AGENDA

NSCLS COUNCIL OF LIBRARIANS
Special Meeting
Tuesday, February 14, 2017

Adobe Virtual Meeting
3:00 PM – 4:00 PM

Please join me in an Adobe Connect Meeting. Meeting Name: NSCLS To join the meeting: http://infopeople.adobeconnect.com/nsclsspecialmeeting/ Conference Number(s): US: 1-888-850-4523 Audio Conference Details: Participant Code: 337190 ---------------- 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"

Agenda

1. Call to order: Michael Perry, Chair

2. Roll Call

3. Public invited to address the Council

4. Approval of Agenda (ACTION REQUIRED)

5. **NSCLS CalPERS Obligations Memo**

6. **Discuss CalPERS notice re: North State payment obligations and review and approve plan for building reserves (ACTION REQUIRED)**

7. Adjournment

Bold indicates document included
Support materials for agenda available for review at NLS Headquarters Office and Website http://northnetlibs.org/about-nls/nscls/nscls-meetings/

Brown Act: The legislative body of a local agency may use teleconferencing in connection with any meeting or proceeding authorized by law. Cal. Gov't Code § 54953(b)(1). A "teleconference" is "a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both." Cal. Gov't Code § 54953(b)(4). A local agency may provide the public with additional teleconference locations. Cal. Gov't Code § 54953(b)(4).

The teleconferenced meeting must meet the following requirements:

(1) it must comply with all of the Act's requirements applicable to other meetings;

(2) all votes must be taken by roll call;

(3) agendas must be posted at all teleconference locations and the meeting must be conducted in a manner that protects the statutory and constitutional rights of the parties or public appearing before the body;

(4) each teleconference location must be identified in the notice and agenda and each location must be accessible to the public;

(5) during the teleconferenced meeting, at least a quorum of the members of the legislative body must participate from locations within the boundaries of the body's jurisdiction; and

(6) the agenda must provide the public with an opportunity to address the legislative body at each teleconference location. Cal. Gov't Code § 54953(b).

Meeting Locations

Butte County Library, 1820 Mitchell Avenue, Oroville, CA 95966
Del Norte County Library District, 190 Price Mall, Crescent City, CA 95531
Humboldt County Library, 1313 Third Street, Eureka, CA 95501
Lassen Library District, 1618 Main Street, Susanville, CA 96130
Modoc County Library, 212 W. 3rd Street, Alturas, CA 96101
NorthNet Library System, 2471 Flores Street, San Mateo, CA 94403
Orland Free Library, 333 Mill Street, Orland, CA 95963
Plumas County Library, 455 Jackson Street, Quincy, CA 95971
Shasta Public Libraries, 1100 Parkview Avenue, Redding, CA 96001
Siskiyou County Library, 719 4th Street, Yreka, CA 96097
Tehama County Library, 645 Madison Street, Red Bluff, CA 96080
Trinity County Library, 211 N. Main Street, Weaverville, CA 96093
Willows Public Library, 201 N. Lassen Street, Willows, CA 95988

Pacific Library Partnership

To: North State Cooperative Library System (NSCLS) Administrative Council

From: Carol Frost, CEO, Pacific Library Partnership

Date: February 10, 2017

Re: NSCLS CalPERS Obligation

Over the last several years, CalPERS has contact us, as the fiscal agent for NLS, about the NSCLS delinquent payments. During the last few months the phone calls have become more frequent, and on February 2nd we received an ultimatum from CalPERS. They are demanded that North State Cooperative Library System pay $13,037 for 2016/2017 monthly payments in arrears, which includes interest penalties. If no payment is arranged, then CalPERS will be sending NSCLS a final collection letter and notify all NSCLS retirees of the non-payment for their pensions. Per their notice, this could lead to termination of the contract and litigation. They are requesting a payment plan from NSCLS of at least 2 payments or $5,256.6 at the first of each month until the NSCLS account is current.

CalPERS gave NSCLS a deadline for a payment plan as Monday, February 6 at 3 p.m. After consulting with Michael Perry, the Chair of the NSCLS Administrative Council, we notified CalPERS that NSCLS will be holding an emergency meeting to discuss a payment plan, and that I would notify CalPERS no later than February 22 of the plan. CalPERS accepted this information, and expects a payment plan to be presented to them no later than February 22.

Background CalPERS Information

NSCLS previously had employees but has not had employees since 2009. NSCLS has a financial obligation to CalPERS for its existing and future retirees from when it did employ workers. The financial obligation is shared among its members. Each year the NSCLS Administrative Council meets and approves the NSCLS budget as well as the member cost share for CalPERS for the upcoming year.

At the June 19, 2014 NSCLS Administrative Council meeting, the Council approved a resolution to withdraw from the contract with CalPERS for employee/retiree health insurance effective December 31, 2014. NSCLS agreed to continue to pay the annual CalPERS pension costs.

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Current State of NSCLS Payments to CalPERS

Each year the cost for CalPERS changes. The current base rate for the CalPERS calculation is distributed by NSCLS libraries based on library budget size:

Budget Size	**Base Rate**
Under $200,000	$100
Under $400,000	$200
Under $600,000	$300
Under $2,000,000	$500
Over $2,000,000	$500

Below is the formula for each system. The total amount due is $30,751 and is distributed using the base rate ($3,500) and the multiplication factor of 8.786.

County	Budget FY 14/15	Base Rate	Factor	Total
Butte	$ 3,070,782	500	8.786	$4,393.00
Del Norte	$ 220,900	200	8.786	$1,757.20
Humboldt	$ 3,357,788	500	8.786	$4,393.00
Lassen	$ 166,506	100	8.786	$878.60
Modoc	$ 258,893	200	8.786	$1,757.20
Orland	$ 277,790	200	8.786	$1,757.20
Plumas	$ 514,853	300	8.786	$2,635.80
Shasta	$ 2,193,855	500	8.786	$4,393.00
Siskiyou	$ 566,863	300	8.786	$2,635.80
Tehama	$ 599,439	300	8.786	$2,635.80
Trinity	$ 328,755	200	8.786	$1,757.20
Willows	$ 231,073	200	8.786	$1,757.20
		3,500		$30,751.00

The monthly CalPERS payment for NSCLS is $2,562.60 for FY 2016/17. NSCLS is consistently behind in its payments due to some libraries not paying their share of the costs over time. NSCLS continues to fall further behind in CalPERS payments because of the consistent shortfall in funds. For FY 2015/16, the remaining amount due was paid in the beginning of FY 2016/17, using funds that were collected by some libraries for FY 2016/17 payments. CalPERS charges interest to the unpaid liability, which adds additional costs.

The FY 2016/17 July payment of $2,562.60 was made on 11/29/16. The August and September payments were made at the end of January, 2017. There are no further funds available for payments for FY 2016/17.

The chart below reflects the last five years of NSCLS CalPERS costs.

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	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	TOTAL
Butte	2,623.75	3,317.75	3,073.44	4,125.00	4,393.00	17,532.94
Del Norte **	524.75	643.75	614.69	825.00	1,757.00	4,365.19
Humboldt	2,623.75	3,277.75	3,073.44	4,125.00	4,393.00	17,492.94
Lassen	524.75	644.75	614.69	825.00	879.00	3,488.19
Modoc	1,049.50	1,265.50	1,229.38	1,650.00	1,757.00	6,951.38
Orland	1,574.25	1,897.25	1,844.06	2,475.00	1,757.00	9,547.56
Plumas **	1,574.25	1,904.25	1,844.06	2,475.00	2,636.00	10,433.56
Shasta	2,099.00	2,652.00	2,458.75	3,300.00	4,393.00	14,902.75
Siskiyou	524.75	650.75	614.69	825.00	2,636.00	5,251.19
Tehama	1,574.25	1,923.25	1,844.06	2,475.00	2,636.00	10,452.56
Trinity	1,049.50	1,266.50	1,229.38	1,650.00	1,757.00	6,952.38
Willows	1,049.50	1,264.50	1,229.38	1,650.00	1,757.00	6,950.38
	16,792.00	**20,708.00**	**19,670.02**	**26,400.00**	**30,751.00**	**114,321.02**
**	have not received payments					

The following should be noted:

- Shasta had $4,751 in outstanding non-payments from when NSCLS was paying both the health insurance and pension costs. This was only recently discovered, and Shasta will be immediately making this payment. This will help with the payments needed for FY 2016/17.
- Plumas has $10,433.56 in outstanding non-payments, and has not made payments since FY 2012/13.
- Del Norte has $4,365.19 in outstanding non-payments, and has not made payments since FY 2012/13.

We have attached (**Attachment 1**) the most recent actuarial valuation report from CalPERS for NSCLS. The first page shows the FY 2017/18 and 2018/19 unfunded liability amounts. Page 16 shows the termination liability ($2,213,352).

Membership of NSCLS and NLS

NSCLS is a Joint Resolution Agency which means that member jurisdiction joined through passing a resolution. Therefore, no single document exists that shows the date joined and jurisdictions involved. The member jurisdictions are the holders of records of their actions and NSCLS has few if any copies of the resolutions.

NorthNet Library System (NLS) was formed in 2009 as a Joint Powers Authority (JPA), comprised of the three legacy systems: Mountain Valley Library System (MVLS), North Bay Cooperative Library System (NBCLS), and North State Cooperative Library System (NSCLS). The legacy systems formed NLS in order to increase opportunities for resource sharing and reduce expenses. NLS then became the cooperative library system funded in part by the California Library Services Act administered by the California State Library. NLS has no employees and contracts for administrative services, currently with the Pacific Library Partnership (PLP).

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NSCLS members pay membership dues to NLS, which allow them to receive California Library Services Act (CLSA) funds which support broadband and electronic resources as well as other services.

The chart below outlines the member dues to NLS from FY 2012/13 to FY 2016/17, along with the CLSA allocations (note that in FY 201/13, there were no CLSA allocations) and distribution to member libraries for Broadband. In each case, the benefits to each member library exceeds the membership fees.

It should be noted that the member dues are separate from the CalPERS costs listed in the chart above. However, even combining the two fees, the benefits for each member library still exceeds the fees.

LIBRARY	TOTAL MEMBER DUES FY 2012/13 to FY 2016/17	CLSA ALLOCATIONS FY 2013/14 to FY 2016/17	BROADBAND
Butte	$10,663	$47,735.01	$-
Del Norte	$3,276	$20,271.63	$-
Humboldt	$16,179	$35,330.75	$5,000.00
Lassen	$3,198	$19,832.81	$-
Modoc	$3,185	$17,679.46	$5,000.00
Orland	$2,982	$18,437.01	$5,000.00
Plumas	$4,444	$19,567.21	$-
Shasta	$8,553	$41,446.75	$-
Siskiyou	$4,250	$22,656.05	$5,000.00
Tehama	$3,524	$25,326.02	$-
Trinity	$3,041	$18,260.93	$-
Willows	$3,169	$18,230.68	$5,000.00
TOTAL	$66.453	$304,774.31	$25,000.00

Options for NSCLS

At your February meeting, NSCLS must develop a plan for payment for CalPERS, which must be communicated to CalPERS by our office by February 22, 2017.

We understand that Plumas and Del Norte have requested formal documentation for when they joined NSCLS. We have taken every effort to gather documentation that has been given to us from every jurisdiction, and we have requested documentation from the State Library. I have attached to this memo (**Attachment 2**) the one document which mentions the members of this Joint Resolution Agency, which is the only document which was provided. Ultimately, it is up to each jurisdiction to maintain their history of when their Boards passed the resolution to join.

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The membership of NSCLS includes the CalPERS obligations since the employees were those of NSCLS. One of the considerations the NSCLS Administrative Council needs to address are the long term consequences of non-payments by members who continue to receive CLSA, and the implications for members who remain current with their payments.

NLS Task Force

NorthNet has created a task force which is looking at CalPERS for the three legacy systems, including NSCLS. A White Paper has been created, and which is attached to this memo (**Attachment 3**). The report outlines the obligations of the three legacy systems to CalPERS, and if NLS has any obligation to the legacy systems' CalPERS obligations. An attorney is being hired to review the white paper. We anticipate this process will take months, if not longer.

Conclusion

PLP staff will participate in your meeting on February 14. Your decision will be passed on to CalPERS by our staff. Please let us know if you have any questions.

CalPERS
California Public Employees' Retirement System
Actuarial Office
P.O. Box 942709
Sacramento, CA 94229-2709
TTY: (916) 795-3240
(888) 225-7377 phone – (916) 795-2744 fax
www.calpers.ca.gov

August 2016

MISCELLANEOUS PLAN OF THE NORTH STATE COOPERATIVE LIBRARY SYSTEM
(CalPERS ID: 1897174550)
Annual Valuation Report as of June 30, 2015

Dear Employer,

As an attachment to this letter, you will find a copy of the June 30, 2015 actuarial valuation report of the pension plan.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2015.

Section 2 can be found on the CalPERS website at (www.calpers.ca.gov). From the home page, go to "*Forms & Publications*" and select "*View All*". In the search box, enter "*Risk Pool Report*" and from the results list download the Miscellaneous or Safety Risk Pool Actuarial Valuation Report as appropriate.

Your June 30, 2015 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you after August 31, 2016.

Future Employer Contribution

Fiscal Year	Employer Normal Cost Rate	+	Employer Payment of Unfunded Liability
2017-18	0.000%		$36,973
2018-19 (projected)	0.0%		$45,993

The exhibit above displays the minimum employer contributions, before any cost sharing, for Fiscal Year 2017-18 along with estimates of the contributions for Fiscal Year 2018-19. The total employer contribution is the sum of a Normal Cost Rate applied to reported payroll plus an Unfunded Liability dollar payment. The estimated contributions for Fiscal Year 2018-19 are based on a projection of the most recent information we have available, including an estimated 0.0 percent investment return for Fiscal Year 2015-16 (based on the year to date return through April 30, 2016).

For a projection of employer contributions beyond Fiscal Year 2018-19, please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This 5-year projection of future employer contributions supersedes any previous projections we have provided. The "Risk Analysis" section of the valuation report also contains estimated employer contributions in future years under a variety of investment return scenarios. Member contributions, other than cost sharing, are in addition to the above amounts. The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.

The estimates for Fiscal Year 2018-19 also assume that there are no future contract amendments and no liability gains or losses (such as larger than expected pay increases, more retirements than expected, etc.) This is an important assumption because these gains and losses do occur and can have a significant effect on required contributions. Even for the largest plans or pools, such gains and losses can impact the employer's contributions. These gains and losses cannot be predicted in advance so the projected employer contributions are estimates. The actual required employer contribution for Fiscal Year 2018-19 will be provided in next year's valuation report.

Changes since the Prior Year's Valuation

The CalPERS Board of Administration adopted a Risk Mitigation Policy which is designed to reduce funding risk over time. The policy establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return and strategic asset allocation targets. A minimum excess investment return of 4% above the existing discount rate is necessary to cause a funding risk mitigation event. The policy has no impact on the current year valuation results but is expected to have an impact in future years. More details on the Risk Mitigation Policy can be found on our website.

Besides the above noted changes, there may also be changes specific to the plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A, "Statement of Actuarial Data, Methods and Assumptions" of the Section 2 report. We understand that you might have a number of questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their results, we ask that you wait until after August 31 to contact us with actuarial related questions.

If you have other questions, please call our customer contact center at (888) CalPERS or (888**-225-7377**).

Sincerely,

ALAN MILLIGAN
Chief Actuary

CalPERS

ACTUARIAL VALUATION
as of June 30, 2015

for the
MISCELLANEOUS PLAN
of the
NORTH STATE COOPERATIVE LIBRARY SYSTEM
(CalPERS ID: 1897174550)

REQUIRED CONTRIBUTIONS
FOR FISCAL YEAR
July 1, 2017 - June 30, 2018

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Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information for the MISCELLANEOUS PLAN of the NORTH STATE COOPERATIVE LIBRARY SYSTEM

(CalPERS ID: 1897174550)
(Rate Plan: 1254)

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ACTUARIAL CERTIFICATION

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2015 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2015 provided by employers participating in the Miscellaneous Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuary has certified that, in their opinion, the valuation of the risk pool containing your MISCELLANEOUS PLAN has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my opinion as the plan actuary that the side fund and other Unfunded Accrued Liability bases as of June 30, 2015 and employer contribution as of July 1, 2017, have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary for CalPERS, who is a member of both the American Academy of Actuaries and Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

JEAN FANNJIANG, ASA, MAAA
Senior Pension Actuary, CalPERS
Plan Actuary

HIGHLIGHTS AND EXECUTIVE SUMMARY

- **INTRODUCTION**
- **PURPOSE OF SECTION 1**
- **REQUIRED EMPLOYER CONTRIBUTION**
- **PLAN'S FUNDED STATUS**
- **PROJECTED EMPLOYER CONTRIBUTIONS**
- **CHANGES SINCE THE PRIOR YEAR VALUATION**
- **SUBSEQUENT EVENTS**

Introduction

This report presents the results of the June 30, 2015 actuarial valuation of the MISCELLANEOUS PLAN of the NORTH STATE COOPERATIVE LIBRARY SYSTEM of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for Fiscal Year 2017-18.

The CalPERS Board of Administration adopted a Risk Mitigation Policy which is designed to reduce funding risk over time. The policy establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return and strategic asset allocation targets. A minimum excess investment return of 4% above the existing discount rate is necessary to cause a funding risk mitigation event. The Risk Mitigation Policy does not have an impact on the current year actuarial valuation. More details on the Risk Mitigation Policy can be found on our website.

Purpose of Section 1

This Section 1 report for the MISCELLANEOUS PLAN of the NORTH STATE COOPERATIVE LIBRARY SYSTEM of the California Public Employees' Retirement System (CalPERS) was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2015;
- Determine the required employer contribution for this plan for the fiscal year July 1, 2017 through June 30, 2018; and
- Provide actuarial information as of June 30, 2015 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to GASB Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available from CalPERS and details for ordering are available on our website.

The use of this report for any other purposes may be inappropriate. In particular, this report does not contain information applicable to alternative benefit costs. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

California Actuarial Advisory Panel Recommendations

This report includes all the basic disclosure elements as described in the *Model Disclosure Elements for Actuarial Valuation Reports* recommended in 2011 by the California Actuarial Advisory Panel (CAAP), with the exception of including the original base amounts of the various components of the unfunded liability in the Schedule of Amortization Bases shown on page 8.

Additionally, this report includes the following "Enhanced Risk Disclosures" also recommended by the CAAP in the Model Disclosure Elements document:

- A "Deterministic Stress Test," projecting future results under different investment income scenarios
- A "Sensitivity Analysis," showing the impact on current valuation results using a 1 percent plus or minus change in the discount rate.

Required Employer Contribution

Required Employer Contribution		Fiscal Year 2016-17 [1]		Fiscal Year 2017-18
Employer Normal Cost Rate		**0.000%**		**0.000%**
Plus Either				
1) Monthly Employer Dollar UAL Payment	**$**	**2,562.60**	**$**	**3,081.11**
Or				
2) Annual Lump Sum Prepayment Option	**$**	**29,659**	**$**	**35,660**

The total minimum required employer contribution is the ***sum*** *of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll)* ***plus*** *the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars). Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31). Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change. § 20572 of the Public Employees' Retirement Law assesses interest at an annual rate of 10 percent if a contracting agency fails to remit the required contributions when due.*

		Fiscal Year 2016-17 [1]		Fiscal Year 2017-18
Development of Normal Cost as a Percentage of Payroll				
Base Total Normal Cost for Formula		0.000%		0.000%
Surcharge for Class 1 Benefits[3]				
None		0.000%		0.000%
Phase out of Normal Cost Difference[4]		0.000%		0.000%
Plan's Total Normal Cost		0.000%		0.000%
Formula's Expected Employee Contribution Rate		0.000%		0.000%
Employer Normal Cost Rate		0.000%		0.000%
Projected Payroll for the Contribution Fiscal Year	$	0	$	0
Estimated Employer Contributions Based on Projected Payroll				
Plan's Estimated Employer Normal Cost	$	0	$	0
Plan's Payment on Amortization Bases[2]		30,751		36,973
Total Employer Contribution[5]	$	30,751	$	36,973

[1] The results shown for Fiscal Year 2016-17 reflect the prior year valuation and do not take into account any lump sum payment, side fund payoff, or rate adjustment made after June 30, 2015.

[2] See page 8 for a breakdown of the Amortization Bases.

[3] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

[4] The normal cost difference is phased out over a five year period. The phase out of normal cost difference is 100 percent for the first year of pooling, and is incrementally reduced by 20 percent of the original normal cost difference for each subsequent year. This is non-zero only for plans that joined a pool within the past 5 years. Most plans joined a pool June 30, 2003, when risk pooling was implemented.

[5] As a percentage of projected payroll the UAL contribution is N/A percent for an estimated total employer contribution rate of N/A percent.

Plan's Funded Status

		June 30, 2014		June 30, 2015
1. Present Value of Projected Benefits (PVB)	$	2,063,049	$	2,160,266
2. Entry Age Normal Accrued Liability (AL)		2,063,049		2,160,266
3. Plan's Market Value of Assets (MVA)		1,644,368		1,651,498
4. Unfunded Accrued Liability (UAL) [(2) - (3)]		418,681		508,768
5. Funded Ratio [(3) / (2)]		79.7%		76.4%

Projected Employer Contributions

The estimate for Fiscal Year 2018-19 is based on a projection of the most recent information we have available, including an estimated 0.0 percent investment return for Fiscal Year 2015-16 (based on year to date return through April 30, 2016).

The table below shows projected employer contributions (before cost sharing) for the next five fiscal years, ***assuming CalPERS earns 0.0 percent for Fiscal Year 2015-16 and 7.50 percent every fiscal year thereafter***, and assuming that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur between now and the beginning of the projection period.

	Required Contribution	Projected Future Employer Contributions				
Fiscal Year	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Normal Cost %	0.000%	0.0%	0.0%	0.0%	0.0%	0.0%
UAL $	$36,973	$45,993	$55,012	$59,028	$63,697	$66,495

Changes since the Prior Year's Valuation

Benefits

None. This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B of Section 2 for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

None.

Subsequent Events

Risk Mitigation

The CalPERS Board of Administration adopted a Risk Mitigation Policy which is designed to reduce funding risk over time. The policy establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return and strategic asset allocation targets. A minimum excess investment return of 4% above the existing discount rate is necessary to cause a funding risk mitigation event. More details on the Risk Mitigation Policy can be found on our website.

ASSETS AND LIABILITIES

- ALLOCATION OF PLAN'S SHARE OF POOL'S EXPERIENCE/ASSUMPTION CHANGE
- DEVELOPMENT OF PLAN'S SHARE OF POOL'S MVA
- SCHEDULE OF PLAN'S SIDE FUND & OTHER AMORTIZATION BASES
- 30-YEAR AMORTIZATION SCHEDULE AND ALTERNATIVES
- EMPLOYER CONTRIBUTION HISTORY
- FUNDING HISTORY

Allocation of Plan's Share of Pool's Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$	2,160,266
2.	Projected UAL balance at 6/30/15		426,206
3.	Pool's Accrued Liability	$	13,889,938,645
4.	Sum of Pool's Individual Plan UAL Balances at 6/30/15		2,423,468,906
5.	Pool's 2014/15 Investment & Asset (Gain)/Loss		596,365,421
6.	Pool's 2014/15 Other (Gain)/Loss		(49,030,273)
7.	Plan's Share of Pool's Asset (Gain)/Loss [(1)-(2)]/[(3)-(4)] * (5)		90,188
8.	Plan's Share of Pool's Other (Gain)/Loss [(1)]/[(3)] * (6)		(7,626)
9.	Plan's New (Gain)/Loss as of 6/30/2015 [(7)+(8)]	$	82,562
10.	Increase in Pool's Accrued Liability due to Change in Assumptions		0
11.	Plan's Share of Pool's Change in Assumptions [(1)]/[(3)] * (10)	$	0

Development of the Plan's Share of Pool's Market Value of Assets

1.	Plan's Accrued Liability	$	2,160,266
2.	Plan's UAL	$	508,768
3.	Plan's Share of Pool's MVA [(1)-(2)]	$	**1,651,498**

Schedule of Plan's Side Fund and Other Amortization Bases

There is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2015.
- The employer contribution determined by the valuation is for the fiscal year beginning two years after the valuation date: Fiscal Year 2017-18.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the payment on the UAL for the fiscal year and adjusting for interest.

							Amounts for Fiscal 2017-18	
Reason for Base	**Date Established**	**Amortization Period**	**Balance 6/30/15**	**Payment 2015-16**	**Balance 6/30/16**	**Payment 2016-17**	**Balance 6/30/17**	**Scheduled Payment for 2017-18**
SIDE FUND	2013 or Prior	8	$30,684	$4,311	$28,516	$4,312	$26,184	$4,312
SHARE OF PRE-2013 POOL UAL	06/30/13	22	$194,562	$17,086	$191,439	$17,086	$188,082	$17,086
ASSET (GAIN)/LOSS	06/30/13	28	$247,838	$4,864	$261,383	$9,728	$270,901	$14,592
NON-ASSET (GAIN)/LOSS	06/30/13	28	$7,147	$140	$7,538	$281	$7,812	$421
ASSET (GAIN)/LOSS	06/30/14	29	$(151,657)	$0	$(163,031)	$(3,200)	$(171,940)	$(6,399)
ASSUMPTION CHANGE	06/30/14	19	$97,459	$0	$104,768	$2,541	$109,991	$5,083
NON-ASSET (GAIN)/LOSS	06/30/14	29	$173	$0	$186	$4	$196	$7
ASSET (GAIN)/LOSS	06/30/15	30	$90,188	$0	$96,952	$0	$104,223	$2,045
NON-ASSET (GAIN)/LOSS	06/30/15	30	$(7,626)	$0	$(8,197)	$0	$(8,812)	$(173)
TOTAL			**$508,768**	**$26,401**	**$519,554**	**$30,752**	**$526,637**	**$36,974**

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed on the previous page. These (gain)/loss bases will be amortized according to Board policy over 30 years with a 5-year ramp-up.

If the total Unfunded Liability is negative (i.e., plan has a surplus), the scheduled payment is $0, because the minimum required contribution under PEPRA must be at least equal to the normal cost.

30-Year Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to CalPERS amortization policy. There has been considerable interest from many agencies in paying off these unfunded accrued liabilities sooner and the possible savings in doing so. As a result, we have provided alternate amortization schedules to help analyze the current amortization schedule and illustrate the advantages of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternate "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. Note that the payments under each alternate scenario increase by 3 percent for each year into the future. The schedules do not attempt to reflect any experience after June 30, 2015 that may deviate from the actuarial assumptions. Therefore, future amortization payments displayed in the Current Amortization Schedule may not match projected amortization payments shown in connection with Projected Employer Contributions provided elsewhere in this report.

The Current Amortization Schedule typically contains individual bases that are both positive and negative. Positive bases result from plan changes, assumption changes or plan experience that result in increases to unfunded liability. Negative bases result from plan changes, assumption changes or plan experience that result in decreases to unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years such as:

- A positive total unfunded liability with a negative total payment,
- A negative total unfunded liability with a positive total payment, or
- Total payments that completely amortize the unfunded liability over a very short period of time

In any year where one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy. For purposes of this display, total payments include any negative payments. Therefore, the amount of estimated savings may be understated to the extent that negative payments appear in the current schedule.

30-Year Amortization Schedule and Alternatives

			Alternate Schedules			
	Current Amortization Schedule		20 Year Amortization		15 Year Amortization	
Date	**Balance**	**Payment**	**Balance**	**Payment**	**Balance**	**Payment**
6/30/2017	526,636	36,973	526,636	49,824	526,636	57,542
6/30/2018	527,799	43,196	514,475	49,824	506,473	57,542
6/30/2019	522,598	49,418	501,402	49,824	484,797	57,542
6/30/2020	510,555	50,636	487,348	49,824	461,496	57,542
6/30/2021	496,347	52,508	472,240	49,824	436,447	57,542
6/30/2022	479,131	52,508	455,999	49,824	409,519	57,542
6/30/2023	460,624	52,508	438,540	49,824	380,572	57,542
6/30/2024	440,729	52,508	419,772	49,824	349,454	57,542
6/30/2025	419,341	48,197	399,596	49,824	316,001	57,542
6/30/2026	400,820	48,197	377,907	49,824	280,040	57,542
6/30/2027	380,910	48,197	354,591	49,824	241,382	57,542
6/30/2028	359,507	48,197	329,526	49,824	199,825	57,542
6/30/2029	336,499	48,197	302,582	49,824	155,150	57,542
6/30/2030	311,764	48,197	273,617	49,824	107,126	57,542
6/30/2031	285,175	48,197	242,479	49,824	55,499	57,542
6/30/2032	256,592	45,655	209,006	49,824		
6/30/2033	228,500	43,114	173,023	49,824		
6/30/2034	200,936	40,572	134,340	49,824		
6/30/2035	173,940	38,031	92,757	49,824		
6/30/2036	147,554	35,489	48,055	49,824		
6/30/2037	121,824	35,489				
6/30/2038	94,165	35,489				
6/30/2039	64,431	18,404				
6/30/2040	50,182	18,404				
6/30/2041	34,864	13,400				
6/30/2042	23,586	11,591				
6/30/2043	13,337	7,911				
6/30/2044	6,135	4,230				
6/30/2045	2,210	549				
6/30/2046	1,806	1,872				
Totals		**1,077,835**		**996,485**		**863,135**
Estimated Savings				**81,349**		**214,699**

Current CalPERS Board policy prioritizes the order for which lump sum contributions in excess of the required employer contribution shall be applied. Excess contributions shall first be applied toward payment on the plan's side fund, and any remainder shall then be applied toward the plan's share of the pool's unfunded accrued liability.

Please contact the plan actuary before making such a payment to ensure that the payment is applied correctly.

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan, as determined by the annual actuarial valuation. It does not account for prepayments or benefit changes made during a fiscal year.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment ($)
2016 - 17	0.000%	30,751
2017 - 18	0.000%	36,973

Funding History

The funding history below shows the plan's actuarial accrued liability, share of the pool's market value of assets, share of the pool's unfunded liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/2011	$ 2,003,701	$ 1,589,379	$ 414,322	79.3%	$ 0
06/30/2012	1,882,656	1,370,364	512,292	72.8%	0
06/30/2013	1,834,500	1,380,134	454,366	75.2%	0
06/30/2014	2,063,049	1,644,368	418,681	79.7%	0
06/30/2015	2,160,266	1,651,498	508,768	76.4%	0

RISK ANALYSIS

- **ANALYSIS OF FUTURE INVESTMENT RETURN SCENARIOS**
- **ANALYSIS OF DISCOUNT RATE SENSITIVITY**
- **VOLATILITY RATIOS**
- **HYPOTHETICAL TERMINATION LIABILITY**

Analysis of Future Investment Return Scenarios

The investment return for Fiscal Year 2015-16 was not known at the time this report was produced. The investment return in Fiscal Year 2015-16 as of April 30, 2016 is 0.0 percent before administrative expenses. For purposes of projecting future employer contributions, we are assuming a 0.0 percent investment return for Fiscal Year 2015-16.

The investment return realized during a fiscal year first affects the contribution for the fiscal year two years later. For example, the investment return for Fiscal Year 2015-16 will first be reflected in the June 30, 2016 actuarial valuation that will be used to set the Fiscal Year 2018-19 employer contributions, the Fiscal Year 2016-17 investment return will first be reflected in the June 30, 2017 actuarial valuation that will be used to set the Fiscal Year 2019-20 employer contributions, and so forth.

A sensitivity analysis was performed to determine the effects of various investment returns during fiscal years 2016-17, 2017-18, and 2018-19 on the employer contributions for fiscal years 2019-20, 2020-21, and 2021-22. The projected contributions assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

Five different investment return scenarios were selected.

- The first scenario is a -3.8 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 5th percentile return from July 1, 2016 through June 30, 2019.
- The second scenario is a 2.8 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 25th percentile return from July 1, 2016 through June 30, 2019.
- The third scenario is a 7.5 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 49th percentile return from July 1, 2016 through June 30, 2019.
- The fourth scenario is a 12.0 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 75th percentile return from July 1, 2016 through June 30, 2019.
- Finally, the last scenario is an 18.9 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 95th percentile return from July 1, 2016 through June 30, 2019.

The table below shows the estimated projected contributions and the estimated increases for the plan under the five different scenarios.

2016-19 Investment Return Scenario	Fiscal Year			Estimated Change Between 2018-19 and 2021-22
	2019-20	2020-21	2021-22	
(3.8%)				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$59,209	$71,437	$88,172	$42,179
2.8%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$56,758	$64,304	$74,337	$28,344
7.5%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$55,012	$59,028	$63,697	$17,704
12.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$53,447	$54,375	$54,211	$8,218
18.9%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$51,132	$47,430	$39,746	$(6,247)

For the last two scenarios in the table above the results incorporate the impact of CalPERS Risk Mitigation Policy. A 12.0% return would result in a reduction of the discount rate by 0.05% and a return of 18.9% would reduce the discount rate by 0.15%. Reducing the discount rate increases both the plan's accrued liability and normal cost. More details about Risk Mitigation policy can be found on our website.

Analysis of Discount Rate Sensitivity

The following analysis looks at the Fiscal Year 2017-18 total normal cost rates and liabilities under two different discount rate scenarios. Shown below are the total normal cost rates assuming discount rates that are 1 percent lower and 1 percent higher than the current valuation discount rate. This analysis shows the potential plan impacts if the Public Employees' Retirement Fund (PERF) were to realize investment returns of 6.50 percent or 8.50 percent over the long-term.

This analysis is intended to illustrate the long-term risk to the contribution rates.

Sensitivity Analysis			
As of June 30, 2015	**6.50% Discount Rate (-1%)**	**7.50% Discount Rate (assumed rate)**	**8.50% Discount Rate (+1%)**
Plan's Total Normal Cost	0.0%	0.0%	0.0%
Accrued Liability	$2,354,213	$2,160,266	$1,993,884
Unfunded Accrued Liability	$702,715	$508,768	$342,386

Volatility Ratios

Actuarial calculations are based on a number of assumptions about long-term demographic and economic behavior. Unless these assumptions (terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility, than a plan with an asset-to-payroll ratio of 4. Shown below is the asset volatility ratio, a measure of the plan's current contribution volatility. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with a liability-to-payroll ratio of 8 is expected to have twice the contribution volatility of a plan with a liability-to-payroll ratio of 4. The liability volatility ratio is also shown in the table below. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The asset volatility ratio, described above, will tend to move closer to the liability volatility ratio as the plan matures.

Rate Volatility		**As of June 30, 2015**
1. Market Value of Assets	$	1,651,498
2. Payroll		0
3. Asset Volatility Ratio (AVR) [(1) / (2)]		N/A
4. Accrued Liability	$	2,160,266
5. Liability Volatility Ratio (LVR) [(4) / (2)]		N/A

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2015. The plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while funding risk is limited. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 2-year period centered around the valuation date.

Market Value of Assets (MVA)	Hypothetical Termination Liability[1,2] @ 2.00%	Funded Status	Unfunded Termination Liability @ 2.00%	Hypothetical Termination Liability[1,2] @ 3.25%	Funded Status	Unfunded Termination Liability @ 3.25%
$1,651,498	$3,864,850	42.7%	$2,213,352	$3,423,145	48.3%	$1,771,647

[1] The hypothetical liabilities calculated above include a 7 percent mortality contingency load in accordance with Board policy. Other actuarial assumptions, such as wage and inflation assumptions, can be found in Appendix A.

[2] The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 2.75 percent on June 30, 2015.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2014	June 30, 2015
Reported Payroll	$ 0	$ 0
Projected Payroll for Contribution Purposes	$ 0	$ 0
Number of Members		
Active	0	0
Transferred	6	6
Separated	4	3
Retired	13	13

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

PLAN'S MAJOR BENEFIT OPTIONS

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Appendix B within Section 2 of this report.

	Contract package		
Benefit Provision	Inactive Misc	Receiving Misc	
Benefit Formula	2.0% @ 55		
Social Security Coverage	Yes		
Full/Modified	Modified		
Employee Contribution Rate			
Final Average Compensation Period	One Year		
Sick Leave Credit	Yes		
Non-Industrial Disability	Standard		
Industrial Disability	No		
Pre-Retirement Death Benefits			
Optional Settlement 2W	Yes		
1959 Survivor Benefit Level	No		
Special	No		
Alternate (firefighters)	No	No	
Post-Retirement Death Benefits			
Lump Sum	$500	$500	
Survivor Allowance (PRSA)	No	No	
COLA	2%	2%	

Section 2

Section 2 may be found on the CalPERS website (www.calpers.ca.gov) in the Forms and Publications section

NORTH STATE
COOPERATIVE
LIBRARY SYSTEM

259 North Villa Avenue
Willows, California 95988

Telephone (530) 934-2173
Fax (530) 934-7156
E-mail: jkirks@glenn-co.k12.ca.us
Web Site: http://nscls.library.net

TO: Wanda Green, Secretary
Library of California
California State Library
P.O. Box 942837
Sacramento, CA 94237-0001

FR: Jim Kirks, System Administrator, NSCLS

DATE: August 20, 1999

RE: Organizational documents

North State Cooperative Library System is one of two Systems in the State of California organized by adoption of "Joint Resolution", rather than Joint Exercise of Powers. This approach was chosen because members of the System are not directly liable as in a JPA where each signatory is directly liable in the event of some legal action involving the JPA and its members. A sample of the resolution is attached. Another advantage of "Joint Resolution" is that any type of organization public or private, non-profit or profit can join by adoption of the "Joint Resolution." A JPA is limited to public entities and is not appropriate for the Library of California.

NSCLS is not incorporated and therefore does not have articles of incorporation.

NSCLS does have a set of Bylaws. A copy is enclosed.

We have two letters concerning membership. NSCLS has a letter concerning eligibility and there is a response letter from the prospective member library. A copy of each in enclosed.

In addition, NSCLS has adopted a Personnel Manual, salary schedules, job descriptions, etc. If you wish a copy of this information, please let me know. It is many pages and may not be of interest to you at the current time.

MEMBER LIBRARIES: Butte County Library, Colusa County Library, Del Norte County Library District; Humboldt County Library; Modoc County Library; Orland Free Library, Plumas County Library; Shasta County Library, Siskiyou County Library; Susanville District Library, Tehama County Library; Trinity County Library; Willows Public Library.

ACADEMIC AFFILIATES: Butte College; California State University, Chico; College of the Redwoods; College of the Siskiyous; Feather River College, Humboldt State University; Lassen College; Shasta College

SUSANVILLE LIBRARY DISTRICT
BOARD OF TRUSTEES

RESOLUTION AUTHORIZING PARTICIPATION
IN THE NORTH STATE COOPERATIVE LIBRARY SYSTEM

WHEREAS, a cooperative library system has been organized covering the counties of Butte, Colusa, Humboldt, Lassen, Modoc, Plumas, Shasta, Siskiyou, Tehama, and Trinity, together with the cities of Crescent City, Orland, and Willows; and

WHEREAS, the Susanville Library District has been recently formed to replace the public library operated by the City of Susanville which library was formerly operated by Lassen County; and

WHEREAS, the Plan of Service for such a cooperative library system is now operative, a copy of which is attached hereto and marked Exhibit "A";

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Susanville Library District, that the Library Manager of the Library District be, and is hereby authorized and directed to particpate in the North State Cooperative Library System. The Plan of Service of said System is hereby incorporated by reference.

President, Marshall S. Leve, Jr.

ATTEST:

SECRETARY, Joel Stovall

BY-LAWS

for the

NORTH STATE COOPERATIVE LIBRARY SYSTEM

PREAMBLE:

The free and independent public libraries of California's thirteen northern counties, having formed the North State Cooperative Library System under the terms of the California Library Services Act (Education Code Section 18700 et seq.), do hereby enact the following By-Laws for governing the structure, operation, and management of the System.

ARTICLE I: NAME

The name of this organization shall be the "North State Cooperative Library System", hereinafter called the "System".

ARTICLE II: PURPOSE

The objectives of this organization shall be to implement and accomplish the purposes described in the Plan of Service agreed upon by the member libraries consistent with the provisions of the California Government Code, Sections 6500-6578 (Joint Exercise of Powers).

ARTICLE III: MEMBERSHIP

Section 1. Members

The following public agencies have entered into a written agreement to implement a Plan of Service and shall be designated members of the System: Butte County, Colusa County, Del Norte County Library District, Humboldt County, Lassen County, Modoc County, Plumas County, Shasta County, Siskiyou County, Tehama County, Trinity County, and the cities of Orland and Willows (Education Code Section 18710(i)).

Section 2. Additional Members

Additional public agencies, such as university, college, school and special libraries may become Affiliate Members of the System if, in the opinion of the Council of Librarians, membership would be mutually beneficial.

Section 3. Withdrawal from Membership

Any participating agency may withdraw from membership in the System by resolution of its governing body. Notice of withdrawal of any member of the System will be given in writing to the council of Librarians on or before February 1 of the current fiscal year according to the provisions of Section 14, paragraph (c) of the Plan of Service for the System

ARTICLE IV: COUNCIL OF LIBRARIANS

Section 1. Governing Body

The System shall be governed by a Council of Librarians composed of the head librarian of each public agency participating as a member of the System. In additions, academic and other libraries accepted as affiliates of the System by the Council of Librarians may have a representative.

Section 2. Voting Member

Each public and affiliate member library shall have one vote. Only members of public library juris- dictions may vote on issues related to the California Library Services Act. All members may vote on issues that do not relate to the California Library Services Act, including any fees, dues and/or assessments. In the case of unavoidable absence from a meeting, the head librarian may designate an alternate to attend the meeting and cast a vote. No proxies will be allowed.

Section 3. Administrative Council

The System's Council of Librarians shall serve as the "Administrative Council" for the System (Education Code Section 18747 (a)).

Section 4. Policy and Duties

The Council of Librarians shall establish policy and prepare plans for the continued development and growth of the System within the regulations of the Education Code Section 18700 et seq. and within the rules and regulations adopted by the California Library Services Board. The Council of Librarians shall direct, and through the System personnel, administer the program stipulated by the Plan of Service. The Council of Librarians shall be responsible for the allocation, and through the Fiscal Agent for the System, the disbursement of monies received from federal, state, and/or local sources. The Council of Librarians shall determine, if and when necessary for the continued operation of the system, the frequency and amount of any assessment required of its members. The Council of Librarians shall select and appoint the System personnel.

ARTICLE V: OFFICERS AND DUTIES

Section 1. Officers

a. A Chairman and vice-Chairman shall be elected from the Council of Librarians.

b. The Council of Librarians shall contract for a Fiscal Agent.

c. The Council of Librarians shall appoint a Fiscal Agent Liaison.

d. The Council of Librarians shall appoint a Secretary for the Council of Librarians.

Section 2. Duties

a. The Chairman shall preside at all meetings of the Council of Librarians.

b. The Chairman shall appoint members to committees authorized by the Council of Librarians.

c. The Chairman shall be the authorized representative of the Council of Librarians.

d. The Chairman shall serve as representative to the Congress of Systems or appoint an alternate.

e. The Vice-Chairman shall act in the absence of the Chairman.

f. The Fiscal Agent Liaison shall maintain communication with the Fiscal Agent.

g. The Fiscal Agent shall receive and disburse System funds as required in the implementation of the California Library Services Act.

h. The Secretary shall be responsible for minutes of the meetings, reports, and correspondence.

Section 3. Nominations and Elections

a. At the regular meeting in March or at a time designated by the Council of Librarians, a Nominating Committee of three members shall be appointed by the Chairperson. It shall be the duty of this committee to nominate candidates for the offices of Chairman and vice-Chairman. The Nominating Committee shall report to the Council of Librarians by April 15. Additional nominations may be made in writing by members of the Council of Librarians to the Chairman of the Nominating Committee no later than May 1.

b. The officers shall be elected at the meeting in May or at a time designated by the Council of Librarians, by a majority of the members present at the meeting, to serve from July 1 to June 30 or until their successors have been elected.

Section 4. Succession

No Chairman or Vice-Chairman shall succeed himself in office.

Section 5. Vacancies

If for any reason the office of Chairman falls vacant, the Vice-Chairman shall serve as Chairman for the remainder of that term. If the office of Vice-President becomes vacant, a special election shall be held to fill the office for the unexpired term.

ARTICLE VI: MEETINGS

Section 1. Regular Meetings

Meetings shall be held at least four (4) times yearly.

Section 2. Determination of Meetings

The power to determine the date and place of Council of Librarians meetings shall be vested in the Council of Librarians. The Council of Librarians may also meet upon the call of the Chairman, or upon petition of the majority of the members. The purpose of the meeting shall be stated in the call. In cases of emergency, at least three days' notice shall be given.

Section 3. Notice

Notice and agenda of each regular meeting of the Council of Librarians shall be in writing and transmitted at least ten (10) days prior to each meeting. In cases of emergency of at least three days' notice shall be given. The members, at their option, may in writing waive the requirements of notice for meetings.

Section 4. Quorum

At any regular meeting of the Council of Librarians, a simple majority of the total membership shall constitute a quorum .

ARTICLE VII: COMMITTEES

Section 1. Standing Committees

The Council of Librarians shall establish standing committees, indicating their objectives and responsibilities.

Section 2. Ad Hoc Committees

The Council of Librarians shall authorize such ad hoc committees as it deems necessary.

Section 3. Ex Officio Committee Members

The Chairman shall serve as an ex officio member of all committees. System employees may serve as ex officio members of committees.

ARTICLE VIII: ADVISORY BOARD

Section 1. Representatives

There shall be an Advisory Board to the Council of Librarians made up of lay representatives for each jurisdiction. (Education Code Section 18747 (b)).

Section 2. Appointments

One Advisory Board member shall be appointed by the governing body of each jurisdiction. An alternate may be appointed (Education Code Section 18747 (b)).

Section 3. Term of Office

The term of any member of the Advisory Board shall be for two years, and each member shall serve no more than two consecutive terms. Staggered terms shall be established by drawing of lots at the first meeting of the Advisory Board so that a simple majority of the members shall initially serve a two-year term, and the remainder initially a one-year term. (Education Code Section 18749)

Section 4. Qualifications

The appointing jurisdiction shall ensure that members of the Advisory Board are representative of the public-at-large and of the underserved residents in the system service area. (Education Code Section 18749)

Section 5. Duties

The duties of each system advisory board shall include, but are not limited to, the following:

a. Assisting the Council of Librarians in the development of the system plan of service.

b. Advising the Council of Librarians on the need for services and programs.

c. Assisting in the evaluation of the services provided by the system. (Education Code Section 18750)

Section 6. Library Employees

No library employees of a member jurisdiction shall serve on the Advisory Board.

Section 7. Meetings

The Advisory Board shall meet at least twice annually.

ARTICLE IX: SYSTEM STRUCTURE AND ORGANIZATION

Section 1. System Personnel

The System personnel shall consist of the System Coordinator and such other professional, clerical and operating staff as are stipulated in the Plan of Service. When a vacancy exists, the Chairman shall assume the duties usually assigned to the System Coordinator. System personnel shall be selected according to job description and recruitment announcements approved by the Council of Librarians. Appointment of personnel to positions shall be approved by the Council of Librarians.

Section 2. Personnel Manual

The Council of Librarians shall establish and maintain a personnel manual which shall contain a record of the policies concerning dismissal, resignation, salaries and benefits and such other personnel policies as the Council of Librarians shall deem necessary.

Section 3. Travel Expenses

The Council of Librarians shall establish and maintain a schedule of reimbursements for authorized travel expenses for the Council of Librarians, system personnel, and the Advisory Board members. The Council Chairman and members of the Council of Librarians may receive reimbursement for extraordinary expenses incurred in the fulfillment of System responsibilities at the discretion of the Council of Librarians.

Section 4. Inventory

An annual inventory of equipment under System jurisdiction shall be made available to the Council of Librarians by the Secretary.

Section 5. Ownership and Distribution

Any materials and equipment purchased for a member library with System funds shall remain the property of that library. System property shall be distributed on an equitable basis as determined and agreed to by the Council of Librarians. This determination shall be recorded in the minutes of the Council of Librarians.

ARTICLE X: PARLIAMENTARY AUTHORITY

Section 1. Parliamentary Law

The Council of Librarians shall be governed in all its meetings by parliamentary law as contained in Robert's Rules of Order (current edition).

Section 2. Higher Authority

Should these By-Laws conflict with applicable laws of the member jurisdictions or the State of California, those of the higher authority shall prevail.

ARTICLE XI: AMENDMENTS

These By-Laws can be amended at any regular meeting of the System by a two-thirds vote of the total membership of the Council of Librarians, provided that the amendment has been submitted in writing to the members through the Secretary at least three weeks before the time to vote, and is a part of the call for the meeting.

Adopted by the Council of Librarians 4/20/79
Revised and Adopted by the Council of Librarians 3/18/88

SUSANVILLE LIBRARY DISTRICT
BOARD OF TRUSTEES

RESOLUTION AUTHORIZING PARTICIPATION
IN THE NORTH STATE COOPERATIVE LIBRARY SYSTEM

WHEREAS, a cooperative library system has been organized covering the counties of Butte, Colusa, Humboldt, Lassen, Modoc, Plumas, Shasta, Siskiyou, Tehama, and Trinity, together with the cities of Crescent City, Orland, and Willows; and

WHEREAS, the Susanville Library District has been recently formed to replace the public library operated by the City of Susanville which library was formerly operated by Lassen County; and

WHEREAS, the Plan of Service for such a cooperative library system is now operative, a copy of which is attached hereto and marked Exhibit "A";

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Susanville Library District, that the Library Manager of the Library District be, and is hereby authorized and directed to particpate in the North State Cooperative Library System. The Plan of Service of said System is hereby incorporated by reference.

President, Marshall S. Leve, Jr.

ATTEST:

SECRETARY, Joel Stovall

EXHIBIT "A"

PUBLIC LIBRARY SERVICES ACT

PLAN OF SERVICE

PLAN OF SERVICE

1. SELECTION OF MATERIALS

Member libraries will retain the right to choose all materials for inclusion in their own collections. To avoid unnecessary duplication of titles within the System, and to enlarge the scope of materials added to the System as a whole, a degree of subject specialization will be encouraged as the System develops. At least 4000 new titles will be added each year to the total number of volumes in the System, through the usual individual purchases by member libraries and through System acquisitions.

System personnel will assist in the cooperative evaluation of current materials.

Continuing studies should be made to develop new and improved methods of coordinating book-selection.

The Selection Policy

It shall be the purpose of the book selection policy of this Cooperative Library System to represent the informational, educational and recreational aspects of public library service.

This policy re-affirms the importance of the freedom to read all points of view concerning the problems and issues of our times.

It has as its goal a library collection comprised of materials serving community purposes and needs, while providing a balanced and enriched collection on a System-wide basis.

2. ACQUISITION OF MATERIALS

The acquisition of books by member libraries will continue through processing services in accordance with individual arrangements.

Acquisition of non-book library materials will be promoted and coordinated in so far as this is possible.

3. ORGANIZATION AND PHYSICAL PREPARATION OF MATERIALS

The organization and physical preparation of books will be coordinated through access to processing services. Members of the System not now utilizing a processing service will be encouraged to join.

The handling of non-book materials will be reviewed periodically and the System will provide guide lines for processing as needed.

Updated by Council of Librarians, NSCLS, July 23, 1976.

4. LENDING OF MATERIALS

Lending of materials will be permitted freely throughout the System subject always to the rules and regulations of the member libraries. While each member library may continue its current lending policies and procedures, such continuation in no way precludes the investigation and possible adoption of uniform procedures throughout the System, should such procedures be found advantageous to both patrons and member libraries.

Materials borrowed from any one service outlet (Main library, branch, station, bookmobile) may be returned to any other service outlet in the System.

5. REFERENCE AND RESEARCH SERVICE

It is anticipated that the System will provide strong reference centers which will coordinate reference services throughout the System.

At the same time the reference collections of all the member libraries will be strengthened and maintained.

To implement an improved and enlarged reference service program, through collection evaluation and in-service training, specialized System personnel will be employed as funds are available.

System members will be encouraged to channel through the Reference Centers those questions for which they do not have available information. Said Reference Centers will in turn, forward any unfilled requests to the California State Library or other appropriate regional and national sources.

6. INTERAVAILABILITY OF MATERIALS AND INFORMATION

Member libraries may ascertain specific holdings of other member libraries through union lists, current and retrospective, of periodicals and newspapers. As funds become available, teleservice will provide rapid access to the other print and non-print holdings of member libraries, as well as the holdings of the California State Library and those in the California Union Catalog.

Materials & information will be transferred from one service outlet to another by the most appropriate means, eg.: teletype, telephone, mail, and delivery service. Materials and information contained in any one service outlet will be available on the same basis to all library users in the area served by the System.

7. EQUAL ACCESS

All services of each library in the System are available on the same basis to all residents of the area served by the System, in accordance with the definition of "equal access" as defined in the provisions of the Administrative Code, Title 5, Chapter 2, Article 4, Section 20200(c).

8. EXTENSION SERVICES

Recognizing the need for re-assessment of current extension service throughout the System, the Council of Librarians will, over a period of time, make recommendations concerning extension service standards suitable for and applicable to the improvement and enrichment of System extension outlets.

9. MAJOR LIBRARIES

Sacramento City/County Library, California State Library
Until more formal arrangements are found to be necessary, current interlibrary loan procedures will be followed. Teleservice communications will be established between these libraries and the larger System libraries, as funds permit.

10. AREA-WIDE PROJECTS

Any services which may be planned for the entire area which is in part served by this System, will be welcomed by the System. Participation by member libraries in processing services and a Film Circuit is expected to continue.

It is anticipated that the System will access the bibliographic data base and any other applicable automated services as they become available.

11. COORDINATION OF SYSTEMS

It is anticipated that this System will be interested in cooperation with other existing or developing library systems, as envisaged in the development of public libraries in the State of California.

12. SYSTEM-WIDE SERVICES

a/b. Depository Collections of U.S. Government and California State Publications

Use of Federal and State Documents will be encouraged through access to the depository collections within the System area.

e. Film Collection or Circuit

Member libraries will be encouraged to maintain individual membership in a Film Circuit, and as funds permit the System will maintain and develop film collections.

j. Other special collections

As funds permit, the System will add pooled or rotating collections such as art books, large type books, or materials in other areas needed by the System members.

k. Copying equipment

Suitable copying equipment will be provided and utilized throughout the System as funds are available.

l. Microphotography and Microreproduction

Acquisition and use of microfilm readers, reader-printers and other microphotographic or microreproductive equipment will be acquired as funds permit.

m. Other special equipment

Other special equipment will be provided as funds permit, such as film projectors, other A-V equipment, poster machine, etc.

n. In-Service Training

The most important program proposed for the System beyond the conventional System services, is an in-service training program in-depth to increase the efficiency and knowledge of both professional and non-professional staff, particularly in reference service and work with children.

p. Newspaper Publicity

It is expected that an active program of public information service will be pursued including newspaper publicity issued by the local libraries.

Local libraries will determine what publicity is to be released within the areas of their own jurisdictions.

u. Story Hours and other children's programs

As funds permit and System personnel are available the program of activities for children will be intensified and expanded.

14. LEGAL STRUCTURE

a. The System will be established under the Public Library Services Act, 1963, Chapter 1.5, Division 20, Education Code of the State of California.

b. When public agencies have by reference incorporated this Plan of Service in resolutions approved by their respective city councils or county boards of supervisors, the said resolutions shall constitute agreement by the said public agencies to put this Plan of Service into effect by the creation of a cooperative library system.

c. Any participating public agency may withdraw from membership in the System by resolution of its governing body be it city council or county board of supervisors. Notice of withdrawal of any member of the System will be given in writing to the executive committee of the System on or before February 1, of the current fiscal year.

d. The city or county government of one of the member libraries shall act as fiscal agent on behalf of the System, and shall contract with the State of California for the receipt, disbursement and accounting of all funds allocated for System use.

e. Additional public agencies may join the System provided such agencies qualify for membership under the Public Library Services Act cited above, and are approved for membership by the executive committee; and, provided such agencies have by reference incorporated the Plan of Service in resolutions approved by their respective city councils or county boards of supervisors.

f. The Council of Librarians will be the executive committee for the System and will be composed of the head librarian of each public agency in the System. The executive committee shall plan, and through the system coordinator, administer the program stipulated by this Plan of Service.

15. STAFFING

The Council of Librarians may employ such professional and clerical staff as needed to implement the services and programs as outlined in this Plan of Service.

16. PHYSICAL FACILITIES

Appropriate space and equipment shall be provided for the staff and for any System services.

The California State Library has cataloged this publication as follows:

California. State Library, Sacramento.
Geographic plan for California public library systems approved under the Public library services act. Sacramento, 1972.
9 p. maps.

"Related documents": p. 9.

1. Library-cooperation--California. I. Title.

Z678.C3. 021.64 *L575 G3

*Classification number for libraries using California State Library's classification scheme for California State publications.

TO: Stuart Compton, Administrative Librarian, Simpson College

FR: Jim Kirks, System Administrator

DATE: May 19, 1997

RE: MEMBERSHIP AFFILIATION WITH NORTH STATE COOPERATIVE LIBRARY SYSTEM (NSCLS)

NSCLS is very open to library networks that include all types of libraries. In the past the following information has been made available to interested libraries:

1. A library needs to apply for participation in the California Library Services Act (CLSA) programs. Information and forms are available from the CLSA program office at the California State Library.

2. A library needs to be a non-profit corporation or publicly funded entity.

3. A library needs to participate in resource sharing projects such as CULP (California Union List of Periodicals), North State Cooperative Catalog, etc. This promotes resource sharing.

4. NSCLS does not have an annual membership fee. However, NSCLS Council of Librarians voted that libraries pool CLSA Transaction Based Reimbursements with the System.

5. A library not located in a member library would need to pay the average cost of a delivery stop for delivery service. Currently this is $15.00 per stop. If the volume of activity would not justify a dedicated delivery stop and a nearby library would share its stop, this cost could be avoided.

6. The Program and Services Committee would need to review a library's request to affiliate with NSCLS.

7. If the Program and Services Committee is satisfied that the affiliation would be mutually beneficial, the Council of Librarians would need to vote on the affiliation based on the Committee's recommendation.

Typical conditions for affiliation could be:

a. The Library shall pool ILL reimbursements with NSCLS according to the policy adopted by the Council of Librarians for member and affiliate libraries.

b. The library staff will submit request for materials in conformance with the NSCLS Policies and Procedures Manual for ILL, ILR, Listen-In and Videos.

c. NSCLS libraries shall not censor requests submitted by the affiliate. However, the System recognizes the right of the affiliate to restrict patrons and staff from submitting requests for materials in subject areas deemed inappropriate by affiliate authorities.

d. The affiliate will reimburse the lending library for any materials damaged or lost in accordance with the National Interlibrary Loan Code and NSCLS Policies and Procedures Manual.

e. The affiliate will provide a line item in its budget for funding the reimbursement to the lending library for any materials damaged or lost.

f. The affiliate will grant the Head Librarian staff time and expenses to attend NSCLS meetings and workshops in accordance with Education Code, Section 18747.

g. The affiliate will pay $15.00 per delivery stop or current average cost of a NSCLS delivery stop, a minimum of one stop per week. This applies if the library is not sharing a delivery stop within a member public library.

h. The affiliate will participate in resource sharing projects and have computer and microform reader/printer equipment to utilize cooperative catalogs and data bases.

cc: Program and Service Com. Chair, and Council of Librarians, Chair

WIN WP: members hip

SIMPSON

October 1, 1998

Jim Kirks
System Administrator
North State Cooperative Library System
259 North Villa Avenue
Willows, CA 95988

Dear Mr. Kirks:

I am writing in behalf of the Simpson College library to seek membership in North State Cooperative Library System as an academic affiliate. At its February 17, 1998 meeting, the Simpson College Learning Resources Committee recommended affiliation with North State. The Academic Council approved the recommendation March 3, 1998.

I offer the following responses to the affiliation requirements and conditions outlined in your May 19, 1997 memorandum addressed to Stuart Compton, former Simpson College Administrative Librarian.

1. In March Simpson College applied for participation in the California Library Services Act statewide interlibrary loan program. Our participation became effective September 1, 1998.

2. Simpson College is a non-profit corporation.

3. Simpson College intends to participate in resource sharing projects.

4. Simpson College will pass on CLSA transaction-based reimbursements to NSCLS.

5. Until May 1, 1999 Simpson College requests the option of sharing a delivery stop with either the Shasta College or Shasta County Library. When the budget for the current fiscal year was prepared, participation in NSCLS was not anticipated.

6. We understand that our application will be reviewed by the NSCLS Program and Services Committee and voted upon by the Council of Librarians.

7. Simpson College will comply with the typical membership conditions:

   a. Pooling CLSA ILL reimbursements with NSCLS
   b. Submitting ILL requests in conformance with NSCLS policies and procedures
   c. Not censoring request submitted by NSCLS affiliates

SIMPSON COLLEGE & GRADUATE SCHOOL
2211 College View Drive • Redding, California 96003 • (916) 224-5600 • FAX (916) 224-5608

SIMPSON

d. Reimbursing lending libraries for any materials damaged or lost in accordance with the National Interlibrary Loan Code and NSCLS Policies and Procedures Manual
e. Providing a line item in its budget for funding the reimbursement to the lending library for any materials damaged or lost
f. Granting the Director of Library Services time and expenses to attend NSCLS meetings and workshops in accordance with Education Code, Section 18747
g. Paying $15.00 per delivery stop or current average cost of a NSCLS delivery stop, a minimum of one stop per week—after May 1, 1999
h. Participating in resource sharing projects and having the comp0uter and microform reader/printer equipment needed to utilize cooperative catalogs and databases.

Thank you for considering our application.

Sincerely,

Larry L. Haight

Larry L. Haight
Director of Library Services

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2211 College View Drive • Redding, California 96003 • (916) 224-5600 • FAX (916) 224-5608

NorthNet Library System
Connecting Northern California Libraries
2471 Flores Street, San Mateo, CA 94403
650-349-5538 Fax: 650-349-5089
www.northnetlibs.org

NorthNet Library System White Paper Regarding the CalPERS obligations of the three NorthNet Library Legacy Systems:

North Bay Cooperative Library System

Mountain Valley Library System

North State Cooperative Library System

Prepared by Jane Light, consultant for Pacific Library Partnership and NorthNet Library System
December 26, 2016

Information, Options and Questions for NorthNet Library System's Legacy Systems Regarding Their CalPERS Contracts

1.0 Purpose of this document

This document provides information about each of the legacy systems, including its contract for employee pensions and the current status of CalPERS liabilities. It also identifies options and questions for the Administrative Councils (governing boards) to consider. If NLS or the legacy systems decide to seek legal advice this document can be used as background for that purpose.

1.1 Background about the Systems

1.1.1 The three legacy systems Mountain Valley Library System (MVLS), North Bay Cooperative Library System (NBCLS), and North State Cooperative Library System (NSCLS) formed the NorthNet Library System (NLS) as a Joint Powers Authority (JPA) in 2009. The legacy systems formed NLS in order to increase opportunities for resource sharing and reduce expenses. NLS then became the cooperative library system funded in part by the California Library Services Act administered by the California State Library. NLS has no employees and contracts for administrative services, currently with the Pacific Library Partnership (PLP).

MVLS and NSCLS have not had employees since 2009. NBCLS had staff until 2012; it provided administrative services to NLS from 2009 until 2012. NLS contracted with the Peninsula Library System for administrative services from July 2012 through June 2015.

1.2 Why was this document prepared?

The chair of NLS, Sonoma County Library Director Brett Lear, asked PLP to prepare this document to provide information and identify questions for each of the legacy systems and for NLS. The library directors of the member jurisdictions serve as the governing boards. Many of them are relatively new to their positions and have requested more information about the situation and the options for each of the legacy systems. Each has its own CalPERS contract and its Administrative Council (governing board) makes decisions about its assets and liabilities.

1.3 Questions regarding NLS for legal counsel:

1.3.1 If one, two or all three of the legacy systems cease to exist, does that have any effect on the status of NLS as a joint powers agency created by the legacy systems?

1.3.2 Does NLS have any liability for the liabilities of the three agencies that created it? (JPA: http://northnetlibs.org/wp-content/uploads/2013/05/NorthNet-JPA-with-First-Amendment.pdf Bylaws : http://northnetlibs.org/wp-content/uploads/2013/05/NorthNet-JPA-with-First-Amendment.pdf)

1.3.3 If NLS funds from its fund balance (not state funding) are used to pay for legal advice about the legacy systems' CalPERS liabilities, would that have any impact on NLS's responsibility for those liabilities?

2.0 Mountain Valley Library System (MVLS)

2.1 Brief history of System

According to a May 1990 document titled "MVLS, A Brief History" (http://northnetlibs.org/wp-content/uploads/2013/05/Mountain-Valley-Library-System-short-version.pdf), MVLS was established in March 1969 when members of the Mother Lode Library System (Auburn-Placer County, El Dorado County, and the cities of Roseville and Lincoln City) merged with the Sacramento City-County Library Systems and also included Sutter County and the City of Marysville. It was created and funded under the Public Library Services Act. The document includes a spreadsheet that lists members, year joined, and Resolution number for the public library members. Between 1969 and 1972 Alpine, Yolo, Nevada and Yuba Counties joined. Mono County joined in 1974.

In 1973/74 MVLS received a Library Services and Construction Act grant (federal funds administered by the State Library) that "enabled UCD, CSUS, and Sacramento City College, Cosumnes River College, Sierra College and Yuba College to join in the reference network." Dixon Public Library, Roseville Hospital, and Folsom Prison, and Lake Tahoe Community College joined between 1974 and 1985. They are listed as "former member affiliate libraries" on a spreadsheet that is part of the 1990 history document. From this, it would appear that the affiliate members may have been a different type of member that did not join through an action of their governing boards and may not have been voting members of the MVLS Administrative Council.

Membership in MVLS was created by resolutions passed by jurisdictions operating public libraries. Copies of these resolutions, with a few exceptions, are available.

2.2 As of June 30, 2016 the MVLS fund balance was $186,147.

2.3 History of its CalPERS contract (CalPERS ID: 1035483646)

MVLS contracted with CalPERS on March 21, 1992 for its employees to receive service credit going forward from that date for a pension benefit of 2%@ 60, final/highest 3 years compensation. MVLS has not modified that contract to increase benefits.

2.4 Current Status of CalPERS contract

2.4.1 Inactive (no current employees);

2.4.2 FY2016/17 required contribution of $12,955 (for unfunded liability) has been paid;

2.4.3 FY2017/2018 required contribution is $22,786 and in FY18/19 is projected to be $23,997, rising to a projected $28,841 is FY22/23. Based on current assumptions regarding rate of return on assets the required contribution is projected to rise by FY2021/22 to $23,214.

2.4.4 Unfunded liability as of June 30, 2014 was $198,148

(MISCELLANEOUS PLAN OF THE MOUNTAIN-VALLEY LIBRARY SYSTEM (CalPERS ID: 1035483646) Annual Valuation Report as of June 30, 2015).

2.5 Current retirees and monthly pensions derived from MVLS service.*

Retiree	Birth Year	MVLS Service Credit Years	Current Pension derived from MVLS Service
#1	1936	6.85	634.10
#2	1952	14.25	922.28
#3	1944	14.20	1392.93
#4	1942	2.56	305.90
#5	1944	13.72	763.29

***Retirees may have additional service credit earned from other employers that increase their total pensions. The amount shown here is only the amount attributable to MVLS service.

2.6 Potential future retirees & years of MVLS service credit in CalPERS.

Future Retiree	Birth Year	Years of MVLS Service
#1	1945	14.28
#2	1950	13.61
#3	1962	.82
#4	1945	1.32

2.7 Contract termination process and unfunded termination liability

The Annual Valuation Report cited in section 2.4 shows that the current estimated termination cost if MVLS were to withdraw from CalPERS and pay its unfunded termination liability, is as much as $986,205, depending on the U.S. Treasury bond yields at the time of termination. If MVLS were unable to pay all or part of this liability, pensions for current and future retirees derived from MVLS service would be reduced proportionally, potentially by 50% or more.

The actual termination costs are calculated only when an agency begins the termination process or fails to make required annual contributions leading to CalPERS taking legal action to terminate.

Termination liability is based on CalPERS policy that the assets of terminated accounts will be invested in U.S. Treasuries and earn substantially less than the 7.5% earnings that members' accounts are projected to earn and is therefore much larger than the unfunded liability shown above.

If MVLS were to decide to terminate its contract with CalPERS, it would need to work closely with CalPERS staff to determine and carry out the steps to do so. The process takes a minimum of a year and requires that the CalPERS Board approve the termination.

2.8 CalPERS Actuary for MVLS: May Shuang Yu, ASA, MAAA, Senior Pension Actuary

2.9 Options for MVLS Administrative Council – Consultation with CalPERs is recommended for options C & D (see also 2.3 Question for CalPERS).

A. Continue using its fund balance to pay annual contribution and defer making a decision/planning for long term.

B. Continue using its fund balance to pay annual contribution and develop a plan for funding/paying for the annual contribution when the fund balance is exhausted.

C. Continue using the fund balance to pay annual contribution and plan to terminate the contract when the fund balance is exhausted.

D. Terminate the contract and use the remaining fund balance to pay a portion of the unfunded termination liability, which would lesson to some degree the reduction in pensions for current and future retirees.

E. Dissolve MVLS and deal with its liability through that process.

2.10 Question for CalPERS Actuary

2.10.1 Page 9 of the annual report cited above shows accelerated payment of unfunded liability over a 20 or 15 year period – is there an option to make an immediate payment of the entire current liability of $230,479 and remain in the inactive category of members?

2.10.2 If so, and if the liability were to ultimately be less or more than $230,479 would a refund be received or additional payment be required?

2.11 Questions for legal counsel

2.11.1 Are member jurisdictions that joined via resolution legally responsible for the MVLS CalPERS liability?

2.11.2 Are jurisdictions formerly members that joined via resolution legally responsible for it or any part of it?

2.11.3 Some libraries that are not public libraries (e.g., community college libraries) became “members” without a resolution by their governing bodies; do they have any legal responsibility for the CalPERS liability?

2.11.4 If member jurisdictions have liability, is there a commonly used or accepted method of calculating each jurisdiction’s share?

2.11.5 If the governing bodies of current or past members have liability, does that apply only upon dissolution of MVLS?

2.11.6 What is the process for dissolution of an agency created by joint resolutions?

3.0 North Bay Cooperative Library System (NBCLS)

3.1 Brief history of System,
In 1960, the North Bay Cooperative Library System was formed for the joint exercise of the participating libraries' common power to provide library service. The libraries included the following public agencies: Marin County, Napa County, Sonoma County, Solano County, Benicia Public Library, Vallejo Public Library, The Goodman Library of Napa, St. Helena Public Library, Sonoma City, Santa Rosa Public Library, Ukiah Municipal Library, Petaluma City, Cloverdale Public Library, Sebastopol City, and the Union High School District of Vacaville.

On May 13, 1964 the North Bay Cooperative Library System was deemed by its members to have 'operated successfully... and that the system should now be established as a separate and permanent agency, as outlined in the "Supplement to Agreement of 1960 entitled "In RE North Bay Cooperative Library System" containing a Further Agreement for Joint Exercise of the Powers of the Contracting Parties and the Establishment of the North Bay Cooperative Library System as a Separate Agency for the Exercise of Such Powers. A Board of Directors ("Council") was formed and allowed NBCLS to a) make and enter contracts, b) employ agents and employees, c) acquire, construct, manage, maintain or operate any buildings works or improvements; d) acquire, hold or dispose of property, e) incur debts, liabilities or obligation which to not constitute the debt, liability or obligations of any of the parties, and f) sue and be sued. Members included: Lakeport Public Library, Napa City-County Library, County of Marin, Mendocino County Library Demonstration, Mill Valley Public Library, City of Petaluma Public Library, St. Helena Public Library, Santa Rosa Public Library, Sausalito Public Library, City of Sebastopol Public Library, County of Solano, City of Sonoma, County of Sonoma, Ukiah Public Library, Vacaville Union High School Library District of Solano, Vallejo Public Library.

A list of members and the date of joining is a document available on the NLS website in the NBCLS section. It has been compiled by PLP staff but may not be complete.

3.2 Fund balance as of 6/30/16 is $267,850.

3.3 History of its CalPERS contract (CalPERS ID 2429114785)
CalPERS pension contract was effective 1/1/1965. In 2002 the contract was amended to provide a benefit of 2% @55, highest/final salary instead of the previous 2%@ 60.

NBCLS provides Medicare supplemental health insurance for two retirees from a source other than CalPERS at the cost of $14,000 in FY2016/17; Administrative Council decides annually whether to continue to provide.

3.4 Current Status of CalPERS contract
3.4.1 Inactive (no current employees);
3.4.2 FY2016/2017 required payment $11,945 (with lump sum prepayment discount) has been made;
3.4.3 FY2017/18 required contribution is $20,584.
3.4.4 Based on current assumptions regarding rate of return on assets the required contribution is projected to rise to $32,432 in FY2018/19 and to $59,031 FY2022/23.
3.4.5 Unfunded liability as of June 30, 2014 was $461,009.
(MISCELLANEOUS PLAN OF THE NORTH BAY COOPERATIVE LIBRARY SYSTEM (CalPERS ID: 2429114785) Annual Valuation Report as of June 30, 2015)

3.5 Current retirees and monthly pensions derived from NBCLS service*

Retiree	Birth Year	NBCLS Service Credit Years	Current Pension derived from NBCLS Service
#1	1948	0.83	134.00
#2	1944	6.80	919.86
#3	1946	8.84	345.75
#4	1951	0.84	0
#5	1931	4.00	69.79
#6	1947	23.61	7263.72
#7	1935	8.17	179.61
#7	1933	12.10	439.96
#8	1949	8.11	989.34
#9	1950	0.01	0
#10	1946	1.67	215.01
#11	1956	9.04	187.65
#12	1931	5.00	112.22
#13	1948	9.88	609.67
#14	1951	9.07	1101.05
#15	1950	4.50	321.80
#16	1941	4.88	522.21
#17	1922	2.34	456.26
#18	1940	3.86	379.96
#19	1940	0.68	102.14

***Retirees may have additional service credit earned from other employers that increased their total pensions. The amount shown here is only the amount attributable to NBCLS service.

3.6 Potential future retirees & years of NBCLS service in CalPERS.*

Future Retiree	Birth Year	Years of NBCLS Service
#1	1959	9.67
#2	1918	0.08
#3	1947	0.09
#4	1969	3.33
#5	1945	0.09
#6	1932	0.09
#7	1940	0.09
#8	1911	0.08
#9	1979	1.03
#10	1949	0.09
#11	1948	4.20
#12	1955	17.41
#13	1916	0.08
#14	1950	0.69
#15	1968	3.65
#16	1950	5.52
#17	1949	0.78
#18	1950	8.91
#19	1946	0.08
#20	1941	0.09
#21	1946	0.08
#22	1953	0.94
#23	1946	0.89
#24	1947	0.09
#25	1960	4.57
#26	1946	6.68
#27	1961	2.57
#28	1946	0.08
#29	1956	0.56
#30	1941	3.08
#31	1951	0.09
#32	1928	0.08
#33	1923	0.08
#34	1949	0.62
#35	1973	7.83

#36	1961	2.10
#37	1957	0.46
#38	1926	0.08
#39	1912	0.08
#40	1950	0.34
#41	1921	0.08
#42	1948	3.93
#43	1949	0.09
#44	1939	0.09
#45	1923	2.06
#46	1947	0.09
#47	1948	0.15
#48	1926	0.09
#49	1972	3.71
#50	1934	2.85
#51	1960	1.31
#52	1949	2.00
#53	1911	0.08
#54	1948	0.97
#55	1951	2.29
#56	1964	4.68
#57	1944	1.65
#58	1956	7.94

*Given the age and minimal NBCLS service credit of some former employees they may never file for a pension. This information was provided by CalPERS.

3.7 Contract termination process and unfunded liability in that event

The current estimated termination cost, if NBCLS were to withdraw from CalPERS and pay its unfunded termination liability is as much as $2,747,609 depending on the U.S. Treasury bond yields at the time of termination. If NBCLS were unable to pay all or part of this liability, pensions based on NBCLS service for current and future retirees would be reduced proportionally, potentially by 50% or more.

The actual termination costs are calculated only when an agency begins the termination process or fails to make required annual contributions for several years leading to CalPERS taking legal action to terminate. Termination liability is based on CalPERS policy that the assets of terminated accounts will be invested in US Treasuries and will earn substantially less than the 7.5% earnings that members' accounts are projected to earn and is therefore much larger than the unfunded liability shown above.

If NBCLS were to decide to terminate its contract with CalPERS, it would need to work closely with CalPERS staff to determine and carry out the steps to do so. The process takes a minimum of a year and requires that the CalPERS Board approve the termination.

3.8 CalPERS actuary for NBCLS: Jean Fannjiang, ASA, MAAA, Senior Pension Actuary

3.9 Options for NBCLS Administrative Council – Consultation with CalPERs is recommended for options C & D.

A. Continue using the fund balance to pay annual contribution and defer decision/planning for long term.

B. Continue using fund balance to pay annual contribution and develop a plan for funding/paying for the annual contribution when the fund balance is exhausted.

C. Continue using the fund balance to pay annual contribution and plan to terminate the contract when the fund balance is exhausted.

D. Terminate the contract and use the remaining fund balance to pay a portion of the unfunded termination liability, which would lesson to some degree the reduction in pensions for current and future retirees.

E. Dissolve the JPA and deal with its liability through that process.

3.10 Questions for legal counsel

3.10.1 Are current member jurisdictions that joined the JPA legally responsible for the NBCLS CalPERS liability?

3.10.2 Are jurisdictions formerly members (JPA signatories) legally responsible for its liability (there may be none in this category)?

3.10.3 Some libraries that are not public libraries (e.g., community college libraries) may have become members (perhaps without having voting rights on the Administrative Council) without action by their governing bodies to join as the JPA; do they have any legal responsibility for the CalPERS liability?

3.10.4 Is there a commonly used or accepted method of calculating each jurisdiction's share of a liability?

3.10.5 If the governing bodies of current or past members have liability, does that apply only upon dissolution of NBCLS?

3.10.6 What is the dissolution process for a JPA?

4.0 North State Cooperative Library System (NSCLS)

4.1 Background information

NSCLS is a Joint Resolution Agency which means that member jurisdiction joined through passing a resolution. Therefore, no single document exists that shows the date joined and jurisdictions involved. The member jurisdictions are the holders of records of their actions and NSCLS has few if any copies of the resolutions.

The North Sacramento Valley Library Cooperative (NSVLC) existed in the 1960s. (the date of origin and membership is not clear). In December 1967 they began discussion to become a California cooperative library system. In March 1968, a Plan of Service was drafted for the new system. In 1969, a budget exists for the North State Cooperative Library System (NSCLS). There were 12 council members at that time, and the exact original members are not known. The few minutes which can be found for these meetings indicate that there were NSCLS staff.

The "California Library Statistics and Directory 1979" includes data from 1977/78 about NSCLS, and lists the following thirteen library members: Butte County, Colusa County, Del Norte County Library District, Eureka-Humboldt County Library, Lassen County Library, Modoc County Library, Orland Public Library, Plumas County, Shasta County, Siskiyou County, Tehama County, Trinity County, and Willows Public Library. There is a hand-written note on this document which indicates that Colusa County moved to Mountain Valley Cooperative Library System (no date indicated).

An "Agreement for Library Services" from 1984 indicates that NSCLS has been formed as a joint resolution between its members, and includes all the libraries of Butte County, Colusa County, Del Norte County Library District, Glenn, Humboldt County Library, Lassen County Library, Modoc County Library, Plumas County, Shasta County, Sierra, Siskiyou County, Tehama County, Trinity County.

4.2 History of its CalPERS contract (CalPERS ID: 1897174550)

NSCLS contract with CalPERS was effective 1/1/1978. In 2011 the Administrative Council passed a resolution making employee contributions tax deferred.

NSCLS first signed an agreement with CalPERS effective January 1, 1978., and it was amended on June 26, 1992. A letter between the NSCLS Coordinator and CalPERS from June 8, 1992 indicates that NSCLS amended its contract to reflect a change in the normal retirement age from 60 to 55, with 2% at 55, and final/highest single year salary.

4.3 Number of retirees and monthly pension amounts derived from NSCLS service*

Retiree	Birth Year	NSCLS Service Credit Years	Current Pension derived from NSCLS Service
#1	1949	5.63	$813.56
#2	1936	10.13	$1,283.69
#3	1955	1.23	$239.97
#4	1952	26.19	$253.74
#5	1938	12.95	$259.76
#6	1951	4.61	$758.77
#7	1947	2.5	$0.00
#8	1937	25	$6,417.56
#9	1926	15.41	$996.93
#10	1951	6.89	$1,457.02
#11	1927	8.33	$542.80
#12	1949	30.08	$1,971.08
#13	1937	5.25	$172.14
#14**	1962	6.43	$546.11
#15	1946	4.46	$73.42
#16	1950	20.58	$1,435.38

*****Retirees may have additional service credit earned from other employers that increase their total pensions. The amount shown here is only the amount attributable to NSCLS service.

**Beneficiary receives pension-Service Years are for former employee

4.4 Number of potential future retirees & years of NSCLS service in CalPERS*

Future Retiree	Birth Year	Years of NSCLS Service
#1	1950	0.09
#2	1947	0.14
#3	1963	7.77
#4	1948	2.25
#5	1956	5.95
#6	1959	0.09
#7	1947	0.09
#8	1921	0.09
#9	1953	1.65
#10	1965	11.12
#11	1945	9.20
#12	1965	0.39
#13	1953	0.26

#14	1955	0.97
#15	1972	3.85
#16	1950	0.09
#17	1958	0.16
#18	1952	11.23
#19	1937	0.08
#20	1937	2.64
#21	1939	1.00

* Given the age and minimal service credit earned from NSCLS of some former employees they may never file for or receive a pension. This information was received from CalPERS.

4.5 Current Status of CalPERS contract

4.5.1 Inactive (no current employees);

4.5.2 FY2016/2017 required payment $ 30,751 has not yet been fully paid.

4.5.3 FY2017/18 required payment is $36,973.

4.5.4 Based on current assumptions about the rate of return on assets the required contribution is projected to rise to $45,995 by FY2018/19 and by FY2021/2022 to $66,495.

4.5.5 Unfunded liability as of June 30, 2015 was $508,768.

MISCELLANEOUS PLAN OF THE NORTH STATE COOPERATIVE LIBRARY SYSTEM (CalPERS ID: 1897174550)

Annual Valuation Report as of June 30, 2015

4.5.6 FY 2015/2016 required contribution had been paid but payment was late and made in FY 2016/17. CalPERS contacted PLP (as fiscal agent) via phone a number of times prior to payment regarding the delinquency prior to payment. Because NSCLS has paid its FY 15/16 obligation, CalPERS will not take any legal action against NSCLS at the present time.

4.5.7 NSCLS used its fund balance to pay its CalPERS annual required contribution until those funds were depleted. Since that time the Administrative Council has assessed an annual membership fee using a formula it voted to accept to pay its CalPERS contribution. Some members have paid the membership fee long after being invoiced. Two members have not paid because the jurisdiction cannot locate a record of its joining NSCLS via a resolution. This has resulted in late payments to CalPERS.

4.6 Contract termination process and unfunded liability in that event

The current estimated termination cost, if NSCLS were to withdraw from CalPERS and pay its unfunded termination liability, could be as much as $2,213,352 depending on the U.S. Treasury bond yields at the time of termination. If NSCLS were unable to pay all or part of this liability, pensions for current and future retirees based on NSCLS would be reduced proportionally, potentially by 50% or more.

The actual termination costs are calculated only when an agency begins the termination process or fails to make required annual contributions for several years leading to CalPERS taking legal action to terminate. Termination liability is based on CalPERS policy that the assets of terminated accounts will be invested in U.S. Treasuries and will earn substantially less than the 7.5% earnings that active accounts are projected to earn.

If NSCLS were to decide to terminate its contract with CalPERS, it would need to work closely with CalPERS staff to determine and carry out the steps to do so. The process takes a minimum of a year and requires that the CalPERS Board approve the termination.

4.7 CalPERS Actuary for NSCLS: Jean Fannjiang, ASA, CERA, MAAA, Senior Pension Actuary

4.8 Options for NSCLS Administrative Council – Consultation with CalPERS is recommended.

A. Continue assessing a membership fee to pay annual contribution.

B. Terminate the contract without paying the termination liability, resulting in reduction in retiree pensions.

C. Dissolve NBCLS and deal with its liability through that process.

4.9 Questions for legal counsel

4.9.1 Are current member jurisdictions that joined via resolution legally responsible for the NSCLS CalPERS liability?

4.9.2 Are jurisdictions formerly members that joined via resolution legally responsible for it or a portion of it?

4.9.3 Some libraries that are not public libraries (e.g., community college libraries) may have become became members without a resolution by their governing body and may not have been full, voting members of the Administrative Council; do they have any legal responsibility for the CalPERS liability?

4.9.4 Is there a commonly used or accepted method of calculating each jurisdiction's share of a liability?

4.9.5 If the governing bodies of current or past members have liability, does that apply only upon dissolution of NSCLS?

CalPERS Payment plan FY 16/17

Over the past few years, we have had three systems that have not paid their contribution for their CalPERS obligation: Del Norte, Shasta and Plumas.

Shasta County was unaware of the past obligations and has committed to paying the past obligations. We continue to work with Del Norte and Plumas to have them pay their outstanding obligation, as the other library members have. For the short-term, we need a payment plan action that will keep North State in good standing with CalPERS.

Assuming Shasta County pays its past obligations, North State owes CalPERS approximately $18,000 through the end of June 30, 2017.

CalPERS insists on a payment plan to get North State paid up. If we cannot agree to a plan to get us balanced, CalPERS will consider North State in default and seek legal remedies to ensure compliance.

Proposal

To commit to a payment plan with CalPERS with monthly payment of $5,783.86 on the first of each month, starting March 1, 2017; and to create a Reserve Fund of $21,000 by June 30, 2017.

There 12 public libraries in the consortia:

1. Butte County Library
2. Del Norte Co. Library District
3. Humboldt County Library
4. Lassen Library District
5. Modoc County Library
6. Orland Free Library
7. Plumas County Library
8. Shasta Libraries
9. Siskiyou County Library
10. Tehama County Library
11. Trinity County Library
12. Willows Public Library

With Del Norte and Plumas outstanding, there are 10 members who have been able to consistently contribute to North State obligations.

Option A

To evenly distribute the Reserve Fund contribution among all twelve library systems, including Del Norte and Plumas: $1,750 per library system.

Assuming the ten library systems contribute, we would be able to cover $17,500 for the payment plan. When all the systems were in good standing, North State would have a Reserve Fund of $21,000.

Option B

Use the current CalPERS payment formula (based on a base rate using the library's budget) to build a Reserve Fund of $21,000.

Current System	Base Rate
Budgets under $200,000	$100
Budgets under $400,000	$200
Budgets under $600,000	$300
Budgets under $2,000,000	$400
Budgets over $2,000,000	$500

Since we want to build a $21,000 Reserve Fund, we use a multiplication factor of 6.000 ($21,000/$3500).

County	Budget FY 14/15	Base Rate	Factor	Total
Butte County	$ 3,070,782	$500	6.000	$ 3,000
Del Norte County	$ 220,900	$200	6.000	$ 1,200
Humboldt County	$ 3,357,788	$500	6.000	$ 3,000
Lassen Library	$ 166,506	$100	6.000	$ 600
Modoc County	$ 258,893	$200	6.000	$ 1,200
Orland Free Library	$ 277,790	$200	6.000	$ 1,200
Plumas County Library	$ 514,853	$300	6.000	$ 1,800
Shasta Public Library	$ 2,193,855	$500	6.000	$ 3,000
Siskiyou County Library	$ 566,863	$300	6.000	$ 1,800
Tehama County	$ 599,439	$300	6.000	$ 1,800
Trinity County	$ 328,755	$200	6.000	$ 1,200
Willows Public	$ 231,073	$200	6.000	$ 1,200
		$3500		$21,000

Assuming the ten library systems contribute, we would be able to cover $18,000. And when all the systems were in good standing, we would have a Reserve Fund of $21,000.