

# **TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON**

## **Special Meeting of the Trustees as a Corporation and Administrative Agency**

Tuesday, April 3, 2017, 9:30 a.m.  
Orientation Room, Central Library  
Boston Public Library, 700 Boylston Street, Boston, MA 02116

### **MINUTES**

A Special Meeting of the Trustees of the Public Library of the City of Boston as a Corporation and Administrative Agency was held in the Orientation Room, Central Library, Copley Square, 700 Boylston Street, Boston, MA on Tuesday, April 3, 2017 at 9:30 a.m.

Present at the meeting were: Chair Robert Gallery, Vice Chair Evelyn Arana-Ortiz, Trustees: Cheryl Cronin, John Hailer, Paul LaCamera, and Rep. Byron Rushing, and David Leonard, President.

Also present: Chief Financial Officer Ellen Dougherty, Assistant Corporation Counsel Caroline Driscoll, Clerk of the Board Pamela Carver, Boston Public Library staff, and members of the public.

Chair Robert Gallery called the meeting to order at 9:30 a.m. and addressed the order of business. Mr. Gallery thanked all Trustees for their flexibility in attending the meeting today.

Mr. Gallery noted that the Trustees had not been together for a while due to the snow storms but discussed that he sent a note to them regarding Trustee Fulp. He wanted to acknowledge her for her long standing service to the Board of Trustees. Through several conversations he had with her, she explained that due to the complexity of her schedule with the Partnership and other commitments, she admitted it was going to be difficult for her to commit to attend the Board meetings for the Boston Public Library (“BPL”). She felt it was going to remain complicated and decided to resign as a Trustee but committed to remain engaged and support the Library in a number of ways moving forward. The Chair reaffirmed the importance for each of them to commit to attend the majority of meetings. He thanked her for her public service to the BPL. He stated they will try to fill her spot as soon as possible.

Mr. Gallery then moved onto the first item on the agenda and turned the meeting over to Ms. Evelyn Arana-Ortiz. Ms. Arana-Ortiz thanked the Chair for calling the Special Meeting to allow them to vote on time sensitive issues. She stated that the Finance and Audit Committee had reviewed the following items being presented today. She explained the first two items are regarding trust funds, monies being given to the BPL. The first item is a transfer from Henry and Irene Roman for two million dollars and zero cents (\$2,000,000) for the support of Collections of Italian significance and Italian cultural programming for the library. She explained that the Finance and Audit Committee discussed the language to ensure that it was not so restrictive that the BPL wouldn't be able to spend the funds. She went on to say this was discussed with the legal representatives from both parties to ensure the fund restrictions are written to be flexible

enough to be able to be used appropriately and effectively by the library. The Finance and Audit Committee is comfortable with how the language is drafted but asked that the vote language be amended to reflect the monetary amount.

The second trust fund is for Alice (Davis) Schiesske, for the amount of seventy thousand dollars and zero cents (\$70,000) for access and innovation in support of the BPL's strategic plan. She asked that the vote language be amended to reflect the monetary amount.

David Leonard stated that the BPL is thrilled to receive these funds to support not only the ongoing conservation and preservation work, but that both funds as regards their focus can be used for access including through technological means as well. It is a nice pairing to have them come in at the same time and we are thrilled to have this Italian focus to deal with greater accessibility for certain prints and manuscripts.

Ms. Arana-Ortiz called for a motion and, upon motion made and duly seconded,

**VOTED: “that, the Trustees of the Public Library of the City of Boston vote to establish the “Henry A.E. Roman, M.D. and Irene L. Roman Trust” in the amount of Two Million (\$2,000,000) Dollars for the purpose of enhancing and expanding the Library’s Italian holdings and to expand upon the Library’s Italian Cultural programming. Funds may be used for purposes outlined in the agreement between the Library and the Roman Estate’s attorney, to include: conservation treatment of the Library’s Italian print collection, digitization of relevant items in the Library’s collection such as Italian medieval manuscripts, acquisitions and public programming, such as lectures by staff and guest curators.**

**VOTED: that David Leonard, President of the Public Library for the City of Boston, or his designee, be and hereby is, authorized to accept a gift in the amount of \$70,000 (Seventy Thousand Dollars and No Cents) earmarked for the “Alice (Davis) Schiesske Fund” to be held in trust and administered by the Trustees for the establishment of an endowed fund in support of the Library’s “Access and Innovation” strategic plan. The income to be expended annually, but is not limited to, for providing access to and training in innovative technology, electronic resources, and digital information through its own holdings and its strategic position within the wider world of knowledge, the principal and income be invested and distributed, respectively in accordance with the Board’s Investment Policy Statement.**

Ms. Arana-Ortiz moved onto the next vote on the agenda. She explained it is to move monies between investment funds. There was a recommendation from NECP to move monies from The Boston Company to a new fund manager. We evaluated several companies and narrowed it down

to three companies that the Finance and Audit Committee then interviewed. We concluded to recommend Diamond Hill; to move the monies from The Boston Company to Diamond Hill. The reason we selected Diamond Hill is because we are more confident in their investment strategy and because they have proved themselves in the market and we had a higher level of confidence in them than we did in the others. Mr. Hailer added that the Library has a firm, New England Pension Consultants (“NEPC”) charged with this analysis. He stated that they looked at the performance of the Boston Company over a period of time and felt the BPL’s investments were not where they should be. Mr Hailer went on to say that the Finance and Audit Committee has gone through the research provided and agreed to move the money to a new manager that looks at a much longer term window and has a long term sustainable solid performance. Another thing the Committee liked about Diamond Hill was that they invest their own money in their own company. So they are wedded to this discipline and have been together a long time. They are from Ohio. The Committee felt very comfortable with their approach.

Cheryl Cronin stated that in her new position, she has become much more focused on Massachusetts organizations, and companies partnering with other Massachusetts companies and organizations. She wanted to know how many Massachusetts based companies were considered for this contract. Ms. Cronin wanted to make a point based on the State Treasurer’s office preferences, that especially when it comes to an organization that is supported by public funds, if we can provide business to quality Mass companies and thereby contribute in some way to the economic system that they are supporting employment here, why wouldn’t we take significant steps to consider such companies? She stated that there would be a compelling reason to demonstrate that a Massachusetts company can’t provide the services we need, but arguably, feels it is incumbent upon the Board of the BPL (which receives significant public funding) to consider partnerships that we can undertake for work that the BPL needs, which are going to contribute to employment and other things. She went on to question, “what is their record, are they a women owned business?” She remarked that this is a significant contract that the BPL is granting and there are a range of factors that should be considered.

Ms. Arana-Ortiz responded that they did not use a filter to look at Massachusetts based firms and that the Committee opted to go with high performers and recommendations from the consultants. She stated that the Committee did not indicate that we wanted to restrict our search to NEPC. Ms. Cronin stated that she does not mean to “restrict”, but rather if all else is equal would want the Board to use this opportunity, with this large of a contract award to enhance the Massachusetts economy.

John Hailer explained that because he is in this industry this approach is often a challenge. He stated they could add that filter in, and there are some great value managers here in Massachusetts. However, they likely didn’t screen very well or they would have been on NEPC’s list. Mr. Hailer explained that the issue of selecting a local firm based solely because they are local instead of going with the best performers is a problem, because we are custodians

of the assets. He posed the question if this is a legitimate filter, and wanted to have the legal department check, in this area of endowment, and foundation and investment, you are under a really strong microscope in how you pick a manager. He explained there is a balance, and he wanted to know legally what they can do for filters in regards to looking at Massachusetts or New England based investment managers moving forward. He stated that the diversity of the management structure, as a minority owned firm or another criteria could be looked at as well

Ms. Cronin stated that the State Treasurer's office, particularly, under Steve Grossman who has an enormous judiciary responsibility, has done a nice job over several years, in the face of that, coming up with criteria, a way to process these with some of the factors she mentioned.

Mr. Gallery asked how much money was involved in the BPL's investments. Ms. Arana-Ortiz answered about five million dollars. Mr. Hailer said it is a significant amount for an institution like the BPL, but for it would potentially knock out some potential managers who might view this amount of investment too small to take on.

Mr. Gallery asked if the Finance and Audit Committee reviews this information periodically. Ms. Arana-Ortiz explained they do and the performance of the current manager was the reason the BPL is divesting. She explained the Committee looks to maximize the BPL's investment more than anything.

Cheryl Cronin stated that she was going to vote against this motion. She wanted the record to reflect it is her concern about the process as she has described it and feels it is incumbent upon the Board moving forward to develop a process for these kinds of decisions and to really think about what the criteria should be, particularly because the BPL is a public institution.

John Hailer said he agreed and could talk to NEPC regarding having this filter moving forward. Mr. Hailer mentioned that The Boston Company is a local company owned by Mellon. Ms. Arana-Ortiz stated that she was fine with that as well and did not have a problem if the Board wanted to hold off on voting or proceed as scheduled.

Paul LaCamera said Cheryl Cronin had some really great points but felt the Board should move forward with the vote. Representative Byron Rushing agreed with Paul LaCamera but asked that the questions of criteria be raised at another board meeting, as it was not a simple topic. Mr. Hailer added that he thinks it an important topic and if we can do things with Massachusetts firms is a great goal and in complete agreement with it. However, Mr. Hailer said there is a fiduciary role of picking investment managers with long term track records.

Ms. Cronin commented that social value investing is hardly an unusual concept in this day and age. Feels the issue of best manager is different to each organization has different perspectives. Ms. Cronin explained she hopes the Board thinks more robustly about what criteria we are going to use when we turn over our funds or whenever the BPL engages in any kind of contract discussion.

Ms. Arana-Ortiz agreed with Mr. Hailer, that this matter is for a broader conversation, but not just a Finance and Audit conversation. Rep Rushing noted that three of the four members of the Finance and Audit Committee are at this meeting and have noted these concerns and will make reference to this conversation.

Chair Gallery thanked Cheryl Cronin for her thoughts and let her know they will take them under advisement moving forward. Next, Ms. Arana- Ortiz called for a motion and, upon motion made and duly seconded:

**VOTED: “that, the Trustees of the Public Library of the City of Boston award management of the Active Large Cap Domestic Equity portfolio in place of The Boston Company to Diamond Hill Capital Management, 325 John H. McConnell Blvd, Suite 200, Columbus, Ohio 43215.**

The Board voted five in favor and one opposed. Ms. Cronin noted she was not in support of this vote. Ms. Arana-Ortiz asked that an action item be put on a future agenda for a larger discussion of filters with the full Board of Trustees , all Trustees agreed.

Paul LaCamera asked if we knew any information on the Roman Family. Attorney Caroline Driscoll gave a brief background, stating that Irene Roman was an Italian teacher who loved the mission of the BPL and the MFA (and several other institutions that are benefitting from her estate). She went on to say there was some broad discussion on how funds would be used, and that there was flexibility in how funds would be used for the BPL mission but with an Italian focus. David Leonard noted that the original information was that it was specific for Etruscan materials, which would be a bit finer specialty within the Italian holdings. Representative Rushing asked if these large funds are ever publicized and Mr. Leonard explained that they will be sending out a press release to announce them.

The Chair said with no new business he moved onto Public Comment.

Mr. David Vieira, President of the Citywide Friends of the Library, spoke about his appreciation on being able to attend. He had a couple of things to focus on. He said he doesn't think Trustees have good idea of the open meeting law, and asked them to review it. He offered to submit an electronic copy to the Clerk and asked, with the Chair's permission, that the open meeting law be distributed to each of the Trustees as a handy reference.

Mr. Vieira went on to comment on Trustees' attendance. He stated he feels his attendance is better than some Trustees. He stated his comment is not meant as a criticism, that he understands everyone is busy, but rather because he feels there needs to be a mechanism by which you determine a certain number of absences is not helpful to you as a committee and us as an institution. He noted there there are five meetings scheduled a year that the Trustees know about in advance, and feels they should be expected to make every effort to attend for the two-three hours every couple of months. He also thanked Rep Rushing for mentioning at the

Governance and Development meeting that the Friends groups are an integral part of this Library. He commented that the Friends' annual book sale was during the sleet and rain. He expected a low turnout but much to his surprise the Sergeant Gallery was full of people. He noted that not one Trustee attended and asked that they attend once in a while to see what they do.

Bob Gallery thanked Mr. Vieira for his comments and for everything that the Friends do for the library and he appreciates his interest. Mr. Gallery went on to say that each of the trustees have looked at the open meeting law and have no problem reviewing the open meeting law again. He noted that despite not needing to respond to Public Comment that all of the Trustees care deeply about the BPL and try to attend as many meetings as humanly possible. As Chair of the Board, it is something he tries to encourage and thanked Mr. Vieira for his comments but thanked the Trustees who devote their time to the BPL. Mr. Gallery wished for a happy opening day for the Boston Red Sox.

With no further business, the meeting adjourned at 10:06 a.m.

Respectfully submitted,

Pamela R. Carver  
Clerk of the Board of Trustees