

NORTH BAY COOPERATIVE LIBRARY SYSTEM

[HTTPS://NORTHNETLIBS.ORG/ABOUT-NLS/NBCLS/](https://northnetlibs.org/about-nls/nbcls/)

Board of Directors Meeting

Thursday, August 29, 2019

9:00 a.m. – 11:00 a.m.

Solano County Library, Fairfield Cordelia Branch
5050 Business Center Drive
Fairfield, CA 94534

Conference Call

Phone Number: 1-877-216-1555

Passcode: 907394

- | | | |
|---|---------|---------------------|
| 1. Call to Order | Olawski | |
| 2. Roll Call | Olawski | |
| 3. Public Invited to Address the Board | | |
| 4. Approval of Agenda (Action Item) | Olawski | |
| 5. Approval of Minutes of June 7, 2019 Meeting (Action Item) | Olawski | Attachment 1 pg. 3 |
| 6. Approval of Minutes of August 5, 2019 Special Meeting (Action Item) | Olawski | Attachment 2 pg. 7 |
| 7. Approval of Minutes of August 16, 2019 Special Meeting (Action Item) | Olawski | Attachment 3 pg. 8 |
| 8. Replacement of NBCLS Chair and Vice Chair for FY 2019/20 (Action Item) | Olawski | |
| 9. NBCLS Retiree Health Insurance Research | Olawski | Attachment 4 pg. 9 |
| 10. Report from BB&K Regarding NBCLS Retiree Health Payment Obligation (to be distributed separately) | Olawski | |
| 11. Update on Research Regarding Current and Former Members' Legal Obligations to Fund NBCLS's CalPERS Obligations (Action Item) | Olawski | Attachment 5 pg. 10 |
| 12. Review of NBCLS Fund Balance and Consider Adopting Financial Formula for CalPERS Payment (Action Item) | Yon | Attachment 6 pg. 16 |
| 13. Adjournment | | |

NORTH BAY COOPERATIVE LIBRARY SYSTEM

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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

NorthNet Library System	2471 Flores Street, San Mateo, CA 94403
Belvedere-Tiburon Library	1501 Tiburon Boulevard, Tiburon, CA 94920
Benicia Public Library	150 East L Street, Benicia, CA 94510
Dixon Public Library	230 North First Street, Dixon, CA 95620
Lake County Library	1425 N. High Street, Lakeport, CA 95453
Larkspur Public Library	400 Magnolia Avenue, Larkspur, CA 94939
Marin County Free Library	3501 Civic Center Drive, #414, San Rafael, CA 94903
Mendocino County Library	105 North Main Street, Ukiah, CA 95482
Mill Valley Public Library	375 Throckmorton Avenue, Mill Valley, CA 94941
Napa County Library	580 Coombs Street, Napa, CA 94559
St. Helena Public Library	1492 Library Lane, St. Helena, CA 94574
San Anselmo Public Library	110 Tunstead Avenue, San Anselmo, CA 94960
San Rafael Public Library	1100 E Street, San Rafael, CA 94901
Sausalito Public Library	420 Litho Street, Sausalito, CA 94965
Solano County Library	1150 Kentucky Street, Fairfield, CA 94533
Sonoma County Library	6135 State Farm Drive, Rohnert Park, CA 94928
Dominican University	50 Acacia Avenue, San Rafael, CA 94901

2471 FLORES STREET, SAN MATEO, CA 94403 T: 650-349-5538 F: 650-349-5089

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Board of Directors Meeting Minutes June 7, 2019

1. Call to Order:

Meeting called to order at 10:01 a.m. by Chair, Suzanne Olawski

2. Roll Call:

David Dodd (Benicia), Catherine Wesenfeld (Dixon Public Library), Christopher Veach (Lake County), Sara Jones (Marin County), Danis Kreimeier (Napa County Library), Linda Kenton (San Anselmo), Henry Bankhead (San Rafael Public Library), Abbott Chambers (Sausalito), Suzanne Olawski (Solano County Library), Ann Hammond (Sonoma County Library), Chris Kreiden (St. Helena Public Library)

Carol Frost, Pacific Library Partnership; Andrew Yon, Pacific Library Partnership; and Jacquie Brinkley, NorthNet Library System/Pacific Library Partnership

3. Public Comment:

No public in attendance

4. Approval of Agenda:

Motion to Approve: Kreimeier moved; Bankhead seconded. Motion carried.

5. Approval of Minutes of April 23, 2019:

Motion to Approve: Jones moved; Bankhead seconded. Motion carried.

6. Approval of CalPERS FY 19/20 Pre-Payment Option for Annual Payment:

Olawski presented memo regarding CalPERS annual payment with recommendation to approve pre-payment lump sum option of \$72,635 using NBCLS funds balance to take advantage of discount offered. Kreimeier also recommended this option be taken.

Motion to approve pre-payment option for CalPERS 2019/20 Annual Payment: Kreimeier moved; Bankhead seconded. Motion carried.

7. Approval of Payment for FY19/20 Retiree Health Benefits and Resolution #538

Olawski presented the Health Benefits & Resolution #538 for 2020. One retiree continues to receive health benefits paid in full by NBCLS per agreement.

Motion to approve payment for 2020 Health Benefits and Resolution #538: Dodd moved; Bankhead seconded.

Kreimeier requested more information as to what health care plan NBCLS is purchasing for this retiree. Discussion ensued regarding past minutes and research conducted in 2014 that indicates no contracts or MOUs have been identified to confirm an obligation of on-going payment of health benefits for this retiree. Emails and research documents available indicate past practice and a reference to a Union agreement to support on-going payment for health benefits. Frost confirmed that retiree health plan is not Medicare which would be a lower cost

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Board of Directors Meeting Minutes June 7, 2019

option. Frost also confirmed that from past minutes and documentation available, on-going payment of health benefits was part of this retiree's contract and retiree would have right to sue NBCLS should they discontinue payment of this benefit. Discussion continued regarding capping amount paid for this retiree to amount of Medicare Part B (Supplemental) and allowing retiree option to use funds for plan they select.

Wesenfeld reported that Dixon Library has file boxes of NBCLS materials and she would look through all to determine if any documentation exists related to retiree health agreements and/or CalPERS.

Hammond also agreed to research NBCLS files that may still be housed at Sonoma County Library.

Dodd withdrew motion to approve payment for 2020 Health Benefits and Resolution #538.

Olawski suggested that, moving forward to FY 20/21 and beyond, NBCLS pay only amount of Medicare Part B. Also, that all NBCLS members should research records of past NBCLS meetings or events and send any documentation referencing agreements regarding CalPERS or retiree health coverage to her.

Bankhead recommended approval of Resolution #538 for 2020 payment of health benefits. Olawski recommended a Special Meeting be held in the Fall to review all documentation that can be acquired by that time and determine what action NBCLS will take on future payment of retiree health benefits moving forward.

Members noted that the current Resolution reads "calendar year" but NBCLS budget is approved on fiscal year status. Advised the Resolution to be revised and include exact effective dates and approve payment of health benefits through June 30, 2020.

Motion to approve current health benefit payment through June 30, 2020 and send notification to retiree to inform them that a Special Meeting will be held in Fall 2019 to review future payments. Retiree to be notified upon decision of the NBCLS Board regarding future health benefit amount paid by NBCLS: Dodd moved to approve; Bankhead seconded. Motion Carried.

Members took a break from 11:10 to 11:20. Meeting resumed at 11:25 a.m.

Frost reported that the SEIU agreement referred to in the records of emails from retiree expired in 2010 and no updates or amendments are on record to indicate extension of health benefits into the future.

Frost recommended that the Board set aside \$2,000 for legal fees to have the attorney review all documentation available regarding NBCLS retiree health benefit obligation. In absence of

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documentation that can be retrieved by NBCLSL members, an attorney's review and analysis would be advised.

Olawski will send out a notice to all NBCLS members to request search for NBCLS records related to CalPERS and retiree health benefit agreements. Members to scan and email any documentation to Olawski. Brinkley to assist with compiling and disbursing all documentation to membership.

8. Adoption of NBCLS FY2019/20 Budget

Olawski presented NBCLS FY 2019/20 Budget for approval. Olawski recommended that \$2,000 be set aside for legal review of retiree health benefits.

With this amendment, Motion to approve NBCLS FY 2019/20 Budget: Bankhead moved; Kreimeier seconded. Motion carried.

9. Election of FY19/20 Chair and Vice Chair

Olawski requested nomination of incoming Chair. Dodd nominated Christopher Veach.

Motion to elect Veach as NBCLS Chair for FY 2019/20: Dodd moved; Kreimeier seconded. Motion carried.

10. Discussion of CalPERS Cost Sharing Options for Current and Former NBCLS Members

Olawski updated members on CalPERS standing for NBCLS. Notice was sent to current and former members to inform them of their CalPERS obligation as NBCLS members and to invite them to this meeting. This notice included a request to provide documentation of when/if member withdrew from NBCLS, as required in bylaws. Olawski noted that cost sharing model provided in agenda packet reflected only the current and active NBCLS members and asked how cost sharing models might be drafted to show past members or affiliate members. Discussion ensued regarding other considerations in creating a cost sharing model for NBCLS. Members asked what is the ability to enforce non-payment from past members? Discussion ensued regarding one option of asking former members for a one-time lump sum payment and then removing them from the list. Members suggested all current NBCLS members meet with their county counsels to obtain their advice. Recommendation to include all benefits members received when they were active in NBCLS, including Transaction Based Reimbursement (TBR) funds, second-level reference services, cataloging services, etc. Members suggested obtaining a letter of support from the State Librarian.

Member suggested that letter to former members include notice that if CalPERS were to be required to make decision on what is owed, would be based on service population of that member.

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Yon clarified that CalPERS can provide payoff amount for NBCLS as an entity, but not for individual members. A cost-sharing model would be developed for that calculation.

Members requested other cost sharing models be developed for their review at Fall meeting. Criteria for other models should include:

- Using FY 2017/18 library statistics obtained from State Library data (population)
- Use Operating Budget of FY 2017/18 (no capital budget included)
- One model would reflect total of all active member budgets and divide by # of members – use this % as base for calculating individual amounts
- Another model should reflect years of participation in NBCLS (based on documentation available)

For meeting in September (date to be determined), members will review:

- 3 additional cost sharing models (reflecting criteria from above);
- Dollar amount of what former members would owe (based on years of membership)
- Draft memo to former members detailing benefits received and amount owed

Frost suggested that an Active Member-only cost sharing model also be presented for review.

NBCLS has authorized NLS staff to contact the legal firm of BB&K and attorney Isabel Safie to request services of reviewing NBCLS records regarding retiree health benefits. A contract will be drafted by PLP for these services, not to exceed \$2,000.

Members clarified that no “payout” option would be offered to former NBCLS members.

Meeting Adjourned at 12:20 p.m.

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Board of Directors Special Meeting Minutes

August 5, 2019

1. Meeting called to order at 3:03 p.m. by Chair, Suzanne Olawski.
2. Roll Call
Present were: Suzanne Olawski (Solano County Library), David Dodd (Benicia Public Library), Henry Bankhead (San Rafael Public Library), Anji Brenner (Mill Valley Public Library), Danis Kreimeier (Napa County Library), Ann Hammond (Sonoma County Library), Linda Kenton (San Anselmo). Also present was Jacquie Brinkley, NLS.
3. Public address – No public in attendance.

Quorum of NBCLS Directors was not made for this meeting.

Meeting adjourned at 3:15 p.m.

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Board of Directors Special Meeting Minutes

August 16, 2019

1. Meeting called to order at 11:32 a.m. by Chair, Suzanne Olawski.
2. Roll Call
Present were: Suzanne Olawski (Solano County Library), Henry Bankhead (San Rafael Public Library), David Dodd (Benicia), Danis Kreimeier (Napa County Library), Ann Hammond (Sonoma County Library), Chris Kreiden (St. Helena Public Library), Linda Kenton (San Anselmo), Sara Jones (Marin County), Abbott Chambers (Sausalito). Also present was Jacquie Brinkley, NLS.
3. Public address – No public in attendance.
4. Approval of Agenda.

Motion to Approve. Kreimeier moved; Dodd seconded. Motion carried.

5. Olawski reviewed background on agenda item to approved additional funds for legal research on the NBCLS obligation of payment for one retiree's health care coverage. The original amount approved for this research was \$2,000, but the attorney's scope of work estimate, including any new documentation to be reviewed on obligation of former NBCLS members for CalPERS payments totaled close to \$5,000. NBCLS had revised the legal request at this time to cover only the retiree health coverage. This research would require additional funds to be approved by NBCLS.

Motion to approve an additional \$3,000 for legal retainer with BB&K.

Kreimeier moved; Hammond seconded. Motion carried.

Kreimeier asked Olawski to give a summary of their recent meeting with City Manager of Sonoma regarding CalPERS. Olawski reported that she, Kreimeier and Hammond met with the Sonoma City Manager to discuss cities within the County of Sonoma who were former NBCLS members as individual cities. Olawski offered to write up a summary of this meeting for distribution to NBCLS members. Olawski also stated that, based on their meeting, if NBCLS was to dissolve, it was recommended that they work with an actuary to work through the process of current and former member obligations to CalPERS payments. Olawski reported that there is a CalPERS contact with whom NBCLS can work with.

Meeting adjourned at 11:43 a.m.



2471 Flores Street, San Mateo, CA 94403
650-349-5538 Fax: 650-349-5089

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To: North Bay Cooperative Library System
From: Suzanne Olawski
Subject: NBCLS Retiree Health Insurance Research
Date: August 29, 2019

At the June 2019 NBCLS Board of Directors meeting, the ongoing medical payments for a current retiree were discussed. A Motion was approved to continue health care payments until June 30, 2020. It was asked if staff could clarify the medical benefits, and it was suggested that there could be a cap on the amount paid for health benefits to match the amount of Medicare Part B (Supplemental) the retiree receives.

The health insurance for the remaining retiree is provided through an annual contract between NBCLS and Golden State Risk Management Authority (GSRMA), an organization that provides services to small public agencies in California. GSRMA administers a program of the California State Association of Counties Excess Insurance Authority (EIA) called EIA Health Program. Participating agencies are expected to pay for any covered retiree a minimum of the Single rate for the applicable plan.

Information from Medical Provider

The information provided below is from GSRMA and their affiliates.

The current health medical plan is EPO Medicare (Single with Medicare). For someone to enroll in this plan, the member must first enroll in Medicare Parts A and B. Since the retiree has had this benefit for several years, it can be assumed that she has enrolled in Medicare Parts A and B.

When someone is enrolled in a group Medicare plan with Medicare A and B, the Medicare Parts A and B will be primary in paying the claim. The group plan then pays the secondary portion. If the benefit they are seeking is not covered by Medicare parts A or B the group plan would supplement the shortfall in benefit if the group plan shows it as a covered benefit. If it is not covered by either benefit, the member would pay 100% of the cost. However, the majority of all that's needed is covered between both plans. Open enrollment for the next calendar year is from 10/1/2019 through 10/31/2019. This is the window in time where opt outs can enroll and current enrollees may add or delete dependents or make other changes to their policy that would otherwise require a qualifying event.

To determine the amount which is covered by Medicare, the member would need to speak with the Centers for Medicare and Medicaid Services CMS directly to get any rates/fees because they look at the member's financial situation to determine the cost.

Summary

There is no one set cost for Medicare; it is determined based on factors unique to each person. NBCLS is not privy to this information for the retiree. For NBCLS to cap the monthly medical insurance premium, the retiree would need to be notified of their monthly share of the insurance premium and would need to remit payment to NBCLS. NBCLS potentially would need to cover the full payment of the insurance premium until the agency received the retiree's payment.

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To: North Bay Cooperative Library System
From: Suzanne Olawski, NBCLS Vice-Chair
Subject: Update on Research Regarding Current and Former Members' Legal Obligations to Fund NBCLS's CalPERS Obligations
Date: August 29, 2019

WHAT HAS BEEN DONE SINCE THE LAST NBCLS ADMIN COUNCIL MEETING

On June 1, 2019, a letter (**Exhibit A**) was sent to current and past member agencies informing them of the upcoming June 7, 2019 annual meeting of the board and discussion about NBCLS' CalPERS unfunded liability of \$2,742,370 and how it will be paid off, as current and past members are liable for the obligation. The letter also included a request to provide documentation of when/if the member withdrew from NBCLS, as required in bylaws. Agencies were encouraged to attend or send a proxy to the meeting; neither any of the past member agencies attended the meeting nor did any submit their withdrawal documentation. An updated list of NBCLS agencies has been developed (**Exhibit B**), grouping past and current agencies by library type and association.

While they did not attend the annual meeting, conversations were had with three (3) past member agencies: Lanora Cox, Supervisory Librarian, Mitchell Memorial Library at Travis Air Force Base; Karen Schneider, Dean of the Library, Jean & Charles Schulz Information Center at Sonoma State University; and, Cathy Capriola, City Manager, City of Sonoma. In June, Ms. Cox stated that there are no NBCLS records at the Mitchell Memorial Library on base and would reach out to the central Air Force Libraries to see if they have any records dating back to the 1980s. She communicated the potential liability to the base legal department. Also in June, Ms. Schneider was unable to attend the annual meeting and had requested the recording or minutes of the meeting. She has not provided any additional documentation but alerted the college legal department. Ms. Capriola met with three (3) NBCLS board members in August to discuss the backgrounds of NBCLS and NLS and the City's potential liability if NBCLS were to dissolve its cooperative.

At the annual meeting, the Board discussed other considerations in creating a cost sharing model for NBCLS, the ability to enforce non-payment from past members, and requesting a one-time lump sum payment from former members then removing them from the members list.

Additionally, the board authorized NLS staff to contact the legal firm of BB&K and attorney Isabel Safie to request services of reviewing NBCLS additional review and analysis of NBCLS's CalPERS obligation and review of records regarding retiree health benefits. The attorney's scope of work was amended to focus only on the health benefit portion.

RECOMMENDATION

It is my recommendation that as the Board discusses the additional cost sharing models for active members that they consider forgoing pursuit of the individual cities where former city libraries joined a county system, especially if forty or more years ago. Additional discussion by the Board is needed in regard whether or not to pursue contribution from the other non-active member agencies. I recommend a Motion to Approve NBCLS, as a current active cooperative, forgoing pursuit of the individual cities and agencies where former city libraries joined a county system at least forty years ago.

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WHAT CALPERS WILL AND WILL NOT DO

It was asked if CalPERS has an actuarial person who could develop a formula for NBCLS for shared pension liability. Staff spoke with Jean Fannjiang, A.S.A., Senior Pension Actuary at CalPERS who is assigned to the Sonoma area. Below are the notes from that conversation as reported by Andrew Yon, PLP Controller:

*Jean said she **unable** to develop a cost-sharing formula that would distribute the Unfunded Liability balance to legacy system's library members. Without statistical data about each library system (NBCLS has no library members in CalPERS), she wouldn't have data to base her cost-share formula. Jean thinks the formula Marci Frost stated (when Carol Frost spoke with her at the Public Library Director's Forum) is the calculation of "what if" a legacy system would like to pay-off the Unfunded Liability (UAL) using a shorter period, she would be able to redo the formula to estimate what the UAL balance would be say on June 30, 2020 utilizing various investment returns and actuarial assumptions for the agency. She can also provide amortization schedules if we request 12 Yr vs 15Yr or other number of years up to 15 Year to amortize out the Unfunded Liability yearly payments. I did ask what if the Legacy System defaulted on paying off the UAL and she said that CalPERS would hold the legacy system liable, but she wasn't sure about the members. I found this section in BKK memo of 11/29/18 to NorthNet.*

One important note, for instance, NBCLS is expected to deplete their fund balance on June 30, 2021 (pending 5% increase in annual retirees medical cost) and decides to pay off the UAL balance on June 30, 2021, NBCLS will continue to have UAL if investment returns fall short and the Plan's market value of Assets decreased. On the other hand, if NBCLS plan has a surplus (Market Value of Assets exceeds Plan's UAL), the surplus will be used to pay-off the UAL balance.

In summary, CalPERS can provide payoff amount for NBCLS as an entity, but not for individual members. CalPERS states they are unable to develop a cost-sharing formula that would distribute the Unfunded Liability balance to legacy system's library members.

ATTORNEY ASSESSMENT OF AB1912 AND MEMBER LIABILITY

The NorthNet Library System (NLS) had previously hired Best Best and Krieger Attorneys at Law (BB&K) to review NLS's obligation for CalPERS obligations of the three legacy systems, as well as to review the documentation of each of the three legacy systems to determine their members' fiscal obligations.

In November 2018, BB&K provided NLS an assessment of the legacy system's CalPERS obligations as it related to AB1912. Below is an excerpt from that assessment as it pertains to NBCLS.

In our previous Memorandum dated June 12, 2018, we concluded that members of North Bay could not be held liable for the JPA's retirement liabilities since North Bay's JPA agreement specifically provided that members would not be responsible for the debts of the JPA....

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In light of AB 1912 becoming law, our previous conclusion with regard to North Bay changes significantly—North Bay member agencies would now be liable for the JPA's retirement liabilities in the event North Bay intends to adopt a resolution of intent to terminate its contract with CalPERS or CalPERS gives notice of potential termination.

Members of North Bay ... will share liability for the retirement obligations of their respective library system. However neither system will be required to allocate liability unless either intends to adopt a resolution of intent to terminate its contract with CalPERS or CalPERS provides either with a notice of a potential termination. Members of North Bay ... will not be required to apportion liability if their respective systems are not at risk of failing, continue to pay required employer contributions, and do not plan to terminate their CalPERS contract.

In the event either system decides to terminate its contract with CalPERS, the member agencies would need to decide how to allocate retirement liability amongst themselves and provide CalPERS with a copy of the allocation agreement prior to filing a notice to terminate. Since the entire termination process begins with filing a notice to terminate and can generally last up to one (1) year, member agencies should work on the allocation agreement as soon as possible once it is determined that the system is terminating its contract, to avoid further delays.

If member agencies cannot agree on apportioning liability, CalPERS would determine apportionment between the member agencies based on share of service received from the legacy system by each agency, or the population of each member agency. A member agency may challenge the Board's determination, in which case an arbitrator would make the final and binding determination.



2471 Flores Street, San Mateo, CA 94403
650-349-5538 Fax: 650-349-5089

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June 1, 2019

Dear Library Director,

The purpose of this letter is to inform you of the upcoming annual meeting of the North Bay Cooperative Library System (NBCLS) to be held on June 7, 2019 from 10am to 12pm at the Sonoma County Library Headquarters, 6135 State Farm Drive, Rohnert Park, CA 94928, during which NBCLS' CalPERS unfunded liability of \$2,742,370 and how it will be paid off will be discussed. You are a recipient of this letter because of your organization's standing as a current or past member of the NBCLS consortium. Current and past members are liable for this obligation; debt payment options will be discussed at the annual meeting. You are encouraged to attend or send a proxy in your stead and have a voice in the conversation.

North Bay was formed pursuant to a JPA agreement entitled "In re North Bay Cooperate Library System" effective April 1960 ("North Bay JPA Agreement"), which agreement was supplemented and amended effective May 13, 1964 and January 9, 1979. North Bay's members include various libraries, cities, counties, and school districts. North Bay originally contracted with the California Public Employees' Retirement System ("CalPERS") effective January 1, 1965, and amended its contract effective July 1, 1966, May 1, 1973, June 11, 1983, May 11, 1985, December 20, 1997, September 2, 1999, June 8, 2001, and November 8, 2002. NBCLS has no active employees, and has five (5) transferred members, five (5) separated members, and 18 retired members covered under its CalPERS contract as of June 30, 2015. NBCLS' employer contribution for CalPERS unfunded liability for fiscal year 2019-2020 is \$75,222 due to CalPERS newly adopted (February 2018) 15-year amortization period, an increase of 134% from fiscal year 18/19.

To date, NBCLS has been using its reserves to pay the CalPERS unfunded liability payments for the retirees. With the 15-year accelerated repayment schedule which CalPERS has adopted, NBCLS will run out of fund reserves within the next year. A cost share model must be developed. Per an attorney's analysis of AB-1912 as it relates to NBCLS, all former members are obligated to pay a portion of these costs. We have been notified by CalPERS that they will develop a model for payment only if NBCLS defaults. This is not desirable, as retirees' benefits would be affected and they could take legal action against NBCLS. It is therefore in the current and former members' interests to develop a cost share model within the next eight to twelve months.

On September 29, 2018, *AB-1912 Public employees' retirement: joint powers agreements: liability* was signed into law, effective January 1, 2019: a) members –former and current- will need to agree on the apportionment of liability, otherwise CalPERS will apportion liability; b) member agencies are liable for the JPA's retirement liabilities in the event the JPA intends to adopt a resolution of intent to terminate its contract with CalPERS or CalPERS gives notice of potential termination. Please see <https://northnetlibs.org/about-nls/nbcls/historical-documents/> for a copy of your agreement to join NBCLS. If there is not a withdrawal letter as part of your documentation, your organization is considered an active member, thus affecting your apportioned liability. If you have documentation demonstrating your withdrawal from NBCLS, please provide an electronic copy for our records. You also may see Attachment 5 (page 10) of the NBCLS Board of Directors Annual Meeting packet (June 7, 2019) for membership history.

Again, your attendance at the June 7, 2019 NBCLS annual meeting and/or participation in the discussion about apportionment of unfunded liabilities amongst NBCLS agencies to cover the unfunded liabilities of the JPA's inactive members is encouraged strongly.

Regards,

Suzanne Olawski

Suzanne Olawski, Chair, NBCLS
Solano County Library

Public Library Name	Joined	Affiliate	Withdrew	2019 Member	Years	Drop	Notes (* Agreement available)
* Belvedere-Tiburon Library				x			
* Benicia Public Library	1960			x			
Dixon Public Library				x			
* Lake County Library				x			
*Lakeport Public Library (Lake County)	1964					x	
* Larkspur Public Library				x			
* Marin County Free Library (Marin County)	1960			x			
* Mendocino County Library				x			
Ukiah Municipal / Public Library (Mendocino County)	1960					x	
Mendocino Public Library Demonstration	1964					x	
* Mill Valley Public Library	1964			x			
Napa City-County Public Library (Napa County Library)	1960			x			
* Richmond Public Library	1/4/1996		8/29/2005		9 yr, 7 mo		
San Anselmo Public Library				x			
* San Francisco Public Library	7/1/1996		7/1/2002		6 yr		
* San Rafael Public Library				x			
* Sausalito Public Library				x			
* Solano County Library	1960			x			Joined Solano County Library
Vallejo Public Library (Solano County)	1960						1974
Vacaville Unified School District	1960						1978 (VUSDLD contract w/SCL)
* Sonoma County Library	1960			x			Joined Sonoma County Library
*Cloverdale Public Library (Sonoma County)	1960						1966
* Healdsburg Public Library (Sonoma County)	1967						1975
*Petaluma Public Library (Sonoma County)	1960						1975 (JPA?)
Santa Rosa Public Library (Sonoma County)	1960						1965
*Sebastopol Public Library (Sonoma County)	1960						1975 (JPA?)
Sonoma Valley Regional Library	1960						1969
St. Helena Public Library	1960			x			
Academic Library Name	Joined	Affiliate	Withdrew	2019 Member	Years	Drop	Notes
College of Marin/Marin Academic Library Consortium	?						No documentation; can they be held liable?
Dominican University	?						No documentation; can they be held liable?
* Pacific Union College	3/24/1998	11/1/2002	6/1/2004		6 yr, 3 mo		
* Santa Rosa Jr College		10/1/2003					
* Solano Community College Library	11/9/1990						
* Sonoma State University Library	10/1/1980						
* UC Davis Library	11/24/1975					x	Different agreement; not sure if they can be held liable.
School Library Name	Joined	Affiliate	Withdrew	2019 Member	Years	Drop	Notes
* Cloverdale Unified School District	11/21/1975						Agreement states 1 yr membership term
* Petaluma Unified School District (High School)	11/2/2000						
* Rancho Cotati High School Library	1/9/1997	11/27/2002					
Solano County School Districts		5/13/1964					No documentation; can they be held liable?
* Sonoma County Office of Education	4/7/1983						
Vacaville Unified School District	1960						No documentation; can they be held liable? Was this School/Library District; '78 contract w/SCL
Other Library Name	Joined	Affiliate	Withdrew	2019 Member	Years	Drop	Notes
* Alcohol Justice	3/6/1990					x	AKA: Marin Institute for Prevention Alcohol/Other Drug Problems; Marin Institute
* City of Sonoma	1960					x	LMCB: Cathy Capriola, City Manager; Sonoma branch (SCL); 1969 Sonoma Lib merge w/ SCL
The Goodman Library of Napa/Napa County Historical Society	1960					x	No documentation; can they be held liable?
* Mitchell Memorial Library/Travis Air Force Base	9/18/1980					x	Lanora Cox, Librarian; no historical records on base;

NORTH BAY COOPERATIVE LIBRARY SYSTEM

[HTTPS://NORTHNETLIBS.ORG/ABOUT-NLS/NBCLS/](https://northnetlibs.org/about-nls/nbcls/)

To: North Bay Cooperative Library System
From: Andrew Yon, PLP Controller
Subject: Review of NBCLS Fund Balance and Proposed Models for Shared Funding Formula for CalPERS Obligations
Date: August 29, 2019

Background

At the June 2019 NBCLS Board of Directors meeting, the Board was provided a memo which estimated that due to the increased CalPERS Unfunded Liability repayment schedule, coupled with retiree health care costs, NBCLS will only be able to use its' fund balance to pay these costs in FY 2019/20, and that there will not be sufficient funds in FY 2021/22 for these ongoing costs.

For FY 2020/21, it is estimated that the costs will include \$81,572 for CalPERS Unfunded Liability (assuming a pre-payment discount), \$350 for the GASB 68 Accounting Valuation Report, and \$8,203 for retiree health care (assuming the full cost), for a total of \$90,125. NBCLS ending Fund Balance for FY 2019/20 is estimated to be \$92,484, leaving enough funds to cover FY2020/21 CalPERS Unfunded Liability obligations. It is anticipated that in FY2021/22, the remaining Fund Balance will not cover the CalPERS obligations.

Based on the above fiscal projection, NBCLS libraries will need to commence contribution to the ongoing CalPERS Unfunded Liability and retiree medical costs by FY 2021/22. NBCLS will need to establish a shared cost formula for these two ongoing fiscal obligations.

Cost Share Formula

Members requested other cost sharing models be developed for their review at Fall meeting. Criteria for other models should include:

- Using FY 2017/18 library statistics obtained from State Library data (population)
- Use Operating Budget of FY 2017/18 (no capital budget included)
- One model would reflect total of all active member budgets and divide by # of members – use this % as base for calculating individual amounts
- Another model should reflect years of participation in NBCLS (based on documentation available)

When reviewing the feasibility of a model reflecting the years of participation in NBCLS, a survey was done to determine if there was enough data available to establish this model. As indicated in the chart below, for current active members, the date of joining is not known. Therefore, developing a model with this data is not possible unless either additional documentation is provided or else a common baseline for the unknown dates is established.

NORTH BAY COOPERATIVE LIBRARY SYSTEM

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Library	Year Joined NBCLS
Larkspur	unknown
San Anselmo	unknown
Sausalito	unknown
St. Helena	1960
Lake County	unknown
Dixon	unknown
Benicia	1960
Mill Valley	1964
Belvedere-Tiburon	unknown
Mendocino	Ukiah 1960; Mendocino Public 1964
San Rafael	unknown
Napa	1960
Marin	1960
Solano	1960
Sonoma	1960 (various other dates for smaller cities joining individually)

Below are four different cost share formulas for consideration:

- Distributed by population
- Distributed by budget
- Distributed by 50% population and 50% budget
- Distributed by 5-tier based on Budget

NORTH BAY COOPERATIVE LIBRARY SYSTEM

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OPTION 1: COST SHARE BASED ON DISTRIBUTION BY POPULATION

Library	FY17/18 CSL Certified Population	% Population Base Factor	Total Proposed Unfunded Liability & Medical Costs
Belvedere-Tiburon	11,680	0.78%	\$ 701
Benicia	27,695	1.84%	\$ 1,663
Dixon	28,336	1.89%	\$ 1,701
Lake County	64,945	4.33%	\$ 3,899
Larkspur	12,572	0.84%	\$ 755
Marin	143,336	9.55%	\$ 8,605
Mendocino	89,134	5.94%	\$ 5,351
Mill Valley	14,910	0.99%	\$ 895
Napa	136,375	9.08%	\$ 8,187
San Anselmo	12,937	0.86%	\$ 777
San Rafael	60,842	4.05%	\$ 3,653
Sausalito	7,327	0.49%	\$ 440
Solano	379,992	25.31%	\$ 22,812
Sonoma	505,120	33.65%	\$ 30,324
St.Helena	6,033	0.40%	\$ 362
Total	1,501,234	100.00%	\$ 90,125

Source: CSL Certification of Population Figures for 2017-18 Memo Dated 6/1/17

OPTION 2: COST SHARE BASED ON DISTRIBUTION BY BUDGET

Library	FY17/18 Budget Expenditure	% Budget	Total Proposed Unfunded Liability & Medical Costs
Belvedere-Tiburon	\$ 2,219,543	2.54%	\$ 2,289
Benicia	\$ 2,062,802	2.36%	\$ 2,128
Dixon	\$ 1,161,223	1.33%	\$ 1,198
Lake County	\$ 1,036,665	1.19%	\$ 1,069
Larkspur	\$ 835,415	0.96%	\$ 862
Marin	\$ 16,370,642	18.73%	\$ 16,884
Mendocino	\$ 3,521,653	4.03%	\$ 3,632
Mill Valley	\$ 2,553,878	2.92%	\$ 2,634
Napa	\$ 8,340,061	9.54%	\$ 8,602
San Anselmo	\$ 940,622	1.08%	\$ 970
San Rafael	\$ 4,274,236	4.89%	\$ 4,408
Sausalito	\$ 927,097	1.06%	\$ 956
Solano	\$ 18,288,285	20.93%	\$ 18,862
Sonoma	\$ 23,877,755	27.33%	\$ 24,627
St.Helena	\$ 973,205	1.11%	\$ 1,004
Total	\$ 87,383,082	100.00%	\$ 90,125

Source: CSL Ready Report - FY17/18 Expenditure

NORTH BAY COOPERATIVE LIBRARY SYSTEM

[HTTPS://NORTHNETLIBS.ORG/ABOUT-NLS/NBCLS/](https://northnetlibs.org/about-nls/nbcls/)

OPTION 3: COST SHARE BASED ON DISTRIBUTION BY 50% POPULATION AND 50%BUDGET

Library	FY17/18 Budget Expenditure	50% Based on Budget Size	FY17/18 CSL Certified Population	% Based on Population	Total Proposed Unfunded Liability & Medical Costs
Belvedere-Tiburon	\$2,219,543	\$ 1,145	11,680	\$ 351	\$ 1,495
Benicia	\$2,062,802	\$ 1,064	27,695	\$ 831	\$ 1,895
Dixon	\$1,161,223	\$ 599	28,336	\$ 851	\$ 1,449
Lake County	\$1,036,665	\$ 535	64,945	\$ 1,950	\$ 2,484
Larkspur	\$835,415	\$ 431	12,572	\$ 377	\$ 808
Marin	\$16,370,642	\$ 8,442	143,336	\$ 4,303	\$ 12,745
Mendocino	\$3,521,653	\$ 1,816	89,134	\$ 2,676	\$ 4,492
Mill Valley	\$2,553,878	\$ 1,317	14,910	\$ 448	\$ 1,765
Napa	\$8,340,061	\$ 4,301	136,375	\$ 4,094	\$ 8,394
San Anselmo	\$940,622	\$ 485	12,937	\$ 388	\$ 873
San Rafael	\$4,274,236	\$ 2,204	60,842	\$ 1,826	\$ 4,030
Sausalito	\$927,097	\$ 478	7,327	\$ 220	\$ 698
Solano	\$18,288,285	\$ 9,431	379,992	\$ 11,406	\$ 20,837
Sonoma	\$23,877,755	\$ 12,314	505,120	\$ 15,162	\$ 27,476
St.Helena	\$973,205	\$ 502	6,033	\$ 181	\$ 683
Total	\$ 87,383,082	\$ 45,063	1,501,234	\$ 45,063	\$ 90,125

Source: CSL Ready Report - FY17/18 Expenditure

OPTION 4: COST SHARE BASED ON 5-TIER DISTRIBUTION BY BUDGET

Library	FY17/18 Budget Expenditure	Library Base Rate	Base Factor	Total Proposed Unfunded Liability & Medical Costs
Belvedere-Tiburon	\$2,219,543	\$300	20.48	\$6,145
Benicia	\$2,062,802	\$300	20.48	\$6,145
Dixon	\$1,161,223	\$200	20.48	\$4,097
Lake County	\$1,036,665	\$200	20.48	\$4,097
Larkspur	\$835,415	\$100	20.48	\$2,048
Marin	\$16,370,642	\$500	20.48	\$10,242
Mendocino	\$3,521,653	\$400	20.48	\$8,193
Mill Valley	\$2,553,878	\$300	20.48	\$6,145
Napa	\$8,340,061	\$400	20.48	\$8,193
San Anselmo	\$940,622	\$100	20.48	\$2,048
San Rafael	\$4,274,236	\$400	20.48	\$8,193
Sausalito	\$927,097	\$100	20.48	\$2,048
Solano	\$18,288,285	\$500	20.48	\$10,242
Sonoma	\$23,877,755	\$500	20.48	\$10,242
St.Helena	\$973,205	\$100	20.48	\$2,048
Total	\$87,383,082	\$4,400	20.48	\$90,125

Source: CSL Ready Report - FY17/18 Expenditure

Base Factor = Unfunded Liability & Medical Costs/ Total Base Rate