

## Proposed changes highlighted in **YELLOW** - Revised

### Capital Development Fund **Charge Policy**

The Directors Association and the MHLS Board establish a 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 Capital Development Funds must be annually accrued in order to cover the costs of licenses, modules, and migration.

#### **Income**

Income to the 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 annual by the Directors Association.

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

Licenses<sup>1</sup> - \$15,000  
Modules/Enhancements<sup>2</sup> - \$50,000  
Migration<sup>3</sup> - \$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 Directors Association, based upon a recommendation of the System Services Advisory Committee, will allocate the annual income among the 3 categories, by majority vote voting as authorized in the Bylaws of the Directors Association.

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

#### **Uses**

The preferred use of the 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 Capital Development Fund require a majority vote of the Directors Associations and the MHLS Board.

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

---

<sup>1</sup> 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.

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

<sup>3</sup> 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.