requested that Shawn distribute a report on the present state of SLC’s IT services; Shawn replied that she would be happy to do that. Kim Nowack commented that the St. Ignace Library Board had been “Zoom bombed” and that she would appreciate tips on how to avoid this happening in the future. Zoom meeting

problems were discussed and Shawn noted that it is possible to disable chat until the time for public participation; public participant screen sharing can also be prevented.

NEXT MEETING: The next regular meeting of the Board of Directors is scheduled for Thursday, September 17, 2020 at 11 a.m. eastern.

ADJOURNMENT: There being no further business, the Chair declared the meeting adjourned at 12:40 p.m. eastern.

Respectfully submitted,

Deb Friedman, Secretary

Pamela Malmsten, Recorder