



Library Board of Trustees

**Library Board of Trustees Meeting
Main Library, Learning Studio
Monday, January 27, 2014, 12:00 Noon**

Trustees Present

Charles Bowman, Chair
Molly Griffin, Vice-Chair
Jennifer Appleby
Robin Branstrom
Rob Harrington
Gloria Kelley
Joan Martin
Leland Park
Bob Sink
Ed Williams

Staff Present

Frank Blair
Shelley Book
Jenni Gaisbauer
Angela Haigler
Leonora Kaufmann
Lee Keesler
Lois Kilkka
Angie Myers
Linda Raymond

Others Present

Dena Diorio, (County manager)
Sean Hogue (Financial Consultant)
Leslie Johnson (Assistant County
Manager)
Mark Kutny (Legal Counsel)
Chris Peek (Deputy County
Manager)

Trustees Absent (with cause)

MINUTES

Charles Bowman called the meeting to order at 12:02 PM. Mr. Bowman requested a motion to elect Molly Griffin as the new Board of Trustees Chair. On a motion by Ed Williams and seconded by Joan Martin, the Trustees unanimously approved the election of Molly Griffin to Board of Trustees Chair.

Molly Griffin welcomed Mecklenburg County Manager Dena Diorio, Deputy County Manager Chris Peek and Assistant County Manager Leslie Johnson to the meeting. Ms. Griffin then recognized Charles Bowman for his exceptional leadership as Board Chair and presented a book purchased in his honor to add to the Library's collection.

Ms. Griffin requested a motion to approve the minutes from the November 18, 2013 meeting that had been distributed previously via email. On the motion by Bob Sink, seconded by Gloria Kelley, the Trustees unanimously approved the November 18, 2013 Board meeting minutes.

Committee Activity Report:

Finance Committee: Rob Harrington explained that it was the Finance Committee's recommendation that the Library continue contracting with its current auditor, Cherry Bekaert & Holland for the FY2014 audit process. Mr. Harrington explained that the Library has essentially two sets of "fresh eyes" on the financial statements, as our audit partner is only in his second year with the Library and the Library has a new Finance Director, Angie Myers. Mr. Harrington added that the Finance Committee would work with the Library on an audit selection policy for FY2015.

On a motion by Rob Harrington the Trustees unanimously approved using Cherry Bekaert & Holland for the FY2014 audit process.

Mr. Harrington explained that the Library was in possession of two sources of funds that he recommended transferring from a Library account to the Foundation's unrestricted endowment account. One represents a recent distribution of \$125,158 to the Library from the joint Children's Theatre of Charlotte/Charlotte Mecklenburg Library endowment campaign of 2004.

The other funds, \$1.5MM, originated through Library/Children's Theatre operating activity and should more appropriately be included in the Library's *unassigned fund balance* rather than the *assigned fund balance* where it has been residing. Mr. Keesler went on to explain that Mecklenburg County is aware of our recommendation to move the cash to the proper bank account and has agreed that these funds are not recorded as an obligation owed to Mecklenburg County.

Mr. Harrington endorsed the importance of a significant unrestricted endowment to support the Library, as identified in the new strategic plan under the strategic goal "Increase operational excellence, fiscal stability and sustainability."

Mr. Harrington added that per our recently adopted fund balance policy, the Finance Committee recommends moving \$1,625,158 of the unassigned fund balance to the unrestricted endowment account managed by the Foundation for the Carolinas.

Ed Williams inquired about what that transfer would do to the Library's "rainy day fund?" Mr. Harrington responded that the policy requires that 12 months of library operating expenses remain in the unassigned fund balance account and current projections indicate that will be the case.

Mr. Harrington stated that it is the Finance Committee's recommendation that the Board of Trustees approve the transfer of the two cited sources of funds equaling \$1,625,158, from the Library to the Library Foundation for deposit in a new unrestricted endowment. On a motion by Rob Harrington the Trustees unanimously approved transferring the funds described above to the Foundation's unrestricted endowment.

Mr. Keesler added that the Finance Committee will bring the Board a policy regarding moving of money between the Library and the Library Foundation in March.

CEO Report:

Program of Work Update: Mr. Keesler reported on the Program of Work, stating that only two items were outstanding: achieving successful County funding for FY 2015, and seeding of an unrestricted endowment.

CMS, City and County Relationship Update: Mr. Keesler gave a quick update on the status of the Library's relationships with CMS and the City of Charlotte stating that he had recent meetings with CMS Superintendent Heath Morrison, and Assistant City Manager Hyong Yi. He went on to thank Dean Diorio, Chris Peek and Leslie Johnson for their attendance at the meeting and their support of the Library.

Strategic Plan Update: Mr. Keesler stated that he and David Singleton had recently completed a series of branch visits where they rolled out the strategic plan to all employees and answered questions.

Mr. Keesler explained that the Library's leadership is working on market segmentation and shared two cards with each Trustee that described a branch customer mix and a customer profile of library users. He went on to explain how a deeper understanding of our customer base will allow the Library to better understand and serve its customers.

Ed Williams commented that he would be interested in hearing more about the market segmentation study in the future.

Industry Update: Linda Raymond presented the Industry Update in David Singleton's absence. Ms. Raymond stated recently there were comparisons drawn between the Charlotte Mecklenburg Library and the Wake County Library regarding differences in circulation activity. Ms. Raymond explained that differences in circulation numbers were due to Wake County having a 2-week checkout period versus Mecklenburg County's 3-week checkout period, and Wake County being open 10% more hours per year than Mecklenburg County.

Foundation Update: Jenni Gaisbauer reviewed the new report the Foundation would be generating monthly to show results of its fundraising efforts. She also pointed out that next month's report would reflect new Dewey Circle members, a net gain of donors and active ongoing solicitations. Trustees would be encouraged to support ongoing fundraising requests if they were in a position to do so.

Ms. Gaisbauer also reported that the Foundation recently received a planned gift of \$60,000 from the estate of Kathleen McLain and that the gift would be placed in the unrestricted endowment. She noted that the Charlotte Mecklenburg Library was one of twelve organizations to receive funds from Ms. McLain's estate.

Ms. Gaisbauer announced that the Foundation would be hosting 7 cultivation events in library branches over the next three months designed to give the community an opportunity to learn about and provide feedback regarding the strategic direction of the Library and the importance of private funding to the future of the Library. She encouraged all Board members to attend if possible.

Ms. Gaisbauer announced that the Foundation would be hosting a Carnegie Circle Appreciation Event on April 23, 2014 at ImaginOn. The event will showcase Trustee, Ed Williams and his new book, *Liberating Dixie*.

Ms. Gaisbauer announced that planning for The Big Event was underway and a date of November 13, 2014 had been selected. She encouraged interested Trustees to participate on The Big Event Planning Committee, and explained that the committee would serve in an advisory capacity only with one meeting per month. She went on to state that Deputy Director Karen Beach was currently working on securing the authors for the event.

Financial Report:

Angie Myers began the financial report by covering an issue the Board raised at the November Board Meeting regarding how the Library funds Other Post-Employment Benefits (OPEB). Collin Hill with Cherry Bekaert researched how 17 libraries in NC are funding OPEB and the results revealed 14 did not fund OPEB plans and 3, including Mecklenburg County, fund OPEB through pay as you go. Ms. Myers recommended that the Library continues to fund OPEB by pay as you go.

Ms. Myers presented an updated financial report and explained that we were projected to use all of the funds provided by Mecklenburg County. She further explained that there was currently a 0% variance in revenue due to several factors including higher than expected print revenue and lower than expected book sale revenue.

Ms. Myers noted a favorable 15% variance in "Other Operating Expenses" due to the fact that the branches have not spent all of their branch gift funds.

Budget Adjustments: Ms. Myers presented six budget adjustments for Board approval:

- \$1,500,000 Transfer from Fund Balance to Unrestricted Endowment
- \$125,158 Recognize and appropriate return of campaign dollars from ImaginOn campaign to Unrestricted Endowment.
- \$11,724 Increase in State Aid to Library Funding
- \$5,000 ImaginOn Maintenance
- \$2,500 Cornelius Gift Fund
- \$175 Royalties-Novello books

On a motion by Leland Park, seconded by Jennifer Appleby, the Board of Trustees unanimously approved the budget adjustments.

Ms. Griffin asked the Board if there was a threshold of dollars, under which the Board would be comfortable allowing Library Executive Team to make adjustments to the budget without getting Board approval.

Ed Williams responded that he believed anything over \$25,000 should come to the Board for approval but that he would like to be made aware of all budget adjustments.

Mr. Keesler stated now that the Foundation was up and running there would be an increase in movement of money between the Library and the Foundation and he did not want this to become the focus of the Board meetings.

Jennifer Appleby stated she wanted to understand why and when money was moving between the Library and the Foundation so that she could explain these transactions if necessary.

Bob Sink commented that the Library was reporting a constant shortage in books and materials and asked who would decide when to give money to the endowment and when to purchase books and materials.

Jenni Gaisbauer explained that the Foundation Board would be responsible for deciding where to allocate endowment earnings, and that Library leadership would be consulted before the fact. Library leadership (Board Chair and CEO) also sit on the Library Board.

Robin Branstrom stated that she felt the Foundation Board would seek input from the Board of Trustees regarding where the money should be spent.

Open Discussion:

Ms. Griffin began the open discussion by stating she felt like the Library was headed in the right direction as evidenced by the Strategic Plan. Ms. Griffin went on to state that she hoped we would have innovative ways to earn more revenue, a strengthened collection and an innovative Main Library. She also stated she hopes that our place in the community is strengthened and the Library will have strong partnerships with the County, the City and CMS.

Lee Keesler spoke about the new County management structure and invited Dena Diorio to speak to the group. Ms. Diorio explained that Chris Peek is serving as Deputy County Manager and would have responsibilities similar to a Chief of Staff. She went on to say that Mr. Peek would be integral in implementing her agenda. Ms. Diorio then stated that Leslie Johnson would again be the Library's primary liaison with the County as literacy and job skills falls under Ms. Johnson's responsibility of maintaining a sustainable community.

Ed Williams pointed out that the Library had now implemented all 39 recommendations set forth by the Library Task Force and noted that one good thing that came from the recession and subsequent cut in funding was that the Library and Board now have improved ways to show how the money received from the County is used.

Leland Park commented that another benefit was that now people do not take the Library for granted and there is a new group of Library supporters in the community.

Charles Bowman stated that the Board must stay politically smart and not just with the County staff but also with the City and the Board of County Commissioners.

Robin Branstrom commented that she was excited that Ms. Griffin was now the Board Chair and that she hopes the Library will have a chance to restore its lost hours of operation.

Gloria Kelly commented that it would be nice to have the one page strategic plan document on a card that could fit in her wallet.

Bob Sink stated that he believed that reaching out to different constituents will reveal a need to increase our collection.

Other Business: Mark Kutny stated that the board should now vote on the composition of the Executive Committee. On a motion by Ed Williams and seconded by Charles Bowman, the Trustees unanimously approved Molly Griffin, Jennifer Appleby, Charles Bowman, Rob Harrington and Bob Sink to serve as the Executive Committee.

The Board moved to go into closed session pursuant to Section 143-318.11(a)(5) and (6) to consider compensation and performance of employees. On a motion by Rob Harrington, seconded by Charles Bowman, the Trustees unanimously approved closed session at 1:29 p.m.

The Board came out of closed session at 1:59 p.m. On a motion by Rob Harrington and seconded by Charles Bowman the meeting adjourned.

Respectfully Submitted,

Lenoir C. Keesler Jr.