

The Mission of LARL is to enrich lives and strengthen communities.

**LAKE AGASSIZ REGIONAL LIBRARY BOARD OF TRUSTEES
EXECUTIVE/FINANCE COMMITTEE MEETING**

Thursday, May 21, 2015

4:30 p.m.

Meeting Place: Moorhead Public Library, lower level

EXECUTIVE COMMITTEE MEMBERS: Bunes, Bursik (*Chair*), Fox, Ingersoll, Perry

FINANCE COMMITTEE MEMBERS: Bunes, Bursik (*ex officio*), Geray, Grimsley, Ingersoll (*Chair*), Perry

Note: If you're unable to attend this meeting, please notify Liz toll-free at 1-800-247-0449 ext 127 or locally at (218) 233-3757 ext 127.

AGENDA

**4:30 1. CALL TO ORDER – Bursik
PUBLIC INPUT
APPROVAL OF AGENDA**

4:35 2. MINUTES OF THE APRIL 16, 2015 EXECUTIVE FINANCE COMMITTEE MEETING
Enclosed (page 2)

Recommended Motion: Move to approve the April 16, 2015 Executive Finance Committee Meeting Minutes as presented.

4:40 3. SIGNATORY FUNDING DISCUSSION – Sprynczynatyk
Enclosed Funding Analysis (page 5)

5:15 4. ADJOURNMENT

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**LARL BOARD OF TRUSTEES
EXECUTIVE/FINANCE COMMITTEE MEETING
MINUTES**

A joint meeting of the Lake Agassiz Regional Library Executive Board and Finance Committee was held on Thursday, April 16, 2015 at the Moorhead Public Library.

Executive Committee Members Present: Bunes, Bursik (*President*), Fox, Ingersoll, Perry

Executive Committee Members Absent: None.

Finance Committee Members Present: Bunes, Bursik (*ex officio*), Grimsley, Ingersoll (*Chair*), Perry.

Finance Committee Members Absent: Geray.

Others Present: Lynch, Sprynczynatyk, Steven Wurzer & Jim Syvertson - Morgan Stanley, and Dave Douglas – Frankly Templeton Investments.

PUBLIC INPUT: None

APPROVAL OF AGENDA

MINUTES OF THE FEBRUARY 19, 2015 EXECUTIVE COMMITTEE MEETING.

(Perry/Ingersoll) Move to approve the February 19, 2015 Executive Committee Meeting Minutes as presented. MCU.

MINUTES OF THE JANUARY 15, 2015 FINANCE COMMITTEE MEETING.

(Bunes/Perry) Move to approve the January 15, 2015 Finance Committee Meeting Minutes as presented. MCU.

INVESTMENT REPORT

Steven Wurzer and James Syvertson discussed LARL's investment history and current investment strategy with Morgan Stanley. Dave Douglas from Franklyn Templeton discussed LARL's investments in Municipal Bonds.

(over)

Minutes of the April 16, 2015 Executive/Finance Committee Meeting – Page 2

FINANCIAL REPORT

Sprynczynatyk discussed, that through March, we are 25% of the way through the year and have spent 24.45% of the budget. The \$25,000 Northern Lights Library Network committed to support the LARL/NWRL automation migration has been received. The Accounting/Bank Fees line item is at 74.07% of budget due to the 2014 audit being paid in full.

(Ingersoll/Perry) Move to approve payment of the Directors and Officers Insurance Policy/Employment Practices Liability Insurance. MCU.

Sprynczynatyk discussed Preliminary Draft #1 of the 2016 LARL budget. The draft contains a 1% increase to signatories, resulting in \$23,800 of additional funding. Regional Library Telecom Aid (RLTA) has been increased by \$8,500, with a corresponding increase in RLTA expense. Regional Basic System Support (RLBSS) has been decreased by \$11,380, this amount is an estimate and the actual funding amount from the State of MN will not be known until August. Union Negotiations will occur at the end of 2015 for 2016, so Salaries will not be known until later this year. Health Insurance has been estimated to have an 8% increase, the actual increase will not be known until August. The Automation System line item has been decreased by \$32,749 due to the LARL/NWRL migration to a new automation system in October of 2015. This budget results in a deficit of \$107,247.

Perry suggested that LARL request at least a 2% increase from Signatories.

Bursik agreed that LARL should look at a 2% increase, as well as an increase to the materials budget.

Buness suggested that LARL look at a 2% increase. The LARL budget has been very tight for several years and continued reliance on reserves might result in not having funds for a necessary purchase.

Grimsley voiced he would rather see a 1% increase rather than 2%. Grimsley feels that Becker County and Detroit Lakes are paying an amount that isn't proportionate to the rest of LARL. He believes that LARL should work toward equalizing the funding by signatories, by increasing funding of other Signatories while holding Becker County to the same funding at 2015.

Bursik requested to see a report of funding related to population.

The Finance Committee will meet in May before the Full Board meeting to review Signatory Funding.

(continued on next page)

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DIRECTOR'S REPORT

Lynch reported on the status of Regional Library Director openings around the state, in addition to issues that have occurred in regard to previous directors.

State Library Services is supporting a bill to restrict the sharing of Regional Library Directors among multiple Regional Library Systems. The bill is not supported by CRPLSA , nor the MN Library Association.

Regional Library Basic System Support (RLBSS) formula change has been added to the Senate Omnibus Education bill. The RLBSS formula changed slightly from the original formula Libraries had presented. The basic amount for each library system was decreased from proposed 15% to 13% (currently 5%), and the equalization portion was increase from the proposed 15% to 17% (currently 25%). The House Education funding target is very low, so there will be a challenge to get the bill through the House.

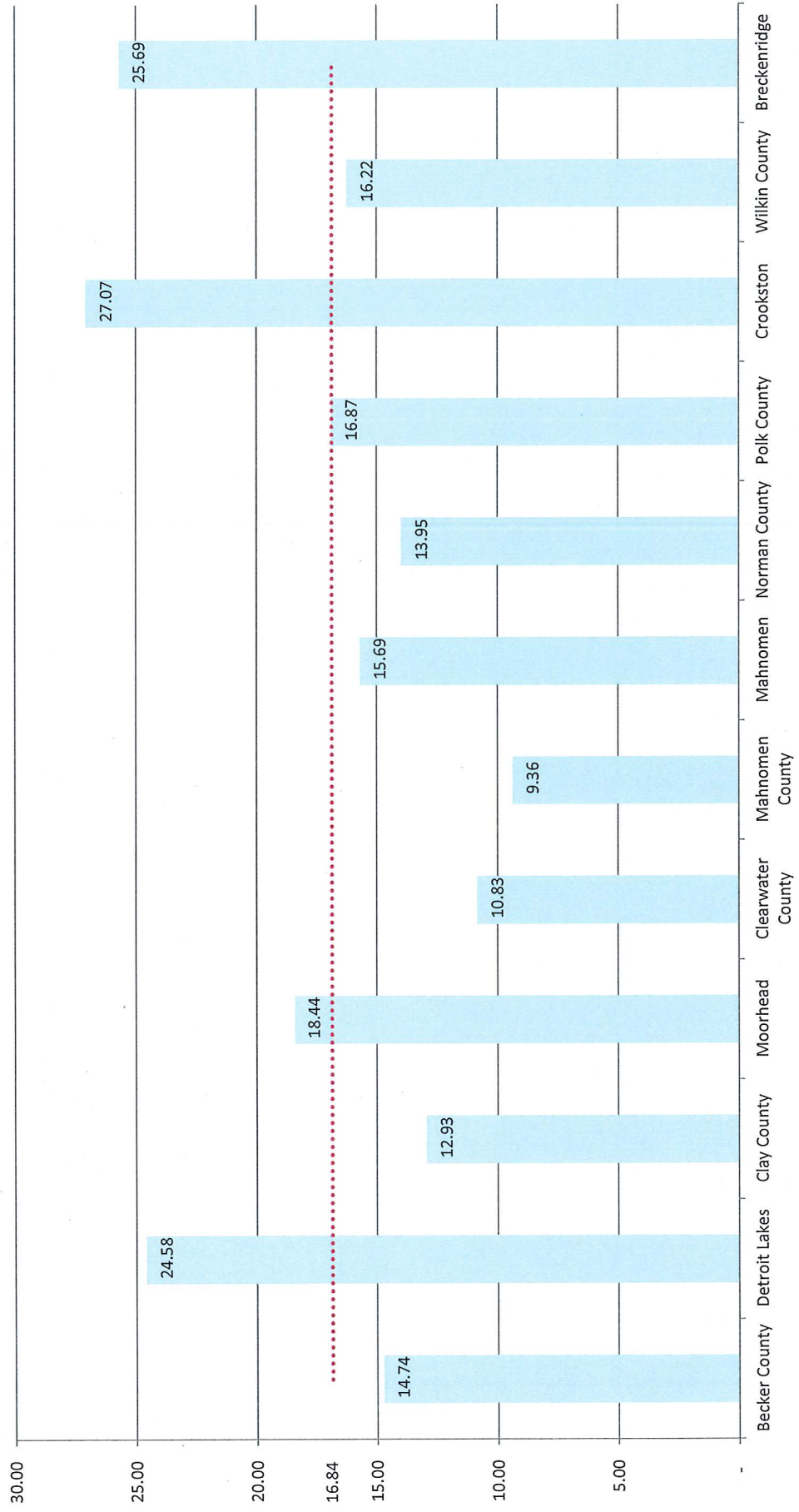
(Perry/Fox) Move to cancel the July 16th Executive Board Meeting as recommended by the Regional Library Director. MCU.

PRESIDENT'S REPORT

No Report

The meeting adjourned at 7:05 p.m.

Signatory Support per capita 2016 Preliminary Budget



LARL Formula (80-10-10 Formula)

This is the LARL formula that has been used to allocate needed funding increases to Signatories.

Funding Increase needed:

47,600

Signatory	Borrower Transactions - 80%					Population - 10%			Property Valuation - 10%							
	2012	2013	2014	3 year		80%	2013 Estimate	10%	2011 ANTC Payable in 2013	2012 ANTC Payable in 2014	2013 ANTC Payable in 2015	3 year		10%	% of Total Increase	
				Average	%							Average	%			
Becker County	123,057	105,834	103,355	110,749	14.10%	5,370	24,316	16.88%	803	34,310,731	34,244,613	35,715,115	34,756,820	19.54%	930	14.92%
Detroit Lakes	67,518	54,080	53,040	58,213	7.41%	2,823	8,851	6.14%	292	8,965,301	9,252,256	9,353,664	9,190,407	5.17%	246	7.06%
Clay County	117,706	108,980	97,234	107,973	13.75%	5,236	21,335	14.81%	705	24,330,146	27,237,400	32,530,003	28,032,516	15.76%	750	14.06%
Moorhead	248,958	217,983	197,938	221,626	28.22%	10,747	39,091	27.13%	1,291	23,182,144	22,726,202	22,953,045	22,953,330	12.90%	614	26.58%
Clearwater County	35,095	35,096	34,418	34,870	4.44%	1,691	8,837	6.13%	292	9,883,762	10,561,238	11,006,680	10,483,893	5.89%	281	4.75%
Mahnomen County	14,879	14,024	12,724	13,876	1.77%	673	4,314	2.99%	143	4,439,254	4,644,459	4,976,827	4,686,847	2.63%	125	1.98%
Mahnomen	8,970	7,677	8,576	8,408	1.07%	408	1,220	0.85%	40	404,607	362,696	381,956	383,086	0.22%	10	0.96%
Norman County	45,941	38,955	33,683	39,526	5.03%	1,917	6,634	4.60%	219	12,867,250	13,459,196	16,884,354	14,403,600	8.10%	385	5.30%
Polk County	117,415	104,757	92,211	104,794	13.34%	5,082	14,965	10.39%	494	27,202,160	32,479,389	38,257,921	32,646,490	18.35%	874	13.55%
Crookston	58,665	53,269	44,863	52,266	6.66%	2,534	7,964	5.53%	263	2,707,590	2,737,549	2,762,032	2,735,724	1.54%	73	6.03%
Wilkin County	11,941	8,408	8,281	9,543	1.22%	463	3,189	2.21%	105	13,447,336	14,227,909	21,200,622	16,291,956	9.16%	436	2.11%
Breckenridge	24,080	23,570	22,699	23,450	2.99%	1,137	3,369	2.34%	111	1,241,219	1,318,049	1,433,244	1,330,837	0.75%	36	2.70%
Total	874,225	772,633	709,022	785,293	100.00%	38,080	144,085	100.00%	4,760	162,981,500	173,250,956	197,454,063	177,895,506	100.00%	4,760	100.00%

Budgeted Funding - 2016 Preliminary vs. LARL formula (for illustration purposes only)

This chart is showing Signatory current funding % compared to the % computed using the 80-10-10 formula

Signatory	Current % of Budgeted Signatory Funding		Per LARL Formula - % of current funding		Signatory above (below) current calculation	
	2016 Preliminary Budget	Signatory Funding	2016 Preliminary Budget	Signatory Funding		
Becker County	358,355	14.77%	358,355	14.92%	-0.16%	
Detroit Lakes	217,560	8.97%	217,560	7.06%	1.90%	
Clay County	275,760	11.36%	275,760	14.06%	-2.69%	
Moorhead	720,730	29.70%	720,730	26.58%	3.12%	
Clearwater County	95,725	3.94%	95,725	4.75%	-0.81%	
Mahnomen County	40,395	1.66%	40,395	1.98%	-0.31%	
Mahnomen	19,140	0.79%	19,140	0.96%	-0.17%	
Norman County	92,545	3.81%	92,545	5.30%	-1.48%	
Polk County	252,495	10.41%	252,495	13.55%	-3.14%	
Crookston	215,575	8.88%	215,575	6.03%	2.85%	
Wilkin County	51,720	2.13%	51,720	2.11%	0.02%	
Breckenridge	86,545	3.57%	86,545	2.70%	0.87%	
Total	2,426,545	100.00%	2,426,545	100.00%		

2015 Budget Compared to State calculated Maintenance of Effort (MOE)

Starting in 2012, the MOE amount was reduced to 90% of the 2011 amount and has stayed at that amount since 2012.

Signatory	2015 Final Budget		State Calculated MOE		Amount over MOE		% over MOE
	Budget	Calculated	MOE	MOE			
Becker County	351,250	265,379	85,871	85,871			32%
Detroit Lakes	214,200	168,202	45,998	45,998			27%
Clay County	269,070	198,497	70,573	70,573			36%
Moorhead	708,080	554,666	153,414	153,414			28%
Clearwater County	93,460	70,560	22,900	22,900			32%
Mahnomen County	39,455	29,564	9,891	9,891			33%
Mahnomen	18,680	14,015	4,665	4,665			33%
Norman County	90,025	71,960	18,065	18,065			25%
Polk County	246,045	181,967	64,078	64,078			35%
Crookston	212,705	170,899	41,806	41,806			24%
Wilkin County	50,715	38,884	11,831	11,831			30%
Breckenridge	85,260	68,779	16,481	16,481			24%
Total	2,378,945	1,833,372	545,573	545,573			30%