

ST. CLAIR COUNTY LIBRARY BOARD OF TRUSTEES MEETING MINUTES

TIME & PLACE: 6:30 p.m. Tuesday, July 15, 2003
1175 Delaware, Marysville Public Library

PRESENT: BOARD MEMBERS: Betty Clement, Randy Fernandez, Helen Praet and Peter Vernier. DIRECTOR: James Warwick.

ABSENT: Lynn Moran

ALSO PRESENT: Administrative Services Secretary, Kimberley Radatz; Adult Services Coordinator, Allison Arnold; Assistant Library Director, Stanley Arnett II; Branch Coordinator, Peggy Guoin; Branch Librarian, Vicky Hurley; Children Services Coordinator, Janet Rose; Library Assistant I, Kathleen Wheelihan; Technical Services Assistant, Jerilyn Brown, Stewart, Beauvais and Whipple P.C., Larry Allen and Community Foundation of St. Clair County, Wendy Krabach

- I. CALL TO ORDER AND ATTENDANCE BY Chairperson Fernandez at 6:30p.m. All members present except Vice-Chairperson Moran.
- II. APPROVAL OF AGENDA: Moved by Member Vernier and supported by Member Clement to accept the amended Agenda to move both presentations for the Community Foundation of St. Clair County and Stewart, Beauvais and Whipple P.C. from old business to after Citizens' Comments. Motion unanimously carried.
- III. CITIZENS' COMMENTS:
None

Chairperson Fernandez thanked Wendy Krabach from Community Foundation of St. Clair County and Larry Allen from Stewart, Beauvais and Whipple P.C. for attending the Library Board Meeting.

- IV. PRESENTATIONS: Wendy Krabach from Community Foundation of St. Clair County explained they are looking to build an endowment fund through the Community Foundation for the Library System. Money could be solicited from any individual and for any program. The way this fund works is all checks for donations to the St. Clair County Library would be payable to Community Foundation and designated for the Library System. The Library would not start to receive a pay out until the fund reaches \$25,000, the pay out is 5% of the fund per year paid on September 30th of each year. This \$25,000 is the accumulation of all funds, unless you had a large donor who set up a separate fund. If there was a large donor there are two things that can be done, they can set up a separate fund (example: children's books) or put it directly into the Library's designed fund. The principal is never touched you are always working on the income from the fund on an annual basis and that is paid out to the Library. Community Foundation recommends the Agency Designated Fund rather than a Donor Advise Fund. The Agency Designated Fund is where the Community Foundation pays directly to the Agency to help support the Library's operations and programs with no questions asked (every year, once the fund reaches \$25,000 you receive a 5% pay out annually). On a Donor Advise Fund, the Community Foundation is not obligated to accept your recommendation on funding and could use the grant dollars for other purposes other than what you recommended (it would be used for the Library but might be used for other purposes. This also requires more work on the part of the Foundation therefore the fee is higher. The fee for the Agency Fund is 1% and 1 ½% for a Donor Advise Fund. The fund would be promoted through the Community Foundation as a public fund, which means that anyone who wanted to donate to the Library could do that. The fund would be listed as an Agency Designated Fund and would be listed on their Web site and on all promotional material's of the Community Foundation. The Community Foundation can also help with marketing material. The investment for the Foundation are made up by a committee of local representatives so these decisions are

made locally with the assistances of an out side consultant which is Assets Strategy's of Auburn Hills. Current assets being managed under the Community Foundation is 20 million in various funds. Also another advantage for setting up an endowment fund the donators in Michigan can get a tax credit, which is 50% up to \$200.00 for single individuals and married couples it's 50% up to \$400.00. Ms. Krabach also mentioned they work with estate planners. Chairperson Fernandez noted the endowment funding should be included in the Library goals. Member Vernier suggested that the Community Foundation set up a plan with Director Warwick with realistic goals and to anticipate budget funds for future use of these funds. Director Warwick asked could you use public funds to raise money that's going to a different organization? Member Vernier, replied yes as long as you have a contract with them. Director Warwick noted we need to insure the public that if a donation was made for a specific branch that this money would go to that branch. Annual reports for the Community Foundation and a sample agreement letter were distributed. The Community Foundation Board is also made up of community members throughout St. Clair County.

Chairperson Fernandez introduced Mr. Larry Allen representing Stewart, Beauvais and Whipple P.C. and explained going back months ago, which transpired with the budget and financials; the County said they would pay for an independent audit. Chairperson Fernandez personally welcomed that opportunity so they could clear the air and some misconceptions with the public. Director Warwick and Chairperson Fernandez met with Paul Bailey from Stewart, Beauvais & Whipple P.C. to review the audit. Today Mr. Larry Allen is here to go over the final version of the audit and has good news for them. Mr. Allen explained in the past the Library was audited but they were audited as part of the County. By being audited individually you get a little bit more attention and you actually get a financial statement issued that is the Library funds rather than being one fund of a hundred or so accounts. So you have something to work with and can look at your numbers individually and that is what happened this year. Mr. Allen noted they were hired to issue an opinion on a set of numbers which will let any reader know they can rely on these audited numbers or not. And also let's them know that the Library was audited by a CPA and the numbers are correct. Also explained the audit entails a lot of pages of financial information that belongs to the Library and there's a letter included at the front on Stewart, Beauvais and Whipple P.C. letterhead that states they audited the Library under the rules they have to follow and that the Library is boarded by rules that they also have to follow and that people can rely on those numbers. Also noted because the Library is a governmental organization, they can't just audit the Library like a business they have to look at State compliances. The financial statement shows the Library having 1.1 million in actual fund reserves. The Library's current assets are 4.2 million (approx.) and a current liability of 3 million. Also noted the property tax is levied in December and is collected in December, January and February and this levy goes to next year and is not recognized until next year so there is a big receivable for taxes which is called a deferral. This audit has been folded into the County's audit. Chairperson Fernandez asked if Paul Bailey has met with County Administrator Troy Feltman? He believes so. Question, is 20 to 25% a good reserve to have? Mr. Allen noted the reserve is right inline, and not in excess and right in flow of things. Chairperson Fernandez noted that this reserve is for a possible Ft. Gratiot Branch, Burtchville Branch or other capital items. Member Vernier also noted yes that is true but it a reserve account is also for financial stability. Chairperson Fernandez asked regarding the recommendations of the audit do we need a formal policy for the Director Warwick to do? Mr. Allen explained each company has their own level of what they can do. Member Vernier asked that the Library board reviews the audit and come back and discuss. Chairperson Fernandez thanked Larry Allen and Paul Bailey.

- V. APPROVAL OF MINUTES: Moved by Member Praet and supported by Member Vernier to accept the June 17, 2003 Regular Meeting Minutes. Motion unanimously carried.

VI. FINANCIAL REPORT:

- a) Approval and Ratification of Bills.
Moved by Member Vernier and supported by Member Clement to accept the Regular invoices for June 2003 totaling \$12,938.73 and Millage invoices for June 2003 totaling \$49,315.51. Motion unanimously carried. No invoice totaled was \$10,000 or more, no report required.
- b) Acceptance of Financial Report.
Director Warwick explained the June Summary of Budget and the Summary of Revenue Financial Reports thoroughly. Expenditures for 50% of the year for Millage is at 36.7% and the Regular budget is at 31.9%. Revenue, we are under by \$121,000 and will not be receiving further property tax. Current Property tax is down by \$75,000 (property tax was over estimated by the County and also was reduced by \$34,000 due to the re-evaluation of the Detroit Edison Plant. The Business Tax is controlled by the State and we have not received any funds yet. The State Aid is at 58%, we are going to be short approximately \$17,000 due to State changes, should be receiving at least \$22,000 more for State Aid and still have not received any funds for STAR. The Library will be receiving \$782,633 in Penal Fines sometime this month or early next month. Moved by Member Vernier and supported by Member Praet to accept the June 2003 Financial Reports as information only. Motion unanimously carried. Chairperson Fernandez asked that Director Warwick keep the board updated regarding the \$750,000 penal fines.

VII. COMMUNICATIONS:

- a) Library Director's Report.
Director Warwick explained the Algonac-Clay Library Board is not happy about the two hours time limit. He'll be replying to them explaining that the Library needs to have uniformly within the system and also it was a decision that was made at the Systems meeting. Attached is the ruling on the Electronic Resource Policy from Gary Fletcher's Office. Gave a talk to the County Commissioners on July 9th spoke about the goal setting session and we'll be inviting them to make sure where in line with what the County wants, spoke about the STAR's 25th Anniversary. Frank Kurt Cylke will be here from National Library Service for the Blind and Physically Handicap and Michigan's State Librarian; Christie Pearson Brandau will also be here to attend the STAR's 25th Anniversary celebration. Director Warwick will also be attending the Burtchville Township meeting on the 21st to answer any questions they may have regarding a branch. What Director Warwick has been telling the Burtchville Library committee is if they had a building right now he could not promise them anything in terms of additional hours or services, just that there would be more materials. For additional service hours it has to go through the budgetary process, which mean Library Board approval and Board of Commissioner approval. MiLE project is going great; twenty-one books came in the Library in one day and also mentioned the starting of a relationship with the Community Foundation. Circulation system-wide is down .71% for the year, due to smaller material budgets and less advertising etc. Great news was also given to the Commissioners; registered patrons were at 73,701 that is 44% of our total population.
- b) Department and/or Committees.
- c) Thank you notices:
 - Toni George – Port Huron Recreation Department
 - A J Manchester – Patron
 - Karen Micklatcher & Sharon Edmondson – Girl ScoutsMoved by Member Vernier and supported by Member Clement to receive and file Communications as information only. Motion unanimously carried.

VIII. OLD BUSINESS:

- a) None

IX. NEW BUSINESS:

- a) Requesting for approval to fill Assistant Branch Librarian (floater) position. Moved by Member Vernier and supported by Member Praet to approve to fill the Assistant Branch Librarian (floater) position. Motion unanimously carried.
- b) Requesting for approval to fill Page position at the Main Branch. Moved by Member Clement and supported by Member Vernier to approve to fill the Page position at the Main Branch. Motion unanimously carried.
- c) 2004 Budget Discussion.
Director Warwick explained as of today we do not have a revenue projection, we are also working on salary figures where we will not have the big surplus as other years. Sent out two messages to staff asking for their comments, have not read them all yet but will be taking them into consideration in developing the budget. A lot of good suggestions were received. Other items to take into consideration, we need to start replacing some of the computers. Also noted it will be a very tight budget year. Cutting staff would be the least priority if anything he will try and get flexibility in our staffing. Budget is due in the system August 15th and will be presented at the August 19th Library Board meeting, changes can be submitted later.
- d) Board Member Reports.
Member Clement – This month has been a calm month. Paving has been completed at Yale also got a chance to do inventory during this time.
Member Vernier – Viewing the branch reports they have been very busy.
Member Praet – St. Clair, G. Lynn Campbell and Marysville had a great response for the Summer Reading Program. Also very happy with the MiLE program. Kids programs are going very well.
Chairperson Fernandez – Director Warwick gave a presentation on the Library at the County Commissioners meeting, thanked Member Praet, Stanley Arnett, Jerilyn Brown and Kathleen Wheelihan for attending the meeting, thought it went well. Director Warwick extended an invitation for them to attend the goal setting meeting in September, they were appreciative of the Library for extended an invitation and keeping them informed. Also complimented on guest Jeanette and Mike Geno for giving a nice certification to STAR for how important the program is to them. Thanked Branch Librarian Vicky Hurley for hosting the Library Board meeting at their location.

Chairperson Fernandez noted he has a commitment and will not be attending the August meeting and Vice-Chairperson Moran will be chairing the meeting. If there is not a quorum would like the meeting scheduled for either the 18th or 20th please check your schedule.

NEXT REGULAR MEETING DATE. Tuesday, August 19, 2003 at 6:30 p.m., located at the Grant Township Hall, 7942 Wildcat Road, Jeddo.

- X. ADJOURNMENT: Moved by Member Vernier and supported by Member Praet to adjourn meeting. Motion unanimously carried. Adjourned at 7:58 p.m.

Respectfully Submitted:

Lynn K. Moran, Vice-Chairperson

James F. Warwick, Director/Secretary