

# TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON

**Meeting of the Trustees Finance and Audit Committee  
Tuesday, May 16, 2023 at 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, May 16, 2023 via Zoom at 8:30 a.m.

Members present at the meeting: Committee Chair Evelyn Arana Ortiz and Committee members: Navjeet Bal, John Hailer, Senator Mike Rush, and President David Leonard. Jeff Hawkins was absent.

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

Ms. Arana Ortiz presiding called the Meeting of the Trustees Finance and Audit Committee (“Committee”) to order at 8:33 a.m. The Committee Chair read the welcoming EDI statement and a roll call was taken and determined there was a quorum. Everyone was reminded that the meeting was being recorded and how to sign up for Public Comment.

The first matter of business was approval of the March 14, 2023 meeting minutes. With no comments or edits the meeting minutes were approved.

Ellen Donaghey reviewed the Mayor’s Operating and Capital budgets for FY24. The FY24 budget was \$47,684,960 which reflected an 8.5% increase. The increase allows the BPL to add 14 new staff members, expand branch service hours, and multi-lingual patron service offerings.

After the committee discussed concerns of planning judiciously for potential future recessions due to the current political climate, Ms. Arana Ortiz made a motion that was duly made, seconded, and,

**VOTED: “that, the Trustees Finance and Audit Committee recommend approval by the Trustees of the Public Library of the City of Boston to accept Mayor Wu’s FY24 Recommended Operating and Capital budget.”**

Ms. Arana Ortiz explained that the BPL is in process of developing a Strategic Plan. As a result, the purpose of the next vote was to hire a consultant. Ellen Donaghey explained that they anticipate this proposal to come in around \$200,000. However, she requested the delegation to the Finance and Audit Committee to approve in the event it returns slightly higher than the Committee’s approved thresholds over the summer as not to delay the process.

David Leonard added that a Trustee committee was formed to assist with offering guidance to the BPL’s strategic planning process which is led by Christian Westra. A RFP was drafted for the consultant contract and will be released over the summer.

A motion was duly made, and seconded, and

**VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston recommend the Board of Trustees delegate approval for the Strategic Planning Consultant Contract to the Finance and Audit Committee.”**

Next, the Committee reviewed the 2023-2024 Finance and Audit Committee meeting schedule and with no changes or edits, voted to approve the schedule as follows:

- **September 19, 2023, 8:30 a.m. via Zoom**
- **October 31, 2023, 8:30 a.m. via Zoom**
- **January 23, 2024, 8:30 a.m. via Zoom**
- **March 5, 2024, 8:30 a.m. via Zoom**
- **May 14, 2024, 8:30 a.m. via Zoom**

**VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston the schedule as presented and are subject to change.”**

Ms. Arana Ortiz noted that she will need a delegate to report out for Finance & Audit at the November Board Meeting.

Next, Sebastian Grzejka, NEPC Principal, reviewed the market and portfolio update. He explained that one of NEPC’s recommendations at a previous meeting to raise funds for the annual draw was to add funds to the Vanguard Short-Term Corporate Index Fund. Unfortunately, Vanguard was not willing to waive the minimum investment requirement of \$5 million. However, they offered an alternative to an Admiral Index Fund. The difference is the management fee will be 7 basis points vs 5 basis points. NEPC just wanted to make sure the Committee was made aware of this change to what was originally agreed upon and had their approval for the change. Since this was not a material change, a vote was not required.

Mr. Grzejka noted that they continue to see good performance of the Total Fund which was up 4.3% through March and 4.6% thru April. Overall the investments are doing well under the present managers. The fund started the year at \$65 million and was steadily increasing as of that day. Mr. Grzejka quickly reviewed the itemized total fund performance details.

An overview of the markets in the first quarter of 2023 in light of the fallout from the banking sector and the Federal rate increasing twice was explained. Rebalancing opportunities remained limited as things had not changed much.

Next, Mr. Grzejka reviewed the US Economic Outlook noting that the BPL endowment was well positioned and the current implementation was appropriate. NEPC will return to the committee in an upcoming meeting to discuss any opportunities that may become available.

In summary, he noted from a portfolio perspective, even with all the volatility, the BPL’s allocations have performed quite well with their current managers and are performing as expected.

The Committee discussed the report and asked a few questions.

Ms. Arana Ortiz asked for New Business. She acknowledged this was Ms. Ellen Donaghey’s last Finance and Audit Committee with her upcoming retirement. She thanked her for her guidance to the committee and for her long standing service to the BPL.

Ms. Arana-Ortiz asked for Public comment for which there was none. With no further discussion, the meeting adjourned at 9:17 a.m.

Respectfully Submitted,

Pamela R. Carver, Clerk of the Board

# TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON

## Meeting of the Trustees Finance and Audit Committee Tuesday, September 19, 2023 at 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, September 19, 2023 via Zoom at 8:30 a.m.

Members present at the meeting: Committee Chair Evelyn Arana Ortiz and Committee members: Navjeet Bal, John Hailer, Jeff Hawkins, and President David Leonard. Senator Mike Rush was absent due to his annual military training.

Also, present were Boston Public Library staff including Chief Financial Officer Emily Tokarczyk, Clerk of the Board Pamela Carver, BPL staff members, and 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 Committee Chair read the welcoming EDI statement and a roll call was taken and determined there was a quorum. Everyone was reminded that the meeting was being recorded and how to sign up for Public Comment.

Ms. Arana Ortiz began the meeting by welcoming Emily Tokarczyk to her first Finance and Audit Committee meeting in her new role of Chief Financial Officer.

The first matter of business was deferring the approval of the minutes from the May 5, 2023 meeting until a later date due to the Clerk’s recent leave due to medical reasons.

Next, Kyle Connors, Partner of Marcum was invited to review the FY23 Draft Audited Financial Statements. Mr. Connors began by noting that the transition from former Chief Financial Officer Ellen Donaghey to Emily Tokarczyk was seamless. He explained it is a tight turnaround and a lot of work for all involved to have financial statements prepared this quickly after year end. He thanked the BPL finance team for all their assistance in making this possible.

Marcum issued a clean audit opinion which means the financial statements referred to above present fairly, in all material respects, the respective financial position of the Boston Public Library. Overall the BPL’s operations increased net position to \$2.4 Million. The majority of increase relates to the City Managed Funds of \$ 66 million, investment gains net of distributions were \$5.2 million, which were offset by transfers and expenditures of \$3.8 million. He also noted an increase in the Deferrari trust fund of \$288,000 and the BPL Fund of \$490,000. He reviewed the general fund balances that has remained consistent overall over the last seven years.

Mr. Connors explained that this includes the adoption of GASB 96, long-term or subscription based IT agreements (SBITA’s) enhance the relevance and consistency of the Library’s SBITA activities. Some examples include Bibliocommons, OCLC, and Innovative. They are intangible contracts that were added as assets/liabilities that would not have been reflected in former years.

Mr. Leonard clarified that the financial analysis was for the Trustees business as a corporation and the part that this committee was fiscally responsible for. The totality of the financial picture includes the BPL operating as a city department. City Funds are not reflected in this audited financial statements.

Mr. Connors concluded that the audit was complete; awaiting the BPL Fund’s financial reports to be included as a component unit of the Boston Public Library. He stated the BPL’s management letter

would be distributed shortly thereafter. With no further questions, a motion was duly made, seconded, and,

**VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston recommend the Board of Trustees approve the BPL’s Draft Audited Financial Statements for the fiscal year ending June 30, 2023.”**

Next, Sebastian Grzejka, NEPC Partner and Alex Sollers, NEPC Consultant gave a quick review of the Market and Portfolio as well as a rebalance recommendation.

Ms. Sollers reviewed the performance through the end of July (as August figures were not ready yet). Noting the fund was slightly overweight equities and slightly underweight fixed income, based on the 60/40 benchmark. The one year performance was impacted by the market volatility. However, planned performance showed to have a strong performance with no concerns in these areas. The recommendations would rebalance these figures to align with the strategic long term targets.

Ms. Sollers reviewed the rebalancing recommendations of moving \$1.5 million from equities toward fixed income and multi-asset to get closer to strategic long-term performance targets.

Sebastian Grzejka reviewed the current market outlook. He said there was lots of resilience and the economy was moving smoothly and beyond expectations. Inflation was trending in the right direction. The U.S. had a relatively robust market. Mega-Caps (such as Amazon, Netflix, Apple, Google, etc.) have driven U.S. market returns this year, with 80% of the returns, leaving mediocre returns for other mega-caps. In relations to rebalancing our portfolio and where to place the monies, U.S. equities have performed very well so far. Therefore, it makes sense to reduce exposure from U.S. Mega-Caps while maintaining large-cap value exposure. U.S. high yield offers a greater return and they recommend increasing our exposure in these areas.

The Committee had a lengthy discussion on the various markets in greater detail. They discussed the importance of the BPL remaining strategic while staying in our mandate with the investments. They hope to get closer to the benchmark of neutral.

With no further questions, a motion was duly made, seconded and,

**VOTED: “that the Trustees Finance and Audit Committee of the Public Library of the City of Boston vote to accept NEPC’s recommendation to move \$1.5 Million from U.S. and International Equity and moving it to fixed income and multi-asset.”**

Next, Ms. Arana Ortiz asked for New Business. She reminded the committee of the BPL’s ‘BOOKIES’ Golf tournament on September 26<sup>th</sup> at Franklin Park Golf Course.

Next she asked for Public Comment for which there was none.

With no further business, the meeting adjourned at 9:19am

Respectfully Submitted,

Pamela R. Carver, Clerk of the Board

## FY23 Gift Report

### Friends Groups:

The Fund for the Boston Public Library	2,558,415.66	
The Associates of the Boston Public Library	1,182,924.32	
CityWide Friends	23,321.57	
		<b>3,764,661.55</b>

### Branch Friend Groups:

Friends of Brighton	2,187.91	
Friends of Connolly	950.66	
Friends of East Boston	750.00	
Freinds of Egelston	527.00	
Friends of Parker Hill	1,840.00	
Friends of Grove Hall for Zoo Passes	250.00	
Friends of Jamaica Plain	2,626.00	
Friends of Lower Mills	400.00	
Friends of South Boston for Zoo Passes	845.00	
Friends of West Roxbury	1,815.00	
Friends of West End	195.00	
Friends of Uphams Corner	400.00	
<b>Branch Friends Groups:</b>		<b>12,786.57</b>

RED SOX GAME TICKETS	73,450.00	
Estate-Miltiades Karamechedis	9,000.00	
Donation Boxes	9,582.78	
Donation-grant for DYS visits	10,000.00	
Amazon Smile	251.66	
NE Baptist Hospital	900.00	
Miscelaneous	525.80	

**Total Gifts** 3,881,158.36