

**EBD #2.1
2017-2018**

**MINUTES
ALA Executive Board
2017 Fall Meeting**

**October 27-29, 2017
Chicago, IL
American Library Association**

Volume 33

AMERICAN LIBRARY ASSOCIATION
Executive Board Meeting MINUTES
2017 Fall Meeting
Chicago, IL

The ALA Executive Board met in the Carnegie Room of the ALA Headquarters building in Chicago, Illinois from October 27-29, 2017.

PRESENT: President, James G. Neal; President-elect, Loida Garcia-Febo; Treasurer, Susan Hildreth; Immediate Past President, Julie Todaro (via conference call); Interim Executive Director, Mary Ghikas; Director of Governance, JoAnne Kempf; Executive Board Secretariat, LaTasha Bryant; Executive Board members: Trevor Dawes, Karen Downing (via conference call), Julius Jefferson, Jr., Mike L. Marlin, Andrew K. Pace, Lessa Kanani'opua Pelayo-Lozada, Gina Persichini, and Patricia "Patty" M. Wong.

The agenda (2017-2018 EBD #9.0) is attached as Exhibit 1.

The Board met in Closed session Friday, October 27, 2017 from 8:30 – 5:00 pm with President Jim Neal presiding.

Session II

The Board convened in open session at 9:15 am on Saturday, October 28, 2017 with President Jim Neal presiding.

Agenda Approval

By consent, the Executive Board approved the agenda for the 2017 ALA Fall Executive Board Meeting (2017-2018 EBD #9.0, Exhibit 1). *Consent agenda*

Procedural/Consent Items

The Executive Board approved the following items:

By consent, accepted the following reports: President's Report, (EBD #7.0, Exhibit 2), President-Elect's Report (EBD #7.01, Exhibit 3), Interim Executive Director's Report (EBD #12.12, Exhibit 4), Development Office Report, (EBD #6.01, Exhibit 5), Nominating Committee for the 2018 ALA Election Report (EBD #10.0, Exhibit 6)
Consent

Equity Diversity and Inclusion – Strategic Direction (EBD #12.14, Exhibit 7) was recommended to be pulled off the agenda as a consent item. It was decided that Jody Gray, Director of the Office for Diversity Literacy and Outreach services would be invited to attend the next Board conference call (November 14, 2017) to discuss the report and answer any questions.

By consent, approved the 2017 ALA Executive Board Annual Meeting Minutes and the corresponding Vote Tally (EBD #2.0 and EBD #1.14, Exhibit 8 & 9). *Consent*

By consent, approved the Confirmation of Conference Call Votes, August 8, 2017 (EBD #1.01, Exhibit 10) and September 14, 2017 (EBD #1.02, Exhibit 11), *Consent*

Report out of Executive Session

Jim Neal reported that the Executive Board met on Thursday evening, October 26 and Friday morning October 27 to discuss the Executive Director search. The Chair of the search committee, Courtney Young, ALA Human Resource Director, Dan Hoppe, and a representative of the Isaacson Miller search firm reported on the process and outcome of the search. The Board endorsed changing the educational requirement for online debate to council and to proceed to an electronic vote. The Board endorsed asking the current committee and its chair to continue into the next round of the search. The Board endorsed continuing to work with the search firm Isaacson Miller, assuming finalization of contract language and is reviewing the job announcement and position profile before it is sent out for recruitment. The Board also discussed the following during closed session on Friday morning:

- Honorary membership applicants
- Appointment of the 2019 nominating committee
- The appointment of an ALA representative to the AAS section on information computing and technology.
- The senior endowment trustee appointment
- The appointments to the Center for the Future of Libraries advisory group
- Legal updates from the ALA Counsel
- Discussed a working relationship between ALA and EveryLibrary
- FY19 and FY20 budgets
- Washington office strategic plan

Budget Analysis and Review Committee (BARC) Report – EBD #3.0 and Finance and Audit Committee Report – EBD #4.06

Rhea Lawson, Chair of the Budget Analysis and Review Committee and Susan Hildreth, Treasurer, reported on the activities during the joint BARC and F&A meeting. Rhea Lawson, stated that in addition to the items included on the report (EBD 3.0), they also discussed the composition and purpose of each committee and the various steps involved with moving an action or resolution through the existing decision-making process. As a result of this discussion a small group was formed to identify and suggest best practices from an association perspective. In the future, this will be a combined report.

FY17 Unaudited Results Based on 3rd Close – EBD #4.02

Rhea Lawson also reviewed the FY17 unaudited results based on third close (EBD 4.02) and the results reflected that FY17 was a challenging year; total revenues were \$48.8 million compared to a budget of \$50.1 million. Revenues were primarily lower from the results of the general fund

\$27.7 million and long-term investments at -6.4%. It was noted that the long-term investments interest was calculated with capital gains which caused the negative return. She also noted the following:

- ALA expenses were \$51.1 million compared with a budget of \$51.9 million and net revenues were 2.4 million compared with a budget of \$1.9 million.
- The general fund revenues were \$27.7 million compared to a budget of \$29.6 million.
- The general fund expenses were \$29 million compared to the budget of \$29.5 million.
- Overall net revenues were \$1.3 million compared to a budget of \$1.4 million.

FY18 Final Budget Review – EBD #14.0

The FY18 budget projections were modified after learning new information such as the FY17 budget results, anticipated revenue and expenses, operational improvements and foundational investments throughout the association to improve long term financial health. The following adjustments were made:

- Publishing revenue was reduced by 911,000
- Membership dues were reduced by 118,000
- Grant revenue was increased by \$1.5 million
- Overhead from divisions were increased by \$99,309
- Overhead from grants were increased by \$202,804
- General fund expenses were decreased by \$325,741

Mark Leon, Chief Financial Officer, reviewed document number EBD #14.02/CBD #6.0 which was not on the agenda for today. He explained that the 2 percent increase in the budgetary ceiling was a result of the following:

- Publishing gross revenues were decreased by 7% based on the year end number for FY17.
- Projections for membership dues revenue were decreased by 2% based on FY17 results.
- Total grants were increased
- Medical expenses will not increase for FY18 and the assumed budget amount was a 7% increase
- General fund expenses were cut by 2-3%

On recommendation of the Finance and Audit Committee, the Executive Board

Voted to approve the final FY 2018 budget and budgetary ceiling of \$67,792,738 and its related actions, as presented in document EBD #14.0.

Controller's Report - EBD #4.05

Susan Hildreth, Treasurer, reported that the Association's net assets increased last year by \$10 million or 32.9% due to the decline in the post-retirement liability. Total assets were \$73.2 million. She also noted the following highlights from the report:

- Bank required liquidity ratio was a strong 10.8x more than required
- Deferred revenue was flat at \$13.5 million

- Loan payment of \$1.3 million made in August 2017 leaving a loan balance of \$3.2 million
- Net intangible asset declined by \$360,165 to \$1.1 million

Director of Financial Reporting and Compliance – EBD #4.03

Susan Hildreth, Treasurer reviewed the document #4.03 which was distributed prior to the meeting. She highlighted two key areas:

- *Impairment Testing* – Because goodwill is carried on the books for the Neal Schuman operation impairment testing is required every year. As a result of internal transitional and strategic meetings between the Executive Director, Publishing and the Finance Department, an updated business plan was provided to Plante Moran, ALA’s valuation expert. Note that this business plan for the first time included the combined business units of ALA Editions and ALA Neal Schuman and the expected future cash flows. The preliminary findings, which will be finalized November 6, 2017, illustrate an impairment (loss) of approximately \$842,000. Note that this does not represent a cash outlay and is a below the operating line expense.
- *Actuarial Analysis* – ALA’s actuary and auditors met in August to discuss the assumptions to be used in the calculation of the post-retirement benefit obligation. The result was a discount rate 4.5%, which is a reduction from 5.0% last year. The change resulted in an increase of \$500,000 expenses for the Association. In addition to the discussion on the discount rate it was noted that there was a significant change in the post-retirement benefit obligation, which declined by \$10.4 million to \$11.9 million. The change is a result of the decision to split the pool of covered/insured employees into two groups – retired and current. The amount was also impacted by a reduction of \$260,000 related to a decrease in expected longevity in the mortality table.

On recommendation of the Finance and Audit Committee, the Executive Board

Voted to approve the 403B audit as issued by Mueller and company as presented in document EBD #4.03.

Endowment Trustees Report - EBD #13.0

Susan Hildreth, Treasurer presented the Endowment Trustees report in Rod Hersberger’s absence. She noted the following:

- The endowment achieved an 11.4 percent increase in value.
- The equity portion of the portfolio was reduced from 68 to 63 percent and the 5 percent was allocated to fixed income.
- The 5 percent will be managed by Calvert investments in their short-term duration ESG fixed income fund.
- ESG stands for Environmental Social Governance and it is considered socially responsible investing.

Approval of Programmatic Priorities for FY2019 – EBD #12.04

Mary Ghikas stated that the programmatic priorities have not changed substantially in the last 10 years.

The Executive Board

Voted to approve the programmatic priorities for FY2019.

Dues Recommendation – EBD #4.04

Cathleen Bourdon, Associate Executive Director, Advocacy and Member Relations, Arthur F. Miller, Chair of the Membership Committee, and Ron Jankowski, Director of Membership, presented the Board with a recommendation to increase the membership dues by the CPI plus \$5. The \$5 increase plus CPI will increase revenue by \$80,000 and will be used to support the Equity, Diversity and Inclusion initiatives for professional development. There was some discussion about how the dues increase will be presented to Council and what information will be provided to support the need for an increase.

The Executive Board

Vote to approve the proposal to adjust personal membership dues and directs membership committee to forward the recommendation to ALA Council for their consideration during the 2018 Midwinter Meeting.

ALA Publishing Strategic Plan – EBD #12.01

Mary MacKay, Associate Executive Director of Publishing, highlighted various strategies within ALA departments and divisions and externally to increase revenue and reduce expenses. She noted the following:

- Publishing is exploring publishable content available throughout departments and divisions.
- They are co-marketing with divisions such as ACRL.
- Currently looking at activities within the production department for publishing opportunities.
- Forming external partnerships and collaborations to increase resources and develop products to bring to market.
- Streamlining some of the operations

She announced that the new store will launch in December and there has been a 39.5% increase in the number of titles in the pipeline. She also mentioned textbook opportunities and reaching out to more textbook providers such as ALISE. The Board held a brief question and answer session on various ways to implement changes to increase revenue and thanked Mary Mackay for such a thorough and informative review.

Washington Office Update – EBD #12.05

Kathi Kromer, Executive Director, Washington Office, highlighted a few things from the report on strategic directions. They were as follows:

- There are less than 20 legislative days left to come to a resolution regarding appropriations and the funding of IMLS.

- The Washington office is currently working with Senator Reid's office on the reauthorization of MSLA; they are also working with COSLA.
- The definition of literacy has been expanded to include adult digital and financial literacy as appropriate uses for LSTA grants.
- Phase 3 of the Libraries Ready to Code program was launched a week ago.
- The National Public ALA Policy Corps program was also launched and is accepting applications for one more week.
- The Committee on Legislation will be meeting at the Washington office November 6-7th for an annual retreat.

She also stated that although it was not included in the report, Senator Heinrich's office is going to draft a bill regarding tribal broadband which will use funds from e-rate to help people in tribal areas to gain access to broadband. FCC is looking to reduce funding for e-rate or perhaps get rid of the program.

Free Speech and Social Justice – EBD #12.06

James LaRue, Director, Office for Intellectual Freedom, led a discussion on issues related to free speech and social justice values. First, he gave examples of scenarios in which free speech and social justice have been impacted. The examples involved banned books and disinvited speakers within academic libraries. He divided the Board up into groups for a brainstorming session and after the sessions the Board discussed what they would do if they had to deal with these issues in their libraries.

ALA Library Disaster Relief Fund – EBD #12.13

Michael Dowling, Director, ALA Chapter Relations and International Relations Offices, Pat Smith, Executive Director of the Texas Library Association, and Sheila O'Donnell, ALA Development Director, held an extensive discussion with the board regarding the development a disaster relief fund to assist libraries in states where natural disasters have or may occur. They also discussed possible overhead costs and when to start accepting donations, matching donations, fundraising, how to determine eligibility for funds and the logistics around how donations will be received and distributed.

The Executive Board

Voted to approve the development of an ALA Library Disaster Fund to channel support from Association members as well as publishers and others serving the library community EBD #12.13.

ALA Strategy: Statements, Social Media & Public Awareness – EBD #12.07

Jeff Julian, Director of the Public Awareness Office, began by discussing issues related to social media. He thanked Tina Coleman and Jan Carmichael for being co-coordinators with the staff volunteer social media team. He stated that the department will be adding social media training as part of the leadership orientation process, especially for the incoming President and President-elect. He stressed the importance of being careful and monitoring your channels when posting or emailing via social media; messages can be screen capped and shared on other websites. There

was also a brief discussion on the guidelines for political speech as a member of the Board. The next issue discussed was the issuance of statements by the Association. Jeff Julian detailed the process of issuing statements including follow-up such as responding to comments in reaction to those statements. There was a brief discussion about determining when it is appropriate to issue a statement, how to choose which issues to issue a statement for, and what channel to use. The Board narrowed it down to five key areas for consideration as follows: direct funding, priority policy, core values, social justice, and support for members in events such as hurricanes, shootings etc.

Statement of ALA Participation and Values – EBD #12.08

Mary Ghikas, Interim Executive Director, and Jeff Julian, Director of the Public Awareness Office, distributed the statement prior to the Board meeting regarding the ALA's position on hosting conferences in locations that do not align with its core values. The Board was asked to approve the statement. There was a brief discussion about where to post the statement so that membership and or divisions can have access.

The Executive Board

Voted to approve the statement issues on document EBD #12.08.

Executive Board Liaison Program – EBD #12.09

President Jim Neal asked the Board to review and consider changes to the Board liaison program, to accommodate changing demands, such as interest in meeting with external organizations. The Board discussed the pros and cons of the liaison visits and determined that no change was necessary at this time.

Board Effectiveness

Patty Wong, Board member, reported on Board effectiveness for the first meeting. She noted that the meeting ran smoothly except for a few issues which were acknowledged by the staff and will be improved at future meetings.

Session Three

The Board convened in open session at 8:30 am on Sunday, October 29, 2017 in the Carnegie room at the ALA Headquarters with President Jim Neal presiding.

PRESENT: President Jim Neal; President-elect Loida Garcia-Febo; Treasurer Susan Hildreth; Immediate Past President Julie Todaro; Interim Executive Director Mary Ghikas; Director of Governance JoAnne Kempf; Executive Board Secretariat LaTasha Bryant; Executive Board members: Trevor Dawes, Karen Downing (via conference), Julius Jefferson, Jr., Mike L. Marlin, Andrew K. Pace, Lessa Kanani'opua Pelayo-Lozada, Gina Persichini, and Patricia "Patty" M. Wong.

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ALA Governance & Organization Discussion – EBD #12.15

President Jim Neal and Interim Executive Director Mary Ghikas led a discussion on strategies for engaging members and staff in a discussion of ALA governance and organization. The following suggestions were made during the discussion:

- Hire an organizational consultant
- Rewrite or review the constitution and bylaws of the organization
- Examine the scope of the organization

The board decided to put together a small working group consisting of Board members Lessa Kanani'opua Pelayo-Lozada, Patty Wong and Andrew Pace to develop a thought piece and high-level plan of action to present to Council for discussion at the 2018 Midwinter Meeting.

Looking at the Future: Data & Anticipatory Intelligence – EBD #12.10

Miguel Figueroa, Director, Center for the Future of Libraries, led the discussion on feelings about big data and anticipatory intelligence within the library association setting. The first concern was privacy and whether privacy settings could be controlled. There were also questions about how the information could be used to benefit the association or libraries, how it can be captured for citizens in rural areas who have limited or no access to the internet and how it can impact the member experience. The strategy suggested was to organize a big data summit to discuss ways big data can benefit libraries.

Conflict of Interest and Business Conflicts – EBD #12.11

Susan Hildreth, Julius Jefferson and Lessa Kanani-opua Pelayo-Lozada discussed issues related to potential conflicts between ALA and personal or professional interest while serving on the Board. The group put together a document for review prior to the meeting. The Board discussed various ways in which their position on the Board and opportunities to work outside of the organization might be at conflict. The working group will revise the document considering the concerns raised during the meeting and will present it again for review and approval at the Midwinter meeting in Denver.