

MEMORANDUM

TO: NSLS Board Management Affairs Committee

FROM: Sarah Ann Long

DATE: January 12, 2006

RE: Meeting Agenda
Monday, January 16, 2006
7:00 p.m. - System Center

The following items have been placed on the agenda:

1. Welcome – Barbara Balbirer, Chair
2. Approval of draft minutes from November 7, 2005 meeting
3. Discussion and Approval of Establishing NetLibrary Consortium – Dale Lawrence and Debbie Baaske
4. Discussion and Approval of the NSLS 457 Retirement Plan Document Restatement
5. Discussion and Approval of Resolution to allow the System Director to amend, modify or adopt restatements of the tax-qualified retirement benefits plans
6. Approval of Changes to Existing 501(c)(3) Organization
7. Other
8. Next meeting: February 13, 2006, 7:00 p.m. at NSLS
9. Adjournment

NORTH SUBURBAN LIBRARY SYSTEM
MANAGEMENT AFFAIRS MEETING
Monday, November 7, 2005
7:00 p.m. – System Center

Draft – Subject to
Approval

Minutes

PERSONS PRESENT:

Barbara Balbirer, Chair; Kathy Berman; Kathy Caudill; Jackie Hinaber; Jan Hayes;
Dale Lawrence; Sarah Long; Anna Yackle; Rob Zschernitz

ITEMS DISCUSSED:

1. Approval of minutes of September 12, 2005 meeting
2. Purchase of new telephone system discussed
3. Discussion of proposed Reciprocal Borrowing Program Guidelines
4. Update on Jefferson Parish Library relationship

ITEMS FOR FOLLOW UP:

1. Telephone system
 - Research leasing option
 - Consider the expected useful life of this system
 - Define VOIP in document
 - Propose to Board in Nov. 2005
2. Reciprocal Borrowing Program Guidelines
 - Research efficacy of preparing “Patron Bill of Rights”
 - Bring new proposal to November board and show difference from September proposal
 - Anna will provide updated memo describing process, timeline, etc. for board packet in November
3. Jefferson Parish Library
 - Consider “guidelines for donated books”
 - Reiterate ways to help Jefferson Parish - update

NEXT MEETING:

Monday, January 16 at 7:00 p.m. at NSLS

MEMORANDUM

TO: NSLS Board Management Affairs Committee

FROM: Dale Lawrence and Debbie Baaske

DATE: January 16, 2006

RE: Discussion and Approval of Establishing NetLibrary Consortium

Background:

In November, NSLS had been contacted by several libraries to see if we could put together a Consortium for eAudiobooks with NetLibrary. Debbie Baaske and Dale Lawrence spoke with NetLibrary to see what the details would be, including the pricing.

NetLibrary offers Recorded Books – 900+ titles, Pimsleur Language Learning Series Collection – 179 titles, and Contemporary English Version Holy Bible – 20 titles. These titles are always available, so there are no wait lists for patrons. Recorded Books is the premier publisher of audiobooks in the United States and United Kingdom. Their titles are considered the most desirable by libraries. NetLibrary has an exclusive contract with Recorded Books, so if a library wants this service, they must purchase it from NetLibrary.

On December 29, an e-mail was sent to all NSLS public library directors to see what the level of interest might be for a consortium with NetLibrary. As of January 10, 23 public libraries responded that they were interested in receiving more information.

Although the initial e-mail was sent to the public libraries, we had one academic library, National-Louis University, respond that they would like to receive more information.

By NSLS contracting with NetLibrary for this service, we feel that libraries will save significantly over joining as individual members. We are always looking for new services to provide and this is another way that we can bring value to libraries.

We ask that the Management Affairs Committee recommend the approval of this new service at the January 30, 2006 Board Meeting.

NetLibrary Consortium Proposal:

Pricing Considerations:

NetLibrary has offered NSLS a consortium rate of \$20,000 per year, for 20,000 downloads. If the consortium would download additional titles, the consortium would pay \$1.00 per download, purchased in blocks of 500 for \$500. If the annual downloads would be significantly more than anticipated, the costs for the additional downloading would still need to be paid out of the consortium's Annual Membership Fees. This is the only risk to NSLS. Since this is a new service to many libraries and their patrons, we feel the risk for high download numbers in the first year would be minimal. The pricing structure has built additional downloads into the proposed Annual Membership Fee.

The following pricing has been developed so that this service would be affordable to every member. The price is based on per capita, with the Annual Membership Fee between \$1,000 and \$4,500 per member. The service would be priced so that NSLS can recover the associated costs including overhead for this project. Using Glencoe and Schaumburg as two examples: the Glencoe Public Library would be charged \$1,000 per year and the Schaumburg Township District Library would be charged \$4,500 per year.

North Suburban Library System

M E M O R A N D U M

TO: NSLS Board Management Affairs Committee

FROM: Dale Lawrence

DATE: January 16, 2006

RE: Discussion and Approval of the NSLS 457 Retirement Plan Document Restatement

Background:

The IRS has issued the final regulations under Internal Revenue Code 457 to comply with the changes made to the code section by the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001, the Taxpayer Relief Act of 1997, and the Small Business Act of 1996. In addition, the final regulations provided guidance on some non-EGTRRA issues.

In order for our 457 Retirement Plan to stay compliant, our plan document will need to be restated to incorporate the new language into it. Our attorney has reviewed the document and has approved the changes.

Action:

The Management Affairs Committee recommends Discussion and Approval of the NSLS 457 Retirement Plan Document Restatement by the NSLS Board of Directors at their January meeting.

North Suburban Library System

MEMORANDUM

TO: NSLS Board Management Affairs Committee

FROM: Dale Lawrence

DATE: January 16, 2006

RE: Discussion and Approval of Resolution to allow the System Director to amend, modify or adopt restatements of the tax-qualified retirement benefits plans

Background:

NSLS has a Deferred Compensation Plan and a 457 Retirement Plan for their employees. The IRS issues new regulations from time to time, to provide guidance for complying with changes to the language in the plan documents. These regulations are necessary to be in compliance with the legislative and/or regulatory changes and to maintain the qualified status of each plan.

The 457 plan document restatement was sent to NSLS in November, and is required to be adopted by December 31, 2005. The NSLS board does not meet in December. This poses a timing issue for signing the required restated document.

The Deferred Compensation Plan document restatement will be sent some time in the calendar year of 2006, and will need to be adopted at that time.

Our attorney has recommended that the board adopt this Resolution to keep our plan in compliance with the law. Since the restatements are required, we ask that the Management Affairs Committee adopt this resolution authorizing the System Director to amend, modify or adopt restatements of the tax-qualified retirement benefit plans to comply with the legislative and/or regulatory changes.

Action:

The Management Affairs Committee recommends adoption of "Resolution to allow the System Director to amend, modify or adopt restatements of the tax-qualified retirement benefits plans" by the NSLS Board of Directors at their January meeting.

**UNANIMOUS CONSENT OF THE BOARD OF TRUSTEES
OF THE NORTH SUBURBAN LIBRARY SYSTEM**

The undersigned, being all the members of the Board of Trustees (the "Board") of the North Suburban Library System (the "System"), hereby unanimously consent to the adoption of the following resolution:

WHEREAS, the System maintains tax-qualified retirement benefit plans for the benefit of its eligible employees; and

WHEREAS, the Board reserves the authority to amend, modify or adopt restatements of these tax-qualified retirement benefit plans;

WHEREAS, the Board desires to delegate to the System Director, the authority to amend, modify or adopt restatements of the tax-qualified retirement benefit plans to comply with legislative and/or regulatory changes and maintain the qualified status of each plan;

NOW THEREFORE, be it resolved that, effective December 1, 2005, the System Director, shall retain the authority to amend, modify or adopt restatements of the tax-qualified retirement benefit plans to comply with legislative and/or regulatory changes and maintain the qualified status of each plan.

This Resolution adopted by the Board of Trustees of the North Suburban Library System this _____ day of _____, 2006.

MEMORANDUM

TO: NSLS Board Management Affairs Committee

FROM: Dale Lawrence

DATE: January 16, 2006

RE: Approval of Changes to Existing 501(c)(3) Organization

Background:

In May 2003 NSLS learned that the systems grant funding from the Illinois State Library was being cut by 16%. NSLS staff reviewed all the programs and services that we offered, looking for more cost-effective management. We asked our members for feedback and kept them updated with our progress. There was a realization that future budget increases from the State were unlikely and that NSLS and the other systems would be fortunate to maintain their current funding levels.

These circumstances prompted the board to contemplate what the future might look like, if NSLS was to continue to thrive as an organization. The Board decided to host a retreat on December 4, 2004, that included NSLS staff and board members. The focus of the retreat was to consider four very different scenarios of how NSLS might look at some future time. The discussion was lively and very thought-provoking. The participants chose one scenario: #4 (appears on next page) as the best response to "Going out of Business."

Proposal:

Currently, we are using the Friends of Illinois (FOIL), a 501(c)(3) organization operated by NSLS as a fiscal agent for the Nextbook Grant. We're now looking to expand the use of the 501(c)(3) as the fiscal agent for other non-core programs and services that NSLS currently offers such as NorthStarNet, MyMediaMall, and e-mail hosting. This proposal is to change the name of the 501(c)(3) from FOIL to Library Partnership Trust.

We ask that Management Affairs Committee recommend approval to the NSLS Board of Directors of the name change to Library Partnership Trust and NSLS expanding their business model to include the 501(c)(3).

Futures Scenarios 4: North Suburban Libraries, Inc.

Since 2006 NSLS has been a non-profit subsidiary of North Suburban Libraries, Inc. (NSLI) a not-for-profit corporation (501(c)(3)) specializing in continuing education and specialized computer solutions. NSLI manages NorthStarNet (NSN) as well as Digital Past which has been subsumed as an integral part of NSN. The new NSN has many participants statewide and in the Chicagoland area outside of Illinois.

The core services as identified by the Illinois State Library: Automation, Consulting, Continuing Education and Delivery are supported by the state grant which is about 50% of the total NSLI budget. The accounting for this new organization has been tricky. The ISL continually wants to be reassured that the entire state grant goes for the four core services. They have allowed a generous amount for overhead for these programs, however. As a result, NSLI has six revenue sources: 1) the ISL for the four core services 2) revenues from existing programs such as the new NorthStarNet (with Digital Past) 3) revenue from continuing education events, digital/electronic CE, CE management, which are marketed and sold nationwide 4) revenue from software products such as the Communities of Practice and Library Consortia Backbone/Statistics, 5) revenue from the overhead of large grants obtained by the system on behalf of system of members 6) revenue in the form of membership dues from libraries, vendors and others outside of the traditional NSLS membership.

As a 501(c)(3) organization, NSLI has a self-perpetuating board of seven people and meets jointly with the NSLS board three times per year. Issues on the last agenda included sorting out the reporting structure for the Executive Director, a discussion regarding the sale or lease of the land next to the headquarters building—how to utilize the proceeds of the sale (the State Library has issues here), and the development costs for a new knowledge management tool that would aid the NSLS staff consultants but then would probably be marketed nationally (how to absorb the development costs). In working together, both boards are very careful to attend to the health of the joint relationship. Both realize that the one could not continue without the other.

NSLS continues to have members in the sense that it has always had members. But NSLI has a wider range of “members” including libraries, vendors and individuals from all across the country and the region. The traditional NSLS members worry that they have lost control of NSLS.

Generally speaking, NSLS staff is very happy. They get tired of filling out the “lawyers-type’ time sheet necessary to account for their time. Sometimes they are not sure if they are working for the core services or for NSLI.

The NSLI board worries about the financial future including the arrangements with the State and NSLS. They meet once a month and much of their time is spent reviewing business plans and future projections. As experienced business people they are often amazed at the culture of libraries and librarians.