

CLEVELAND PUBLIC LIBRARY
Finance Committee Meeting
April 16, 2019
Trustees Room Louis Stokes Wing
12:00 Noon

Present: Ms. Butts, Mr. Seifullah, Mr. Corrigan, Mr. Hairston, Mr. Parker

Absent: Ms. Rodriguez, Ms. Washington

Mr. Seifullah called the Finance Committee Meeting to order at 12:05p.m.

Finance Committee (Mr. Seifullah, Chair)

Present: Alan Seifullah, Thomas D. Corrigan, Vice Chair, John M. Hairston, Jr ,
 Anthony T. Parker

Absent: None

Third Amendment to the Year 2019 Appropriation

Carrie Krenicky, Chief Financial Officer, stated that in our General Fund for appropriation, we will be decreasing our Salaries/Benefits by \$2,000,000 and also our Library Materials appropriation by \$ 425,000.00. This appropriation also reflects an increase in Other Sources-Special Revenue by \$36,567 relating to an increase in the Founders fund - \$15,000 for the Amazon grant; an increase in the Judd fund - \$12,074; and an increase in the Lockwood Thompson fund - \$9,493.

In response to Mr. Corrigan’s inquiry, Ms. Krenicky confirmed that our Library Materials appropriation remains at approximately 13% as in previous years and explained if we base this on our revenue budget including just the 6.8 mill revenue and not the additional 2 mill revenue, it is even higher than 13%.

Mr. Corrigan requested that the record reflect that fact that this research Library cares about maintain the collections in financial good times or bad.

Mr. Seifullah motioned that this item would go to the full Board for approval. Mr. Corrigan seconded the motion, which passed unanimously by roll call vote

Resolution Revising the Library’s Investment Policy

Carrie Krenicky, Chief Financial Officer, stated that when Mr. Danahey, PNC, was here in January to review the Library’s Endowment Portfolio as of December 31, 2018, he

recommended some changes to the Investment Policy. On page 6 (Section B), we will be changing the Cash Equivalents range from 0-10% to 0-20%. This will allow us more flexibility to move some assets into cash should there be a future recession. On page 7 (Section C), we will be changing the Large-Cap Stocks from 50-90% to 40-80%. By reducing the minimum to 40% and the maximum to 80%, this will allow us to be able to reach the target of 60% which is the midpoint of the range.

Mr. Seifullah motioned that this item would go to the full Board for approval. Mr. Corrigan seconded the motion, which passed unanimously by roll call vote

Resolution to Renew the Maintenance Agreement with Tyler Technologies, Inc. for the Support and to Update Licensing of the Munis ERP System

Carrie Krenicky, Chief Financial Officer, stated that our current agreement with Tyler Technologies, Inc. expires on May 17, 2019. This is consistent with our system upgrade with the 5% annual increase. The total cost not-to-exceed \$69,680.65 will be for period beginning May 17, 2019 and extend to May 16, 2020.

In response to Mr. Seifullah's inquiry, Ms. Krenicky stated that the Library has had Tyler Technologies for Financials since 2006 and Payroll and Human Resources since 2009.

In response to Mr. Hairston's inquiry, Ms. Krenicky stated that Munis and Tyler Technologies are the owners of Munis.

Mr. Seifullah motioned that this item would go to the full Board for approval. Mr. Corrigan seconded the motion, which passed unanimously by roll call vote

Resolution Amending Resolution to Engage L.A.N.D. Studio Inc. to Organize 2019 See Also Program

Aaron Mason, Director, Outreach and Programming Services, stated that at the last Board Meeting, it was the intent to amend the Library's agreement with L.A.N.D. Studio Inc. in the amount of \$20,000 and add an additional amount of \$80,000 to it. The wording in the resolution did not appropriately convey the total amount as being \$100,000.

Joyce Dodrill, Chief Legal Officer, explained that the resolution that was brought to the Board last month authorized an agreement with L.A.N.D. Studio Inc. in the amount of \$80,000. We had already entered into an agreement with L.A.N.D. Studio Inc. for the same project for \$20,000 that was not required to come before the Board. The resolution should have indicated that we had already contracted for \$20,000 authorizing \$80,000 for a total of \$100,000. We are correcting the resolution to reflect that.

In response to Mr. Corrigan's inquiry, Ms. Dodrill confirmed that this amount includes the acquisition of the artist.

Mr. Corrigan stated that he wanted the record to reflect this.

Mr. Seifullah motioned that this item would go to the full Board for approval. Mr. Corrigan seconded the motion, which passed unanimously by roll call vote

Resolution Authorizing Agreements for Entertainment and Vendors for 2019 Street Fest

Aaron Mason, Director, Outreach and Programming Services, stated that invitations have been sent to special guests. Pending their response, the Library must be able to confirm quickly. This resolution authorizes the Library to enter into agreements to engage particular entertainment or vendors before such agreements are able to be presented to the Board for approval.

Mr. Seifullah motioned that this item would go to the full Board for approval. Mr. Corrigan seconded the motion, which passed unanimously by roll call vote

Resolution Selecting Underwriting Team for Issuance of PLF Notes

Carrie Krenicky, Chief Financial Officer, stated that in February 2019, the Library sent out requests for qualifications for underwriting services to twelve firms with experience in underwriting and marketing municipal bonds on a national scale and in Ohio. The selected firms were recommended by the Library's Municipal Advisor, Stifel Nicolaus & Company, based upon the firms' qualifications, experience, and rankings.

Ms. Krenicky stated that on March 18, 2019, proposals from seven firms were received by the Library, and were vetted by Stifel, the Chief Legal Officer and the Chief Financial Officer. A short list of three firms were selected based upon criteria including the proposed fees, the public finance platform, experience nationally and in Ohio, firm capital, the distribution platform, proposed structure and marketing, and rating suggestions and rationale.

Ms. Krenicky stated that the three (3) firms were interviewed by Stifel, the Chief Legal Officer, the Chief Financial Officer and Ms. Butts who is a member of the Board's Capital Committee, and recommends the Board approve the selection of PNC Capital Markets, LLC, Loop Capital Markets, and IFS Securities as the underwriting team for the Library's issuance of PLF Notes in 2019, with PNC as the Senior Manager with the fees listed in the resolution at an estimated cost of \$180,420.

Ms. Krenicky stated that out of the seven firms, the two minority firms were Loop Capital Markets and IFS.

Ms. Butts thanked Ms. Krenicky for her hard work and agreed with the recommendation.

Mr. Seifullah motioned that this item would go to the full Board for approval. Mr. Hairston seconded the motion, which passed unanimously by roll call vote

Resolution Approving Group 1 of Facilities Master Plan

Jeremiah Swetel, Chief Operations Officer, stated that the Capital Committee Work Session was held on April 13, 2019. Director Thomas gave an update on the Bold Plan, Ms. Krenicky gave a Financial/Budget presentation and Ms. Winlock gave a presentation on Diversity, Equity and Inclusion.

Mr. Swetel stated that the remainder of the Work Session consisted of his overview of the Facilities Master Plan Group 1. The Capital Committee approved that the following Phase I branches and recommendations be moved to the full Board for consideration: **Dr. Martin Luther King, Jr.**, relocation and new building; **Jefferson**, renovation with minor addition; **Hough**, relocation and new building; **Walz**, new building on expanded site; **Memorial-Nottingham**, relocation and new building; **West Park**, renovation with addition; **Sterling**, renovation with addition; **Lorain**, renovation with addition; **Brooklyn**, renovation; **Eastman**, renovation; **Woodland**, major renovation with new central distribution facility; **Rockport**, new building on existing site; **Mount Pleasant**, consolidate with E. 131st branch at new location; **E. 131st Street**, consolidate with Mount Pleasant branch at new location.

Mr. Swetel stated that the Master Plan estimates that the total cost of the Group 1 buildings will be \$62,000,000, and recommends that the work be conducted over a five year period.

In addition, the resolution grants authorization to begin exploring property acquisition for the Woodland, Mount Pleasant/E. 131st Street, Memorial-Nottingham and South Brooklyn branches, and to also explore the potential sale and development of the Lakeshore property.

Although he was unable to attend the Capital Committee Work Session, Mr. Hairston requested additional information regarding the potential sale and development of the Lakeshore property.

Mr. Swetel stated that at the Capital Committee Work Session, Ms. Washington noted that timelines for the policy for Diversity, Equity and Inclusion initiatives and Master Plan were not in alignment. When we received approval for Phase I, approval for advertising for design services for those branches was included. It is important that we get the most inclusive group when we solicit advertising for design services. Ms. Winlock is coordinating meetings and will be involved in that process before we issue the RFQ for advertising for design services. The timelines will be merged so that we get the best inclusive representation when we put out the RFQ.

Mr. Parker stated that he will monitor the process very closely.

Director Thomas asked Mr. Swetel to give a brief overview of Lakeshore.

Mr. Swetel stated that Lakeshore was the furthest east possible in our service area and is not the most ideal location to house the Technical Services division. We are looking at creative ways to centralize that component into the Woodland area as the center of all of the Library's service areas including our branches and is closer in proximity to Main. From an operational perspective, this makes sense to centralize Technical Services.

Mr. Hairston expressed his concern about political issues that Director Thomas has had to endure regarding that facility as we try to be good stewards over the resources that the community has given us.

Director Thomas stated that although decisions have not been made, this resolution will give Mr. Swetel approval to begin conversations to explore property acquisition options.

Mr. Swetel stated that there are a number of property acquisitions and relocations of branches listed in Phase 1. However, none of those permanent sites have been identified. Discussion needs to be held with councilpersons, communities and others and that information will be brought back to the Board for consideration.

Mr. Hairston stated that he approved of the Woodland possibilities but did not want politics to be involved. The Board will look for direction from Director Thomas and staff.

Mr. Corrigan reminded the Board that this is at such an early stage and the Board has the right to hold an executive session discussion about property acquisition which is one of the expectations in the statute for open meetings so that we don't contribute to an improper anticipation, market or other issues about such things this Board has the right to go to executive session as it is allowed to be private. The public is not allowed to take advantage of the statutes about public meetings in a way that is detrimental and hurts our ability to participate in markets about real estate and property acquisition.

Mr. Seifullah motioned that this item would go to the full Board for approval. Mr. Corrigan seconded the motion, which passed unanimously by roll call vote.

Resolution Declaring Official Intent Under U.S. Treasury Regulations with Respect to Reimbursements from PLF Note Proceeds

Joyce Dodrill, Chief Legal Officer, stated that this Resolution was drafted by our Bond Counsel Bricker Eckler. The purpose of this resolution is that under IRS code, we are able to reimburse ourselves for expenditures that we made related to the Master Plan Group 1 now from the bond proceeds that we issue later. This is something that the Board must adopt so that we can begin to expend funds now and be reimbursed.

Mr. Corrigan stated that because we are entering into a world of public debt in a way that libraries have not traditionally done, there will be more of these house-keeping type resolutions to come. Mr. Corrigan stated that in the past, the Library has basically done capital improvements without entering into debt. Given our responsibilities and the volatility in Columbus as well as the promises in connection to our levy support, it is not inappropriate for us to go into debt. It is important that we are thorough and continue discussion.

Mr. Corrigan expressed his approval about the phased process of the Capital Plan and stated that if the economic conditions change we can reassess and revise if necessary.

Mr. Seifullah motioned that this item would go to the full Board for approval. Mr. Parker seconded the motion, which passed unanimously by roll call vote.

Mr. Swetel introduced Jasmine Sims, Operations Project Coordinator, and explained her critical role in supporting the Master Plan process.

Mr. Swetel and Trustees thanked Ms. Sims for her hard work over the past six months.

After various Trustees thanked Sadie Winlock for her Diversity, Equity & Inclusion presentation at the Capital Committee Work Session, Mr. Seifullah adjourned the Finance Committee Meeting at 12:32 p.m.