

CUTCHOGUE NEW SUFFOLK FREE LIBRARY
Board of Trustees, Minutes of Regular Meeting
Monday, October 16, 2017 at 7:00 p.m.

Present: Trustees Corinne (Cookie) Slade, President; Paula Hepner, Vice President; Richard Jordan, Treasurer; Barbara Best, Secretary; Shannon Simon; Sara Campbell; Harold Shields; Rosemary Martilotta, Assistant Library Director; Jennifer Fowler, Library Director

Absent: Donna Mayne; Noreen McCarthy

Proxies: Noreen McCarthy's proxy vote to Cookie Slade for the purposes of this meeting is attached as an addendum to these minutes.

1. **Call to Order**- As a quorum was present, the meeting was called to order by the President at 7:00 p.m.
2. **Adoption of the Agenda** - A motion to adopt the September 18, 2017 agenda was made by Paula Hepner and seconded by Harold Shields. The motion was unanimously approved.
3. **Public Expression** - There were no items for public expression.
4. **Approval of the Minutes** - The Secretary presented the Minutes of the September 18, 2017 Board meeting for review and approval. A motion to approve the minutes was made by Shannon Simon and seconded by Richard Jordan. The motion was unanimously approved.
5. **Financial Reports** - The Library Director presented the financial reports for discussion. Questions from the Trustees were entertained and answered.
 - a) General Fund Treasurer's Report - This report, dated August 31, 2017, was reviewed and discussed by the Trustees. In accordance with Robert's Rules of Order, no motion or second is required.
 - b) Multi-Fund Report - This report, dated August 31, 2017, was reviewed and discussed by the Trustees.
 - c) General Warrant - After discussion, a motion was made to approve the General Warrant dated October 16, 2017 was made by Paula Hepner. It was seconded by Richard Jordan and unanimously approved.
 - d) Capital Warrant - After discussion, a motion to approve the Capital Warrant dated October 16, 2017 was made by Sara Campbell and seconded by Richard Jordan. It was unanimously approved.
 - e) Affirmation of Payroll - After discussion, a motion to affirm the payroll for the pay periods dated September 8, 2017 and September 22, 2017 was made by Shannon Simon and seconded by Sara Campbell. It was unanimously approved.
 - Gross Wages for September 8, 2017 were \$35,699.00.
 - Employer Taxes for September 8, 2017 were \$11,461.02.
 - Gross Wages for September 22, 2017 were \$35,459.54.
 - Employer Taxes for September 22, 2017 were \$11,443.98.
6. **Director's Report** – The Library Director submitted a copy of her report before the meeting. A highlight of this month is the Excellence in Library Service Award bestowed to the Head of Adult

Services, Darlene Brush. Among the other topics Jennifer reviewed were this past weekend's Great Giveback Community Breakfast, Scavenger Hunt and concert, next weekend's Art Tour, the Robins Island donation of \$1500, minutes of the library staff meeting, installation of the new laptop and wireless printer, as well as her attendance at the Annual Trustee Workshop where the topic of libraries as educational institutions was a focus.

Statistical reports were reviewed and discussed.

A motion to approve the Director's report was made by Shannon Simon and seconded by Harold Shields. The motion was unanimously approved.

7. Committee Reports

- a) Investment Committee - Richard Jordan reported that the balance of the Fidelity account, which funds the Defined Benefits Plan, increased \$3,900.80 for the month of September 2017, with a YTD balance of \$ 333,609.69 (January 1, 2017 – September 30, 2017).
- b) Retirement Benefits Committee – Richard Jordan reported that while re-examining the terms of the Defined Benefit Plan and its termination costs, he may have identified a possible way to improve the potential impact on plan participants and the library. There is a significant "insurance premium" cost being incurred for insuring the risk related to the period of time that participants remain undecided as to whether to get a monthly benefit at age 65 or then cash out via lump sum. Elimination of this premium cost by reducing normal retirement age to 63 will be examined. Further details outlining the potential impact on plan participants as well as costs to amend the Plan will be prepared for the next meeting.
- c) Building and Grounds Committee - Sara Campbell submitted a report stating that different solutions are being explored for the drainage issues.
- d) Nominating Committee – The committee had nothing to report. Shannon Simon pointed out to the attendees that persons who are nominated should have had some involvement with the library.
- e) Policy Committee – A copy of the Code of Ethics was distributed and signed by the trustees in attendance.
 - Paula Hepner presented and solicited feedback on the new version of the “Principals of Stewardship” document outlining best practices for the Library’s governance. Shannon Simon expressed that the document was comprehensive and would also help with the nomination and onboarding process for new trustees. During the exchange of questions and ideas on aspects of the document, Paula Hepner provided detailed insight to the term “Cultural Competencies”. After minor modifications, a motion was made by Harold Shields for the Trustees to adopt the document. It was seconded by Richard Jordan and passed unanimously.
 - The President proposed development of a Trustee introductory training packet and requested that Trustees to submit materials for inclusion in the packet.

f) Research and Development Committee – Barbara Best reviewed notes from her reported related to the meetings held on September 30, 2017 and October 6, 2017, as well as the outcomes and actions. Jennifer will be scheduling a brainstorming meeting with the librarians. Further real estate opportunities that would enhance library programs will be explored, and collaborative approaches to fund raising will be discussed with The Friends.

8. New Business

The Director explained rationale for her proposal to move the monthly meeting of the Trustees to the third Monday of each month. Among the advantages is that an additional week would allow time for more consistent alignment of the as-of date of the reports produced. Possible conflicts with the regular meeting of the Friends were discussed with a conclusion that a change in their schedule to the 2nd or 4th week of each month should not present a problem.

A motion to approve the schedule change to take effect in January 2018 was made by Harold Shields, seconded by Sara Campbell and passed unanimously.

9. Public Expression

In addition to submitting a letter to the Board of Trustees on the subject of the history of administration of the Defined Benefit Plan, the plan for its termination and the impact on the library staff, Mariella Ostroski spoke on these subjects during Public Expression. She advocated on behalf of herself and staff members about the adverse impact certain changes to the plan, which were made over time as a reaction to market forces, have had on them, and respectfully asks the Board of Trustees to ensure that the obligations of the Defined Benefit Plan are fulfilled to all its recipients. A copy of the letter is appended to these minutes.

10. Executive Session: A motion to move to executive session to discuss Personnel issues was made by Paula Hepner seconded by Sara Campbell and passed unanimously. This was an informational session and no motions were entertained.

A motion to exit executive session was made by Barbara Best, seconded by Sara Campbell and unanimously approved.

11. Adjournment- There being no further business before the Board, a motion to adjourn the meeting was made by Sara Campbell seconded by Shannon Simon and unanimously approved at 9:01 p.m.

Next Trustee meeting: Monday, November 13, 2017 at 7:00 pm.

Upcoming Friends of the Library meeting: Monday, October 23, 2017 at 7:00 pm.

Respectfully submitted,
Barbara Best

Approved on: _____



PROXY FORM

BE IT KNOWN, that I, Nora (Noreen) McCarthy
a duly elected member of the Board of Trustees of the Cutchogue New Suffolk Free Library,
hereby constitute and appoint Courice (Cookie) Slade
as my lawful attorney and agent for me and in my name, place and stead, to vote as my
proxy at the meeting of the CNSFL Board of Trustees to be held on
_____ or any adjournment thereof.

This proxy is valid for:

for all business transacted at the meeting

for the following specific issues: _____

I herewith revoke any other proxy previously given. This proxy shall expire at the
conclusion of the meeting for which I have given this authorization. This proxy shall be
revocable, at any time, at the request of the undersigned.

Print Name: NORA (Noreen) McCarthy

Signed: Nora McCarthy

Dated: 10/2/17



PO Box 935 • 27550 Main Road
Cutchogue, New York 11935
PHONE 631-734-6360 FAX 631-734-7010
www.cutchoguelibrary.org

October 16, 2017

The Board of Trustees
Cutchogue New Suffolk Free Library
P. O. Box 935
Cutchogue, NY 11935

Dear Ladies and Gentlemen of the Board,

The Library has experienced hard times with regard to the Defined Benefit Plan (DBP). I am compelled to share the history from the perspective of the individuals who have earned their benefits.

Jane Minerva, then Director, along with her Board of Trustees selected the Defined Benefit Plan as the appropriate pension plan that would provide benefits that accounted for the prior years of service for long-time staff. Ultimately Jane was the only staff member who realized the pension as originally intended.

Shortly after Jane's retirement the 2007/08 recession hit and the Library discovered their Defined Benefit Plan was substantially underfunded. The Board froze the Defined Benefit Plan, fired the firm who was administering the plan, hired a competent firm to manage the frozen Defined Benefit Plan and established a Defined Contribution Pension Plan as a substitute for future pension benefits thus relieving the Library of future unforeseen burdens.

The responsibility of fulfilling the obligations of the Defined Benefit Plan remained a problem. Fortunately the market rebounded and some major donors bequeathed significantly to the Library. Several long-time staff became eligible and received their benefits either as a lump sum or annuity.

For the past few years the market has remained strong and the Library has fully funded the DBP. This past summer the remaining recipients of the DBP were advised that the current Board were considering the final termination of the plan. The staff were asked to advise their designation to take the lump sum or an annuity.

The Board discovered there is an unexpected premium to providing an annuity prior to the individual's retirement date and chose to advise the recipients that they would not continue with the termination, at this time. It is the responsibility of the Board of Trustees to fulfill the obligation of the DBP to all the recipients by acting as fiduciaries, which are responsible for the plan for the benefit of the recipients. The Defined Benefit Plan has purchased annuities for two members of the staff from highly regarded insurers. No less should be provided to those who have made the request for the same



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Cutchogue, New York 11935
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distribution. Those who have elected to receive their lump sum, should have the opportunity to maximize their benefit at the soonest possible time.

The terms of the Defined Benefit Plan do not alter and the responsibility of the fiduciary remains regardless of inherent expenses in the fulfillment of the Plan. Termination of the DBP and distribution according to the recipient's designation for their earned funds is not negotiable.

It would be beneficial to all parties and the best possible outcome to terminate the Defined Benefit Plan now. Expenses will never go down. We never know when there will be a downturn in the market. The Board could find themselves scrambling to regain value prior to individual employee retirement dates. Educating and passing this obligation and concern on to each new Director or Board member is a burden that is no longer necessary. The Defined Benefit Plan is fully funded and holding back the recipients pension for the benefit of the Library is just wrong. The Plan recipients would be relieved to put this disappointing and ongoing discussion to rest. Focus on the future offers greater rewards.

The generosity of the Gardner and Doroski families was a result of a dedicated staff that welcomed and respected the Library Patrons far better than other entities in their lives. We did more than hand a book across the circulation desk. We welcomed them by name, carrying their books if they looked unwell, walked to their cars to provide service when they were unable to come inside and we remembered them with cookies at Christmas. It was not the newest Grisham novel that brought such honors to the Library. It was your staff.

You could enjoy great satisfaction, at little expense, by terminating and distributing this pension. The greater success would be beneficial to all.

Sincerely,

Mariella Ostrski,
Local History Librarian

The mission of the Cutchogue New Suffolk Free Library is to promote lifelong learning through the acquisition, organization and preservation of information, and through offering services in an environment that will support the community's educational, cultural, recreational, and professional interests.
