

**LAKELAND LIBRARY COOPERATIVE**  
**Finance Committee Meeting Minutes**  
**April 19, 2017**  
*OFFICIAL*

Members Present: Diane Kooiker (Chair), John Martin, Molly Walker, Teresa Krupar (ex-officio)

Guest Present: Pamela Myers (OG)

Staff Present: Sandra Wilson, Terry Cross

**Call to Order and Roll Call**

The meeting was called to order at 9:30 a.m. by Kooiker. The roll-call sign-up sheet was circulated.

**Approval of the Agenda**

Motion by Martin to approve the agenda. Seconded by Walker. Motion carried.

**Approval of the February 21, 2017 Minutes**

Motion by Martin to approve the minutes of the February 21, 2017 meeting. Seconded by Walker. Motion carried.

**FY2017-2018 Budget**

**a). Calendar - Informational**

The FY2017-2018 Budget Preparation Calendar was distributed and reviewed by the committee members.

**b). Proposed Draft #2 Budget**

Significant differences in the Draft #2 Budget as compared to the Draft #1 Budget are: a \$2,610 increase in Truck Fuel (mpg lowered from 10.5 to 9.5), an \$8,952 decrease in LLC Data Line Costs (change to Comcast on July 1, 2017) and a \$2,845 decrease in Photocopier costs (new copy machine in June 2017).

**c). Outstanding Budget Items**

The Committee reviewed outstanding items of which the amounts are currently unknown. Some of the items will require Finance Committee Meeting discussion and approval, and other items, such as normal increases by vendors, are implemented by the Cooperative Director.

**d). Menu Services Formulas Review**

Motion by Walker to recommend to the Lakeland Board the approval of the presented Menu Service Formulas for use in the FY2017-2018 Cost to Library Calculations. Seconded by Martin. Motion carried.

It was noted that there are no changes in the proposed formulas and they are the same as those being used in the current FY2016-2017.

**MERS**

**a). FY 16-17 100% Funded Payment Option**

As of 12/31/2015, Lakeland's funding percentage in the MERS Flat Rate Div 01 Plan is 90.4%, with an \$111,215 unfunded actuarial accrued liability. A payment of \$108,879 by May 31, 2017 would bring the division to 100% funding for the current year. It was decided by the Committee to reexamine whether or not to make the additional payment until the MERS's actuarial report is issued in June 2017.

**b). Assumption Changes One Time Payment or Five Year Phase In**

Motion by Martin to recommend to the Lakeland Board the approval to pay the Full-impact Rate of 3.74% for Div 10 and the Flat Rate of \$1,792 for Div 01 in the FY2017-2018 Budget. Seconded by Walker. Motion carried.

The financial impact of the assumption changes issued in October 2015 by the MERS Retirement Board will be reflected in Lakeland contribution rates beginning on October 1, 2017. The additional required contributions can be paid over a five year “Phase In” period or right away by the “Full-impact” method. The Full-impact method is being recommended as it would be the least expensive over time.

**c). Additional Contributions Announcement Options**

The MERS announcement of additional voluntary contribution options to Defined Benefit Plans was distributed to the Committee for informational purposes.

**d). Proposal on Reviewing Retirement Options**

Per the Finance Committee’s request, the Cooperative Director asked MERS for a proposal to perform a study of employee retirement options, to include, but not be limited to, the cost of closing LLC’s defined benefit plan for future employees and going to a defined contribution plan. The process would begin by MERS performing a projection study. The charge for the study is \$1,200 and would take 45 days to complete. After completion, MERS would meet with Lakeland and or the Board to discuss the details of the report along with the pros and cons of taking the potential action.

The Committee decided to defer action until the Governor’s task force completes their study of how to deal with unfunded pension liabilities in governmental units. It is anticipated that the study will be completed this spring and then the Michigan House and Senate will consider new legislation. The CEO of MERS is a member of the task force.

**Fund Balance – Referred from Board Study Session on Fund Balance**

**Year End Unspent Other Revenue From Previous Year \$56,219**

Motion by Walker to recommend to the Lakeland Board the approval to proportionately credit libraries for their contributions to the Cataloging Department in the FY17-18 Budget. The total amount to be credited is \$10,927, of which \$7,790 will be proportionately credited based on FY2014-2015 menu services contributions and \$3,137 will be proportionately credited based on FY2015-2016 menu services contributions.

The Cataloging Department year end surplus in FY2014-2015 was \$7,790 and was \$3,137 in FY2015-2016. The recommendation is to reduce the FY2017-2018 Cataloging Budget by the prior year surpluses.

**Next Meetings**

The next Finance Committee meeting is scheduled for June 1, 2017 at 9:30 a.m. at Lakeland.

**Adjournment**

The meeting was adjourned at 11:32 a.m.

Submitted by:

*Terry Cross*, Lakeland Business Manager