

TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON

Meeting of the Trustees Finance and Audit Committee
Tuesday, September 13, 2016 at 8:00 a.m.
Commonwealth Salon, Central Library
700 Boylston Street, Boston, MA

A meeting of the Boston Public Library Trustees Finance and Audit Committee was held on Tuesday, September 13, 2016, 8:00 a.m., Boston Public Library, Central Library, Commonwealth Salon, 700 Boylston Street.

Present at the meeting were Finance and Audit Committee Chair Evelyn Arana-Ortiz and Committee members Zamawa Arenas and Rep. Byron Rushing.

Also present were Boston Public Library staff including President David Leonard, Chief Financial Officer Ellen Donaghey, Head of Special Collections Beth Prindle, Supervisor of Accounting Sean Monahan, Business Manager Jane Sproul and Records Management Assistant Mary Bender. James Piotrowski of CliftonLarsonAllen was in attendance and Matthew S. Hunt of CliftonLarsonAllen participated by telephone.

Ms. Arana-Ortiz, Chair of the Trustees Finance and Audit Committee (“Committee”), called the meeting to order at 8:00 a.m. and addressed review and approval of minutes of the Tuesday, July 19, 2016 meeting. Upon a motion made and duly seconded, Minutes of Trustees Finance and Audit Committee meeting of July 19, 2016 were unanimously approved.

In a change from the agenda, the Report of Gifts, Grants, and Donations to the Boston Public Library Fiscal Year 2016 was the next item for discussion. Ms. Donaghey pointed out that this was an especially robust year for the Boston Public Library Foundation. She attributed a decrease in the year-to-year total to a decrease in grants from the State of Massachusetts.

James Piotrowski and Matthew Hunt of CliftonLarsonAllen presented a review of Boston Public Library Financial Statements for Fiscal Year.

Mr. Piotrowski said the auditing process went smoothly and thanked Boston Public Library staff for their timely and responsive attitude.

Mr. Piotrowski reported that it is CliftonLarsonAllen policy not to include the auditor's opinion in the draft financial statement. It is expected that the rating will be "Unmodified," the highest available.

In describing the Financial Highlights of the report, Mr. Piotrowski pointed to a decrease in the General Fund balance from the previous year. He later said this is mainly due to one-time repair, maintenance and security costs in FY16.

He then reported balances in each of the General Fund categories: Restricted Fund (programs and general trust holdings); Committed Fund (neighborhood outreach and transitional services); and Assigned Fund (state aid, enterprise funds – special events, carpeting project, and youth librarian positions.)

He also detailed revenues in the following categories: Intergovernmental Revenues; Special Events; Fees and Fines for Services; Gifts; and Investment Income.

Trustee Arenas asked if income from Special Events can be expected to rise this year. Ms. Donaghey said more events are already coming in as the Johnson building comes online.

General Fund expenses, as outlined by Mr. Piotrowski, included: Salaries and Benefits; Books and Related materials; Programs; Administrative; Contractual Services and Utilities; and Equipment, Furniture and Repairs and Maintenance.

Ms. Arana-Ortiz asked about an increased amount spent on purchase of books, and wondered if the increase meant more books or higher costs for materials per item. She also said that as a user she has seen the popularity of ebooks and would advocate that Library staff continue to invest in those heavily used items. Ms. Donaghey said she would get more information about the number of items purchased this year versus last year.

Mr. Piotrowski noted that this is the first year the Foundation was included in the report as a Major Fund and said that is because their contribution for FY16 constituted more than 10% of the Library's total revenues.

The Library's Investment Income for FY16 was \$845,322, a \$1.7 million decrease from FY15. The Library has seen some dramatic fluctuations in this number over a five-year period, Mr. Piotrowski pointed out.

In response to a question from Trustee Arenas, Ms. Donaghey explained that the final version of the financial statements would be ready for the full Board of Trustees to vote to approve at their September 20, 2016 meeting.

Ms. Arana-Ortiz noticed a note in the document about the Library's policy to in choose investments with at BBB level rating or better. As the Committee is currently looking at new potential managers for its funds, she said it is a good time to be reminded of this policy going forward.

With no further questions, Ms. Arana-Ortiz asked that the Committee vote to recommend the Trustees of the Boston Public Library approve the Draft Financial Statement. Upon a motion made and duly seconded, it was

VOTED: "that the Trustees Finance and Audit Committee recommend the Trustees of the Boston Public Library approve the Boston Public Library Draft Financial Statement for the Fiscal Year Ending June 30, 2016 for submission to the City of Boston, pending the addition of Mellon Report and information from the Boston Public Library Foundation."

Next, Ms. Donaghey explained to the Committee that due to a recent change in state law, the amount of spending for which municipal agencies are required to get three bids has been changed from \$35,000 to \$50,000. If the Trustees approve the change, beginning in November, library staff will send out bids and accept the lowest for procurements of between \$10,000 and \$50,000. Purchases of over \$50,000 will be sent out to bid and will require approval by the Board of Trustees. Upon a motion made and duly seconded, it was

VOTED: “that, the Trustees Finance and Audit Committee recommend the Trustees of the Public Library of the City of Boston vote to require Trustee approval only for those competitive and sealed bids which meet or exceed fifty thousand dollars (\$50,000).”

The Associates recently gave \$35,000 to the Library to fund the conservation of 75 Audubon prints. Ms. Donaghey said the Library sought bids from experts whom the Boston Public Library and other similar institutions use for such specialized projects, and is recommending Bryan Owen Conservation.

Upon a motion made and duly seconded, it was

VOTED: “that the Trustees Finance and Audit Committee recommend approval by the Trustees of the Public Library of the City of Boston that a contract for conservation work not to exceed \$35,000 be entered into with Bryan Owen Conservation.”

Ms. Donaghey spoke about awarding a contract for the painting of exterior wood at Honan-Allston Branch Library. She said there was an advertisement for bids, and after reference checks, the remaining candidate was Kaloutas Painting Co.

Upon a motion made and duly seconded, it was

VOTED: “that, there be entered into with Kaloutas Painting Co., 11 Railroad Avenue, Peabody, MA 01960, the sole eligible, responsive and responsible bidder in the public bidding, advertised under G.L.C. 30B a contract to Prep, Prime and Treat all Wood Surfaces and apply Cabot’s Australian Timber Oil or Equivalent Product as specified, at the Honan-Allston Branch Library of the Boston Public Library at a total cost not to exceed sixty six thousand, four hundred forty dollars and zero cents (\$66,440).”

Ms. Donaghey then presented two proposals that would have the Board of Trustees delegate certain approvals to the Committee.

The first would have library staff vet certain conservators to be put on a list of pre-approved, authorized vendors for projects of up to \$50,000.

Upon a motion made and duly seconded, it was

VOTED: “that the Trustees Finance and Audit Committee request the Trustees of the Public Library of the City of Boston, delegate the approval of an authorized list of conservation vendors, as recommended by the Chief of Collection Development, to the Trustees Finance and Audit Committee.”

The second vote would allow the committee to approve the awarding of \$80,000 once a consultant is selected to study potential Chinatown Library Services. President Leonard said a 2008 feasibility study looked at possible sites for a new library facility in the Chinatown neighborhood, but the project was stalled by an economic downturn. This consultant will be asked to focus more on needs and potential services that the residents of the neighborhood are requesting. Upon a motion made and duly seconded, it was

VOTED: “that the Trustees Finance and Audit Committee request the Trustees of the Public Library of the City of Boston, delegate the approval for a Library Services consultant for Chinatown Library Services.”

Ms. Donaghey advised the Trustees of a plan to break about \$5 million cash on hand into quarters to invest in 3-, 6-, 9- and 12- month Certificates of Deposit. The proposal from Library Supervisor of Accounting Sean Monahan would raise the library’s interest from \$22,000 to an estimated \$42,000 without increased risk.

With no New Business or Public Comment, the meeting adjourned at 9:00 a.m.

The Committee will next meet at 8 a.m. on Monday, October 24 to review potential new money managers.

Respectfully submitted,

Mary A. Bender
Records Management Assistant