

**Daniel Boone Regional Library
Minutes, Meeting of November 15, 2018**

Call to Order, Roll Call and Determination of Quorum

Khaki Westerfield called the meeting to order at 6:00 p.m. in the Virginia G. Young Room of the Columbia Public Library (CPL).

Daniel Boone Regional Library (DBRL) Board members in attendance were: Dorothy Carner, Taylor Cudd, Susan Daly, Mary Fennel, Lisa Groshong, Tonya Hays-Martin, Jean Howard, Andrea Kimura, August Nielsen, Pat Powell and Khaki Westerfield. Phil Harrison, Kate Markie and Brian Warren were absent.

Also in attendance were patron Carol Koenig, DBRL Executive Director Margaret Conroy and staff members Elinor Barrett, Diana Buckner, Amanda Burke, Katie Dixon, Patrick Finney, Kirk Henley, Melanie Henry, Sarah Howard, Ronda Mitchell, Mary Kate Protzman, Nathan Pauley, Greg Reeves, Angela Scott, Jim Smith, Mitzi St. John and Lauren Williams.

Public Comment

Koenig noted her appreciation for and satisfaction with DBRL services. She asked the board to keep offering equal benefits to all employees half-time and above on a pro-rata basis.

Tess Vrbin of the Columbia Daily Tribune entered the meeting.

Protzman stated that she is a half-time employee who has worked at DBRL for 20 years. She stated her concerns regarding proposed changes to the benefits policies. She asked that half-time employees continue to have the same benefits as full-time employees, but pro-rata. Protzman said that continuing this practice will show the half-time employees they are valued.

Minutes

Westerfield asked for corrections or changes to the minutes from October 18, 2018. Hearing none, she declared the minutes approved as written.

Monthly Reports

Director's Report: Conroy noted that final suggestions have been made to the lease for the property in Holts Summit and it has been reviewed by DBRL's legal counsel. The document was sent to the property developer's attorney on November 12. There are a few construction items and networking tasks to finish before staff can begin moving in materials and furniture.

Conroy reported that staff have extended an offer to one of the candidates for Callaway County manager. Conroy anticipates receiving an answer soon, and the individual could be on board as soon as the beginning of January.

Financial Report: Smith stated that we are on target to meet or exceed the budgeted revenue for CY 2018 and to be under-budget on expenditures.

Service Report: Conroy noted the positive circulation.

Committee Reports

Long-Range Planning Committee: Howard reported that the Long-Range Planning Committee met on November 1. The committee reviewed the proposed 2019 Objectives and Tactics in detail and passed a motion recommending to the Regional Board approval of the draft 2019 Objectives and Tactics.

Barrett noted that there are fewer Objectives and Tactics in 2019 compared to 2018, the first year of the new Strategic Plan. She also reformatted the document by eliminating the references to

**Daniel Boone Regional Library
Minutes, Meeting of November 15, 2018**

the Strategic Plan within the Objectives and Tactics and simply including a full copy of the Plan in the packet for reference.

ACTION: The motion came from the committee recommending approval of the 2019 Objectives and Tactics.

In response to a request from Powell, Barrett explained the procedure for conducting No Logs and the philosophy behind the project. Barrett noted that some services resulting from the previous No Logs exercise include notary public service, faxing, a mailbox, and the feature films collection.

ACTION: The motion passed.

Finance Committee: Fennel reported that the Finance Committee met on November 7. The committee reviewed the investment portfolio with Kevin Bartolacci of Sundvold Financial. No fund changes are recommended at this time but four funds are being watched due to their recent performances.

The committee discussed 401(k) rollover procedures and passed a motion recommending the DBRL Board of Trustees rescind its March 14, 2013 addendum authorizing Rollover Systems to automatically roll out former employee 401(k) account balances between \$200 and \$5,000. Sundvold Financial, DBRL's Registered Investment Advisor and co-fiduciary, will be assuming the rollover services as part of its current contract with DBRL.

The committee then discussed LAGERS and the suggested benefit policy changes. The committee requested further information from staff, and no action was taken on either topic.

Finally, Fennel stated that Smith reviewed the draft 2019 Operating Budget in detail with the Finance Committee. Following the presentation, the committee passed a motion recommending the DBRL Board of Trustees accept the 2019 Operating Budget.

Smith discussed the 401(k) rollover proposal and noted that there will be no additional cost to DBRL if the rollover responsibilities are transferred to Sundvold Financial. Any costs associated with rolling out the funds into a new account will be the former employee's responsibility.

ACTION: The motion comes from the committee recommending the DBRL Board of Trustees rescind its March 14, 2013 addendum authorizing Rollover Systems to automatically roll out former employee 401(k) account balances between \$200 and \$5,000 because Sundvold Financial, DBRL's Registered Investment Advisor and co-fiduciary, will be assuming the rollover services as part of its current contract with DBRL. The motion passed.

Next, Smith reviewed the Final CY 2018 Operating Budget, noting an expected 3.9% increase in budgeted revenue due to an increase in property tax revenue, investment income and other income. A 2.9% increase in CBCLD tax revenue and a 3.7% increase in CCLD tax revenue is anticipated. Other income is budgeted to increase due to the addition of passport application services.

Salaries and Fringe Benefits are projected to increase by 7% compared to CY 2018. Salary and Benefits includes a three (3) percent across-the-board staff raise and a placeholder for implementing LAGERS. An increase of 1.45 FTEs is included for providing passport

**Daniel Boone Regional Library
Minutes, Meeting of November 15, 2018**

application services and operating the new Book Rover, but 1.75 FTEs previously allocated for security personnel are being subtracted, as security personnel will be paid as contracted employees beginning in 2019; therefore, the funding for security personnel is moving from this budget line to Professional Fees.

The Materials budget is decreasing compared to the 2018 budget mainly due to moving the cost of collection management software to the General Operating section.

Smith stated that the General Operating budget is projected to increase due in part to moving the aforementioned security personnel and collection management software expenses to this part of the budget. This budget also includes funds for new meeting room and event software, conducting a community survey and operating a new branch in Holts Summit. In response to questions from Hays-Martin, Smith stated that the community survey costs around \$35,000 and the contracted security costs are budgeted at \$127,000.

Total Building Operations and Maintenance is expected to decrease due to the need for less building maintenance in 2019 compared to 2018. This year, extensive maintenance work was performed at CCPL. This budget section also includes allowances for utilities for the Holts Summit branch and an additional ten circulating hot spots.

Smith stated that the Contingency budget category provides an expenditure budget for grant and donation spending or for emergency expenditures that are approved by the DBRL Board.

In total, revenue is projected to exceed operating expenditures by \$17,684.

Smith reviewed projected Capital Outlay expenses, which include funds for replacing computer equipment, a van, a water tower, furniture and general equipment. In response to a question from Daly, Smith stated that obsolete computers are recycled.

After considering capital outlay expenses, which are saved for in Fund Balance, Smith projects revenue under expenditures of \$248,899. The projected ending Fund Balance on December 31, 2019 is estimated at \$10,760,905. In order to ensure funds are available for future capital needs, the DBRL Board has established three categories: Future Improvements of the Buildings Owned by the Library Districts; Future Furniture and Equipment Replacement Needs; and Implementation of the Strategic Plan. The remaining funds are added to Unrestricted Fund Balance for future needs.

Recess

As provided for in the agenda, the board recessed at 6:34 p.m. Business resumed at 6:42 p.m.

District Board Reports

Callaway County Library District: Hays-Martin reported that the CCLD board approved the CY 2019 Operating Budget.

Columbia and Boone County Library District: Nielsen reported that the CBCLD board approved the CY 2019 Operating Budget.

Williams, St. John and Vrbin exited the meeting.

Old Business

LAGERS: Conroy reviewed the information provided to the board and to the Finance Committee regarding adding a pension for DBRL employees. Conroy distributed a data sheet with general

**Daniel Boone Regional Library
Minutes, Meeting of November 15, 2018**

information on the number of staff members who would and wouldn't qualify for a pension, if offered to employees working 28 or more hours per week, and the 401(k) participation levels.

Conroy stated that the reasons she sought cost projections for staff working 28 or more hours per week include total cost and that it is uncommon for a public entity to provide a pension to half-time staff. She understands that some half-time employees are unhappy with the possibility that they would not be covered by the pension. Conroy does not feel that it is worth the investment costs to offer a pension at the lowest benefit multiplier and lowest service credit, which might be all the library can afford if the pension is offered to all staff members.

Hays-Martin noted that the percentage of DBRL's CY 2019 operating budget allocated to salaries and benefits is 63%, and 65% is a common level for expenditure for public libraries.

Conroy affirmed those percentages noting that adding the projected expense for LAGERS has increased the proportion of the operating budget allocated to salaries and benefits from 62% in 2018 to 63% in 2019.

In response to a question from Cudd, Conroy said that current employees who work 20 hours per week could not be "grandfathered in" to the exclusion of future 20 hour per week employees; once an FTE level is selected, it applies to all current and future employees.

In response to a question from Westerfield, Conroy stated that current projections show that DBRL can afford to credit 25% of prior service at a higher multiplier, but she hopes to find that the library can afford to credit 50% of prior service at a slightly lower multiplier.

In response to a question from Nielsen, Conroy and Henry stated that the cost of including 20 hour per week employees cannot be easily calculated and would require a new valuation from LAGERS.

Smith presented information from a LAGERS workshop he attended. He noted that LAGERS assets consistently perform higher than the benchmarks. The more LAGERS makes in returns, the lower the cost to employers. LAGERS uses smoothing of gains and losses to make it easier to predict annual costs.

Smith stated that the pension costs are funded 36% from employer contributions and 64% from LAGERS investment returns.

Conroy addressed a previously-raised question about committing a future board to the expense of funding the pension, noting that there is a provision in the Missouri Constitution that allows a political subdivision to provide a pension.

Groshong expressed her concern for part-time employees who, under the current proposal, would lose 2% in match on 401(k) contributions as well as not be eligible for LAGERS. She suggested having LAGERS-eligible employees contribute to the cost of the pension so that the 6% 401(k) match can be retained.

Conroy stated that the administrative staff are concerned about this issue. She noted that if the match is rolled back to 4%, it can be reset at 6% in the future when the board feels confident that the expense can be covered. She added that the match cannot be set at different levels for different staff members.

**Daniel Boone Regional Library
Minutes, Meeting of November 15, 2018**

Nielsen suggested rolling back the 401(k) match to 3% and offering qualified non-elective contributions to half-time staff using the 1% savings. Conroy said that she would look into the option.

Daly asked for anonymous staff data including salaries, years of service and 401(k) contribution percentages.

In response to a question from Cudd, Conroy said that part-time employees are eligible to apply for positions with more hours.

Conroy noted that the proposed 401(k) match rollback would apply to all employees and the amount saved will not fully fund the pension.

Westerfield asked that staff provide information on retirement investment plans at peer libraries and non-profits, as well as local for-profits such as Boone Hospital, MU, Veterans United, Shelter and State Farm.

In response to a question from Powell, Conroy said that the current proposal does not include the option of a 4% contribution to pension costs from staff. However, that is a changeable election. She also noted that LAGERS personnel are pursuing legislation that would create the option of a 2% contribution level, which may be more feasible for staff.

Daly noted that a 6% 401(k) match is not usual in the private sector; however, she is afraid staff members will roll back their contributions to 4% if the match is lowered.

Conroy said that some libraries don't offer a 401(k) match and few offer a 6% match. Conroy stated that she wants to select the best option that is fair and legal for not only the current staff but also future staff.

In response to a question from Powell, Conroy said that new information from LAGERS on the cost of including staff who work 20 or more hours will be emailed to the board in advance of the January meeting if the valuation is received in time.

Howard stated that she does not want to disadvantage full-time employees for part-time employees.

Conroy noted that the proposed pension is modest, but has great value in the fact that it is guaranteed for life.

In response to a question from Nielsen, Smith stated that unrestricted Fund Balance is recalculated annually based on each new budget.

Daly noted that DBRL does a fantastic job planning for the future.

New Business

Proposed Policy Changes: Conroy noted that the proposed changes stem from taking a wholesale look at DBRL's leave policies. This led to a proposal to consolidate sick and vacation leave into a paid time off (PTO) system. One issue with current Policy 1-322 (Sick Leave & Medical Appointments) is that employees are allowed to accrue up to 24 weeks of leave, which can then be paid out at 50% upon retirement. This 960 hour sick leave cap is out of market alignment and results in a large, unfunded liability for the library. The new proposed PTO cap for full-time employees, 560 hours, is still high compared to the market (80th-90th percentile). The new

**Daniel Boone Regional Library
Minutes, Meeting of November 15, 2018**

policy would base accrual on years of employment alone; the accrual distinction for exempt and non-exempt staff will be eliminated.

In response to a question from Daly, Conroy stated that DBRL does not offer a short term disability policy. Henry stated that a policy was offered at one time but did not have enough participation for the plan to remain active.

Conroy stated that staff will be exploring the possibility of a “shared leave bank,” to which employees can “donate” PTO that will be distributed to employees in need by decision of staff committee. Conroy said that Henry will continue to look for other ways to meet the need for short-term disability coverage.

In response to a question from Hays-Martin, Conroy affirmed that the current payout rates are 50% of sick leave and 100% of vacation, and the proposed PTO policy does not include any payout. Conroy added that sick and vacation leave should not be considered “compensation,” but taken while employed for the reasons specified.

In response to a question from Groshong, Conroy said that under the proposed policy changes, employees with new PTO balances (created by adding together sick and vacation leave balances on January 1, 2019) that exceed the PTO cap will not lose any hours. Employees can leave their large balances as they are or work them down under the new cap in order to begin accruing again.

Conroy noted that currently, it would cost around \$150,000 to provide a 50% payout to all employees with balances exceeding the new PTO cap. Conroy noted that there is no budget for a payout, currently, so the board would need to determine how to fund it if they decide to offer a payout.

In response to a question from Cudd, Conroy affirmed that the staff recommends the change to PTO regardless of whether a pension is added or not.

In response to a question from Daly, Conroy stated that the pension can be added at any time; it does not have to be implemented at the beginning of a year.

ACTION: Howard moved, Powell seconded adopting Policy 1-323 (Paid Time Off [PTO]) effective January 1, 2019.

Nielsen stated that the proposed policy is much simpler to understand. Howard stated that it is a generous policy. Nielsen acknowledged the discomfort of staff members near retirement who have been counting on the sick leave payout and asked if it would be able to pay out those people who are within a certain number of months of retiring. Conroy suggested that it might be fairer to provide all retirees with up to two weeks of payout.

Cudd said that employees should use their leave while employed.

Daly said that some employees may decide to retire early based on what decision the board makes.

Conroy reminded the Trustees that total pension payments are expected to exceed a one-time payout for any current employee.

Conroy stated that consideration of a payout can be resumed in January, along with the LAGERS discussion.

**Daniel Boone Regional Library
Minutes, Meeting of November 15, 2018**

- ACTION: The motion passed (9-1).
- ACTION: Powell moved, Daly seconded adopting Policy 1-329 (Personal Leave) effective January 1, 2019. The motion passed (9-1).
- ACTION: Howard moved, Powell seconded rescinding Policy 1-321 (Vacation Leave) effective January 1, 2019. The motion passed (9-1).
- ACTION: Nielsen moved, Howard seconded rescinding Policy 1-322 (Sick Leave & Medical Appointments) effective January 1, 2019. The motion passed (9-1).
- ACTION: Powell moved, Fennel seconded rescinding Policy 1-328 (Bonus Hours) effective January 1, 2019. The motion passed (9-1).
- ACTION: Nielsen moved, Daly seconded approving Policies 1-224 (Employee Probation Period), 1-225 (Rest Periods), 1-320 (Requests for Leave), 1-326 (Paid Holidays [Closed & Open]), 1-330 (Leave of Absence without Pay), 1-340 (Family and Medical Leave of Absence [FMLA]) and 1-510 (Voluntary Resignations) with the suggested edits effective January 1, 2019. The motion passed (10-0).

December Board Meeting:

- ACTION: Powell moved, Hays-Martin seconded cancelling the December 13, 2018 DBRL board meeting. The motion passed.

Other Business

Conroy confirmed the information the Trustees would like to consideration in January.

St. John returned to the meeting.

Staff Comments/Announcements

There were no comments or announcements from the staff.

Board Comments/Announcements

Powell said she hopes the employees know the Board of Trustees knows that they are the heart and soul of the library and that the Board is trying to make the best possible decision about the benefits.

Adjournment

Westerfield adjourned the meeting at 8:01 p.m.

Minutes recorded by Amanda Burke, DBRL staff.

Board Secretary