

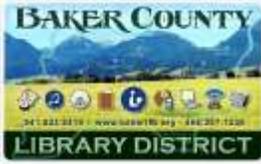
Baker County Library District

Board of Directors

Regular Meeting Minutes

Monday, Dec 11, 2017

<p>Call To Order</p>	<p>Gary Dielman, President called the meeting to order at 6:02 pm. The meeting was held in the Riverside Meeting Room. Present at the meeting were Gary Dielman, Kyra Rohner-Ingram, Della Steele, Nellie Forrester, and Betty Palmer, Directors; Perry Stokes, Library Director and Christine Hawes, Business Manager. Also at the meeting was Kent Bailey of CPA firm Guyer & Associates, on hand to present the audit report agenda item.</p>
<p>Consent Agenda</p>	<p>Dielman asked if there were any changes or additions the consent agenda. There were no changes to either the agenda or the minutes. Palmer made a motion to approve the Consent Agenda as presented; Forrester seconded; the motion passed unanimously.</p>
<p>Conflicts or Potential Conflicts of Interest</p>	<p>Dielman asked for any potential conflicts of interest. Rohner-Ingram stated that she has a conflict of interest in regards to the Contract Review Board agenda item. She has relatives involved in the bidding contractor to be considered for contract award, so she will abstain from the discussion and the decision. There were no other potential conflicts stated.</p>
<p>Open Forum for general public</p>	<p>Dielman stated for the record that there were no members of the public present. Stokes had nothing to report.</p>
<p>REPORTS: Director</p>	<p>Stokes gave highlights from his annotated Director’s Report in the packets.</p> <p>Friends & Foundation News – The Friends have approved the purchase of a hand truck (dolly) for the Halfway Library to assist with the transport of heavy tubs of books. The Friends will solicit feedback from Halfway staff and may provide other branches each one as well.</p> <p>Facilities – New handrail – Ed Adamson, BCLD Facilities Specialist installed a small additional handrail at the front entrance per Stokes’ direction. The rail is intended as an added safety feature. A few patrons have stumbled on the wide single step over the years.</p> <p>Stokes shared a draft of a new sign designed to go on the library exterior grounds at prominent walkway access points. The Board liked the design.</p> <p>Public Services – National Novel Writing Month Event (NaNoWriMo) – children’s staff Missy Grammon reported this program was a success. She had good local participation for the first time the event was held in Baker.</p>



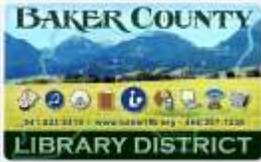
Baker County Library District

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Regular Meeting Minutes

Monday, Dec 11, 2017

	<p>Security – Temporary security lights will be set up in the south parking lot when the soffit reconstruction project gets underway as the soffit lights will be disabled.</p>
<p>Finance</p>	<p>Hawes passed out financial reports and check packets for signatures. She gave highlights of the Profit & Loss reports.</p> <p>The General Fund has received four tax turnovers in November totaling \$862,034.71. There have been none in December but one of the tax turnovers was late in November. The taxes received to-date total 84.6% of the budgeted revenues. In comparison, at this same time last year we had received \$810,237.59 or 80.1% of the budget. Revenues appear to be coming in at a higher rate than anticipated. Palmer asked if we knew what the County collection rate is to which Hawes replied we do not have that information. Personal Services is on target at 49.8% of budget. The PERS percentage is low as the December payment has not been scheduled yet. It will be posted for the 27th billing cycle. Materials & Services, starting with the Book Budget there was a total of \$10,506 spent in this line item. The largest check being Ingram books \$8,623.62, Visa includes Abe Books purchases of \$559.95 and Amazon movie purchases of \$1,042.77. In Building & Grounds Maintenance, checks include Sid Johnson \$1,401.90 to assist Facility Maintenance in developing a scope-of-work plan, City of Baker City \$500 for the installation of the grate and drain in the back parking lot, and Valley Metal \$240 for Huntington branch foundation vents. Dielman asked if the new drain was working. Stokes said that we have not had the pooling of water since it was installed. He said so far it is working and has alleviated the problem. Hawes continued with travel, a check was written to her for \$212.16 for travel reimbursements to visit the Josephine County Library. And finally, the Visa also included the purchase of a large display unit of \$1,074.98 for the Children’s area.</p> <p>Other Funds had Amazon book sales revenue of \$305.14. This fund wrote checks to Visa of \$1,352.40 for Amazon shipping costs \$68.40 and teen room grant purchases of \$1,284 for furnishings. General Fund repaid the operating loans in full on November 20 which restored the Other Funds cash balances.</p> <p>Sage Fund has received \$147,678 in November for membership dues. There is one check being issued to refund a duplicated payment to the Hermiston Public Library \$11,914.00. It was verified that the invoice was</p>



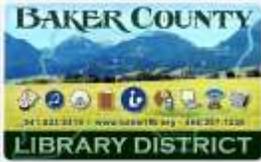
Baker County Library District

Board of Directors

Regular Meeting Minutes

Monday, Dec 11, 2017

	<p>paid twice, once by the Hermiston Public Library and again by the Umatilla Special Library District on their behalf. Sage Fund wrote 6 checks for courier services totaling \$1,611.88, and OCLC for the annual CatExpress subscription of \$1,446.18.</p> <p>The checks were signed and check lists approved for three funds.</p>
<p>New Business: FY2016-2017 District financial audit report</p>	<p>Dielman thanked Kent Bailey for coming to present the report. The board is pleased to receive the report in December this year.</p> <p>Kent Bailey thanked the board for selecting his firm to prepare the audit. He is pleased to have the audit done a month earlier than usual, as well. He also thanked Christine Hawes for her help in the audit process. It is always a pleasure to work with her, he said.</p> <p>The bound audit reports were distributed to the Board. Bailey asked everyone to turn to the <i>Independent Auditors Report</i> found on the fourth page. He read aloud paragraph one stating that Guyer & Associates had audited the District's financial report through June 30, 2017. Highlighting the next two paragraphs, it is the District's responsibility to prepare the financial reports in accordance with generally accepted accounting principles. It is the auditor's responsibility to express an opinion based on the audit work conducted in accordance with generally accepted accounting principles. Moving down to paragraph 4, it states they obtained sufficient evidence to make their opinion. And the last paragraph states the financial statements are presented fairly.</p> <p>Bailey moved forward to the <i>Management's Discussion and Analysis</i>, page 4, reading selections from paragraphs 2 and 3 that gives the District's net position on the full accrual basis of \$1,614,476. The decrease over the prior fiscal year was largely due to the increase in the PERS liability. The fund balance on modified accrual basis, leaving out the PERS, reports a combined ending fund balance of \$380,846. In comparison, the combined ending fund balance the prior fiscal year was \$368,622. He thought it interesting that the General Fund balance increased by only 1.2% over the prior fiscal year from \$216,851 to \$219,537. The General Fund has the unassigned fund balance. On page 9, paragraph 2 talks about the anticipated increase in PERS of over \$20,000 in the next fiscal year. Bailey said the rates will go up as more people start retiring. It is a little daunting to think that the rates are increasing at a time when the stock market is doing well. If the stock market goes down, the PERS rates will increase</p>



Baker County Library District

Board of Directors

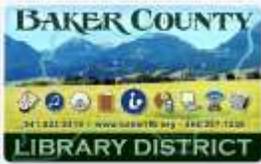
Regular Meeting Minutes

Monday, Dec 11, 2017

even more in order to keep up with the rate of retirement and pension commitments.

In the Basic Financial Statements section, starting with the *Statement of Net Position* found on page 10. (The next two pages are the full accrual statements prepared by the auditing firm.) Looking at the total current assets of \$536,350, there is almost no change from the prior year total of \$536,589. The total capital assets of \$1,652,130 decreased by \$7,300 over the prior year total of \$1,659,499 due to depreciation expense exceeding asset purchases. The disturbing number here is the pension liability. It has quadrupled in a year from \$91,663 last year to the current liability of \$425,520. Bailey stated that if he was responsible for the pension liability calculations he would be embarrassed. The numbers have bounced around a lot over the last few years, going from a pension asset to a liability and then increasing to a bigger liability. Dielman asked if legislation is taking any action in this area. Bailey responded that, no, the state must pay out for past decisions, whether good or bad. It will eventually work itself out through attrition. For a while, the liability will get worse as more people retire; improvement will come as some of the retirees pass away. He said the good news is that Oregon is 80% funded unlike other states, like Kentucky that is only 19% funded. Bailey continued with the *Statement of Net Position* highlights, the total current liabilities increased some from \$144,885 in the prior year to \$153,041 in the current year. The increase is primarily due to the increase in compensated absences liability of \$8,100. Again, the net pension liability more than doubled in one year to \$767,274 from \$342,879 in the prior year. These two items account for the increase in total liabilities and deferred inflows. The *Statement of Activities* on page 11 shows the cost to provide services of \$1,190,185. The cost to provide services less program revenues leaves net expenses to be covered by taxes of \$1,115,506. Total general revenues total \$1,041,402 which is an increase of \$35,700 over the prior year total general revenues of \$1,005,663.

Bailey said that the reports on page 12 and 14 show what "life is really like" meaning how the District operated during the fiscal year. On page 12, *Balance Sheet*, the District's financial reports are on the modified accrual basis. Again, the total assets of \$536,350 decreased by \$239 from the prior fiscal year total of \$536,589, almost no change. The total liabilities and deferred inflows of \$155,504 decreased \$12,463 from the prior year total of \$167,967 mostly due to the decrease in tax revenue receivables. The total fund balance of \$380,846 increased \$12,224 over



Baker County Library District

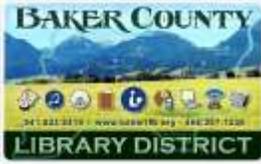
Board of Directors

Regular Meeting Minutes

Monday, Dec 11, 2017

the prior year total of \$368,622. The two numbers nearly offset each other making up the flat change in total liabilities and fund balance over the prior fiscal year. On page 14, the *Statement of Revenue, Expenditures and Changes in Fund Balance*, again shows what really happened. The net income shown here as the Net Change in Fund Balance is up by \$12,224 while cash is up by \$36,816. The District did a good job of operating efficiently and “living close to the budget.” The total revenues of \$1,128,387 are up \$73,805 (7%) from the prior year total of \$1,054,582. Almost half of that increase is due to increased property tax revenues. Total expenditures of \$1,116,163 is up \$80,565 (7.7%) from the prior year total of \$1,035,598. Therefore, net income was \$6,000 lower than the prior year net income of \$18,984, but still a strong number and indicator that the district is doing a good job. The total beginning fund balance increased from \$368,622 to the current total ending fund balance of \$380,846. On page 21 in the *Notes to Basic Financial Statements*, the *Cash and Investments* is shown in detail and increased by \$36,816 over the prior fiscal year. On page 22, *Capital Assets* shows that the District purchased \$74,693 in assets while depreciation of \$82,062 caused the total ending capital assets to decrease by \$7,369.

Bailey spoke a little more on retirement, referring to page 28 in the PERS footnotes, looking at the total pension liability table in the middle of the page. He said the “valuation date” for the actuarial evaluation of December 31, 2014 “is for real.” The calculations are so complicated that they are three years behind. At the bottom of the page, the *Discount Rate Sensitivity* table he wants to point out a caution. The warning here is the stock market. The District’s net pension liability currently is \$797,274. If the rate decreases by 1% the liability increases to \$1,238,891, that is a \$471,000 increase (61%). On the other hand, if the rate increases by 1%, the liability decreases to \$373,084, that is a decrease of \$394,190 (51%). This is a very volatile liability. Looking at the stock market over the past 4 years, it has increased an average of 11.64%. Historically, over the past 50 years, it has averaged around 11%. It is frustrating that PERS is supposed to be looking ahead 30 years and paying the Tier 1 retirements at an 8% rate; then it should work. He added that he does not understand it; the calculations are very complicated. His caution here is that eventually the market will go down. Moving ahead to page 33, this statement gives the District’s proportionate share of the net pension liability. There are four years here; eventually there will be 10 years on this schedule. The District’s share went from underpaid or a liability in 2014 to overpaid/asset in 2015, back to a liability in 2016 and 2017. Bailey stated



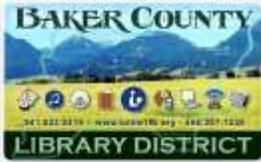
Baker County Library District

Board of Directors

Regular Meeting Minutes

Monday, Dec 11, 2017

	<p>that he believes the reason is that they underestimated the demographic factor in their calculations; the number of people who would be drawing from retirement. The bottom schedule shows the District's annual contributions and the percentage of covered payroll.</p> <p>The Schedule of Property Tax Transactions on page 35 will somewhat answer the question posed earlier by Palmer. The tax collections for this fiscal year are 94.95% compared to the prior year of 94.68%. These are very good collection years. Historically, in the last 30 years, the highest collection percentage he has ever seen was 98%. Collections are usually around 90%.</p> <p>Bailey moved to the final report on pages 36-37. Page 36, the Independent Auditor's Report states that all testing showed the District was in compliance with the regulations. On page 37, the report gives three exceptions to compliance. He read through the first paragraph giving the 3 technical violations. The first two were small over-expenditures, one in the General Fund \$3,404 and the second in Other Funds \$1,622. Bailey said that these two are small violations and he feels insignificant. However the third is the noteworthy. The budget amendment to Other Funds was 12.18%; this is the most important because it is a change of more than 10% of the budget. The change was due to adding in grant funds. Stokes said that he understood that the percentage was calculated on the budget as a whole rather than individual funds and added that he will be more careful. Bailey said that it really should not be an issue since it was directly related to grant funds rather than operating.</p> <p>Bailey concluded by talking about guests that visit Baker who love our library. They are always impressed by the library and amazed that we have such a big library. He said he wanted to "pat the board on the back" for doing a good job of managing the library.</p> <p>Palmer said that she appreciated that he had pulled the PERS piece out to look at how we are really doing as a District. PERS makes the reports confusing. Bailey said that we used to put this information in the footnotes which outlined PERS changes and potential liabilities. He felt it was better information when it was given in the footnotes. With no further questions, Kent Bailey left the meeting.</p>
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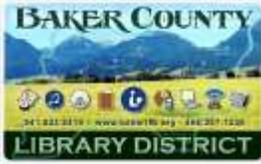
Baker County Library District

Board of Directors

Regular Meeting Minutes

Monday, Dec 11, 2017

	<p>Dielman stated that the board will now convene for the Contract Review Board portion of the meeting at 7:00pm.</p>
	<p style="text-align: center;">Baker County Library District Board of Directors Minutes of the Contract Review Board December 11, 2017</p>
<p>Contract Review Board – Award Soffit Repair Contract</p>	<p>Dielman called the meeting for the Contract Review Board to order at 7:00pm. It was noted that Rohner-Ingram is abstaining from the discussion and any decisions made. Those directors present that will be voting are: Gary Dielman, Betty Palmer, Nellie Forrester, and Della Steele. Also participating in the conversation is Perry Stokes, Director.</p> <p>Stokes told the board that they will need to review the bid presented and decide how to proceed with soffit repairs. He and Ed Adamson, Facility Manager, publicly advertised a Request for Proposal (RFP), giving a 7 day window for RFPs to be submitted. Only one was submitted and it is presented to the board for award of the contract. Stokes said he and Ed have been proceeding with repair work under Emergency Procurement public contracting regulations per ORS 279B.080. Though he still feels that classification is appropriate, for better fairness and transparency, he decided to use methods and procedure that not only met the Intermediate Procurement requirements but were closer to full Competitive Bidding compliance. Under the Intermediate Procurement classification, a public agency is required to seek at least three informally solicited competitive price quotes. Informal solicitations is where we directly contact contractors and ask them to give us a quote. Rather than cherry-picking select contractors to bid, however, the district conducted a more formal and open process similar to competitive bidding by giving public notice of an RFP. The bid period was open for 7 days from 12/4/2017 to 12/11/2017. The window was necessarily short due to the onset of winter. While work can be performed in cold conditions, the sooner the project can be accomplished, the safer the building and task will be and without added costs. Public notice and necessary documents were posted electronically on the library website and through paid advertisement on the library Facebook site. Stokes reiterated that this was the only bid received from Sid Johnson & Company for \$45,500. This contractor has a history of consulting, maintenance and construction work for the district. SJ & Co were very helpful with development of this repair</p>



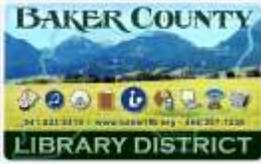
Baker County Library District

Board of Directors

Regular Meeting Minutes

Monday, Dec 11, 2017

	<p>project scope. The district has been billed for those consulting services.</p> <p>Discussion started with Forrester asking if Sid Johnson & Company did the original work remodeling to which Stokes replied yes. Dielman asked what Adamson thought about the bid. Stokes said that Adamson was pleased with the bid and that it is under the \$50,000 mark to avoid Davis Bacon prevailing wage issues. Forrester asked if we have any guarantee on the work they will do. Stokes said that Ed will be closely inspecting the quality of work and they do have licensing and bonding to cover their work. The <i>Project Scope of Work</i> was reviewed. Palmer expressed concern that the bid is only \$4,500 less than the \$50,000 prevailing wage benchmark. She would like the district to request a larger margin. If the project goes over \$50,000, the cost could quickly jump back up to over \$60,000. There was discussion on the margin agreeing that this was a concern. Dielman said that we don't have other bids. Forrester agreed that the work needs to be done. Palmer was also concerned that this company had done the repair work before and was concerned for the quality of work. Stokes said that he and Adamson have similar concerns but are confident this new repair strategy, with added insulation in soffits, repaired drainage pipes, and heat tape in gutters will be a good solution. The bid was put out publicly for one week and this bid was the only one submitted. The only other option is to delay the project and risk more weather damage then solicit more bids again, but Stokes and Adamson advise against that. Therefore, he recommended the board approve this RFP for \$45,500.</p> <p>Dielman called for a motion. With some apprehension, Forrester made a motion to award the bid to Sid Johnson & Company at \$45,500; Steele seconded. Palmer expressed her concern again that she feels the bid is too close to the \$50,000 margin. Stokes explained that the \$50,000 is not adjustable; it is set by statute. The district can decline a change order that would put the bid over \$50,000. All agreed that change orders need to be closely scrutinized. Stokes assured the board that Adamson will be working closely with Sid Johnson & Company to make sure the project stay on the target with the bid. With no further discussion, Dielman called for a vote. The motion passed with 4 in favor and 1 abstaining (Rohner-Ingram).</p> <p>Dielman closed the Contract Review Board meeting at 7:24pm.</p>
	<p>Dielman stated the board will now continue with its Regular Monthly</p>



Baker County Library District
 Board of Directors
Regular Meeting Minutes
 Monday, Dec 11, 2017

	Meeting Agenda.
2018 Holiday Closure Schedule	Stokes said that every year, the library adopts a schedule of Holiday Closures. The District recognizes most Federally recognized holidays. Holiday closures are adjusted depending on the day of the week a holiday falls on. The district's standard practice is to close early on Christmas Eve December 24 at 3:00pm and New Year's Eve December 31 at 5:00pm. The board reviewed the closure schedule. With no questions, Rohner-Ingram made a motion to approve the 2018 Holiday Closures schedule as presented; Forrester seconded the motion; the motion passed unanimously.
SDAO Board Training Video	Stokes recommended tabling the training, again, until next meeting due to the length of this meeting and the topics covered. All agreed.
Next Meeting Date	The next Board meeting will be January 8, 2018 at 6:00pm. Stokes said we will cover the Edge Technology Plan and review a couple policies at the January meeting.
Adjourn	<p>The meeting was adjourned at 7:28 pm.</p> <p>Respectfully submitted,</p> <p>Perry Stokes, Secretary to the Board</p> <p>PS/ch</p>