

NORTH BAY COOPERATIVE LIBRARY SYSTEM

Board of Directors Meeting Thursday, October 2, 2014

Adobe Virtual Meeting
10:00 AM – 11:00 AM

Please join me in an Adobe Connect Meeting.
Meeting Name: NBCLS Board of Directors meeting.
To join the meeting: <http://infopeople.adobeconnect.com/nbcls100214/>
Conference Number(s):
US: 1-719-955-1371
US: 1-888-450-5996
Audio Conference Details:
Participant Code: 618376

If you have never attended an Adobe Connect meeting before:
Test your
connection: https://infopeople.adobeconnect.com/common/help/en/support/meeting_test.htm

1. Enter your name.
2. Click "Enter Room"

	1. Call to Order	Linda Kenton
	2. Roll Call	Linda Kenton
ACTION	3. Approval of Agenda	Linda Kenton
ACTION	4. Approval of Minutes of July 18,2013 Meeting	Linda Kenton
ACTION	5. Adoption of FY2014/2015 Budget	Jane Light
ACTION	6. Adoption of Resolution regarding Retiree Health Insurance	Jane Light
	7. Information regarding NBCLS CalPERS pension contract	Jane Light
	8. Election of Chair and Vice Chair FY 14/15	Linda Kenton
	9. Adjournment	Linda Kenton

Bold indicates document included.

Support materials for agenda is available for review at NBCLS Headquarters Office and online <http://northnetlibs.org/about-nls/nbcls/nbcls-meetings/>

*Ralph M. Brown Act
Section 54953*

Meetings to be public; attendance by phone

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public.

A reminder for all Steering Committee members: All votes must be by roll call. If a member is not in a location that provides access to the public the member may not participate or vote.

Meeting Locations

Belvedere-Tiburon Library	1501 Tiburon Boulevard, Tiburon, CA 94920
Benicia Public Library	150 East L Street, Benicia, CA 94510
Dixon Public Library	230 North First Street, Dixon, CA 95620
Lake County Library	1425 N. High Street, Lakeport, CA 95453
Larkspur Public Library	400 Magnolia Avenue, Larkspur, CA 94939
Marin County Free Library	3501 Civic Center Drive, #414, San Rafael, CA 94903
Mendocino County Library	105 North Main Street, Ukiah, CA 95482
Mill Valley Public Library	375 Throckmorton Avenue, Mill Valley, CA 94941
Napa County Library	580 Coombs Street, Napa, CA 94559
St. Helena Public Library	1492 Library Lane, St. Helena, CA 94574
San Anselmo Public Library	110 Tunstead Avenue, San Anselmo, CA 94960
San Rafael Public Library	1100 E Street, San Rafael, CA 94901
Sausalito Public Library	420 Litho Street, Sausalito, CA 94965
Solano County Library	1150 Kentucky Street, Fairfield, CA 94533
Sonoma County Library	211 E Street, Santa Rosa, CA 95404
Dominican University	50 Acacia Avenue, San Rafael, CA 94901
Napa Valley Community College	2277 Napa-Vallejo Highway, Napa, CA 94558
Solano Community College Library	4000 Suisun Valley Road, Bldg 100, Fairfield, CA 94534-3197

(DRAFT) North Bay Cooperative Library System Board of Directors Meeting Minutes

Central Marin Police Authority
250 Doherty Drive
Larkspur, CA 94939
Thursday, July 18, 2013
2:00 PM – 3:30 PM

In attendance: Jennifer Baker, St. Helena Public Library, Danis Kreimeier, Napa County Library, Bonnie Katz, Solano County Library, David Dodd, Sonoma County Library, Frances Gordon, Larkspur Public Library, Mindy Kittay, Mendocino County Library, Sara Jones, Marin County Free Library, Sarah Houghton, San Rafael Public Library, Linda Kenton, San Anselmo Public Library, Jane Light, NLS/NBCLS

1. Meeting was called to order by Jennifer Baker at 2 PM.
2. There were no members of the public in attendance.
3. Agenda was approved unanimously.
4. Consent Calendar was approved unanimously.
5. Report on Resource Sharing—David Dodd wished to discuss the status of this project and next steps. It was confirmed that the Sonoma and SNAP libraries have updated all their records with OCLC which makes ILL easier. The Marin libraries are now using Link+ and are not currently interested in direct resource sharing with the other NBC libraries.
6. Fulfillment proposal—David Dodd also wished to discuss the status of this project which had been put on hold while the SNAP libraries explored a possible ILS migration. It was determined that this project was not really of interest to NBC because the Marin libraries are not interested and it would therefore only involve the Sonoma library and SNAP libraries. No decision was made by NBC as this would be a local consideration.
7. CalPERS status report—Jane Light made a verbal her report with the Board regarding the recommendation to move the NBCLS CalPERS status to Inactive because it no longer has employees and does not intend to have employees in the future.. Unanimously approved.
8. Retiree Health Insurance Status—Jane Light shared what she has learned from research into the agreements with former NBCLS employees as regards to retiree health benefits. There is no record of a formal policy concerning post-retirement health insurance. Annette DeBacker, former director of NBCLS, explained that the informal agreement had been that retirees would have the same benefits as employees. However, NBCLS no longer has any employees. No decision was made but several options were discussed.
9. FY 2013/2014 NBCLS Budget—The board unanimously adopted the budget as presented which includes the cost of healthcare for two retirees. Fund balance will cover the total expenditures.
10. Election of Chair and Vice Chair for FY 13/14—Linda Kenton, San Anselmo Public Library was elected Chair. Jennifer Baker agreed to serve as Vice Chair.
11. Council Member Items—Several people shared recent projects and changes. All welcomed Sara Jones to Marin.
12. Meeting adjourned at 3:30 PM.

NORTH BAY LIBRARY SYSTEM BUDGET		FY 13/14	FY 14/15
3000	Fund Balance	24,342	26,354
3510	Interest Income	600	400
3674	Reimbursement-retires	9,000	3,346
GRAND TOTAL REVENUES		33,942	30,100
4302	Membership Fees & Dues	100	100
4105	Health-Retires	32,842	30,000
GRAND TOTAL EXPENDITURES		32,942	30,100
	Fund balance as of 6/30/13	253,481	
	Amount spent FY 13/14	(20,148)	
	<u>Fund balance as of 6/30/14</u>	<u>233,333</u>	

NORTH BAY COOPERATIVE LIBRARY SYSTEM

To: NBCLS Board of Directors
From: Jane Light
Subject: Retiree Health Insurance
Date: September 16, 2014

Background:

NBCLS currently provides retiree health insurance for two former employees that retired directly from NBCLS employment: One aged 92 who has been retired for 30 years and who receives health insurance at the single person rate of \$581 monthly (and is also reimbursed for her monthly Medicare premium of approximately \$100) and a former executive, aged 67 who receives health insurance for herself and spouse at a current monthly rate of \$1,356 of which she pays \$179 and also has been receiving reimbursement for her monthly Medicare premium. A third retiree reimburses the \$17.20 monthly cost of vision insurance. Net cost to NBCLS in FY2013/14 was \$20,148 for retiree health insurance.

Health insurance rates for 2015 will be \$530 per month for Single (Medicare) and \$1,381 monthly for Two Party, (1 with Medicare). These System costs are being paid for from the NBCLS fund balance, which was \$233,332 on July 1, 2014.

The health insurance is provided through an MOU between NBCLS and Golden State Risk Management Authority, an organization that provides services to small public entities. GSRMA administers a program of the California State Association of Counties Excess Insurance Authority (EIA) called EIAHealth Program.

NBCLS was required to pay a minimum of 50% of the total premiums during the first three years of participation, or until July 2013. NBCLS may now discontinue coverage or change the contribution amount that the System will pay; GSRMA staff indicated that agencies are expected to pay for each covered retiree a minimum of the Single rate for the applicable plan.

NBCLS can withdraw from the program (a step further than discontinuing coverage) by notifying both GSRMA and the EIAHealth Program of its intent to withdraw at least 180 days prior to its actual coverage renewal date, which is July 1.

**2471 FLORES STREET, SAN MATEO, CA 94403
650-349-5538**

I have found no documentation about retiree health insurance in NBCLS records. There is nothing in the employee handbook, resolutions, or policies. The NBCLS MOU with its unionized employees had language that stated that employees retiring from a represented position would be eligible for the same health insurance as represented employees. There are no employees and of course no MOU in effect now. Further, at least one of the retirees was not represented by the union. The former System Director indicated to me in an email that the retiree health insurance benefit was provided as a practice but that she knows of no policy action taken by the NBCLS Board of Directors.

NBCLS has requested that its CalPers pension account be placed in the closed category. It has made no payments into its account for the last few years because although it was still in the active category but had no employees and the active agencies pay a percent of employee costs as their annual payment. It is anticipated that NBCLS will begin receiving annual invoices (amount unknown) by FY15/16. Limiting the System's retiree health insurance costs is prudent under this circumstance.

Recommendation:

It is recommended that the Board of Directors adopt a resolution that states:

- (a) It will annually determine by Board action at the same time it adopts its annual budget if it will provide retiree health insurance for the following calendar year, and
- (b) if so, it will determine no later than October 15 how much the System will pay toward the monthly premium and how much the retiree will pay for the following calendar year.

It is further recommended that the Board of Directors pass a motion to continue offering the currently covered retirees health insurance for calendar 2015 with NBCLS paying the \$530 Single (Medicare supplement) rate for the EPO Plan and that retirees may elect to cover dependents at their own expense and must notify the System Office of their intent to do so by November 15, 2014 and make payment to the System prior to the first day of each month.

For Discussion and Direction: The System has been reimbursing the 92 year old retiree for her monthly Medicare premium for an unknown period of time. It is approximately \$100. Her Calpers monthly pension is less than \$500. Is it the Board's direction that reimbursement continue?

NORTH BAY COOPERATIVE LIBRARY SYSTEM
2471 FLORES STREET, SAN MATEO, CA 94403
650-349-5538

RESOLUTION # 533

It is resolved by the Board of Directors of the North Bay Cooperative Library System to annually determine if it will provide retiree health insurance for the upcoming calendar year when it adopts its annual fiscal year budget.

And it is further resolved that if the Board of Directors determines that it will provide retiree health insurance for a given calendar year it will decide at the time the annual budget is adopted how much the System will pay toward the monthly premium and how much the retirees will pay toward their monthly premium for the upcoming calendar year.

The foregoing resolution was introduced by Director _____
_____ and seconded by Director _____ _____, and adopted
by (a unanimous vote OR and "aye" vote) of the following directors:

[List all aye votes here]

[Note if any "no" votes and names of directors here]

WHEREUPON the Chairperson declared the foregoing resolution
adopted and SO ORDERED.

Date:

Attested:

Signature _____
Jane Light, Secretary

Signature _____
Linda Kenton, Chair
NBCLS Board of Directors



To: North Bay Cooperative Library System Board of Directors

From: Jane Light, Peninsula Library System

Subject: Information from Conference Call with CalPERS staff about options regarding NBCLS (and MVLS and NSCLS) contract for employee pension benefits

Date: September 16, 2014

I have been doing some research to learn more about the CalPERS contracts and liabilities of the three legacy Systems. I have been looking for information about the contracts, the consequences of non-payment of the required annual contribution, and the option of terminating the contract including the impact of that action on former employees' pensions.

In March I participated in a phone call with a team of eight CalPERS staff from Collections, Actuary, and Fiscal Services and now have a specific person to contact for additional questions or informational requests.

No action is necessary at this time. The purpose of this memo is to inform the Board about what I learned from that call.

Annual Actuarial Report:

This useful report is prepared annually and posted on the CalPERS website. The most recently available one is for FY 2011/12. The FY12/13 report will be completed and posted this fall. The current report can be found at: <http://www.calpers.ca.gov/eip-docs/about/pubs/public-agency-reports/other/2012/north-bay-cooperative-library-system-miscellaneous-2012.pdf>.

On June 30, 2012, NBCLS had a funded ratio of 79.6% and an unfunded liability of \$530,422.

Collections Process for Nonpayment:

Three attempts are made via letter (online through MyCalPERS) to collect past due amounts. After that, Legal Department (working with Actuary Department) will try to work out a resolution, including filing a lawsuit.

Ultimately, if payment is not made and the Agency has defaulted on its CalPERS contract it is terminated through the legal process and payments to current and future retirees are cut by 54% as indicated below.

Contract Termination at Request of Member Agency:

This process takes at least a year and can be cancelled during that time if the member agency requests.

Member agency adopts a Resolution of Intent to Terminate (language supplied by CalPERS Contracts unit).

Contracts unit has Actuary unit run two options to determine the valuation of the member account (how many \$\$ in account and how \$\$ required to terminate the account with enough funding to meet all future obligations to employees). One option (Frozen) is to freeze employee compensation for pension purposes and the second (unfrozen) option is to assume final compensation for employees who may qualify for reciprocity where final compensation for NSCLS portion of retirement is figured at the highest compensation with any CalPERS employer.

The member agency chooses which option it wants, then Contracts unit sends a report to the CalPERS Board for approval. The actuarial valuation must be fully paid for at the time of termination for employees to receive full pension amounts.

If the member agency cannot pay the full termination actuarial liability within 30 days of termination, it goes back to Collections unit and goes through the same collections to legal action to reduction in pensions process as default through nonpayment.

How much would pensions be reduced in case of default/termination?

At this point that can only be estimated. Each year, CalPERS prepares a report for each member agency about its actuarial status, including estimated termination valuation, and posts it on its webpage. The most recent report for NSCLS can be found at <http://www.calpers.ca.gov/eip-docs/about/pubs/public-agency-reports/other/2012/north-bay-cooperative-library-system-miscellaneous-2012.pdf>.

That report shows a hypothetical unfunded termination liability as of June 30, 2012 of \$2,409,898 (the difference between the member agency's market value of assets and its terminal liability). The funded ratio if terminated was 46.2% at that time.

If the unfunded liability were not paid at termination or if NBCLS defaults on its contract, the decrease in pension payments for current and future retirees

would be proportional to asset to liability ratio and would be approximately a 54% reduction.

Why is the Termination Liability so much greater than the unfunded liability?

The assumed annual rate of return (essentially the earnings on the investments) for terminated contracts is considerably lower than the 7.5% used for other accounts. It is set at the US Treasury 30 Year Securities rate, which was 2.98% on June 30 2012. This is to ensure that the terminated contract has risk free assets to meet the agency's pension obligations.

Option to continue paying annual contribution:

NBCLS has the option of continuing to pay the annual required contribution as set by CalPERS and requesting periodic actuary reports as circumstances change, such as the number of employees eligible to receive a pension or the Market Value of Assets.