

**Orange County Library System
Board of Trustees Meeting**

Board Packet for March 2007



101 East Central Boulevard
Orlando, Florida 32801-2471
phone: 407.835.7611
fax: 407.835.7648
website: www.ocls.info

*Mary Anne Hodel,
Library Director, Chief Executive Officer*

March 2, 2007

To: Matthew Pardy, President
Sara Brady, Vice President
James B. Tyson, Trustee
Livia Rivera, Trustee
Gregory D. Lee, Trustee

cc: The Honorable Mayor Richard T. Crotty, Chairman of the Library Governing Board,
Members of the Governing Board, Commissioners Teresa Jacobs, Fred Brummer,
Mildred Fernandez, Linda Stewart, Bill Segal, Tiffany Moore, Orange County; and
Deborah Girard, City of Orlando.

From: Mary Anne Hodel, Director

Re: Library Board of Trustees Meeting

The next meeting of the Library Board of Trustees will be at 7:00 p.m. Thursday, March 8, 2007 at the **South Creek Branch Library; 1702 Deerfield Boulevard; Orlando, Florida 32837; 407.835.READ (7323).**

If any board member has an item to be brought up for discussion, please call Milinda Neusaenger prior to the meeting, 407.835.7611.

cc: Ronald Rogers, Liaison, Membership and Mission Review Board ~ Orange County
Nancy Jacobson, Liaison, Nominating Board ~ City of Orlando

AGENDA
ORANGE COUNTY LIBRARY SYSTEM BOARD OF TRUSTEES
March 8, 2007
South Creek Branch Library
1702 Deerfield Boulevard
Orlando, Florida 32837
407.835.READ (7323)

07-036 I. **Call to Order**

07-037 II. **Public Comment**

Public comments of items listed on the agenda will occur just prior to the Board's discussion and possible action of the agenda item. Public comments of items not listed on the agenda will occur at the end of the meeting agenda.

If a request is made for written comments to be included in the official record of this meeting, it is helpful if the requestor is able to provide the comments in an electronic format. However, this is not required. This is to ensure the completion and accuracy of the official record when posted on the Library's website, www.ocls.info . For more information, contact Milinda Neusaenger at 407.835.7611 or neusaenger.milinda@ocls.info .

07-038 III. **Approval of Minutes: Library Board of Trustees Meeting ~ February 8, 2007**

07-039 IV. **Staff Presentations:**
Traducelo Ahora ~ Bobbie Gonzalez
MyLibraryBookstore ~ Wendi Bost

07-040 V. **Financial Statements and Summaries: February 2007**

07-041 VI. **Statistics and Summaries: February 2007**

07-042 VII. **Action Items**

07-043 **Non-Consent Agenda**

07-044 **Chickasaw Branch Construction Grant Resolution**

07-045 **Proposal by Kalson & Associates**

07-046 **Proposed Letter to Governor on Property Tax Reform**

07-047 VIII. **Discussion and Possible Action Items**

07-048 **Librarian Initiative Summary**

07-049 IX. **Information**

07-050 **Director's Report**

X. **Adjournment**

**Next Meeting Dates: April 12, 2007 ~ Orlando Public Library; 101 East Central Boulevard; Orlando, Florida 32801 ---
May 17, 2007 ~ Edgewater Branch Library; 5049 Edgewater Drive; Orlando, Florida 32810.**

If any person desires to appeal any decision with respect to any matter considered at a Library Board of Trustees meeting, such person will need a record of the proceedings; for this purpose, such person may need to ensure that a verbatim record of the proceedings is made to include the testimony and evidence upon which the appeal is to be based.

In accordance with the Americans with Disabilities Act, any person requiring special accommodations to participate in this proceeding due to a disability as defined by ADA may arrange for reasonable accommodations by contacting the Director's Office on the fifth floor of the Main Library in person or by phone at 407.835.7611 at least two days prior to the meeting.

**Orange County Library System
Board of Trustees Meeting
Thursday, March 8, 2007**

Call to Order

**Orange County Library System
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Public Comment

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**Orange County Library System
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Thursday, March 8, 2007**

**Approval of Minutes: Library
Board of Trustees Meeting ~
February 8, 2007**

MEETING MINUTES
ORANGE COUNTY LIBRARY SYSTEM BOARD OF TRUSTEES
February 8, 2007
Orlando Public Library
101 East Central Boulevard
Orlando, Florida 32801
407.835.READ (7323)

- 07-020 I. **Call to Order**
Library Board Present: Matthew Pardy (2/0); James Tyson (2/0); Livia Rivera (2/0);
Greg Lee (2/0)
- Library Board Absent: Sara Brady (2/1)
- Administration Present: Mary Anne Hodel; Debbie Moss; Robert Tessier; Carla
Fountain; Eric Atkinson; Craig Wilkins; Sally Fry;
Kathryn Robinson; Tracy Zampaglione; Milinda Neusaenger
- President Pardy called the meeting to order at 7:02 p.m.
- 07-021 II. **Public Comment**
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- If a request is made for written comments to be included in the official record of this meeting, it is helpful if the requestor is able to provide the comments in an electronic format. However, this is not required. This is to ensure the completion and accuracy of the official record when posted on the Library's website, www.ocls.info . For more information, contact Milinda Neusaenger at 407.835.7611 or neusaenger.milinda@ocls.info
- 07-022 III. **Approval of Minutes: Library Board of Trustees Meeting ~
January 11, 2007**
Trustee Lee, seconded by Trustee Tyson, moved to approve the minutes for the January 11, 2007 Library Board of Trustees Meeting. Motion carried 4-0.
- 07-023 IV. **Presentation: An Alternate Approach to Defined Benefit Plan
Investing: Grant Kalson of Kalson & Associates**
As an alternative to the current mutual fund approach, Grant Kalson, with Kalson & Associates, presented a concept wherein a small number of money managers, each with expertise in a specific investment sector, would manage of a portion of the portfolio. The benefits of this alternate approach are lower fees and more control. Kalson & Associates has been the City of Orlando's investment consultant since 1993. Based on input from the Board, staff will request a proposal from Kalson & Associates.
- 07-024 V. **Financial Statements and Summaries: January 2007**
Branch Administrator Craig Wilkins gave the Board an update on the status of finding suitable sites for our Branch Expansion Plan. The following locations were addressed:
- o Chuluota & State Road 50

- Horizon's West
- Moss Park / Narcoossee Road

07-025 VI. **Statistics and Summaries: January 2007**

07-026 VII. **Action Items**

07-027 **Consent Agenda**

Trustee Lee, seconded by Trustee Tyson, moved to approve the items on the Consent Agenda. Motion carried 4-0.

07-028 **Revisions to Rules of Conduct**

The Board approved the revisions to the Rules of Conduct to prohibit the use of all library services by trespassed individuals.

07-029 **Permission to Serve Alcohol at Southwest for an After Hours Event**

The Board authorized the serving of alcoholic beverages in accordance with the Board approved policy at an after hours event on or about April 27, 2007 at Southwest Branch.

07-030 VIII. **Discussion and Possible Action Items**

07-031 **Librarian Initiative Summary**

07-032 IX. **Information**

07-033 **Director's Report**

▶ OCLS raised \$225.00 for the American Heart Association's Go Red Day last Friday!

▶ Please hold March 7th at 2:00 pm as the grand opening date for the official re-opening of the 2nd floor. Mayor Dyer has already accepted and we are hoping for a positive response from Mayor Crotty as well.

▶ QuestLine will be moving from the temporary space on the 5th floor at Main to the newly renovated 2nd floor workroom. The move will begin the evening of Feb. 14 and will continue throughout February 15th.

Talking Books will also be moving from the temporary space in the 3rd floor workroom back to their newly renovated home next to the 2nd floor workroom. This move will occur on February 17th.

▶ Darden Restaurants will be donating six \$25.00 gift cards for the major winners for the Step Show winners.

▶ The room reservation system is live in www.ocls.info. Now patrons are able to requests meeting rooms online. The link is currently located under the Locations tab and the link is called "Book A Meeting Room." We will monitor any issues that might arise.

▶ The new soda vending machines have been installed at the branches which feature both Coke and Pepsi products. The new the machines dispense the 20 ounce bottle for

\$1.00. The machine will perform better with one style of product, which equates to fewer out of service calls. Only plastic bottles with removable caps will be offered, which should reduce spills. The new snack machines will arrive the week of February 12th.

► We will be fencing and paving the adjacent small strips of land to the north of the parking lot at the North Orange Branch in Apopka.

► The OCLS is always looking for new options and conveniences for providing better or expanded service for our users. Often we face a frantic parent looking for a copy of a summer reading or Accelerated Reader title? As previously announced, we are now able to provide customers with access to "Shop OCLS." Working with one of our vendors, Baker and Taylor, we are able to provide access for customers through our online catalog to purchase a copy of some titles to be delivered directly to their home. A percentage of funds from each purchase will revert back to the Library as income! The percentage varies by title based on format, bestseller status. B&T is experienced in providing direct to consumer services and does so for many book dealers online including Amazon and B&N. After a catalog search, customers will view a "Buy" link in the catalog beside those titles that Baker and Taylor has in stock. With a credit card, customers can place an order and expect delivery within 5-10 business days (express delivery also available at an extra charge) for those "got to have it now!" titles. Eventually shoppers will be able to place an advance order for a title before its publication date. (Should come in handy for Harry Potter season this summer!) It's also possible to purchase DVD's, music and games! We will continue to purchase materials to meet the needs of our circulating collections. As a matter of fact, the materials budget for this year is 4.5 % above last year's (excluding fund set aside to develop a collection for our new branch). Clearly the Library places great importance on the quality of our circulating materials.

► Our Public Relations Campaign is taking shape in anticipation of National Library Week in April. We met with representative from Clear Channel today and we are firming up the bill board placements. We have already gotten participation from Mayor Dyer and looking forward to working with Mayor Crotty on this effort as well. It is scheduled to be rolled out for National Library Week.

► The Urban Libraries Council's Joey Rodger Fund for Library Leadership fosters leadership development in the urban library community. A grant of up to \$5,000 is awarded annually for participation in a leadership program. I am very pleased to announce that Debbie Moss has been selected as the recipient of this most prestigious national award. She will be using the award to attend the Kennedy School of Government Executive Education program, "Driving Government Performance: Leadership Strategies that Produce Results." I know you will all join me in congratulating Debbie on this wonderful honor!

07-034

2006 Investment Review for the Defined Benefit Plan

07-035

Public Comment: Non-Agenda Items

X. Adjournment

President Parady adjourned the meeting at 8:10 p.m.

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**Financial Statements and
Summaries: February 2007**

Orange County Library System

Financial Statement Highlights

Five Months Ended February 28, 2007

Property Tax Reform

This issue seems to be taking center stage in the upcoming Legislative session. Nearly a day goes by without an article in the newspaper about it. Thus far, the Governor and the House of Representatives have presented tax reform plans and the Senate will be offering a plan as well. Although it has been referred to as tax reform it really is about tax reduction. Attached is a Press Release from the House of Representatives and a Legislative Issue Brief from the Florida League of Cities. Due to the importance of the issue, we are trying to arrange for a representative from the Orange County Property Appraiser's office to give a presentation at the March Board meeting about the impact of the reform.

Operating Fund Revenue and Expenditure Summaries

PC Pass Revenue

For patrons who can't get a Library card such as those visiting the area, we sell a \$10 PC Pass which allows the person access to our computers for a one week period. Over the last couple of years, the trend for this revenue source has been down. In fiscal year 05, we collected \$41,000, last year we collected \$35,000 and it doesn't appear we will reach the budget of \$33,000 for the current year.

Money Purchase Plan

This is the name of new pension plan established for full time employees hired after December 31, 2006. Full time employees hired prior to this date currently participate in the Defined Benefit Pension Plan (DB Plan) but will have the option of freezing their benefit in the DB Plan and begin participating in the Money Purchase Plan. Groups meetings conducted by the Library's actuaries will be held during March to give employees information about the two plans and the choice each must make.

Retiree Health Care (OPEB)

Included in the current year's budget is \$2,000,000 to begin funding for retiree health care which is considered an Other Post Employment Benefit, or OPEB. The contractual documents were recently filed with ICMA Retirement Corporation to establish the trust and select the investment options, which are 5 index mutual funds using a 75% equity / 25% fixed income split. Although we budgeted \$2,000,000, the annual required contribution determined by our actuary was \$1,625,000. Once ICMA informs us that all the contractual documents are in order, we will begin funding this.

**ORANGE COUNTY LIBRARY DISTRICT
OPERATING FUND REVENUE SUMMARY
Five Months Ended February 28, 2007**

	ANNUAL BUDGET	YTD ACTUAL	(5 month=42%)
AD VALOREM TAXES	35,374,813	31,157,256	88.1%
INTERGOVERNMENTAL			
Grants	292,000	92,574	31.7%
State Aid	1,300,000	0	0.0%
	<u>1,592,000</u>	<u>92,574</u>	<u>5.8%</u>
CHARGES FOR SERVICES			
Fee Cards	7,000	4,129	59.0%
PC Pass	33,000	11,039	33.5%
PC Express	0	270	
Classes	2,000	1,075	53.8%
Copy & Vending, Value Card	170,000	68,144	40.1%
Special Charges	0	1,455	
Fax	0	1,103	
Scanner	0	141	
Computer Booklets	0	31	
Reference Charges	0	500	
Webinars	0	1,050	
Tell Me More Program	0	225	
Disk Sales	2,500	1,046	41.8%
	<u>214,500</u>	<u>90,208</u>	<u>42.1%</u>
FINES			
Fines	1,400,000	587,229	41.9%
Lost Materials	120,000	42,549	35.5%
	<u>1,520,000</u>	<u>629,778</u>	<u>41.4%</u>
MISCELLANEOUS			
Interest Earnings	625,000	287,465	46.0%
Rents	7,000	3,033	43.3%
Sales of Fixed Assets	0	1,743	
Contributions - Friends of Library	122,000	32,006	26.2%
Contributions - Fund Raiser	0	905	
Contributions - Others	10,000	33,041	330.4%
Miscellaneous	40,000	35,063	87.7%
Grants & Awards	0	26,700	
	<u>804,000</u>	<u>419,956</u>	<u>52.2%</u>
TRANSFER FM PROP APPRAISER	35,000	0	0.0%
TRANSFER FM TAX COLLECTOR	260,000	0	0.0%
TOTAL REVENUES	<u><u>39,800,313</u></u>	<u><u>32,389,772</u></u>	<u><u>81.4%</u></u>

**ORANGE COUNTY LIBRARY DISTRICT
OPERATING FUND EXPENDITURE SUMMARY
Five Months Ended February 28, 2007**

	ANNUAL BUDGET	YTD ACTUAL	(5 month=42%)
SALARIES & BENEFITS			
Salaries	13,683,612	5,521,391	40.4%
Medicare Taxes	198,412	78,552	39.6%
Defined Contribution Pension Plan	1,026,271	420,367	41.0%
Defined Benefit Pension Plan	1,109,530	350,000	31.5%
Money Purchase Plan	0	2,561	
Life and Health Insurance (Employees)	1,993,004	716,491	36.0%
Retiree Health Care (OPEB)	2,000,000	0	0.0%
Worker's Compensation	123,153	51,846	42.1%
Unemployment Compensation	20,000	319	1.6%
Parking & Bus Passes	132,720	52,374	39.5%
	<u>20,286,702</u>	<u>7,193,901</u>	<u>35.5%</u>
OPERATING			
Professional Services	325,000	133,970	41.2%
Other Contractual Services	1,007,000	305,649	30.4%
Other Contract. Serv.- Janitorial	288,000	108,061	37.5%
Training and Travel	125,000	39,058	31.2%
Telecommunication	288,000	81,755	28.4%
Delivery and Postage	1,283,000	476,539	37.1%
Utilities	1,000,000	321,228	32.1%
Rentals and Leases	968,000	390,611	40.4%
Insurance	328,000	196,559	59.9%
Repair and Maintenance	950,000	480,795	50.6%
Repair & Maint. - Hardware/Software	385,000	198,761	51.6%
Copying/Printing	292,000	70,325	24.1%
Property Appraiser's Fee	300,000	220,967	73.7%
Tax Collector's Fee	712,000	623,145	87.5%
Supplies	924,000	462,429	50.0%
Supplies-Hardware/Software	371,000	134,949	36.4%
Memberships	20,000	11,383	56.9%
Contingency	325,000	0	0.0%
	<u>9,891,000</u>	<u>4,256,184</u>	<u>43.0%</u>
CAPITAL OUTLAY			
Building and Improvements	600,000	241,567	40.3%
Equipment and Furniture	450,000	435,787	96.8%
Hardware/Software	351,000	82,294	23.4%
	<u>1,401,000</u>	<u>759,648</u>	<u>54.2%</u>
LIBRARY MATERIALS			
Materials - Rest. Contributions	30,000	1,952	6.5%
Materials - Chickasaw ODC	500,000	0	0.0%
Materials - Other	4,440,000	1,887,879	42.5%
	<u>4,970,000</u>	<u>1,889,831</u>	<u>38.0%</u>
TRANSFERS TO OTHER FUNDS			
Branch Debt Service Fund	702,000	204,729	29.2%
Sinking Fund	175,000	175,000	100.0%
Capital Projects Fund	4,100,000	2,638,381	64.4%
	<u>4,977,000</u>	<u>3,018,110</u>	<u>60.6%</u>
TOTAL EXPENDITURES	<u>41,525,702</u>	<u>17,117,674</u>	<u>41.2%</u>

**ORANGE COUNTY LIBRARY DISTRICT
 MAIN DEBT SERVICE FUND
 Five Months Ended February 28, 2007**

	ANNUAL BUDGET	YTD ACTUAL	(5 month=42%)
REVENUES			
Interest	1,000	599	59.9%
TOTAL REVENUES	1,000	599	59.9%
 EXPENDITURES			
Transfer to Branch Debt Service Fund	75,000	53,434	71.2%
TOTAL EXPENDITURES	75,000	53,434	71.2%

**ORANGE COUNTY LIBRARY DISTRICT
BRANCH DEBT SERVICE FUND
Five Months Ended February 28, 2007**

	ANNUAL BUDGET	YTD ACTUAL	(5 month=42%)
REVENUES			
Transfer From General Fund	702,000	204,729	29.2%
Transfer From Main Debt Service Fund	75,000	53,434	71.2%
Interest	20,000	9,171	45.9%
TOTAL REVENUES	797,000	267,334	33.5%
EXPENDITURES			
<u>2003 NOTE</u>			
Principal	362,176	179,606	49.6%
Interest	47,283	25,123	53.1%
	409,459	204,729	50.0%
<u>FUTURE BORROWINGS</u>			
Principal	200,000	0	0.0%
Interest	100,000	0	0.0%
	300,000	0	0.0%
RESERVES	87,541	0	0.0%
TOTAL EXPENDITURES	797,000	204,729	25.7%

FUTURE DEBT SERVICE PAYMENTS FOR 2003 NOTE

<u>DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
August 1, 2007	182,569	22,159
2008	374,226	35,233
2009	386,677	22,781
2010	399,542	9,916
	1,343,014	90,089

**ORANGE COUNTY LIBRARY DISTRICT
CAPITAL PROJECTS FUND
Five Months Ended February 28, 2007**

	<u>ANNUAL BUDGET</u>	<u>YTD ACTUAL</u>	<u>(5 month=42%)</u>
REVENUES			
Transfer From General Fund	4,100,000	2,638,381	64.4%
Line of Credit Proceeds	1,900,000	0	0.0%
TOTAL REVENUES	<u>6,000,000</u>	<u>2,638,381</u>	<u>44.0%</u>
EXPENDITURES			
<u>CHULUOTA & 50 BRANCH</u>			
Land	1,500,000	0	0.0%
Architect/Engineer	0	0	
	1,500,000	0	0.0%
<u>CHICKASAW BRANCH</u>			
Land & Building	2,550,000	2,550,000	100.0%
Architect / Engineer	175,000	0	0.0%
Improvements	1,775,000	0	0.0%
	4,500,000	2,550,000	56.7%
TOTAL EXPENDITURES	<u>6,000,000</u>	<u>2,550,000</u>	<u>42.5%</u>

**ORANGE COUNTY LIBRARY DISTRICT
SINKING FUND
Five Months Ended February 28, 2007**

	<u>ANNUAL BUDGET</u>	<u>YTD ACTUAL</u>	<u>(5 month=42%)</u>
REVENUES			
Transfer From General Fund	175,000	175,000	100.0%
Interest	0	6,978	
TOTAL REVENUES	<u>175,000</u>	<u>181,978</u>	<u>104.0%</u>
 RESERVES			
Reserves-Building and Improvements	87,500	87,500	100.0%
Reserves-Technology	87,500	87,500	100.0%
TOTAL RESERVES	<u>175,000</u>	<u>175,000</u>	<u>100.0%</u>

**ORANGE COUNTY LIBRARY DISTRICT
MONTHLY ROLLOVER
February 28, 2007**

	BALANCE 1/31/07	RECEIPTS	DISBURSE	BALANCE 02/28/07
OPERATING				
Checking	683,490	4,293,975	(4,518,563)	458,902
SBA Investments	11,843,623	1,050,453	(1,000,000)	11,894,076
CD Investments	11,802,605	45,222	0	11,847,827
	24,329,718	5,389,650	(5,518,563)	24,200,805
BRANCH DEBT SERVICE				
CD Investments	432,389	1,662	0	434,051
SBA Investments	53,434	242	0	53,676
Checking	0	204,729	(204,729)	0
	485,823	206,633	(204,729)	487,727
SINKING				
SBA Investments	494,500	2,247	0	496,747

**ORANGE COUNTY LIBRARY DISTRICT
OPERATING FUND
BALANCE SHEET - ASSETS
February 28, 2007**

ASSETS

Certificates of Deposit	11,847,827
Cash on Hand	8,815
Equity in Pooled Cash	458,902
Accounts Receivable	16,222
Due From Other Funds	96,040
Inventory	224,512
Investments-SBA	11,894,076
Prepays	85,502
Other Assets-Deposits	<u>9,275</u>
TOTAL ASSETS	<u><u>24,641,171</u></u>

ORANGE COUNTY LIBRARY DISTRICT
OPERATING FUND
BALANCE SHEET - LIABILITIES & FUND BALANCE
February 28, 2007

LIABILITIES

Accounts Payable	0
Unclaimed Disbursements	1,181
Retainage Payable	132,830
Due to Other Funds	143
Accrued Wages Payable	396,550
Accrued FIT Tax Payable	0
Accrued Med Tax Payable	0
Accrued Sales Tax	9
Due To FOL-Taxable Book Sales	2,266
Due To FOL-Nontaxable Book Sales	18
Due To FOL-Sales Tax	152
United Appeal	330
Bonds	88
Def Comp Employees	0
Dental Insurance	1,645
Union Dues	602
Union-Cope	0
Optional Life	2,025
Flex Spend Med	0
Flex Spend Dep	0
Ben-DCP	9
Miscellaneous	37
Daughters of American Revolution	1,434
Unclaimed Payroll	449
TOTAL LIABILITIES	<u>539,768</u>

FUND BALANCE

Reserve for Walker	4,000
Reserve for Phillips	100,000
Reserve for Warner	33,712
Reserve for Gullett	19,805
Designated for Murray	537,268
Designated for Sondheim	39,941
Designated for Strategic Plan	4,000,000
Designated for Encumbrances	197,437
Unreserved/Undesignated	3,897,140
Current Year Excess of Revenues Over Expenditures	15,272,100
TOTAL FUND BALANCE	<u>24,101,403</u>

TOTAL LIABILITIES & FUND BALANCE	<u><u>24,641,171</u></u>
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**Orange County Library System
Board of Trustees Meeting
Thursday, March 8, 2007**

**Statistics and Summaries:
February 2007**

STATISTICAL SUMMARY

February 2007 Statistics for March 2007 meeting

Circulation and Door Count trends:

Good news on the circulation front. System circulation is up 7.27% over February 2006. Contributing to our circulation success are new formats which are proving popular with borrowers.

On February 1, 2007 we added 33 Nintendo DS game titles (510 items) to our circulating collection. In their first month they circulated 1196 times, about twice per item for the month. This is very good performance!

The other popular new item is our Playaway digital books. Circulation of those items for February 2007 was 414 and in January 2007 was 330, during the same number of open days.

Of special note are increases at Eatonville. Circulation increase by 84.56 % and door count by 110.68%. When viewing daily circulation figures for that location it does not appear that the higher circulation was generated during the Zora Neal Hurston Festival.

Library Activity

Overall program stats are down over February 2006. One remarkable exception was the very successful Step Off@the Library program. Step teams from local middle and high schools participated in the Library's second annual competition in front of a crowd of 625 visitors! A video of highlights of the day's events is available at <http://www.ocls.info/Virtual/Videos/Music/stepoff.asp>.

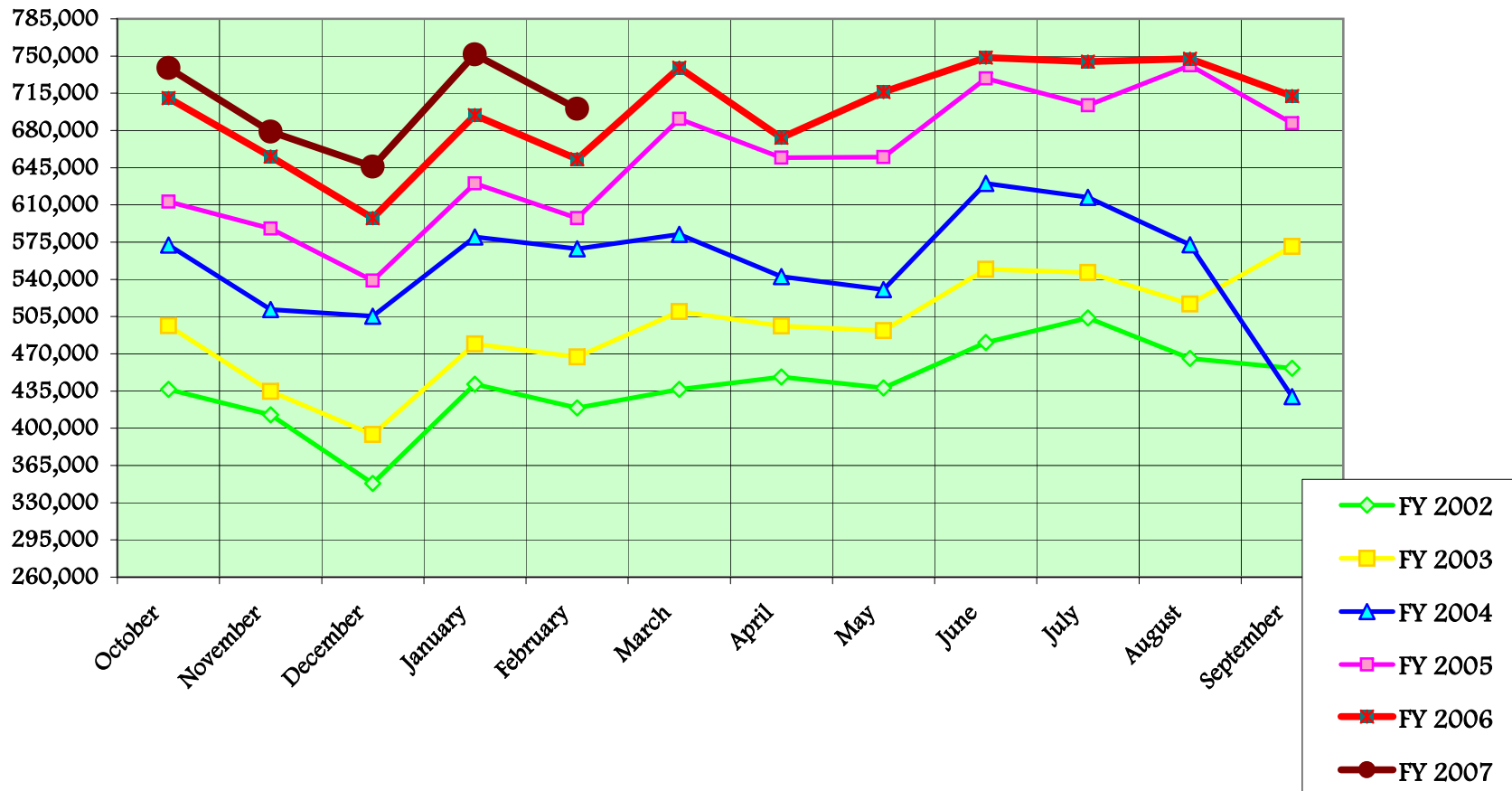
For February 2007, the computer session count is 65,848, up 7.31% from 61,365 in Feb. 2006. This is the third month of steady growth. December saw a growth of 9.72% and January growth of 10.02%. An associated increase is an increase in the use of library issued headsets. Last year pc users "checked out 1895 and 4510 this year. We feel this can be tracked to the increase in use of pc's but also to the highly interactive nature of today's internet sites.

Online Activity

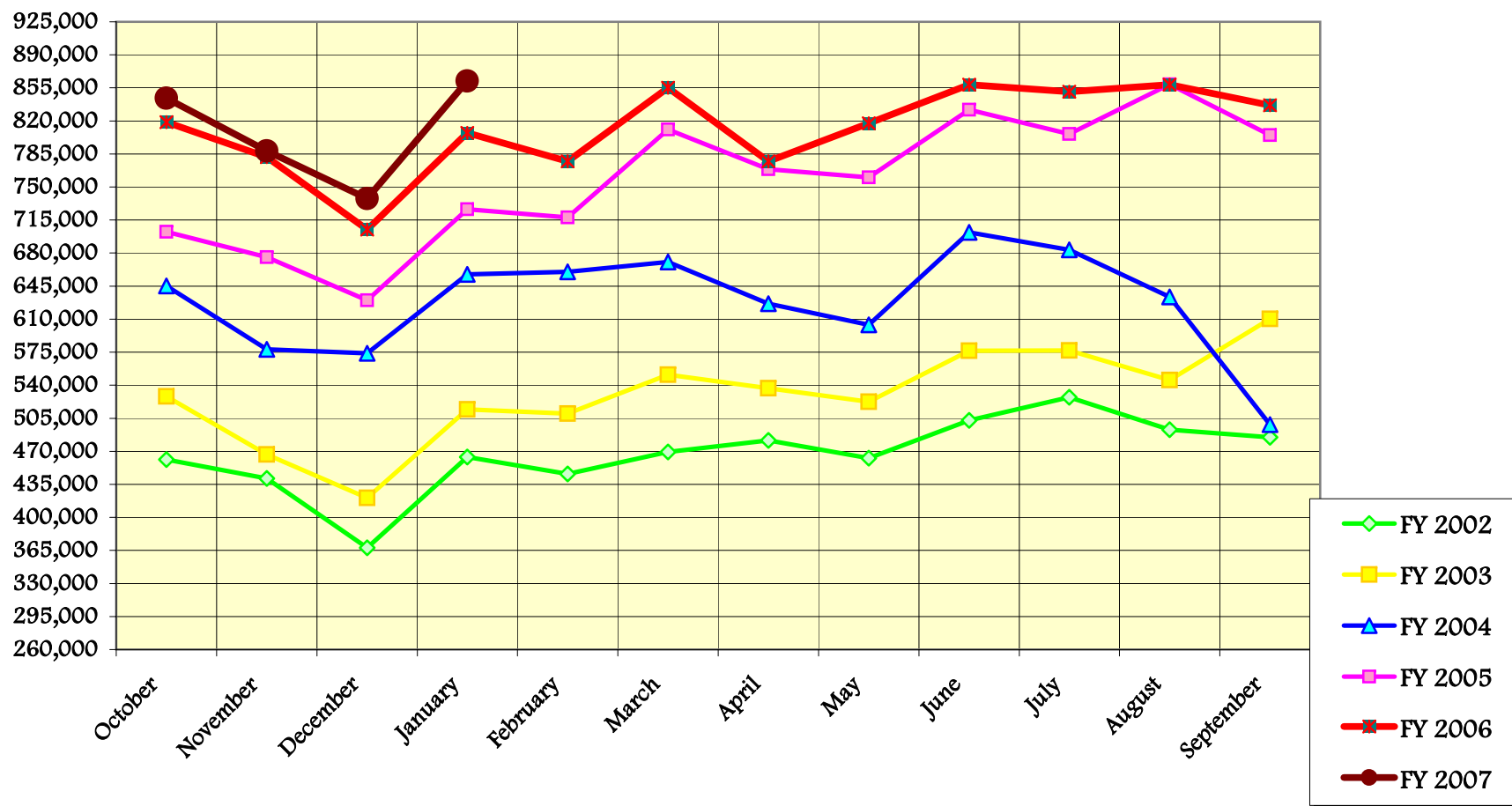
"Shop OCLS" officially opened for business this month and there were 8 purchases made online. Through "Shop OCLS" customers now have the option to purchase books, music, DVDs, games and more! A percentage of each purchase comes back to the Library. For those who like to own their favorites, we hope they will choose OCLS to make those purchases.

Orange County Library System
Statistical Reports
February 2007

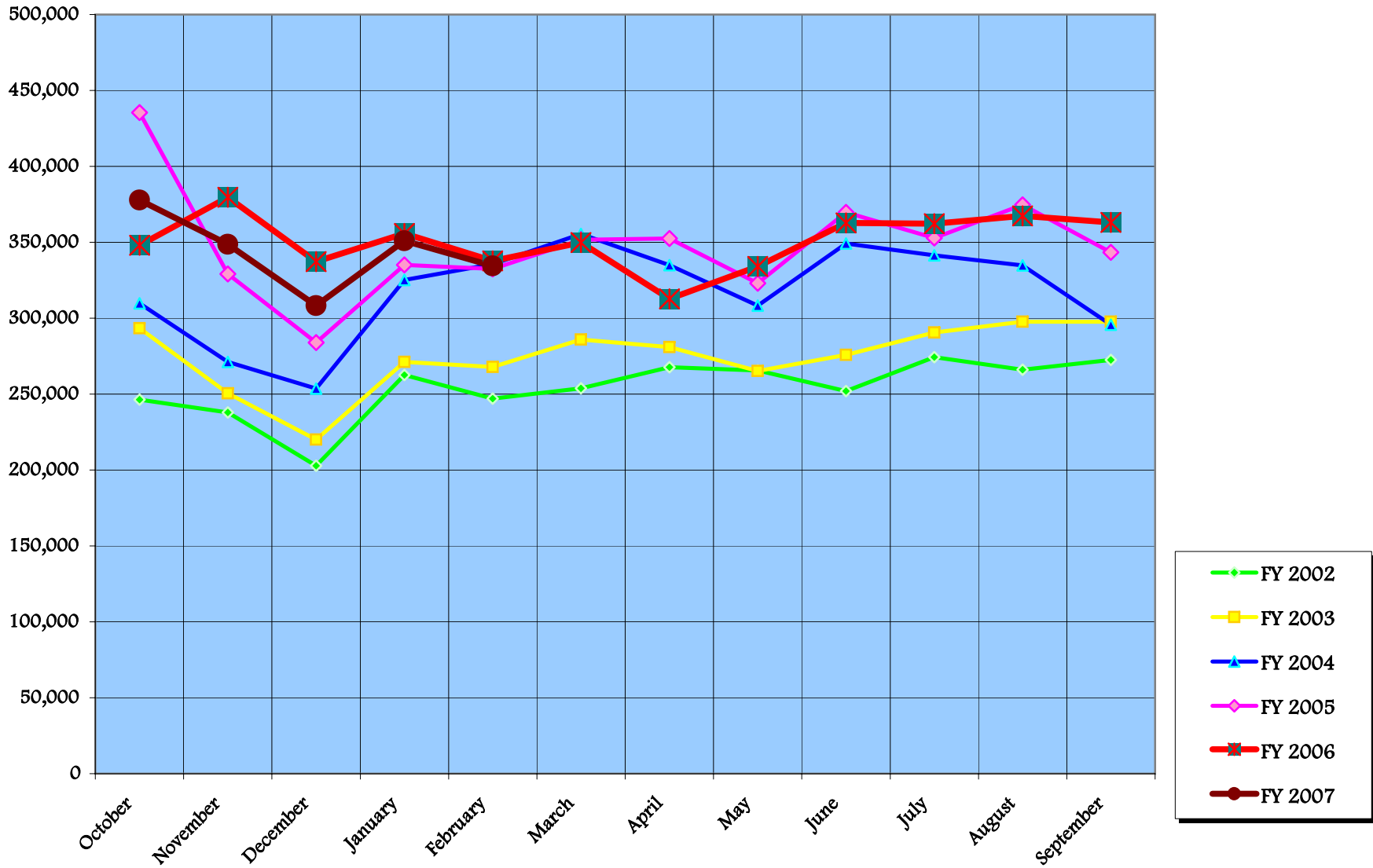
**ORANGE COUNTY LIBRARY SYSTEM
CIRCULATION**
Fiscal Year 2002 Through Fiscal Year 2007 TO Date



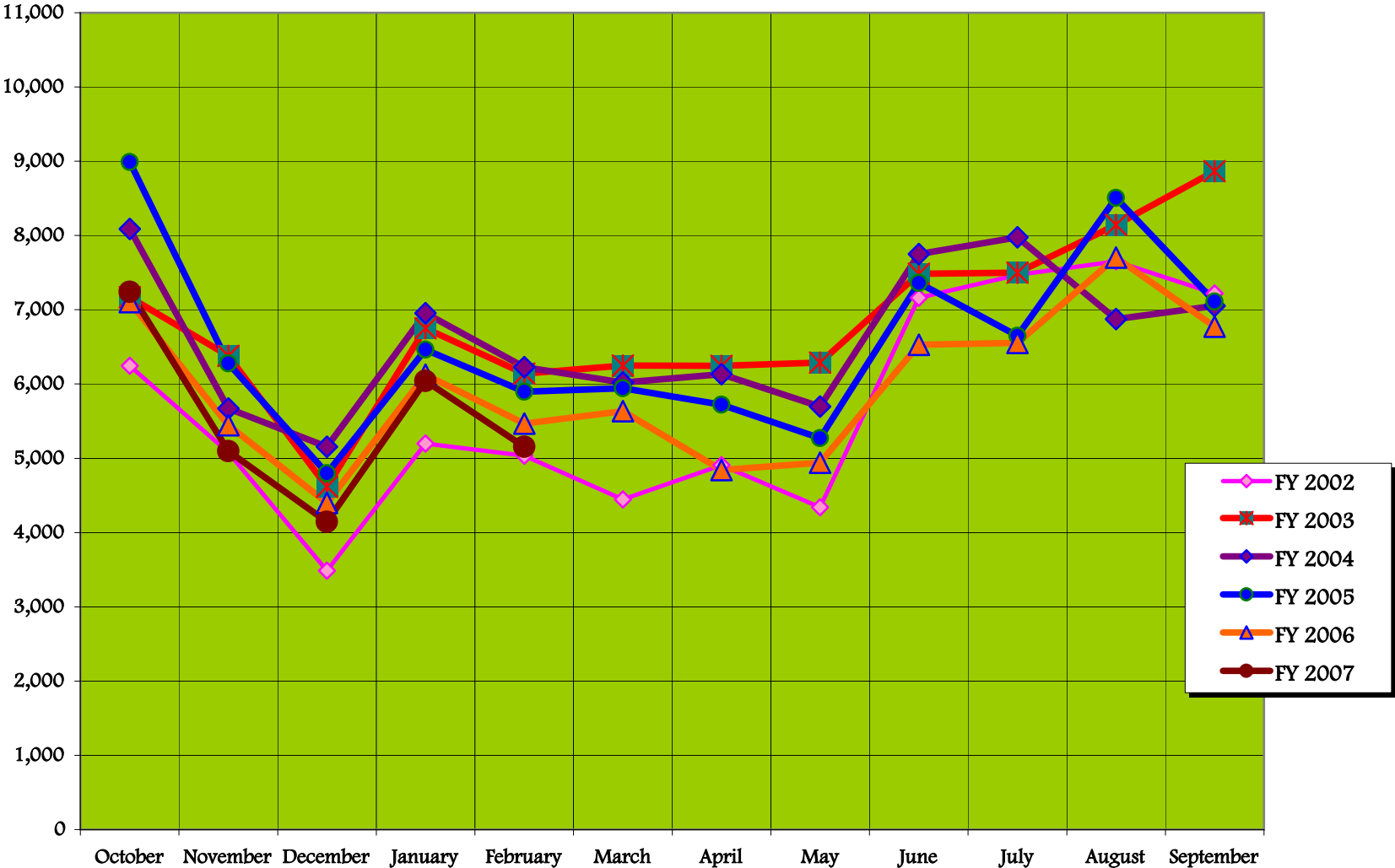
**ORANGE COUNTY LIBRARY SYSTEM
CIRCULATION WITH ELECTRONIC STATS**
(Circ Stats & Electronic Database Stats ~ 2 months previous)
Fiscal Year 2002 Through Fiscal Year 2007 TO Date



Orange County Library System
 Door Counts
 Fiscal Year 2002 through Fiscal Year 2007 To Date



Orange County Library System
New Customer Registration
 Fiscal Year 2002 through Fiscal Year 2007 To Date



Circulation and Door Count
October - March

Orange County Library System: Report for FY 2007 YTD & FY 2006

	Oct-06	Oct-05	Nov-06	Nov-05	Dec-06	Dec-05	Jan-07	Jan-06	Feb-07	Feb-06	% of Change	Mar-07	Mar-06
Circulation													
Main	234,277	223,362	211,081	205,261	193,356	186,592	217,389	208,606	210,048	202,495	3.73%		229,242
Branches	421,603	433,780	393,085	405,141	375,753	366,457	441,904	431,980	406,935	396,513	2.63%		445,868
MAYL	54,998	49,789	49,729	41,659	45,918	40,549	61,668	49,931	52,988	50,267	5.41%		59,724
Digital Products	23,968	N/A	21,525	N/A	27,330	N/A	26,623	N/A	26,958	N/A	N/A		
Talking Books	3,916	3,650	3,508	3,587	3,642	4,007	3,903	3,825	3,573	3,779	-5.45%		4,271
Total	738,762	710,581	678,928	655,648	645,999	597,605	751,487	694,342	700,502	653,054	7.27%		739,105
Door Count													
Main	57,887	55,768	50,362	47,303	48,123	44,632	54,861	50,091	52,197	50,001	4.39%		54,986
Branches	382,554	292,293	298,364	296,053	260,088	292,663	296,157	305,733	282,301	268,963	4.96%		294,931
Talking Books	12	17	10	14	7	10	15	17	17	14	21.43%		18
Total	440,441	348,061	348,726	343,356	308,211	337,295	351,018	355,824	334,498	318,964	4.87%		349,917

Circulation and Door Count
April - September

Orange County Library System: Report for FY 2007 YTD & FY 2006

	Apr-07	Apr-06	May-07	May-06	Jun-07	Jun-06	Jul-07	Jul-06	Aug-07	Aug-06	Sep-07	Sep-06	FY 2007 YTD	FY 2006
Circulation														
Main		217,059		218,997		220,906		227,773		227,896		223,132	1,066,151	2,591,321
Branches		402,539		440,301		471,490		457,825		454,820		431,707	2,039,280	5,138,421
MAYL		50,065		52,863		51,971		55,502		60,653		53,940	265,301	616,913
Digital Products				12,706		12,322		11,515		13,630		17,309	126,404	#VALUE!
Talking Books		3,662		4,001		4,158		3,677		4,065		3,674	18,542	46,356
Total		673,325		728,668		760,847		756,292		761,064		729,762	3,515,678	#VALUE!
Door Count														
Main		52,259		48,595		53,910		56,485		56,153		55,268	263,430	625,451
Branches		260,498		285,442		308,787		305,700		311,162		307,818	1,519,464	3,530,043
Talking Books		15		12		15		20		25		20	61	197
Total		312,757		334,037		362,697		362,185		367,315		363,086	1,782,894	4,155,494

Website Report

	Oct-06	Oct-05	Nov-06	Nov-05	Dec-06	Dec-05	Jan-07	Jan-06	Feb-07	Feb-06	% of Change	Mar-07	Mar-06
Hits to the Website													
Inside	4,773,449	3,510,648	4,562,952	3,465,026	4,523,894	3,090,526	5,123,216	3,628,805	5,162,308	4,051,328	27.42%		4,325,221
Outside	4,177,185	2,710,018	4,089,059	2,323,331	3,931,882	1,570,032	4,701,691	2,261,183	4,270,514	2,771,534	54.08%		3,145,267
Total	8,950,634	6,220,666	8,652,011	5,788,357	8,455,776	4,660,558	9,824,907	5,889,988	9,432,822	6,822,862	38.25%		7,470,488
Visits													
Inside	88,297	71,594	76,559	67,454	75,103	66,441	80,741	72,152	79,993	73,840	8.33%		79,460
Outside	216,146	144,488	207,221	128,652	235,165	115,571	240,477	145,892	230,351	151,408	52.14%		185,434
Total	304,443	216,082	283,780	196,106	310,268	182,012	321,218	218,044	310,344	225,248	37.78%		264,894
Unique Visitors													
Inside	1,049	943	1,074	959	1,049	1,603	1,152	1,003	1,128	1,005	12.24%		1,062
Outside	62,360	39,180	60,691	37,254	70,574	34,309	73,597	41,898	72,562	42,481	70.81%		44,262
Total	63,409	40,123	61,765	38,213	71,623	35,912	74,749	42,901	73,690	43,486	69.46%		45,324
Page Views													
Inside	1,301,906	927,149	1,187,174	912,106	1,177,277	717,327	1,402,342	914,262	1,594,702	1,452,487	9.79%		1,370,508
Outside	1,063,999	622,173	943,229	318,710	904,271	366,306	1,132,779	402,549	1,028,603	806,280	27.57%		963,843
Total	2,365,905	1,549,322	2,130,403	1,230,816	2,081,548	1,083,633	2,535,121	1,316,811	2,623,305	2,258,767	16.14%		2,334,351

Website Report

	Apr-07	Apr-06	May-07	May-06	Jun-07	Jun-06	Jul-07	Jul-06	Aug-07	Aug-06	Sep-07	Sep-06	FY 2007 YTD	FY 2006
Hits to the Website														
Inside		4,120,375		4,443,306		4,167,081		4,539,985		4,681,001		4,153,525	24,145,819	48,176,827
Outside		3,101,708		3,402,201		3,656,191		3,880,829		4,125,356		4,017,539	21,170,331	36,965,189
Total		7,222,083		7,845,507		7,823,272		8,420,814		8,806,357		8,171,064	45,316,150	85,142,016
Visits														
Inside		76,803		78,328		83,869		83,973		85,040		79,764	400,693	918,718
Outside		179,908		188,209		206,150		207,837		198,319		201,255	1,129,360	2,053,123
Total		256,711		266,537		290,019		291,810		283,359		281,019	1,530,053	2,971,841
Unique Visitors														
Inside		1,033		988		1,010		1,026		1,049		1,053	5,452	12,734
Outside		44,284		46,489		55,680		56,351		61,297		61,583	339,784	565,068
Total		45,317		47,477		56,690		57,377		62,346		62,636	345,236	577,802
Page Views														
Inside		1,200,997		1,168,557		1,198,600		1,225,447		1,312,417		1,160,716	6,663,401	13,560,573
Outside		900,138		909,923		985,245		1,025,020		1,059,551		1,184,283	5,072,881	9,544,021
Total		2,101,135		2,078,480		2,183,845		2,250,467		2,371,968		2,344,999	11,736,282	23,104,594

Library Activities
October - March

Orange County Library System: Report for FY 2007 YTD & FY 2006

	Oct-06	Oct-05	Nov-06	Nov-05	Dec-06	Dec-05	Jan-07	Jan-06	Feb-07	Feb-06	% of Change	Mar-07	Mar-06
Program Attendance Total	13,466	14096	9,174	14,719	8,399	8,077	11,419	10,313	12,314	14,017	-12.15%		15,567
Total # of Programs	468	420	421	405	440	383	440	357	521	431	20.88%		440
Community Events Attendance Total	1,459	1760	826	2,060	778	506	5,421	493	1,877	986	90.37%		1,466
Total # of Community Events	23	27	25	22	6	8	19	6	12	9	33.33%		14
Events Line	3	12	2	16	5	5	18	4	27	9	200.00%		13
StoryLine	62	141	96	150	86	92	121	99	162	109	48.62%		194
Class Attendance Total	2,142	1331	1,907	900	1,110	1,090	1,732	1268	1,938	1,691	14.61%		1644
Total # of Classes	947	479	816	396	730	486	792	513	847	535	58.32%		612
QuestLine	17,658	17,532	15,442	16,296	13,156	14,321	15,792	18,150	14,394	16,583	-13.20%		18,245
P.C. Sessions	73,975	62,244	64,072	59,609	62,767	57,206	68,485	62,245	65,848	61,365	7.31%		68,696
Number of Active Cards in the System	441,638	358,336	447,566	365,466	452,460	371,147	459,020	378,417	464,505	384,601	20.78%		391,066
New Customer Registrations	7,241	7,104	5,095	5,445	4,145	4,397	6,043	6,126	5,155	5,466	-5.69%		5,634
Total Registered Borrowers	893,132	825,839	898,011	831,207	902,007	834,813	907,033	840,468	911,919	845,734	7.83%		851,379

Library Activities April - September

Orange County Library System: Report for FY 2007 YTD & FY 2006

	Apr-07	Apr-06	May-07	May-06	Jun-07	Jun-06	Jul-07	Jul-06	Aug-07	Aug-06	Sep-07	Sep-06	YTD FY 2007	FY 2006
Program Attendance Total		13,738		12,866		16,632		14,751		11,661		14,014	54772	160,451
Total # of Programs		395		397		478		453		440		447	2290	5,046
Community Events Attendance Total		2,800		3,175		1,932		7,644		1,071		1,111	10361	25,004
Total # of Community Events		20		22		12		11		14		22	85	187
Events Line		10		7		9		11		10		6	55	112
StoryLine		132		116		122		139		318		110	527	1,722
Class Attendance		1,714		1,639		1,989		2,280		2,351		1,789	8829	19,686
Total # of Classes		606		697		676		659		988		863	4132	7,510
QuestLine		16,968		17,160		18,952		18,429		18,716		17,124	76,442	208,476
F.C. Sessions		63,040		66,261		70,171		68,387		71,288		67,102	335,147	777,614
Number of Active Cards in the System		396,385		402,051		409,821		417,073		425,631		433,295	2,265,189	
New Customer Registrations		4,842		4,940		6,530		6,554		7,702		6,774	27679	71,514
Total Registered Borrowers		855,829		859,997		866,565		872,213		880,029		886,201	4512102	

Orange County Library System: Report for FY 2007 YTD & FY 2006
October ~ March

	Oct-06	Oct-05	Nov-06	Nov-05	Dec-06	Dec-05	Jan-07	Jan-06	Feb-07	Feb-06	% of Change	Mar-07	Mar-06
Online Catalog Searches	641,874	544,532	554,957	470,938	481,726	360,185	641,908	487,735	588,197	444,506	32.33%		514,197
Online Renewals	126,197	113,507	116,022	106,202	110,932	98,035	115,544	103,153	113,861	103,675	9.82%		118,682
Electronic Reference Questions	226	137	208	124	186	92	283	152	242	117	106.84%		138
Live Chat Questions	279	52	206	33	160	22	248	22	301	32	840.63%		37
Total Online Reference Questions	505	189	414	157	346	114	531	174	543	149	264.43%		175
Online Requests	52,785	49,854	46,223	43,046	42,537	35,531	59,824	52,277	53,385	45,441	17.48%		50,924
Online Suggestions	139	176	86	203	70	84	100	120	101	88	14.77%		88

Orange County Library System: Report for FY 2007 YTD & FY 2006
 April ~ September

	Apr-07	Apr-06	May-07	May-06	Jun-07	Jun-06	Jul-07	Jul-06	Aug-07	Aug-06	Sep-07	Sep-06	FY 2007 YTD	FY 2006
Online Catalog Searches		468,781		481,271		548,960		615,487		695,022		634,209	2,908,662	6,265,823
Online Renewals		112,941		116,296		109,244		114,494		116,450		116,353	582,556	1,329,032
Reference Questions		121		105		87		120		118		91	1,145	1,402
Live Chat Questions		43		32		17		66		74		74	1,194	504
Total Online Reference Questions		164		137		104		186		192		165	2,339	1,906
Online Requests		49,726		56,889		58,081		57,123		59,266		51,322	254,754	609,480
Online Suggestions		64		68		103		86		118		102	496	1,300

Orange County Library System

Circulation Statistics

February 1, 2007 - February 28, 2007

Location	Days Open	Circulation Total	% of Total	Year Ago	Gain -Loss	% Gain -Loss	Total Visits	Visits Year Ago	Gain -Loss	%Gain -Loss
Main	28	210,048	29.99%	202,495	7,553	3.73%	52,197	50,001	2,196	4.39%
MAYL	20	52,988	7.56%	50,267	2,721	5.41%	50,112	48,448	1,664	3.43%
Digital Products		26,958	3.85%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Talking Books	28	3,573	0.51%	3,779	(206)	-5.45%	17	14	3	21.43%
West Oaks	28	36,459	5.20%	38,440	(1,981)	-5.15%	19,005	18,150	855	4.71%
Herndon	24	40,783	5.82%	40,010	773	1.93%	23,406	21,212	2,194	10.34%
Alafaya	28	61,508	8.78%	53,518	7,990	14.93%	30,345	26,591	3,754	14.12%
Southeast	24	34,969	4.99%	34,836	133	0.38%	29,262	28,457	805	2.83%
Hiawasse	24	20,422	2.92%	19,558	864	4.42%	18,249	21,935	(3,686)	-16.80%
Southwest	24	37,351	5.33%	36,714	637	1.74%	24,724	23,973	751	3.13%
Edgewater	24	23,924	3.42%	25,278	(1,354)	-5.36%	19,576	17,627	1,949	11.06%
North Orange	28	38,275	5.46%	37,554	721	1.92%	24,458	23,659	799	3.38%
South Creek	28	44,416	6.34%	45,225	(809)	-1.79%	29,370	30,156	(786)	-2.61%
South Trail	24	21,688	3.10%	21,437	251	1.17%	22,798	16,744	6,054	36.16%
Winter Garden	24	23,954	3.42%	21,915	2,039	9.30%	13,513	10,504	3,009	28.65%
Windermere	24	12,464	1.78%	11,982	482	4.02%	8,132	14,241	(6,109)	-42.90%
Washington Park	24	9,192	1.31%	9,217	(25)	-0.27%	14,708	13,457	1,251	9.30%
Eatonville	24	1,530	0.22%	829	701	84.56%	4,755	2,257	2,498	110.68%
Total	428	700,502	100.00%	653,054	47,448	7.27%	334,498	318,964	15,534	4.87%

*MAYL Visits ~ Customer Transactions

NUMBER OF SEARCHES
JANUARY 2007

FISCAL YEAR 2006	OCT 2006	NOV	DEC	JAN 2007	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	YTD 2007	YTD 2006
Ancestry Library Edition	225	200	186	192									803	1,354
Associations Unlimited	518	380	213	260									1,371	2,703
Auto Repair Reference Center	281	232	339	383									1,235	901
Biography & Genealogy Master Index	467	448	226	309									1,450	2,689
Biography Resource Center	3,359	2,926	1,948	5,263									13,496	19,332
Business & Company Resource Center	1,042	1,342	945	1,189									4,518	8,209
Business Index ASAP	58	75	78	60									271	355
Classical.com	181	157	178	28									544	149
Computer Database	420	463	174	248									1,305	1,299
Consulta	64	101	67	53									285	363
Countrywatch	1,247	3,649	520	2,825									8,241	4,018
DearReader.com Online Book Club (formerly Chapter-A-Day)	57,380	57,620	58,200	58,720									231,920	201,220
Dun & Bradstreet International Business Locator	49	53	47	43									192	185
Expanded Academic ASAP	842	919	379	657									2,797	4,026
Ferguson's Career Guidance Center	135	145	116	358									754	1,812
First Search	1,288	1,199	1,123	1,481									5,091	16,371
Gale Virtual Reference Library e-books (FEL)	112	250	195	188									745	1,730
General Business File ASAP	328	509	152	227									1,216	1,514
General Reference Center Gold	1,373	1,709	674	1,099									4,855	18,584
Health & Wellness Resource Center and Alternative Health Module	1,444	1,366	580	728									4,118	7,608
Health Reference Center Academic	650	736	229	311									1,926	2,970
HeritageQuest Online	6,047	4,969	5,342	7,266									23,624	28,838
Info Trac OneFile	2,369	2,767	1,570	1,976									8,682	21,347
Informe	41	78	23	26									168	378
Junior Edition - K12	474	498	238	343									1,553	1,552
Kid's Edition - K12	325	387	134	381									1,227	808
Learnatest	448	515	363	704									2,030	1,551
Lit Finder (formerly Essay/ Poem/ Storyfinder)	777	423	274	307									1,781	4,876
Literature Resource Center	3,804	5,372	1,449	2,974									13,599	17,347
Live Homework Help	196	241	145	318									900	1,139
Mergent Online	170	164	79	111									524	1,415
Morningstar	203	94	337	124									758	2,424
NetLibrary eBooks	84	142	64	121									411	570
NetLibrary eBooks - Shared Collection	427	626	474	538									2,065	1,649
NetLibrary Downloadable Audiobooks	727	770	705	993									3,195	1,861
Novelist	809	914	484	912									3,119	1,955
Opposing Viewpoints Resource Center	3,274	2,891	1,126	1,168									8,459	12,348
p4A Antiques Reference	191	191	130	407									919	1,649
Personal and Business Forms	53	144	109	144									450	
Powermediaplus Streaming Videos	202	147	90	224									663	481
Professional Collection	100	198	133	204									635	4,631
ProQuest Newspapers	2,301	2,374	1,975	2,287									8,937	10,193
Reference USA	3,283	3,982	3,716	4,467									15,448	11,345
Rosetta Stone	3,070	2,823	3,652	4,591									14,136	4,243
Science Online	647	209	415	2,447									3,718	392
SIRS Knowledge Source	1,277	1,169	612	802									3,860	7,295
Smithsonian Global Sound	20	17	37	11									85	66
Standard Deviants Video (formerly known as Cerebellum Online Videos)	82	44	49	73									248	244
Standard & Poors NetAdvantage	337	395	201	269									1,202	884
Student Edition - K12	345	380	183	254									1,162	1,516
Tumblebooks	561	660	498	721									2,440	790
Weiss Ratings	76	46	48	24									194	18,422
What Do I Read Next?	295	339	155	128									917	2,383
Worldbook Online	859	753	429	815									2,856	2,036
TOTAL NUMBER OF SEARCHES	105,337	109,201	91,808	110,752									417,098	464,020

**Orange County Library System
Board of Trustees Meeting
Thursday, March 8, 2007**

Action Items

**Orange County Library System
Board of Trustees Meeting
Thursday, March 8, 2007**

Non-Consent Agenda

- 07-044 **Chickasaw Branch Construction Grant Resolution**
- 07-045 **Proposal by Kalson & Associates**
- 07-046 **Proposed Letter to Governor on Property Tax Reform**

**Orange County Library System
Board of Trustees Meeting
Thursday, March 8, 2007**

**Chickasaw Branch Construction
Grant Resolution**

Application for a Public Library Construction Grant (Chickasaw Location)

I. ISSUE STATEMENT

The Department of State, Division of Library and Information Services, provides state funds for the construction of public libraries. We would like to apply for a Public Library Construction Grant for the construction and remodeling of our newly purchased branch site on Chickasaw Trail. In order to proceed with the application process, we need Library Board approval.

II. BACKGROUND

The branch site, located at 870 N. Chickasaw Trail, is a building which was constructed in 1993. It was formerly an insurance company's call center and auto claims inspection center. The nearly 17,000 square foot building sits on a 3.61 acre site.

The building needs to be completely remodeled in order for it to be the open, welcoming and dynamic branch library we want it to be. Up to \$500,000 can be awarded with the grant in question. In the past, we have been awarded the same type of grant for the construction of the Alafaya, West Oaks, South Creek and Winter Garden branches.

In order to be considered, we must apply before April 1, 2007. If the Orange County Library District Board of Trustees signs the attached resolution, we will be able to proceed with the application process. The resolution authorizes the application and stipulates some of the major requirements of the grant.

III. OPTIONS

Option 1: Approve the attached resolution authorizing the application process for the grant.

Advantage: The library can be awarded \$500,000 for the remodeling of the newly purchased building on Chickasaw Trail. This will be a healthy addition to our allotted budget for the project and will help defray costs from district funds.

Disadvantage: Staff time will be needed to prepare and submit reports for the grant.

Option 2: Disapprove the attached resolution authorizing the application process for the grant.

Advantage: Staff time will not be taken away from other projects in order to prepare and submit reports for the grant.

Disadvantage: The Library would miss out on the grant money and will need to use district funds (\$500,000).

IV: RECOMMENDATION

It is staff's recommendation to approve the attached resolution authorizing the application process for the Public Libraries Construction Grant.

BOARD OF TRUSTEES OF
ORANGE COUNTY LIBRARY SYSTEM
RESOLUTION 07-044

**RESOLUTION TO APPROVE THE APPLICATION PROCESS FOR
THE PUBLIC LIBRARY CONSTRUCTION GRANT FOR THE
CHICKASAW LOCATION**

Minutes of a regular meeting of the Board of Trustees of the Orange County Library System, Orange County Florida, held in City of Orlando, on the 8th day of March, 2007, at 7:00 pm, prevailing Eastern Time.

PRESENT:

ABSENT:

The Board Resolves:

1. To approve the attached resolution authorizing the application process for the Public Libraries Construction Grant.
2. All resolutions that conflict with the provisions of this resolution are rescinded.

AYES:

NAYS:

RESOLUTION DECLARED ADOPTED: _____

Secretary

Orange County Library District Board of Trustees
Public Library Construction Grant Resolution

The Orange County Library District Board of Trustees:

- 1 – Authorize the submission of the Public Library Construction Grant;
- 2 – Designate our Library Director, Mary Anne Hodel, as the person authorized to sign the grant application and provide certifications;
- 3 – Give the assurance that the required match of dollar for dollar of the grant request will be available and unencumbered at the time of the grant award;
- 4 – Give assurance that funding is sufficient and will be available in order that the project will result in a completed library building;
- 5 – Give assurance that upon completion of the project, sufficient funds will be available to operate the facility; and
- 6 – Give assurance that the building will be used exclusively for the public library purposes for which altered and will submit proposed changes in use to the Division for approval if within 20 years of the completion of the construction project.

This resolution was approved by the Friends Board of Trustees at its regular meeting on March 8, 2007

Matthew Parady, President
Library Board of Trustees

Date

**Orange County Library System
Board of Trustees Meeting
Thursday, March 8, 2007**

Proposal by Kalson & Associates

Proposal from Kalson & Associates

I. ISSUE STATEMENT

In order to reduce fees and increase control over the Defined Benefit Pension Plan (Plan) investments, a proposal from investment consultant Grant Kalson is being provided for Library Board consideration.

II. EXECUTIVE SUMMARY AND BACKGROUND

From the Plan's inception through June 2004, the portfolio was invested in accounts of The Hartford Insurance Company. Based on the market in June of 2004 and thanks to the efforts of USI Consulting Group (USI), it was an opportune time to terminate our contract with The Hartford and realize a \$415,000 gain on one of the fixed income investments. While the assets were invested at The Hartford, the investment choices were limited to a small number of mutual funds and the fees were very high.

Since June 2004, we have contracted with USI for investment consulting services. USI is compensated through 12(b)1 fees in an amount equal to 25 basis points (.25%) on the value of the mutual fund investments. Currently, these fees are estimated to be \$71,000 annually. We evaluate USI's performance by comparing the actual investment return to the calculated benchmark in the Investment Policy Statement (IPS). For calendar year 2005, the actual return was 8.05% while the benchmark was 5.87%. In calendar 2006, rather than outperforming the benchmark, the actual return (10.85%) underperformed the benchmark (13.77%), which is a serious concern.

Due to the underperformance in 2006 and concerns about communication with USI, we pursued some other options for investment consultants, including discussions with a firm that also utilizes mutual funds. This particular firm did not have any local governments as clients. We then contacted the City of Orlando to find out which firm they used as investment consultant. This in turn resulted in a series of meetings and phone calls with Grant Kalson, who has served as the City's investment consultant since 1993. Rather than using mutual funds, Grant's approach is to use a small number of money managers. Grant facilitates the search and selection of the money managers and monitors and evaluates their performance. He believes this is a much better approach to our current arrangement with mutual funds due to lower overall fees and more control.

After Grant's presentation to the Library Board in February, we asked him to submit a proposal which includes two components, both of which are attached. The first is a work plan showing the tasks and a rough time line to transition from mutual funds to the money manager approach. The work plan also shows the proposed fees, which are higher in the first year due to the significant amount of work involved in developing a new Investment Policy Statement, searching for the money managers, and transitioning to the money manager approach. If the Board elects to approve the attached proposal and enter into a contract with Kalson & Associates, our contract with USI would be terminated after a contract with Grant is executed. Our contract with USI requires 30 days written notice to terminate.

The following options are offered for consideration.

III. OPTIONS

Option 1 – Approve attached work plan, including fees, and enter into a contract with Kalson & Associates for investment consulting services.

Advantages:

1. Lower fees than in current mutual fund arrangement.

2. Investment expertise spread over 5 money managers rather than one investment consultant as in our current arrangement.
3. More control in money manager approach.
4. Kalson charges a flat fee.
5. Kalson has other local governments in Florida as clients.

Disadvantages:

1. No guarantee investment returns will be better.
2. Transition to money manager approach will be time consuming for staff in the first year.

Option 2 – Continue using USI as investment consultant and continue to invest in A share (retail) mutual funds.

Advantage:

No action is required.

Disadvantages:

1. Plan assets underperformed in 2006.
2. Fees are high under mutual fund approach.
3. USI's fee is based on a percentage of the assets.

Option 3 – Prepare and issue a request for proposal for investment consulting services.

Advantages:

1. Would likely receive multiple proposals.
2. Might result in lower cost.

Disadvantages:

1. Request for proposal process is time consuming.
2. Questionable whether we would receive proposals from firms which have both governmental clients and experience transitioning a client from mutual funds to money managers.

IV. RECOMMENDATIONS

Staff recommends Option 1 to approve attached work plan, including fees, and enter into a contract with Kalson & Associates for investment consulting services. Further staff requests Board approval to:

- Terminate the investment consulting contract with USI by giving 30 days written notice
- Negotiate and execute a contract with Kalson & Associates
- Negotiate and execute all necessary documents, including contracts with money managers and a custodian, to implement the money manager approach

BOARD OF TRUSTEES OF
ORANGE COUNTY LIBRARY SYSTEM
RESOLUTION 07-045

RESOLUTION TO APPROVE PROPOSAL FROM KALSON & ASSOCIATES

Minutes of a regular meeting of the Board of Trustees of the Orange County Library System, Orange County Florida, held in Orange County, on the 8th day of March, 2007, at 7:00 pm, prevailing Eastern Time.

PRESENT:

ABSENT:

The Board Resolves:

1. To approve attached work plan, including fees, and enter into a contract with Kalson & Associates for investment consulting services.
2. To authorize staff to:
 - o Terminate the investment consulting contract with USI by giving 30 days written notice
 - o Negotiate and execute a contract with Kalson & Associates
 - o Negotiate and execute all necessary documents, including contracts with money managers and a custodian, to implement the money manager approach
3. All resolutions that conflict with the provisions of this resolution are rescinded.

AYES:

NAYS:

RESOLUTION DECLARED ADOPTED:

Secretary

K&A 2007 Work Plan: OCLS DB Pension Fund		
Time Line	Task	Fee (\$ in 000)
Month 1	Discuss 3-to-5 year contribution and benefit cash flows with OCLS actuary	-
Month 1	Conduct a three-candidate search for a custodian to administer the new separate account/commingled fund/institutional mutual fund components. <i>Choose among custodians oriented to OCLS needs rather than high-tech, high fee alternatives</i>	6
Month 2	Conduct a two-candidate search for stock and bond index manager(s) to invest the proceeds temporarily after liquidating the current mutual fund I Shares.	4
Month 3	Revise Investment Policy Statement to reflect new asset allocation, type and style of managers and related investment guidelines; concurrently, <i>use existing IPS to move ahead ASAP on other tasks</i>	\$5
Months 3-7	Conduct searches for active managers in these categories: US large-cap; US small-cap; international (including emerging market component); broad market bond; and global equity (if practical for a small % of assets)	45
Months 4-8	Transition assets from the index funds to the new active managers	-
As of 6-30-07	Initiate quarterly investment reports and presentations; two reports will be issued in calendar 2007	19
2007	Total:	\$79

Pro-Forma Consulting Fee Comparison: 2007 through 2009 (\$-000)			
Year	Current Consultant (¼ % of est. assets)	K&A ¹	Difference ²
2007	\$ 71	\$ 79	+8
2008	76	38	-38
2009	81	38	-43
Cumulative	\$ 228	\$ 155	-73

¹ Verifiable travel costs will be charged separately and pro-rated among K&A clients when joint scheduling permits. 2008 and 2009 fees assume that no additional manager searches are needed. In the event that OCLS replaces a manager in 2008 or 2009, K&A would charge a manager search fee between \$10,000 and \$15,000. The actual fee would depend on the level of research required.

² Excludes the favorable impact of **distinctly lower manager** fees under the new configuration; the manager fee reduction is estimated to exceed **\$100,000/year**.

Answers to Proposal Questions for Grant Kalson

Why would fees be lower under your approach compared to the current arrangement with mutual funds and by how much?

Kalson & Associates (K&A) charges a flat fee to each client and this flat fee is K&A's only source of revenue. Moreover, our fee is not based on a percentage of assets; therefore only the Plan's participants benefit from a larger asset base.

In our opinion, the fees for the current mutual fund arrangement are excessive, as these funds not only have relatively high expense ratios, but also charge a 12(b)1 fee of 0.25%. Finally, we tested our fees versus those of the current consultant and estimate that from 2007–2009, the fee savings to OCLS would be approximately **\$73,000**. The 2008–2009 savings rate is estimated at approximately **\$40,000 per year**.

In addition to the above savings, we anticipate that OCLS will save a further \$100,000 per year (in reduced manager fees) by implementing the new separate account/commingled fund/ institutional share class manager group.

How would OCLS have more control under the money manager approach?

At present, OCLS has no control and very little transparency under its current mutual fund arrangement. Under a separate account approach, OCLS would have 100% control and 100% transparency. Further, each money manager would have to comply fully with the OCLS investment policy statement.

Should a separate account be unavailable or impractical, we would recommend a commingled fund or I-share mutual fund (Institutional share class with significantly lower fees). These options offer greater transparency than the current A-share arrangement and performance-related information will be available on a timelier basis. Further, because our consultants would have more access to the investment professionals managing the products, this would allow for a greater degree of due diligence on our part.

How do you quantify and manage risk in your approach?

We quantify risk in the following key ways: (1) First, establish a well diversified portfolio that is likely to meet or exceed the actuarially assumed interest rate over time. (2) Prescribe a range for acceptable volatility from that target return and other related investment guidelines; such guidelines will be shared with each portfolio manager so that each will know what is expected. (3) Set a maximum tracking error¹ vs. the benchmark index or blended index. (4) Strive for a positive risk adjusted return, e.g. Information Ratio². (5) Determine the short-term liquidity assets needed for required Plan benefits and expense payments. (6) Anticipate

¹ **Tracking Error:** measures the extent to which a portfolio tracks its benchmark. The tracking error of an index portfolio should be lower than that of an active portfolio. The tracking error will always be greater than zero if the portfolio is anything other than a replication of the benchmark.

² **Information Ratio:** A measure of the excess return divided by the risk taken to achieve that return; the risk is the average quarterly volatility between the manager's return and the benchmark return.

the eventual increase in liquidity needs that will inevitably result from the Plan's "frozen" status.

At the end of the day, however, all the quantification in the world is no substitute for the Plan sponsor's fiduciary comfort level. The Plan sponsor ultimately determines the Plan's risk tolerance and how precisely and how frequently the quantitative measures are adjusted.

How many money managers would you suggest for the Library's portfolio and what investment sectors (large cap, international, etc.) would be covered?

We would recommend five money managers:

- Large Cap U.S. Equity
- Small Cap U.S. Equity
- International (including an allocation to emerging markets)
- Broad Market Fixed Income
- Either a global tactical allocation manager or a Real Estate Investment Trust (REIT) manager.

Together, this group comprises the bulk of the investment market and offers substantial diversification and appropriate risk-adjusted return potential.

What is the process to select and evaluate money managers?

Below are highlights of our process:

- Obtain a clear search mandate
- Seek any preliminary candidates that the client would like us to interview; client involvement is critical during the process
- Screen our database, Plan Sponsor Network (PSN), for managers that meet key selection criteria
- Inspect the screen for obvious eliminations
- Screen a 2nd and occasionally a 3rd time, introducing more criteria
- Contact a subset of the remaining firms for marketing materials, ADVs I & II, recent RFP responses, etc.
- Consider managers that are not in the database by virtue of recent lift-outs or for other legitimate reasons
- Prepare performance attribution statistics on this group
- Interview 12-15 serious candidates; typically 1.5 hour interviews; preferably in person
- In-house, compare and contrast these candidates
- Prepare a semi-finalist report to review with OCLS staff
- Arrange for 3-4 finalists to present to the OCLS staff
- Participate in these presentations and assist in the ultimate selection
- Assist in implementing the change/addition
- Ensure that the investment policy is not violated throughout the process

How often would you meet with Library staff to review the performance of the money managers and what type of reports would be provided? What services would you provide between these meetings?

We would plan to meet with the Library staff quarterly. Should a special need arise, we would meet between the typical quarterly meetings. A full report would be provided on a

quarterly basis, which would include Total Plan performance, manager performance, risk measures, attribution and any recommendations.

Between these quarterly meetings, we would function as adjunct staff, calling you with pertinent ideas or news. Of course, we would be available for your questions or concerns at all times.

What's the downside to the money manager approach versus investing in mutual funds?

In our opinion, there is no downside to the money manager approach. We are assuming that the question refers to the current investment program of A-share mutual funds, the majority of which have above-average expense ratio fees.

What are the steps in the process to transition the Library from mutual funds to the money manager approach and a rough timeline for the entire process?

The key steps in the work plan include:

- Month 1: Conduct a three-candidate search for a custodian
- Month 2: Conduct a two-candidate search for stock & bond index managers who will temporarily invest the I-share sale proceeds
- Month 3: Revise IPS to reflect new asset allocation, type and style of managers and related investment guidelines
- Months 3-7: Conduct searches for active managers
- Months 4 -8: Transition assets from the index funds to the active managers

See attached work plan for a more detailed answer to this question.

How long do you typically wait to recommend replacement of a money manager who has been underperforming and what other factors do you consider in making this recommendation?

Typically, we like to give managers at least one full year of performance. We understand that a manager can experience a bad quarter or two. Typically, after three quarters of underperformance, we will ask the manager to appear before the OCLS staff for an update. If the situation doesn't improve after another quarter, we will prepare an official probation notice for the OCLS staff to send to the manager. That notice gives the manager a specified period of time, usually six-months, to improve performance. If improvement occurs, the manager is removed from probation. Otherwise, we will probably recommend a change.

Sometimes, the departure of a key investment professional(s) or other organizational changes may have greater significance than a recent performance shortfall. A major organizational change(s), by itself, may lead us to recommend termination of the manager.

Can you give an example of a Florida government where you transitioned their pension plan investments from mutual funds to the money manager approach that you advocate?

We transitioned the City of Sunrise General Employees' Pension Plan from a mutual fund approach to one that utilizes separate accounts, commingled accounts, and institutional mutual funds (for the international exposure). For reference, performance has been quite good. Unlike our proposal for OCLS, we did not recommend the intermediate step of temporary indexation for Sunrise. In your case, the combination of high consulting fees, expense ratio fees, and typically average (and occasionally below-average) fund performance led us to recommend the temporary indexation step.

Which local governments in Florida do you have as investment consultant clients, how long have they been a client, and what are the sizes of their portfolios?

- City of Orlando Police Pension Plan: \$374.9 million – 13 years
- City of Orlando Firefighters Pension Plan: \$246.2 million – 13 years
- City of Orlando General Employees Pension Plan: \$183.1 million – 13 years
- City of Sunrise General Employees Pension Plan: \$104.9 million – 5 years
- City of Maitland Police & Firefighters Pension Plan: \$17.6 million – 6 years
- City of Jacksonville Operating Portfolio: \$750 million (approx.) – 6 months (project only)

Why do you think the Library can take on greater risk through a higher equity exposure?

Instead of a 60/40 (equity/bond) allocation, we believe it would be prudent to raise the equity exposure to a 65%/35% allocation. This recommendation is based on the low, single digit return outlook for fixed income. Further, our research has shown that the incremental risk from a 5% increase in equity is not material. Moreover, traditional mature pension Plans, both public and private, typically have 65%–70% in equity. That said we will assess the comfort/risk tolerance of OCLS. However, we would not recommend any reduction in equity exposure.

Since the Plan has recently been frozen, the stream of liability payments to current and future retirees will subside. We believe there will be a periodic need to address the payment stream and slowly but surely reduce the uncertainty of asset growth. Currently, we know of no reason to diminish the Fund's equity exposure in any significant manner. This sustained equity level would be in keeping with the asset allocations of other Plans that were recently frozen. Effective in 2007, OCLS substantially reduced the required vesting period and instituted annual COLA adjustments for retirees. These changes had the effect of increasing total liabilities. Accordingly, we believe that a meaningful exposure to the equity markets would be prudent.

Kalson & Associates
March 2, 2007

**Orange County Library System
Board of Trustees Meeting
Thursday, March 8, 2007**

**Proposed Letter to Governor on
Property Tax Reform**

**The Letter will be presented at the
Board Meeting.**

**Orange County Library System
Board of Trustees Meeting
Thursday, March 8, 2007**

**Discussion and Possible
Action Items**

**Orange County Library System
Board of Trustees Meeting
Thursday, March 8, 2007**

Librarian Initiative Summary

RB CASE

CONSULTING

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Orange County Library System

Librarian Initiative Summary

Prepared for the Board of Trustees

March 1, 2007

The previous report date for the Librarian Initiative was February 1, 2007. There has not been an *All Librarians Meeting* since the previous report. However, the task forces continue to move forward with the processes they have undertaken, and substantial progress is being made.

Activities which have occurred include:

- *Communications Task Force* has developed a comprehensive outline for the communications workshop, divided into subsets with each assigned a component of the curriculum, and developed a working draft of the training components. A progress report will be delivered at the next All Librarians Meeting.
- *Scheduling Task Force* has begun work developing transaction flow charts to better understand the staffing needs in all direct patron contact activities. The next step will be data gathering for each of the transaction types identified, so the group can more accurately make recommendations to meet their mission of ensuring “The Right People at the Right Place at the Right Time.”

The next *All Librarians Meeting* is scheduled for March 6. The task force work described above has been highly productive and positive. Collectively, those engaged in the process reflect a strong desire to contribute to an enhanced work environment, and the results they are producing bear this out.

**Orange County Library System
Board of Trustees Meeting
Thursday, March 8, 2007**

Information

**Orange County Library System
Board of Trustees Meeting
Thursday, March 8, 2007**

Director's Report

Director's Report March 2007

- OCLS is excited about upcoming visit from the Public Library Consultant at the State Library of New South Wales in Sydney in June. She has a travel grant and is especially interested in OCLS's use of the wireless communication device, Vocera.
- We are also expecting visitors from Bruton Memorial Library in Plant City, Fl to see how we doing roving reference. The Librarian from Plant City had seen the OCLS presentation at the Public Library Association conference last year. .
- The Branches had a record-breaking January for book sales, bringing in a grand total of \$8,216.
- South Trail Manager Lisa Stewart appeared on Palmetto Elementary School's "morning news" to promote the library tutoring, FCAT explorer, programs, computers, DVDs etc. Several students from the school have mentioned seeing the piece and have commented favorably on it.
- Washington Park has a great new look. The children's area is now a brilliant shade of red and the other colors of the Branch include three beautiful shades of blue. The new appearance of Washington Park has dazzled the patrons and they often make positive comments about the new look. Along with some fresh paint Washington Park got two laptop chairs which have proven popular. Patrons happily plop their laptops on their convenient wooden trays. Strawberry Shortcake was the theme of the Valentine's Day program and more than 80 children and adults attended.
- Representatives of the Library met with WFME producer regarding a documentary about Orlando's history called "Tombstone Tales." The documentary is slated for release in the summer or fall of 2008. We would like to be the venue for a premiere reception, at no cost to the library. We would like to help marketing the program as well as build some of our own programming around it.
- OCLS has inaugurated a new text messaging service called "XPLOR". You can send your questions to OCLS through SMS text messages. Text message your question to **97567** ('XPLOR' on most devices) and we'll text message back results. You can also get a quick answer by texting one of our special keywords to use one of our instant services. For instance if you text us your zip code we'll send you the address of your nearest OCLS Library!
- Another new service is the option to SHOP OCLS and own your favorites! Thanks to a pilot program with a major supplier of books, music, DVDs and games, you may now purchase materials. Of course as always, patrons who prefer to borrow the materials may request the item be reserved for them.
- More than 500 essays were received for the *What Art Means to Me* essay contest. Entries were divided up and reviewed by various members of Team ComRel and then the team met to collectively review top choices. The winning teacher was notified and her class will have a photo exhibit at the *Art After Hours* on March 23.
- Efforts are well underway for the upcoming public awareness campaign. To date, Mayor Richard T. Crotty, Mayor Buddy Dyer, UCF President John Hitt, OPD Deputy Chief Val Demings, the Orlando Magic's Dwight Howard, Radio Personalities MIX 105.1 Scott and Erica, Golf Legend Arnold Palmer, Disney Character Belle, HGTV Designer David Bromstad, Orange County Teacher of the Year Rick Ellenburg, HBA President Carmen Dominguez and a Gatorland Handler are participating and will be featured on billboards.
- The Public Service Commission from Tallahassee was at the Main Library and at Alafaya Branch on Monday, February 5 to promote and publicize their services in conjunction with National Consumer Protection Week.

●During the month of February, the library offered free health screening to all staff. There were 192 employees who took advantage of this opportunity to learn their readings on glucose levels, blood pressure, cholesterol and triglycerides. We are encouraging employees to become more aware of their health through health coaching, participation in our 2007 health challenge and by taking a pledge to engage in good health practices.

●A write-up on the Library System's Webinars including great quotes from Assistant Director Debbie Moss published in the February 5 issue of *LJ Hotline*.

●Director Hodel was featured in the "What They're Reading" profile in the February issue of *Orlando Magazine*

●Director Hodel participated in a system-wide, all-librarian meeting on Friday, January 26. The next all-librarian meeting is scheduled for Tuesday, March 6 and agenda items are being solicited for discussion.

●Director Hodel participated in a half-day retreat with the Friends of the Library Board on Saturday, Feb 17.

●**Fundraising Donation totals:**

MAYL	\$23,869.50
SRP	\$2,125.00
HOLIDAY	\$3,747.71
GENERAL	\$390.00

Recent Programs

●Almost 700 (approximately 685) people attended last weekend's ArtsFest program.

●Eight people attended *The Back-to-Nature Animal Refuge program* – complete with animals – at the West Oaks Branch on Saturday, February 3.

●Saturday's *Step Off @ the Library* attracted 625 people and added a lot of energy to Library Central.

●Promotional materials have been sent to all middle and high school history and social studies teachers and high school media specialists in the Orange County Public School System for our March 3 program: "Women in Early America: Struggle, Survival and Freedom" by Rollins College Professor Dorothy Mays.

●Ten people attended the "Big Read" book discussion at Washington Park on Tuesday, February 27. Based on the interest expressed by several in attendance, a monthly Biography Book Club is being planned for that branch beginning in May.

●The Bestsellers Book Club met at Main on Tuesday, February 27. Nine people participated in a lively and enlightened discussion of *The Thirteenth Tale* by Diane Setterfield.

Upcoming Programs

In April, OCLS will hold a Teen Poetry Contest. The winners will be awarded prizes and will be announced a special Teen Open Mike Night in Library Central on April 26.

The West Oaks Branch will host an Easter Egg Hunt on April 2 and several library branches have special programs planned for Earth Day.

Community Outreach

The Library participated in the Orange County Arts & Cultural Affairs Arts Job Fair, the Jewish Community Center's Family Fun Day, Downtown Orlando Art & Living Expo, and the Third Annual Kite Festival at Jay Blanchard Park. Upcoming community event participation includes the Dr. Seuss Birthday Celebration at the Orlando Science Center on Saturday, March 10 as well as the Central Florida Fair, the Hispanic Business & Consumer Expo, and the Health Kids Day at Blanchard Park YMCA (in April); Nathaniel's Hope – Make 'Em Smile Event (in June) and the Annual Caribbean Health Fair in September.

**Orange County Library System
Board of Trustees Meeting
Thursday, March 8, 2007**

**Public Comment:
Non-Agenda Items**