

TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON

Meeting of the Trustees Finance and Audit Committee Tuesday, November 12, 2024, at 4:00 p.m. Held via Zoom

MINUTES

A meeting of the Boston Public Library Trustees Finance and Audit Committee was held virtually on Tuesday, November 12, 2024, via Zoom at 4:00 p.m.

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

Also, present were Boston Public Library staff including Chief Financial Officer Emily Tokarczyk, Clerk of the Board Pamela Carver, BPL staff, and members of the public.

Ms. Arana Ortiz presiding called the Meeting of the Trustees Finance and Audit Committee ("Committee") to order at 4:00 p.m. She then read the welcoming EDI statement. 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 the approval of the meeting minutes from September 17, 2024. With no edits or comments, the meeting minutes were approved.

Ms. Arana Ortiz invited NEP to provide updates. Mr. Sebastian Grzejka of NEPC explained the firm's acquisition by Hightower Holdings, which will acquire the majority stake in NEPC. NEPC will retain autonomy, and senior management remains unchanged. The name "NEPC" will continue, and the partnership is expected to strengthen NEPC's competitive position and enhance services for clients.

Mr. Grzejka reviewed the Executive Summary, noting key factors driving recent changes were due to the "Magnificent 7". The fund's value at the end of September 2024 was \$71.2 million.

NEPC's September Flash Performance Report was reviewed. Noting there was a softer performance attributed to Impax. The Committee expressed concerns over Impax, stating that there is a fiduciary responsibility to monitor the portfolio carefully. Mr. Grzejka discussed potential areas for improvement in the current environment, suggesting a more U.S.-centric exposure, and noted that the emerging markets strategy with UBS has seen a reduction in assets. The Committee discussed how the strength of the U.S. dollar has affected the portfolio and attributing the challenges to stock selection.

The Committee asked if UBS was the only manager for emerging markets, and Mr. Grzejka confirmed that while there is some ancillary exposure, UBS is the primary manager for emerging markets. They inquired about the timeline for winding down or reallocating assets. They agreed to wait until the end of the year and consider reallocating in early 2025. An internal investment offsite will likely address potential tweaks in the portfolio. Some previous rebalancing has left the portfolio slightly overweight in U.S. equities, with a focus on the "Magnificent 7" stocks.

Mr. Grzejka concluded his report with the review of key policy notes including trade, immigration, regulatory framework, tax and fiscal policy, and the Federal Reserve oversight, all under the context of a potential new presidency.

Ms. Arana Ortiz asked Ms. Tokarczyk to review the FY24gift report. Ms. Tokarczyk noted an increase of \$600,000 primarily attributed to individual financial donations to the BPL Fund. Ms. Arana Ortiz thanked all for their contributions to the BPL.

Ms. Tokarczyk explained the vote for the masonry work needed for the repair to the front façade of the Mattapan branch due to a car accident. The committee discussed the insurance claims that were still pending due to the owner’s coverage. Ms. Tokarczyk assured the Committee the finance team would do their due diligence on filing the claim for reimbursement.

A motion was duly made, seconded, and voted to approve.

VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston approve the contract with Ace Restoration Company Inc. of 155 Mill Street, Natick, MA 01760 for the amount not to exceed Fifty-Three Thousand Three Hundred Eighty-Six Dollars and Zero Cents (\$53, 386.00) to repair the front façade of the Mattapan Branch Library.”

Ms. Tokarczyk explained the need to replace the BPL fleet of vehicles. The finance team are working diligently on researching state contracts and will be presenting the vendor in an upcoming meeting. This vote will be brought to the full board for approval.

Ms. Tokarczyk explained the last vote for recommendation to the full board. There is currently no policy on foreign wire transfers. The city policy does not allow for foreign wire transfers, which is primarily an issue for special collections purchases. The committee discussed the risk of wire fraud, particularly when dealing with foreign vendors. Ms. Tokarczyk clarified that in most cases, the library already possesses the item in question when dealing with foreign vendors (with a few exceptions such as an auction house). The Committee explained the caveat of adding insurance coverage for digital fraud on wire transfers.

The Committee chair called for a motion that was duly made, seconded and voted to approve.

VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston recommend the Board of Trustees approve the use of foreign ACH/wire transfers to purchase select items that would be unobtainable through the use of standard payment methods. Foreign ACH or wire transfer option would include the following controls:

- * Only utilized when all standard methods have been exhausted**
- * Only utilized with vendors/auction houses deemed reputable**
- * Requires electronic approval by three senior managers (excluding requesting personnel)”**

Ms. Arana Ortiz asked for new business and public comment for which there was none. With no further business, the meeting was adjourned at 4:59 p.m.

Respectfully Submitted,

Pamela R. Carver, Clerk of the Board