

**MHLS Directors Association
Meeting of Thursday October 6, 2016**

AGENDA ATTACHMENT

Action Item #2: Member Capital Fund Policy

- **Background:** The Members Capital Fund Policy states the terms and conditions for the collection, administration, and expenditure of the members capital funds. The current Members Capital Fund Policy was approved by the DA on 10/6/15, and by the MHLS Board of Trustees on 10/16/15.
- **Issue:** The language of the policy was reviewed by MHLS and the System Services Advisory Committee and edits have been made for clarity.
- **Recommendation:** The SSAC recommends adopting this new revision of the Member Capital Fund Policy. (attached)
- **Status:** Discussed at the 9/22/16 SSAC meeting; Action Item at 10/6/16 DA meeting.

Action Item #3: MHLS Automation Agreement with Member Libraries

- **Background:** The MHLS Automation Agreement with Member Libraries outlines the agreement for the provision of automated library services delivered through library automation software and related electronic library services selected by MHLS member libraries and MHLS, and provided by MHLS.
- **Issue:** The language of the current agreement is outdated. It has been reviewed by MHLS and the System Services Advisory Committee and edited for clarity.
- **Recommendations:** The SSAC recommends adopting this new revision of the MHLS Automation Agreement with Member Libraries. (attached)
- **Status:** Discussed at the 7/12/16 SSAC meeting; Discussed at the 9/7/16 DA meeting; Discussed at the 9/22/16 SSAC meeting; Action Item at 10/6/16 DA meeting.

Proposed Revision Highlighted in YELLOW

Members Capital Development Fund Policy

The Directors Association and the MHLS Board establish a **Members Capital Development** Fund to purchase new licenses and modules, and to fund the migration of the Integrated Library Platform.

The Directors Association and MHLS recognize that income to the **Members Capital Development** Fund must be annually accrued in order to cover the costs of licenses, modules, and migration.

Income

Income to the **Members Capital Development** Fund is through an annual member assessment of \$300 per license for the first two licenses. This charge is reported in the annual Members Assessment Table and approved annually by the Directors Association.

The **Members Capital Development** Fund will be divided into three categories with the following minimum target balance for each category.

Licenses¹ - \$15,000

Modules/Enhancements² - \$50,000

Migration³ - \$300,000

~~On an annual basis and within 30 days after a final MHLS annual audit reported is accepted by the MHLS Board, MHLS will report the audited balance of the Capital Development Fund to the System Services Advisory Committee. The status of the Members Capital Fund will be calculated monthly by MHLS and reported in MHLS Monthly Financial Reports as posted on the MHLS Board homepage. MHLS will include the Members Capital Fund in the MHLS annual audit. The annual MHLS audit, as approved by the MHLS Board, will be posted on the MHLS Board homepage. The Directors Association, based upon a recommendation of the System Services Advisory Committee, will allocate the annual income revenues among the 3 categories, by voting as authorized in the Bylaws of the Directors Association.~~

Any additional member assessment in support of the **Members Capital Development** Fund requires a two-thirds vote of the Directors Association.

Uses

The preferred use of the **Members Capital Development** Fund is for onetime expenses and not ongoing maintenance.

This fund is not intended to be used for new hardware purchases unless tied to a specific purchase related to eligible funding categories.

Authorization of Fund Expenditures

All expenditures from the **Members Capital Development** Fund require a majority vote of the Directors Associations and the MHLS Board.

¹ An Integrated Library Platform requires licenses, which are purchased in blocks. If a member library needs a new license, this fund will be used to purchase a block of licenses.

² Integrated Library Platform modules/enhancements offer functionality and improved services. Examples include acquisitions, serials, discovery search tools, and mobile apps.

³ Based on the rapid change in technology and the vendor marketplace, it is inevitable that member libraries will migrate to an Integrated Library Platform that more efficiently serve their needs. According to library literature, libraries migrate to new integrated library platforms every five to ten years.

Endorsed by the System Services Advisory Committee - March 23, 2015
Approved by the Directors Association – April 8, 2015
Approved by the MHLS Board of Trustees – May 6, 2015
Revision Endorsed by the System Services Advisory Committee – September 2, 2015
Revision Approved by the Directors Association – October 6, 2015
Revision Approved by the MHLS Board of Trustees – October 16, 2015

AGREEMENT FOR AUTOMATED LIBRARY SERVICES

Proposed Revision 1 Highlighted in YELLOW

Proposed Revision 2 Highlighted in GREEN

_____(PARTICIPANT) enters into an agreement for the provision of automated library services delivered through ~~Innovative Interfaces Inc.'s~~ library automation software and related electronic library services selected by MHLS member libraries and MHLS, and provided by ~~through the Mid-Hudson Library System~~ MHLS.

- I. MHLS OBLIGATIONS:** MHLS ~~will maintain Central Site operations and connectivity to the Internet. In addition, MID-HUDSON~~ agrees to:
- A. Assume the primary financial and contractual responsibility for the operation of an Integrated Library System (ILS) and related electronic library services ~~of the Central Site.~~
 - B. Establish and maintain equipment inventory, financial records and other supporting evidence in keeping with New York State auditing practices.
 - C. Invoice PARTICIPANT based on the annual member assessment adopted by the Directors Association ~~on a quarterly basis as set in Schedule A.~~
 - ~~D. Obtain and maintain proper and sufficient insurance coverage on Central Site hardware and software.~~
 - ~~E. Arrange and administer maintenance for Central Site hardware and software.~~
 - D. Research and be prepared to purchase supplies, equipment and services at the request of PARTICIPANTS desiring such service and where joint purchase by PARTICIPANTS results in savings or efficiency.
 - E. House needed spare equipment, including any equipment purchased collectively by the PARTICIPANTS.
 - F. Provide training and consultation to PARTICIPANT on the operation of PARTICIPANT Site.
 - G. Enter ~~MARC~~ cataloging records to the System Database for new acquisitions on behalf of the ~~MID-HUDSON~~ MHLS member libraries.
 - H. ~~MID-HUDSON will assist members libraries in complying with~~ ~~insure all Central Site duties are carried out~~ the MHLS Resource Sharing Standards, as approved by the Directors Association. ~~MID-HUDSON will coordinate the implementation of the Procedures for Resource Sharing Standards Violation, as approved by the Directors Association.~~
 - I. Any automated library services provided will be in compliance with accepted library standards.

II. PARTICIPANT OBLIGATIONS

- A. PARTICIPANT assumes the financial responsibility for its portion of ~~its automated library services in accordance with~~ the annual member assessment adopted by the Directors Association ~~including Members Capital Fee. a fee for service schedule, which is subject to change and negotiation as detailed in Schedule A.~~
- B. PARTICIPANT is responsible for the computer hardware at PARTICIPANT Site and network services for connecting to the ILS and related electronic library services ~~also any telecommunications to reach the Central Site.~~
- C. PARTICIPANT agrees to pay for any contractual obligations, e.g., additional user licenses, ~~with the Library Automation Vendor~~ that PARTICIPANT chooses to add on its own beyond ~~MID-HUDSON~~ MHLS's obligations ~~as agreed to in Schedule A.~~
- D. PARTICIPANT will enter or supply data for entry into the ILS ~~System~~ database of patron and bibliographic information. PARTICIPANT agrees to enter data only by properly trained personnel. ~~MID-HUDSON~~ MHLS reserves the right to correct, add, modify or delete bibliographic records and holdings information in keeping with professional standards and established procedures. PARTICIPANT warrants that the ILS ~~System~~ database is intended to hold all of the PARTICIPANT's library materials and registered borrowers. PARTICIPANT will keep patron and item records current and edit and delete holding as necessary.
- E. The Directors Association, in consultation with MHLS staff, shall be responsible for establishing and updating operating rules and procedures for automated circulation and other related electronic library services.
- F. PARTICIPANT will respond to MHLS requests for information via Action Memos.

III. SCHEDULES: This document includes an appendix of Schedules, which cover specific payment schedules or variables that are not readily fixed herein.

III. TERMINATION: This Agreement is ongoing. It shall be effective from the date of signing by both parties and continues until terminated by one of the parties. Conditions for termination between MHLS and the PARTICIPANT are as follows:

- A. Termination by MHLS: MHLS may terminate this agreement upon sixty (60) days written notice to PARTICIPANT if:
 - 1. PARTICIPANT is more than two member assessment payments ~~quarters~~ in arrears on outstanding obligations owed MHLS;
 - 2. PARTICIPANT breaches any material operating procedures or rules for participation and has failed to correct this situation after review and recommendation by Directors Association.
 - 3. PARTICIPANT ceases to function as a chartered organization; or

4. PARTICIPANT has a receiver or similar officer appointed for it and not dismissed within ninety (90) calendar days.

B. Termination by PARTICIPANT: This Agreement may be terminated by PARTICIPANT by providing written notice to MHLS (6) six months prior to the anniversary date of MHLS signing of the ILS contract. Such termination shall not relieve PARTICIPANT from the obligation to complete payment of all outstanding obligations to MHLS.

C. Change of Vendors: This agreement is terminated if the ILS vendor selected by MHLS member libraries and MHLS Innovative Interfaces Inc. is no longer providing library automation software.

D. If MHLS ceases to exist, property of the system will be distributed as spelled out in any dissolution agreement.

IV. TITLE TO SYSTEM DATABASE: The ILS bibliographic and patron database is understood to be the collective property of all MHLS members and affiliates. PARTICIPANT shall have the right to acquire a machine-readable copy of its own holdings in the database, including its title, item, current transactions and patron records, at its own expense. Requests for machine-readable copies of parts of the database other than PARTICIPANT'S own holdings must be made in writing including the intent of the use to MHLS and any affected participant for their approval.

V. GRIEVANCE: Any grievance with the administration of the ILS automated system should be forwarded to the MHLS Executive Director and the Chair of the Directors Association and will be addressed at the Directors Association meeting. Participants shall attempt to negotiate problems or disputes arising from the operations of the ILS Automated Services, but in the event a resolution cannot be so achieved, the problems or disputes shall be arbitrated by the American Arbitration Association in accordance with its rules. The determination of the arbitrator shall be final and binding upon all parties.

VI. INDEMNIFICATION WAIVERS:

A. Liability: PARTICIPANT agrees that in the absence of gross negligence on the part of MHLS, MHLS shall not be liable for failures, delays, inconveniences or otherwise relating to the operation of the ILS Automated library services, or for errors in or incompleteness of data, reports, listings or otherwise provided by MHLS, or for its failure to perform any of the obligations of MHLS as provided in this Agreement. In the event that MHLS is unsuccessfully sued by a PARTICIPANT upon the conditions above described, the PARTICIPANT(s) involved shall hold MHLS harmless and indemnify it for its reasonable attorneys' fees in defending itself in the litigation.

VII. APPLICABLE LAW: The laws of the State of New York apply to the performance and interpretation of this Agreement. This agreement supersedes all previous agreements related to automated circulation.

VIII. RENEWING AGREEMENT & EFFECTIVE DATE: By signing this document a PARTICIPANT LIBRARY is renewing their agreement for automated library services provided through the MHLS. This

Agreement supersedes and replaces any previous version of this Agreement. This Agreement is in effect as of January 1, 2017, and remains in effect unless terminated by either party or superseded by a subsequent agreement. Any PARTICIPANT LIBRARY failing to sign this document by April 30, 2017, forfeits its automated library services provided through the Mid-Hudson Library System.

IX. REVIEW OF AGREEMENT: This Agreement will be reviewed triennially, or sooner if conditions warrant, by the Directors Association’s System Services Advisory Committee (SSAC). The SSAC will report triennially, or sooner if conditions warrant, to the Directors Association on the SSAC review of the Agreement. Any recommended changes by the Directors Association to the Agreement will be forwarded by the Directors Association to MHLS Executive Director for consideration of and approval by the MHLS Board.

X. SIGNATORS: The undersigned hereby agree as stipulated above:

Board President, PARTICIPANT LIBRARY DATE

Library Director, PARTICIPANT LIBRARY DATE

Board President, MHLS DATE

Executive Director, MHLS DATE

Interpretive Schedules

Schedule A

OPERATIONS CHARGE:

MEMBER PAYMENTS

a. Annual Maintenance Fees:

i. MHLS staff will calculate the individual charges for each PARTICIPANT.

1. Circulation Option: The computation is based on the previous year's annual report. For those libraries already online during the whole of that year, the baseline is the automated circulation figure at the rate of \$.03/circulation.

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2. Chartered Population Option: The computation is based on the total chartered population as indicated in the previous year's annual report @ the rate of \$.13/individual.

ii. Simultaneous Users: Each library receives two simultaneous user licenses as part of this agreement. For each license the library requires beyond two, the library will pay \$200/year.

Increases to annual charges are spelled out in the contract with Innovative Interfaces as follows: Maintenance charges can be increased 3-5% or CPI in year four (2005), six (2008) and eight (2011). Other increases to the annual maintenance charges can occur if:

a new module is purchased

a change is agreed to by the Directors Association Payment

Schedule

Mid-Hudson will send the bills as part of an annual cycle beginning on or about April 30, July 31, and October 31 of the year with the final set sent on January 31 of the following year. Bills are due on receipt by the Participant. Participants need to inform Mid-Hudson Library System of the option they are choosing for that year by January 31 of the year.

Schedule B

DEVELOPMENT FUND CHARGE

A Development fund charge will be established with a one-year lead-time, if recommended by the Directors Association and approved by the Mid-Hudson Library System Board