

**Kalamazoo Public Library  
OFFICIAL MINUTES OF THE BOARD OF TRUSTEES  
REGULAR SESSION**

DATE: January 20, 2003  
TIME: 4:00 p.m.  
LOCATION: Boardroom/Central Library  
315 South Rose Street  
Kalamazoo, MI 49007

**PRELIMINARY BUSINESS**

President Brown called the meeting to order at 4:00 p.m.

Roll Call: Trustees present were: Donald Brown, Robert Brown, Loren Dykstra, Lisa Godfrey, Rand Johnson and James Vander Roest. Absent: Doreen Thomas.

Note: Trustees agreed to move the Endowment Fund Investment Policy Revision item from Committee Reports to follow II. Persons Requesting to address the Board.

**I. RECOGNITIONS, RESOLUTIONS, COMMUNICATIONS**

A. Endowment Custodial Agreement Resolution

**Recommendation:** Mr. Amdursky recommended the board approve a resolution to authorize Fifth Third Bank, as custodial agent, to accept directions and instructions from Arcadia Investment Management Corporation, as Investment Manager of the Endowment Fund.

**MOTION:** Mr. Vander Roest moved, and Ms. Godfrey supported a motion to adopt the resolution as recommended.

Executive Summary: This resolution is necessary to allow Fifth Third Bank to act on the library's behalf as instructed by the investment manager of our endowment fund.

Discussion: Mr. Dykstra asked if a local bank had been considered. Ms. Godfrey explained it is difficult to determine which banks are truly local; Mr. Vander Roest added that the type of services being sought are not offered by all local banks.

**Roll Call Vote:** Mr. Brown – yes; Mr. Dykstra – yes; Mr. Vander Roest – yes; Ms. Godfrey – yes; Dr. Brown – yes.



**Motion carried 6-0.**

B. Resolution to Amend and Restate the Section 125 Plan

**Recommendation:** Mr. Amdursky recommended the board approve a resolution contracting with BASIC to continue to provide a Section 125 cafeteria plan to allow pre-tax deductions for employees.

Executive Summary: Employees have traditionally been offered a flexible spending plan to set aside pre-tax earnings for medical and dependent care costs under Section 125 of the IRS code. BASIC has been our provider for this service for the last two years. Its plan is designed to run for the calendar year. At the end of each year it is amended and restated if necessary; any change

requires board approval. This year changes were made to comply with legislative changes and content rules, mostly for clarification. The only effect on employees, an increase in dependent care tax credits and in the recognition of earned income for an incapacitated or student spouse, is positive.

Discussion: Trustees wondered if this plan is well used; Mr. Amdursky indicated a number of employees take advantage of this benefit.

Roll Call Vote: **Mr. Brown – yes; Mr. Dykstra – yes; Mr. Vander Roest – yes; Ms. Godfrey – yes; Dr. Brown – yes.**



**Motion carried 6-0.**

## II. PERSONS REQUESTING TO ADDRESS THE BOARD

No one addressed the board.

### VI. C. Endowment Fund Investment Policy Revision

**Recommendation: The Endowment Fund Governance Committee recommended approval of a revised Endowment Fund Investment Policy.**

Executive Summary:

Revision of the existing investment policy to more specific investment guidelines became necessary with the hiring of an investment manager for the endowment funds. The library's investment manager, Arcadia Investment Management Corporation, is also required by the terms of our agreement to follow the guidelines provided within the revised investment policy. The endowment fund investment policy was revised with the advice of our financial consultant, Stauder Barch & Associates, to include guidelines regarding the risk and asset allocations allowable for both the fixed income and equity investments in the library's portfolio. Criteria for reporting, the evaluation of the investment manager, communications, and responsibilities of the committee are also outlined in the new policy.

Ms. Godfrey introduced Mr. Ed Knox, from Arcadia Investment, who has been working with the Endowment Fund Governance Committee to revise the policy. The intent is to grow the fund over time and for the board to be able to fund projects recommended by the Endowment Committee (already established).

**MOTION: IT WAS MOVED BY THE COMMITTEE AND SUPPORTED BY MR. VANDER ROEST TO APPROVE THE REVISION OF THE ENDOWMENT FUND INVESTMENT POLICY AS PRESENTED.**

Discussion: Mr. Vander Roest suggested “Derivative” under “Equity Investments” be changed to “Derivatives” and indicated his firm has worked with Arcadia on behalf of clients and has been very pleased with their work.

In response to a question about why securities traded are limited to “major U. S. exchanges,” Mr. Knox explained it is desirable to have liquid, easily obtainable investments which they provide.

**Mr. Vander Roest’s suggestion to change “Derivative” under “Equity Investments” to “Derivatives” was accepted as a friendly amendment.**



**Motion carried 6-0.**

## III. CONSENT CALENDAR

- A. Minutes of the Regular Meeting of December 9, 2002
- B. Personnel Items

**Ruth Wilson** transferred to the position of Library Assistant 5 in Adult Services on January 16, 2003. She had been a LA 4 in Loan and Outreach Services and prior to that a LA 3 in Children’s and Branch Services. Ms. Wilson first joined the library staff in 1996 as a library

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aide and moved to the salaried staff in 1998.

Disposition: The board accepted the minutes and personnel items as presented.

#### IV. FINANCIAL REPORTS

##### A. Financial Reports for the Periods Ending December 31, 2002

**Recommendation:** Director Amdursky recommended the board approve Financial Reports for the Period Ending December 31, 2002.

**MOTION:** MS. GODFREY MOVED AND MR. VANDER ROEST SUPPORTED APPROVAL OF THE FINANCIAL REPORTS AS RECOMMENDED.

Executive  
Summary:

Mr. Amdursky said expenditures are as expected; some items will be addressed in the revised budget being brought to the board at this meeting.



**Motion carried 6-0.**

#### ACTION ITEMS

##### V. A. Revised Budgets for 2002/2003

**Recommendation:** The director recommended the board approve the following revised 2002/2003 budgets: the General Operating Close Estimate Budget, the Other Funds Close Estimate Budget and the Capital Improvement Plan.

**MOTION:** The finance and budget committee moved and Mr. Brown supported approval of the revised budgets as recommended.

Executive  
Summary:

##### General Operating Close Estimate Budget

In general, the Operating Budget has been updated for the final results of adjustments to the prior fiscal year and any consequences those results might have on current year budgetary items. Revisions also include the distribution of total compensation salary pools; new contractual arrangements; and a change in the recognition of gifts from the Friends of KPL.

New contractual arrangements affect both revenue recognition and the materials expenditure category of expenditures. The new contract with Kalamazoo County for the law library is effective January 1, 2003 and impacts the specific revenue line item recognizing those reimbursements. In materials, the library's primary serials subscription provider, divine/Faxon, has filed for bankruptcy and has not continued payment for library subscriptions renewing starting in January 2003. In order to avoid a major disruption in materials availability, a contract with Ebsco has been pursued to provide subscriptions. The periodicals line item now includes a contingency that should provide financial support. When appropriate, we will do what we can to attempt to recover lost funds from divine/Faxon.

Gifts from the Friends of KPL totaling \$36,000 have been received in January. In a departure from prior practice, amounts received from the Friends of KPL that underwrite general operating fund type efforts will now be included with the general fund budget rather than segregated in an exclusive fund. Support from the Friends for special program efforts already established, such as this year's funding for Ready to Read, Audible.com, and the Prime Time programs have been included in the Other Funds budgets for those purposes.

Overall, the changes encompassed result in an increased ending fund balance of \$347,698, of which \$150,000 was added to the reserve for cash flow to reflect increased cash demand during the first half of the fiscal year.

This is a healthy budget that reflects actual spending and the first moves toward complying with the GASB regulations that will be in effect in 2004.

Changes to the Capital Improvement Plan include revisions to the ILS System Replacement, Furniture & Equipment and the Automation categories totaling \$28,145.

Other Funds – Close Estimate Budget

The Other Funds Budget has been revised for adoption as a program budget rather than fund and category budget. This revision is the result of Finance & Budget committee discussion and auditor recommendations. The availability of detail for gifts and grants remains unchanged.

Discussion: Mr. Amdursky answered questions about the impact of the divin/Faxon bankruptcy on small libraries. Mr. Brown said although the Finance & Budget Committee endorses approval of the revised budget, he will discuss some concerns during the Committee Reports section of the agenda.



**MOTION CARRIED 6-0.**

B. Rules of Conduct Policy Revision

**Recommendation:** Mr. Amdursky recommended the board revise the “Rules of Conduct for Library Use” policy to add the underlined words to item four: “Use tobacco products or consume food or beverages, except food or beverages may be consumed as defined on posted signs or in connection with events sponsored through the Library in approved locations.”

Executive Summary: Mr. Amdursky explained It has become increasingly difficult to enforce the rule that limits food and drink. Our current policy wording prohibits all food and drink unless in conjunction with a library-sponsored program. Rather than try to maintain an unenforceable rule, we would like to insert the phrase “as defined on posted signs,” which will allow us some latitude.

At this time we would like to permit covered drink containers and plastic “sports” type bottles in the library. Our patrons frequently enter the library with such containers. Libraries and bookstores around the country are not only permitting, but encouraging patrons to enjoy drinks when they visit; resulting reports of damage to facilities or electronics are few. In fact the current prohibition may present more problems than would a more permissive policy.

Discussion: Trustees had questions about why the current policy is not enforced as written, and concerns about whether the revised wording will adequately address the issue.

Disposition: Mr. Amdursky will consult with counsel and return to the board with a redrafted policy revision.

## VI. COMMITTEE REPORTS

A. Finance & Budget Committee

Presentation: Mr. Brown proposed the board schedule a retreat to address finances. Topics could include how the new Government Accounting Standards Board (GASB) regulations will affect KPL’s financial reporting, a presentation on the Capital Improvement Plan (CIP) budget, whether a change in the fiscal year should be considered, and other items trustees may wish to have addressed. The retreat should be held prior to presentation of the budget for 2003/2004 which will be in a new format as a result of the GASB changes.

Disposition: A retreat will be scheduled for a Saturday morning in the near future. Trustees should contact President Brown with additional topics of interest. He will establish an agenda in consultation with Mr. Amdursky.

B. Personnel Committee

No report.

Endowment Fund Governance Committee

Presentation: Ms. Godfrey indicated the next committee activity will be the review of Arcadia's investments.

Disposition: The board received the information.

**VII. OTHER BUSINESS**

A. Directors Report

Mr. Amdursky reported that he inquired further into the system requirements for maintaining patron loan records and found we need to keep a minimum of six months history in case our system crashes. Everything older than six months has been electronically "shredded."

The Reading Together program has been receiving excellent coverage in the local media.

After the board asked about the use of the term "family" vs. "household" in our registration policy for non-resident card eligibility, the issue was discussed at a recent management team meeting. In practice, we will recognize a "household" rather than a "family" when issuing non-resident cards. When the policy is brought to the board for annual approval in December this year, the wording will be changed officially.

There was some discussion of the recent management decision to implement size restrictions for visitors' belongings. Mr. Amdursky will report back on this practice in six months.

There was some discussion of how the U.S. Patriot Act impacts libraries. Mr. Amdursky suggested the board might want to go on record describing how the Act affects our citizens' privacy and what they borrow. The director was asked to check with legal counsel to see if the board can pass policy to ensure that any subpoena asking for patron records be delivered to the board rather than to the director.

In response to a question about whether it is likely any of the Public Library Funding Initiative Group (PLFIG) recommendations will be implemented in this period of low state funding, Mr. Amdursky hopes we will have the opportunity to make legislative changes though actual funding won't occur in the near future. He and other PLFIG members plan to cultivate sympathetic legislators for assistance.

**VIII. PERSONS REQUESTING TO ADDRESS THE BOARD**

No one addressed the board.

**IX. TRUSTEE COMMENTS**

Mr. Brown indicated he is pleased with the change in terminology from "family" to "household" in terms of patron registration.

Mr. Dykstra asked for clarification of the level of loss of materials we experience and how the theft detection system works. Mr. Amdursky said our loss ratio is 1-2%, but that the bigger problem is unreturned materials that were properly checked out.

Dr. Brown said he was very pleased with the coverage of the community Reading Together project and feels the extensive preparation and organization is very good and asked if plans are in place to reach out to discussion groups. Mr. Lason said library personnel are in contact with many people outside of our normal contacts and one discussion group recently set up, for example, is an intergenerational group composed of an English honors class at Kalamazoo Central High School and Friendship Village residents.

**X. EXECUTIVE SESSION**

**MOTION:** It was moved by Dr. Johnson and supported by Mr. Brown to move to executive session at the request from Mr. Amdursky to discuss the director's evaluation.

**Roll Call Vote:** Mr. Brown – yes; Mr. Vander Roest – yes; Mr. Dykstra – yes; Dr. Johnson – yes; Ms. Godfrey – yes; Dr. Brown –yes.



**MOTION CARRIED 6-0.**

The meeting moved to executive session at 5:20 p.m.

**MOTION:** It was moved by Ms. Godfrey and supported by Mr. Dykstra to return to regular session.

**Roll Call Vote:** Mr. Brown – yes; Mr. Vander Roest – yes; Mr. Dykstra – yes; Dr. Johnson – yes; Ms. Godfrey – yes; Dr. Brown –yes.



**MOTION CARRIED 6-0.**

The meeting returned to regular session at 5:50 p.m.

**XI. ADJOURNMENT**

Hearing no objections, President Brown adjourned the meeting of the Kalamazoo Public Library Board of Trustees at 5:51 p.m.

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Doreen Thomas, Secretary