

TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON

Meeting of the Trustees Finance and Audit Committee Tuesday, November 9, 2021, 8:30 a.m. Held via Zoom

DRAFT MINUTES

A meeting of the Boston Public Library Trustees Finance and Audit Committee was held virtually on Tuesday, November 9, 2021 via Zoom.

Present at the meeting included: Committee Chair Evelyn Arana-Ortiz and Committee members: Zamawa Arenas, Navjeet Ball, John Hailer (present without audio), Mike Rush, and President David Leonard. Jeff Hawkins was absent due to a conflict.

Also present were Boston Public Library staff including Chief Financial Officer Ellen Donaghey, Clerk of the Board Pamela Carver, and other BPL staff members along with members of the public.

Ms. Arana-Ortiz presiding, called the Meeting of the Trustees Finance and Audit Committee (“Committee”) to order at 8:31 a.m. The Chair read the welcoming reaffirmation statement of the Trustees. A roll call was taken and determined there was a quorum. Everyone was reminded that the meeting was being recorded and to sign up for Public Comment.

The first matter of business was approval of meeting minutes of September 21, 2021. With no comments or edits, the minutes were approved via a roll call vote.

David Leonard, President reviewed the contracts on behalf of Ellen Donaghey, Chief Financial Officer. The first was the Citymail contract for \$20,000 to provide a bulk mailing service. The BPL utilized bulk mailing during the last several months for marketing the branch reopening celebrations to community members within a one mile radius to the branch. The contract covers costs affiliated with fees and postage. He explained that in context we like to have Trustees’ approval as he anticipated the need for future bulk mailings for Roslindale and potentially a campaign next year regarding reopening and clarifying what services we will be providing. Mr. Leonard explained that there was not a requirement to do a Request for Proposal (“RFP”) for this vote. A motion was duly made, seconded, and,

VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston approve a contract not to exceed twenty thousand dollars and zero cents (\$20,000) to be entered into with Citymail, Inc., 77 Walnut St, Peabody MA to provide bulk mailing services.”

Mr. Leonard reviewed the contract the contract for \$30,000 with Brooks Custom Apparel for the costs associated with purchasing apparel for each BPL staff member in lieu of the annual Employee Appreciation Dinner. A motion was duly made, seconded, and,

VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston approve a contract not to exceed thirty thousand dollars and zero cents (\$30,000) to be entered into with Brooks Custom Apparel, 56 Leonard Street, Foxborough, MA to provide certain articles of clothing.”

Next, Michael Colford, Director of Library Services explained the final vote for a contract with Manager Tools for \$30,000 to provide management training to all supervisors and new managers. A motion was duly made, seconded, and

VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston approve a contract not to exceed thirty thousand dollars and zero cents (\$30,000) to be entered into with Manager Tools, LLC of 5765-F Burke Centre Parkway, #152, Burke VA 22015 to provide management training to library supervisors.”

The Committee asked a few questions regarding RFP bidding and State procurement rules. Ms. Arana-Ortiz suggested reviewing them in more depth at a future committee meeting.

Next, Mr. Sebastian Grzejka of NEPC reviewed a prepared report on the financial portfolio for the third quarter of 2021 (provided in the meeting materials). He explained it was a banner year thus far, despite not having final October numbers reflected and anticipated them to reflect a strong month. He noted the current asset allocation was reflecting strong returns with only minimal recommendations for rebalancing changes for 2022.

Mr. Grzejka noted that the Equity Markets of the US were highlighted, driven by the reopening of the economy during the pandemic as well as the impacts of inflation due to product and service demands and shortages, and noted significant increases in energy costs as well.

Mr. Grzejka explained that the Chinese market was cracking down on companies and their market economy as a whole, pivoting from a manufacturing economy to a more service-oriented economy. This was reflected in their performance and in our UBS emerging manager specifically.

As a result, from a strategic asset allocation perspective, NEPC still recommended a slight overweight equity base over fixed income investment approach overall. Currently, the portfolio was positioned this way. Within the equity markets, they feel the developed U.S. markets provided a better opportunity than a non-developed U.S (Europe and Japan). However, looking long term, China holds the second largest economy and will become a larger part of the global economy, so don't want to ignore it and should consider investments.

The Committee asked several questions and discussed the current markets. They noted that the rebalance recommendations were not a policy review or change, just attention to nine individual investments.

Mr. Grzejka continued with his report and reviewed the executive summary. The portfolio continued to perform extremely well over the last year. These returns are reflections of recent timely shifts in the portfolio, namely the strategy of the Asset Allocation. Also, the timing of adding the global equity component, specifically Impax Global Fund, which has increased 58% increase since inception. He noted the importance of rebalancing which allows taking funds from areas that are underperforming and placing them into areas of high performance. The assets balance was \$76 million.

Asset Allocation rebalance recommendations were to move \$2 million dollars from the U.S. equity markets to non-U.S. equity market and moving it to UBS and Impacts that have been underweight; bringing them to their target allocation both strategically and regionally (as outlined on page 15 of the report presented). With no further questions on the rebalancing recommendations, a motion was duly made, seconded and

VOTED: “that, the Finance and Audit Committee of the Public Library of the City of Boston vote to approve the rebalance recommendations within the Asset Allocation as reviewed by NEPC.”

Ms. Arana-Ortiz asked if there was any New Business. She noted that due to COVID, the committee decided to renew the auditor's contract for an additional year, but it would be due for rebid within the

next few months to award in the spring. Mr. Leonard added that was standard good business practice to rebid even if the Trustees decided to keep the same firm, but may be best to change managers in that case.

Ms. Arana-Ortiz asked for Public comment for which there was none. With no further discussion, the meeting was adjourned at 9:26 a.m.

Respectfully Submitted,

Pamela R. Carver, Clerk of the Board