

**Reaching Across Illinois Library System
Joint Policy-Finance-Personnel Committee Meeting
January 25, 2013 – 11:00 a.m.
RAILS Burr Ridge Service Center**

MINUTES

1. Welcome and Roll Call

Policy Chair Bill Coffee called the meeting to order at 11:00 a.m.

Policy Committee members present:

Burr Ridge: Bill Coffee and Mary Jo Matousek

Wheeling: Kerry Pearson

Absent: Ben Schapiro, Phyllis Self

Finance-Personnel Committee members present:

Burr Ridge: Murray Barr, Kathy Parker, John Sayers

East Peoria: Karen Stott Bersche

Wheeling: Kerry Pearson

Absent: Terry Cottrell, Ben Schapiro

Guests present at Burr Ridge: Dee Brennan, Barb Brooks, Al Davidson, Bill Goetz, Mark Hatch, Jim Kregor, Merilynn Nagle, Jane Plass, Brian Smith, Carol Steffens, and Mary Witt

2. Designation of Minute Recorder

Carol Steffens was designated as recorder of minutes for the meeting.

3. Roll Call of Videoconference Sites

There were no guests at the videoconference sites.

4. Adoption of Agenda

Ms. Matousek moved, and Mr. Sayers seconded, that

THE AGENDA BE ADOPTED AS PRESENTED.

The motion carried.

5. Approval of Minutes of the October 26, 2012 Finance-Personnel Committee Meeting and Policy Committee Meeting

Mr. Barr moved, and Mr. Sayers seconded, that

THE MINUTES OF THE OCTOBER 26, 2012 FINANCE-PERSONNEL COMMITTEE MEETING BE APPROVED AS PRESENTED.

The motion carried.

Ms. Matousek moved, and Mr. Pearson seconded, that

THE MINUTES OF THE OCTOBER 26, 2012 POLICY COMMITTEE BE APPROVED AS PRESENTED.

The motion carried.

6. Policy Chair Report

No report was given.

7. Proposed Indemnification Policy

Jane Plass, RAILS Associate Executive Director, stated that upon investigation requested by the Policy committee, RAILS attorney Phil Lenzini advised that such a policy is appropriate and highly recommended. A draft of the policy written by Mr. Lenzini was provided in the committee's packet.

It was noted that the policy could be adopted as a separate policy or incorporated into the bylaws. Because of its length, it was recommended that it be adopted as a separate policy and that the bylaws be amended to reference the policy.

Mr. Pearson moved, and Ms. Matousek seconded, that

THE INDEMNIFICATION POLICY BE ADOPTED BY THE COMMITTEE AS A SEPARATE POLICY AND THE BYLAWS AMENDED TO REFERENCE THE POLICY AND RECOMMENDED TO THE BOARD FOR APPROVAL.

8. Proposed Bylaws Changes

Ms. Plass offered a proposed revision of the RAILS bylaws to address two issues: 1) a change in terms of "office to begin with the first Board meeting after the start of the fiscal year" rather than July 1 of the system year; and 2) add "Article 50 *Indemnification*" to reference the indemnification policy that was proposed.

Bylaw changes must be discussed at a meeting prior to the meeting at which they are approved and will be brought forward for approval at the February meeting. The Illinois State Library (ISL) must then approve the revised bylaws before they take effect.

9. Proposed RAILS Privacy Policy

Ms. Plass indicated that RAILS should have a privacy policy that clarifies how information gathered from members through Library Learning (L2), the RAILS website, and email list subscriptions is used by RAILS. A proposed policy, which was drafted by staff and reviewed by RAILS attorney Phil Lenzini, was provided in the packet .

Ms. Matousek moved, and Mr. Pearson seconded, that

THE RAILS PRIVACY POLICY BE ADOPTED BY THE COMMITTEE AND RECOMMENDED TO THE BOARD FOR APPROVAL.

The motion carried.

10. Resource Sharing Policy Revisions

Mary Witt, Director of Communications, reported that the ISL has reviewed the revised RAILS Resource Sharing Policy which was approved by the RAILS Board on October 26, 2012, and has noted several minor revisions which appear in red on the document provided in the packet. The RAILS Board will be asked to approve the RAILS Resource Sharing Policy with the revisions specified by the ISL. Once approved, it will be sent back to the ISL for review and final approval before it becomes official.

Ms. Matousek moved, and Mr. Pearson seconded that

THE RESOURCE SHARING POLICY REVISIONS BE ADOPTED BY THE COMMITTEE AND RECOMMENDED TO THE BOARD FOR APPROVAL.

11. Personnel Committee Chair Report

There was no report.

12. Review of Secondary Employment Report

Dee Brennan, RAILS Executive Director, reviewed the policy that allows for secondary employment and noting no conflict of interest, recommended that both applicants be approved by the committee for secondary employment.

Mr. Barr moved, and Mr. Sayers seconded that

THE SECONDARY EMPLOYMENT OF EMPLOYEE 1 AND EMPLOYEE 2, AS LISTED ON THE SECONDARY EMPLOYMENT REPORT, IS APPROVED BY THE COMMITTEE.

The motion carried.

13. Flexible Spending Plan

Barb Brooks, Human Resources Manager, reported on a proposed plan to add flexible spending accounts (FSAs) as an employee benefit at a minimal cost to RAILS. Employees expressed interest as determined by a recent poll.

FSAs are tax-qualified reimbursement benefit plans that allow employees to pay for certain medical or dependent care expenses on a pretax basis. The employee's pretax contribution to FSAs lowers the employer's FICA tax liability and aid the recruitment process. Three vendors were reviewed and the best low-cost provider was Discovery Benefits.

Mr. Sayers moved, and Mr. Barr seconded that

THE FLEXIBLE SPENDING PLAN BE ADOPTED BY THE COMMITTEE AND RECOMMENDED TO THE BOARD FOR APPROVAL.

The motion carried.

14. Finance Co-Chair Report

There was no report.

15. Fiscal Accountability Policy

Jim Kregor, RAILS Controller, presented proposed changes to the Fiscal Accountability Policy for the committee's review and recommendation to the Board for approval. The primary changes include an expansion of the approved signatories to include RAILS' Associate Executive Director and a change in the allowed payment cycles from no more than four times a month, to no more than once a week. If a second signature on a check is required, the signature must be that of one of the board members who is a signatory.

Mr. Sayers moved, and Mr. Barr seconded that

THE CHANGES TO THE FISCAL ACCOUNTABILITY POLICY BE ADOPTED BY THE COMMITTEE AS PRESENTED AND RECOMMENDED TO THE BOARD FOR APPROVAL.

The motion carried.

16. Recommendation for Designated RAILS Depositories

Mr. Kregor reported that the RAILS fiscal policy provides for an annual review of depositories. It would be desirable to move some monies to CDs in accordance with that policy, excepting Talking Book Services, which must be invested in a no interest account.

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The RAILS Executive Director is responsible for recommending financial institutions to the RAILS Board, which will approve and annually review the selection of depositories. Besides Illinois Funds, which was adopted by the Board on July 21, 2011, MB Financial and Hinsdale Bank & Trust (a Wintrust bank) are recommended as designated depositories for RAILS.

Illinois Funds would continue to be used as the only checking account within RAILS. MB Financial offers a zero interest, fully collateralized account in which RAILS would deposit its Talking Book Program Funds, as LSTA funds should not be deposited in interest-bearing accounts. Both MB Financial and the Hinsdale Bank & Trust (a Wintrust bank) offer programs in which customers can manage a portfolio of Certificates of Deposit (CD) investments with multiple institutions, allowing them to be fully insured by the FDIC.

Mr. Sayers moved, and Mr. Barr seconded that

THE COMMITTEE RECOMMENDS TO THE BOARD THE APPROVAL OF THE FOLLOWING DESIGNATED DEPOSITORIES: ILLINOIS FUNDS, MB FINANCIAL, AND HINSDALE BANK & TRUST (A WINTRUST BANK).

The motion carried.

17. Review of RAILS Cash and Financial Position

Mr. Kregor reported that the remaining payment of \$5,362,500 of the FY 2012 APC award was received at the end of October; and, in November, a payment of \$1,112,177.90 was received toward the FY 2013 APC award. All reimbursements in the amount of \$39,901.51 that were due from the E-rate program have been received from claims originated with the PALS legacy system, and for which RAILS staff completed the process. As a result, the cash and investments balances would fund just over 18 months of operating expenditures.

Also, in November, RAILS received a bequest in the amount of \$27,172.36 from the estate of Felicia Sworsky, a former Alliance Library System employee, plus 12 U.S. Government Series EE Bonds, all issued in August 1991, with a maturity value of \$1,000 each. The RAILS executive team is discussing some possibilities for a project outside of the priorities funded by the APC grant and intends to have recommendations for the Board to consider at its February meeting.

18. Review of RAILS Revenues/Expenditures to Budget

December year-to-date expenditures of \$3.8 million were approximately \$0.4 million, or 9.7% below budget. Personnel expenditures were nearly \$0.3 million below budget, due primarily to lower salaries, retirement benefits and health, dental and life insurance. Unemployment insurance expenditures were also below budget due to payment timing difference, as expenditures will increase substantially beginning in January. Lower expenditures in other cost categories, notably building and grounds, vehicles, supplies, professional services and contractual services were partially offset by increased capital outlays, as purchases of seven delivery vehicles, primarily funded by an ISL grant, were made in July.

19. Update on Internal Control Procedures

Mr. Kregor reported that some procedures on cash management and how to access the system have been written. The department is still working on the billing process which should take a few more months.

20. LLSAP Cell Phones

Ms. Plass reported that the current RAILS-LLSAP contract specify that each LLSAP is responsible for the cost of on-call phones and data plans used to provide member support during evenings and weekends. However, as RAILS staff investigated and completed consolidation of cell phone plans for our vehicles, it became apparent that it would be more efficient to consolidate the LLSAP plans as well and have RAILS pay for them. This would increase RAILS support to the LLSAPs at a low cost while streamlining administration.

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One-time costs are estimated at \$600 total. Total ongoing costs are estimated at \$200/month or \$2,400/year. Beginning in FY2014, this cost will be offset by eliminating RAILS membership in PrairieCat, which is a legacy issue. This action would require an amendment to the previous contract.

Mr. Barr moved, and Mr. Sayers seconded that

THE COMMITTEE RECOMMENDS THAT THE BOARD APPROVE ASSUMING THE FINANCIAL RESPONSIBILITY FOR LLSAP CELL PHONE PLANS.

21. East Peoria Mortgage

Mr. Kregor reported that he has resumed contact with Regions Bank to discuss the possible refinancing of the \$1,092,000 balloon mortgage payment that is due August 2013. Two scenarios are being considered: 1) a three-year balloon loan, with monthly payments approximating the current payment; and, 2) a three-year fully amortizing loan with a maturity date of August 2016, three years beyond that of the current loan.

The funds that would be generated from the sales of the Wheeling and Shorewood facilities would sufficiently cover the cost of paying the entire balloon amount coming due.

The committee would be interested to see what the bank will offer and if it is worthwhile, fine, otherwise pay off the loan. Having the money to pay off the loan allows for RAILS to review options and make a good decision. One concern was raised with the loan payoff, that if there were ever a cash flow crunch, it would be difficult to obtain a loan at that point in time. Options will be reviewed in the upcoming months before a decision is made.

22. Next Meeting and Future Agenda Items

The next Finance-Personnel Committee meeting will be held on Friday, February 22, 2013 at 11:30 a.m., at the RAILS East Peoria service center. Agenda items will include a report on the IMRF pension to look at unfunded liability balances.

The Policy Committee will combine with the Finance-Personnel Committee at the March meeting.

23. Adjournment

At 11:56 a.m., Mr. Sayers moved, and Mr. Barr seconded that

THE COMBINED POLICY-FINANCE-PERSONNEL COMMITTEE MEETING BE ADJOURNED.

The motion carried.