CALL TO ORDER:
Representatives of North Bay Cooperative Library System (NBCLS), North State Cooperative Library System (NSCLS) and Mountain Valley Library System (MVLS) met this date at the Redding Public Library in Redding, California. Maureen Sullivan facilitated the meeting via telephone.

ROLL CALL:

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<td>System Hdqtrs: NBCLS, NSCLS, &amp; MVLS</td>
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WELCOME:
Ms. Milliron welcomed the representatives from NBCLS, NSCLS and MVLS to the meeting and introductions were made.
**REVIEW OF MANIFESTO CREATED ON 2/6/08**

Ms. Milliron explained that when MVLS approached NBCLS for a management services contract, they came into the partnership with a possible merger in mind. Actual language in the contract reads that if MVLS and NBCLS agree to merge into one cooperative library system, the two councils will start the process for a merger.

The manifesto created on 2/6/08 is as follows:

We seek a consolidated organization that…

- Benefits all the people we serve
- Benefits our staff, especially through training
- Enables us to do things we cannot do on our own
- Provides more services
- Brings more equity
- Is nimble and responsive
- Provides a better means of resource sharing and delivery
- Gives us a stronger voice with the state, vendors, etc.
- Leads the way; is a model system for others
- Creates greater visibility for us; enables us to market ourselves
- Achieves economies of scale
- Is forward-thinking
- Is successful and seamless in the provision of services (to constituents and staff)
- Works for all members; large and small, rural and urban, special, academic and school
- Is affordable

After reviewing the list, Ms. Milliron asked the group if there was anything missed or if they would like to spend more time on a certain area. Ann Cousineau stated asked the group if they were all interested in creating a three party system and if there is an “urge to merge”. It was noted that MVLS is interested, but does not want to be penalized by the State. Ms. Cousineau noted that it was her understanding that the State is willing to work with the systems on this.

The group decided to have each representative state if they wished to merge.

Janet Albright stated that she feels community colleges have been pushed to the fringes within the system over the last few years and she would like to see the college become more involved.
- Loren McCrory stated that she sees many advantages and would like to move forward on the merger.
- Marilyn Cochran stated that she would like to move forward on the merger.
- Coral Henning stated that it would be good to move forward.
- Caryn Brown stated that she does not want the merger to cost libraries anymore.
- Russell Long stated that economics are pivotal and he sees nothing but good coming out of a merge.
- Margaret Miles stated that she sees the benefits but wants to know how it works and how NSCLS will be represented.
- Gregg Atkins stated that he sees nothing but benefits from a merger.
- David Dodd stated that he is looking to move into a greater resource sharing area through the merger.
- Diane Smikahl stated that she misses having the assets of other systems since the libraries within NBCLS are very similar and she would like to have MVLS and NSCLS included.
- Ann Cousineau stated that it is up to all three systems in how we want to make it work. Economy is a factor and a merger would be a benefit to all systems.
Jan Erickson stated that she felt there is power in numbers.
Victor Zazueta stated that he use to belong to a resource sharing consortium with Nevada and Eastern Washington and would like the three systems to define the equity.
Bessie Platten stated that MVLS would benefit from being part of larger group but she would also like the group to address the membership fee structure.
Derek Wolfgam stated that he gives the merger a thumbs up.
Bill Michael stated that the governance structure is a critical step to make the merger work and he is eager to see that.
Betsy Emry stated that she sees NSCLS benefiting from a merger.
Larry Haight stated that he would be eager to see what a merger looks like but he is coming into it from an affiliate status viewpoint and feels that the affiliate status needs to be more defined.
Bonnie Thoreen stated that the economy of the administration of all three systems is what interests her.

Questions and/or concerns:
How do we define equity?
What does the membership fee structure look like?
What does the governance structure look like?
How do affiliates and/or colleges fit in?
Will we lose State funding?

Prospective Timeline:
July 2008 - Letter of Intent to Library of California Board
August 2008 - Library of California Board review letter and approve
September 2008 to July 2009 - Planning
July 2009 – New organization in place, if organizational issues are worked out. The systems do not have to consolidate if we don’t work out issues to everyone’s satisfaction.

Concerns for the LoC Board Letter:
Hold harmless
Do not state what the new organization is going to look like
Be part of discussion on the new CLSA formula. (Make no assumptions.)
Letter needs to reflect the vote of all 3 Boards

STATUS REPORT ON CONSOLIDATION RESEARCH:
Ms. Milliron reported that all of the systems that are looking into merging have been using the same attorney, John Shupe, who is located in the Bay Area. He also recently helped 49-99 with their JPA issue, so he’s done a lot of research on JRAs. Both MVLS and NSCLS are JRAs while NBCLS is a JPA. Mr. Shupe’s also researched 501 (c) 3 opportunities and has recommended that the most effective and efficient way to move forward is for the systems that are JRAs to vote to join NBC, the JPA. JRAs have the right to take action to benefit their members and don’t need to go back to their governing authorities for approval. The State library was concerned that this wouldn’t be an effective way to merge and their initial response was that systems would only be counted as one member joining, no matter the number of libraries within that system. The State Library was asked to consider changing this viewpoint.

The second option is for the group to form a JRA. All member libraries would need to go back to their governing authorities and tell them that they want to dissolve their old JRA and form a new one. This is what 49-99 did when they needed to change their fiscal agent designation, which was included in their JRA. The system dissolved their JPA and formed a JRA. Ms. Milliron noted that both options have good merits.
The third option Mr. Shupe delineated was for the systems to form a 501 (c) 3 but Ms. Milliron stated that she doesn’t think this is a good choice because it adds another layer of reporting. Discussion ensued. She noted that the group has two good options on how to proceed, both of which are supported by the State Library.

To move forward in asking permission to form a mega-regional system, the group needs to formulate a letter of intent and send it to the State Library. The letter will request that the there systems be held harmless, be included in the future participation in the CLSA formula development, and hold a system directors meeting. The systems will request that the Library of California take action so that FY 2008/2009 can be the year to develop a strategic plan, etc. This letter would need to be sent by early July 2008. Since the LoC Board only meets in August, this would position the three systems to merge effective July 1, 2009. Approval must be given at this meeting or the systems would not be able to merge until July of 2010.

Maureen Sullivan reported that she would be meeting with PLS, BALIS, and MOBAC next week to finalize their plans to merge. Ms. Milliron noted that there are three potential mega-system mergers that are currently in the works. Metropolitan Cooperative, Santiago System and South State system. PLS, MOBAC and BALIS. NBCLS, NSCLS and MVLS. Ms. Milliron noted that currently there are four systems that wish to remain stand alones: Black Gold, San Joaquin, Serra and Inland.

Ms. Milliron did contact the State Library and asked for the formula that CLSA currently uses in allocating money to the systems. Maureen Sullivan read the letter of intent that PLS/BALIS/MOBAC will submit to the LoC Board. They are submitting one letter from all three systems with two attachments; one that shows a verification of votes from each system’s Council and the second is the white paper on the system merger. Ms. Milliron noted that NBCLS and MVLS have scheduled Council meetings in June in order to vote on the merger. The NSCLS Council just met yesterday so they will to set another Council meeting so their Council can also vote.

JPA versus JRA was discussed. MVLS and NSCLS dissolving their JRA and joining NBCLS’ JPA was discussed. Ms. Milliron will speak with the attorney regarding advice on determining how to limit the liability for the new members for prior obligations. For example, NBCLS has prior retirement commitments. North State also has a retirement pool with active retirees. Additionally, each system has cash reserve and it needs to be determined if and how that could be kept separate in a merger.

Becoming a JRA was also discussed. Ms. Milliron will speak with the attorney to explore any possible legal ramifications to former and current NBCLS employees if NBCLS dissolves their JPA to become a JRA with MVLS and NSCLS.

The benefits and drawbacks of each method of legal formation need to be explored further. Ms. Milliron will speak with the attorney on this. Inclusion of academic and school library members needs to be examined as well.

Look at academic resolution

The Sonoma County Treasurer has advised Ms. Milliron that whether the systems merge into a JPA or JRA, either will work for their purposes.

Jon Torkelson advised the group that it is his understanding that the California State Library will do a simple addition of three systems to form a new allocation.

**DISCUSSION**

Margaret Miles asked what the legal benefits were of doing a legal consolidation/merger. Essentially, why do the
systems have to get married, why can’t the just live together. Discussion ensued. One benefit will be the administration consolidation aspect and to do away with the duplication of services; i.e., three plans of service, three audits. Gregg Atkins referenced a meeting hand out where the NBCLS Board compiled a list of what they thought the benefits of a merger would be. The System could combine their resources and in turn be able to offer more services to the members. Victor Zazueta stated that he was looking to reduce the administrative cost and provide better service to the citizens of California.

Ms. Sullivan surmised from the discussion so far that everyone is in agreement to move forward. She asked that the group now discuss governance, legal and financial implications just to make sure that something hasn’t been overlooked.

The following issues need to be explored and addressed:

**GOVERNANCE**
- Meetings – geography concerns
- Communities of Practice
- Make up of Board and Steering Committees
- Frequency of meetings
- Electronic meetings – options
- Legal compliance
- Committee structure
- Role of non-public agencies
- How to inform/solicit views of all members / keep all members in the loop
- Size of Board

Ms. Milliron has the notes from the first joint meeting and noted that they had discussed communities of practice where they could possibly meet electronically. Mr. Dodd noted that the distance and geography between the systems is quite great and should be considered when discussing governance. Video conferencing options should be explored. Ms. Cousineau suggested that the Steering Committee meet on a quarterly basis and then have all library directors meet twice a year. Those meetings could happen in conjunction with Legislative Day in Sacramento or some other time, such as ALA or CLA when everyone would be coming together. Discussion ensued. Virtual ways of meeting should be explored and compliance with the Brown act in that area should be explored as well. Discussion ensued. Ms. Milliron noted that the system meetings would need to be mapped well out in advance in order for the system to get on the college video conferencing schedules. NSCLS does not currently have a Steering Committee and Margaret Miles asked for a definition of what they are responsible for. The NBCLS Board members explained the purpose of the Steering Committee. The advantage is that the committees would have an executive committee liaison to bring issues forward. It would be an investment of time by the committee liaison. The community of practice is a way for members to be informed if they don’t serve on the Executive Committee. The group discussed the number of the meetings the new System should hold. It was noted that communication is key and the directors would be need to read the system meeting minutes and have an opportunity to provide input. Ms. Milliron reported that combining the three systems would bring the numbers to 45 public libraries; with academic libraries, it will bring the number to over 60 libraries. It was noted that meeting face to face has an impact and that impact might get lost if all meetings were to be video or teleconferenced. It is important to see the different make up of libraries in California. It was noted that it would be valuable to the new system if it sought out new libraries for membership at least once a year.

How to select the Executive Committee was discussed. Geographic, size and interest could all be factors in selecting members to the committee. Ms. Milliron explained the make up of the NBLCS Board; an academic representative, a rural library representative, and one representative from each of the six counties in the system.
To keep the committee size manageable, a representative may fill two areas of representation (e.g. Mendocino County represents rural as well as the county.)

A MVLS member reported that since the system is working primarily with State funding, which academics are not eligible for, she doesn’t feel academic libraries should have a place on the Executive Committee. Discussion ensued. The concern is if the academics aren’t included in some of the decision making, will the system lose them as members. A balance needs to be struck; such as academics sitting on the Board but not having a vote on CLSA funded projects. Further discussion ensued.

**FINANCIAL IMPLICATIONS**

- Existing liabilities (PERS issues)
- Existing assets
  - How to structure the new system around the three system’s existing liabilities and assets needs to be explored.
- Membership fees and benefits – delivery, etc.
  - When determining the new membership fees, it also needs to be determined what benefits the members will be receiving. Delivery is the first benefit that is apparent. NBCLS bases their delivery fees on volume. Distance should also be a factor. Have a baseline of delivery that every library receives and then for additional delivery, have a calculation.
- Equitable services/costs
- Equitable fee structure.
- Equitable formulas for services – baseline, spa, extras
  - A baseline for each library and then develop what others are paying for membership fees.
- State Funding
  - There are advantages in size for receiving grants. Seek not only LSTA grants, but also ones with hiring consultants. The size will also help when purchasing databases, etc. Larger buying power with vendors. The system’s intellectual capacity will increase exponentially.

Services that could be offered to members through the new system will be:

- Delivery
- Training
- ILS
- Grant development
- Possible initiatives and services
- Databases

**LEGAL ISSUES:**

- Legal - organizational
- PERS issues and liabilities
- Organizational structure - JPA and JRA
- Existing assets
- Databases
- Employee – union issues and bargaining units

**NEXT STEPS**

NSCLS will need to set up a meeting to vote on moving forward with the merger.

A letter of intent needs to be drafted. Ms. Sullivan will send a copy of the PLS/BALIS/MOBAC letter to Ms.
Milliron. The hold harmless language will be included in the NBCLS/NSCLS/MVLS letter.

The Steering Committees from each system will meet at least quarterly to move the process forward and will report back to their respective Board and/or Council on any progress made. NSCLS does not have a Steering Committee and will need to designate their representatives. At least three members from each system will attend the quarterly meetings and if anyone else from the system would like to attend, they are invited as well. Video and teleconferencing can be used for meetings. Discussion ensued.

Representatives from each system are:
- NBCLS - David Dodd, Melanie Lightbody, Diane Smikahl and Bonnie Thoreen
- NSCLS – Margaret Miles, Marilyn Cochran, and Derek Wolfgram
- MVLS – Darla Wegener, Bill Michael and Loren MccRory. Sandy Vella from UC Davis will also be invited to join the planning group.

Ms. Milliron will ask the California State Library for network development funding in moving ahead with the merger planning process.