

CLEVELAND PUBLIC LIBRARY  
Joint Finance & Human Resources Committee Meeting  
January 17, 2023  
Trustees Room                      Louis Stokes Wing  
12:00 Noon

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

Absent:         Ms. Fryer

Mr. Seifullah called the Joint Finance & Human Resources Committee Meeting to order at 12:09 p.m.

**Presentation: Endowment Portfolio:** Glen Danahey, Senior Vice President, Senior Investment Advisor, PNC Institutional Asset Management

Ms. Rodriguez introduced Glen Danahey, Senior Vice President, Senior Investment Advisor, PNC Institutional Asset Management, who virtually joined and shared a PowerPoint presentation review of the Library's Endowment Portfolio.

Mr. Danahey showed a graph of 2022 and stated that unfortunately, there are no positive returns in 2022 and that all asset classes had a negative rate of return for 2022. What is unusual is that equities and fixed incomes are usually not negative in the same year but in fact they were. Overall, returns were not good. Large Cap value was the best asset class for 2022 but it was a - 5.22%. High yielding bonds were -11.10%. The worst asset class for 2022 were Large Cap Growth at -29.41%. Even the aggregate US Fixed Income led by Core Bonds were down - 13.06%. Much of this poor performance had to do with the Fed raising rates throughout the year to a much more significant hiking of rates than what was anticipated before the year started as well as higher inflation than we have seen in years. In addition, the Russia-Ukraine war and some supply chain issues and shortages had market impact.

In response to Mr. Danahey's inquiry regarding any changes the Library would like to make to the Investment Policy Statement, Carrie Krenicky, Chief Financial Officer, stated that we are not considering any changes unless Mr. Danahey had any recommendations.

Mr. Danahey stated that the current Investment Policy Statement offers a good amount of flexibility within the guidelines that were recently updated.

Mr. Danahey continued his presentation with a review of Asset Allocation of the Endowment through the end of the year and stated that they were very close to the Investment Policy targets a noted the following:

- Total Equity, 65.3% with a target of 65%
- Total Alternatives, 5.4% with a target of 10%
- Total Fixed Income, 25.7% with a target of 25%
- Total Cash Equivalents, 3.7% realizing that we had a distribution of greater than \$900,000 that occurred on January 3<sup>rd</sup>. This is why we had a high level of cash. Also, cash for the first time in NOW 15+ years is an asset allocation in portfolios because we have zero duration risks with cash and yet we are now yielding about 4+% with most on money market funds different types of cash instruments.

Mr. Danahey noted the line-item Global Infrastructure which is almost 2% and Real Estate Investment Trust (REITs) which is close to 1%. Both are tactical allocation decisions that are more defensive oriented. Global Infrastructure may be considered a hybrid between equities and fixed income and has held up well compared to the other types of asset classes we could have invested into especially since we have had rising inflation. Overall, the asset allocation was close to what we targeted. In this environment with expected more volatility to continue and not really knowing what is going to happen, we are consciously trying to be close to targets without taking any significant or inordinate risks whether equities or fixed income. We think that the FED FMOc meets on February 1<sup>st</sup> and it is anticipated that the Federal increase rates get .25% of the 1% which is down from the 75 to 50 basis points increases in rates that we have seen in the past.

Mr. Danahey stated that there might be another rate increase in March which could be anywhere between .25% to .50% and then the FED will pause. We already see signs of inflation coming down relatively decently. Many increases over the past year and perhaps on February 1, 2023, are working its way into the market and actually having an impact on inflation and decreasing it. New and more data will be evaluated as it becomes available.

As he continued, Mr. Danahey gave an overview of the Endowment's performance through December 31, 2022 and noted that the 4<sup>th</sup> Quarter was pretty good. Although December may not have ended so well, October and November were decent months overall. We had a 7+% rate of return on the gross basis and almost 7% on a net basis over the last three months of 2022. No matter how worse things were over the year, this is the reason we encourage diversification. Mr. Danahey shared additional information on the Total Portfolio (Net), Total Portfolio (Gross), Total Equity, Total Fixed Income and Total Alternatives.

Ms. Rodriguez noted that there were 0% rate of returns last year and asked Mr. Danahey if he had any recommendations for improvement in the coming year.

In response, Mr. Danahey stated that he believed that it will be a challenging year. Within the first half of 2023, the economist believes that we might experience a mild recession or short and shallow recession. This will lead to a better second half of 2023. Mr. Danahey shared examples of how quickly things can change and spoke on the benefits of being defensive and having a shorter duration than the benchmark.

After sharing detailed information on Manager Performance, Risk and Return Analysis (10 Year), Mr. Danahey was available for any questions the Board may have had.

In closing, Mr. Danahey thanked the Board for the opportunity to share this information and expressed his appreciation for the longstanding relationship PNC has with the Library.

Ms. Rodriguez thanked Mr. Danahey for his presenting this review on the Library's Endowment Portfolio as of December 31, 2022.

**Finance Committee Members** (Mr. Seifullah, Chair)

Present: Alan Seifullah, Thomas Corrigan, John Hairston, Anthony Parker

Absent: None

**Resolution to Accept Gifts for the Month of December**

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.

**First Amendment to the Year 2023 Appropriation**

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 Authorize Payment of Fees to the CLEVNET Special Revenue Fund Covering the Period January 1, 2023 through December 31, 2023**

Mr. Corrigan stated that this is basically Cleveland Public Library's contribution to CLEVNET for 2023.

Carrie Krenicky, Chief Financial Officer, referenced the attachment which lists all the member libraries and their total annual contribution costs for 2023.

Mr. Corrigan explained that since there has been a change in the leadership at CLEVNET, it is important to make sure that we are transparent relative to this item and noted that the Library's contribution is 28.65% of the total cost of CLEVNET. The next largest is Medina County Public Library.

Ms. Krenicky stated that the 2023 contract costs were just reduced as we closed the year by 1/3 of the unencumbered balance. This saved all the member libraries just over \$300,000 based on the new pricing model we put into effect. Based on the CLEVNET Executive Panel's decision regarding the unencumbered fund balance, it was once again decided apply 1/3 of the unencumbered balance directly to the contract costs, while a 1/3 is to be reserved for unforeseen future expenses and a 1/3 for the network.

Mr. Corrigan suggested that since it has been a while, we ought to be more braggadocios about our management of CLEVNET and what we have done. Although this is a cooperative effort between 47 library systems, Cleveland Public Library's leadership is clear and our fiduciary responsibility and performance has been excellent.

In closing, Mr. Corrigan commended Director Thomas, staff, and those at CLEVNET for maintaining that record during the entire time he has been on this Board of more than 36 years.

In response to Mr. Hairston's inquiry, Director Thomas stated that Jamie Mason, the new CLEVNET Director will attend an upcoming Board Meeting and share information on the future of CLEVNET.

After some discussion regarding the distinction of Cleveland Law Library, Mr. Corrigan explained that at one time, the Board of the Cleveland Law Library was thinking of transferring their collection to Cleveland Public Library. Instead, they raised fees internally to remain independent and chose not to transfer their collection.

In response to Ms. Butts' inquiry, Mr. Corrigan explained that the Public Administration Library is located in City Hall and Cleveland Law Library is located in Cuyahoga County Court House.

After some discussion about the differences between the Public Administration Library and the Cleveland Law Library, 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 Accept Gift from EHH Foundation

After Mr. Corrigan requested identifying information on EHH, Carry Krenicky, Chief Financial Officer, stated that she attempted to research information about this organization and discovered that they had recently been established in 2022 and have not yet filed a form 990. Ms. Krenicky sought additional information from Key Bank and was informed that they wished to remain anonymous.

Director Thomas stated that the Library is grateful for this gift and we are happy to accept it.

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 Accept Libraries Accelerating Learning Grant from Ohio Department of Education

Dr. Shenise Johnson Thomas, Chief of External Relations & Development, stated that this grant will allow the Library to take early childhood education programming to day care facilities and other educational institutions.

Director Thomas expressed his appreciation to Dr. Johnson Thomas and her team and noted that generally on every Board Meeting agenda, there are resolutions about some sort of grant that the Library is receiving. This grant provides the opportunity to buy our On The Road To Reading van, staff it and travel to day care facilities and pre-schools to expand our literacy programs to PreK -12 students.

Mr. Hairston took the opportunity to congratulate Director Thomas and staff for the successful Cleveland READS Kick Off on December 17, 2022.

Erica Marks, Senior Director of Outreach and Programming Services (Interim), shared additional information about the initiative and highlights from the event.

Additional discussion continued about CMSD involvement, tracking, efforts to promote participant sign up, as well as the noticeable increase in library card sign up.

Ms. Rodriguez requested that the Board and our community receive regular updates on this initiative.

Director Thomas stated that although that information will be in one of the Board reports, we would like to make this information more public, such as a counter on the Library's website. Similar to a telethon, one could see the numbers changing every time a book has been completed or a new participant has signed up, etc. In addition, this could be on a tv screen in every library branch providing real time updates.

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 Amendment to Agreement with L.A.N.D. Studio Inc. for Project Support and Consulting Services

Dr. Shenise Johnson Thomas, Chief of External Relations & Development, stated that this is a continuation of LAND Studio efforts with our FMP Capital Enhancement campaign. The Board approved a resolution in 2021 to retain the services of LAND Studio for this work. Last year, with our partners at LAND and JarosStrategy we were able to bring in \$3.3 million for capital enhancements. This includes the gift we obtained towards the end of December, of \$300,000 from the Bruening Foundation for children's spaces that we will be working with LAND on for Woodland, Hough, and Walz.

Although Jaros work has been completed, this contract with LAND will be a 75/25 split with the Foundation and the Library.

Tiffany Graham Charkosky, Senior Project Director, who was in attendance, was available to answer any questions the Board may have had.

Director Thomas stated that we have the funding to look at designing the bioswale area behind Hough Branch as well as spaces at Woodland and Walz.

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 Payment of Insurer’s Panel Rate to Ogletree Deakins for Employment Matters

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 Agreement with Cosgrove Jonhenry LLC for Agent and Lobbyist Services

After acknowledging Tim Cosgrove, Partner at Cosgrove Jonhenry LLC, who was in attendance, Mr. Corrigan spoke on the importance of the Library having good representation given what has happened in Columbus over the last 40 days. As he continued, Mr. Corrigan stated that the Republican who was elected Speaker of the House was elected with 32 Democratic votes.

Director Thomas stated that Mr. Cosgrove and Dr. Shenise Johnson Thomas, Chief of External Relations & Development, will present a Legislative Update at the next Regular Board Meeting on Thursday and gave the Board an opportunity to share what they might like to be addressed during that presentation.

Mr. Corrigan stated that the volatility and unpredictability of the General Assembly is likely to accelerate rather than decline over this next term. Having the continuity with Mr. Cosgrove and his team is critical.

After expressing his support of this resolution, Mr. Corrigan observed that Mr. Cosgrove has not increased his rate with the Library in at least seven years.

Director Thomas stated that he has shared with Mr. Cosgrove that the PLF is expected to decrease over the next biennium to 1.66% and it is important to get that back up to 1.7%. These funds are crucial for not only Cleveland Public Library but all libraries across Ohio.

After Ms. Butts stated that the budget will be finalized in June, Director Thomas stated that this will be a part of the agenda for Ohio Library Legislative Day at the Statehouse in April.

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 Approving Early Work Authorization for Walz Branch Project

John Lang, Chief Operations Officer, reminded the Board that authorization was given to the Library to enter into an agreement with Northwest Neighborhoods Community Development Organization (NNCDO) as a partner to work on the Walz branch project as a mixed-use building consisting of a new CPL Walz Library Branch funded by the library’s bond issuance, and the Karam affordable senior apartments funded by NNCDO’s Ohio tax credits.

Both parties retained the same architect (Robert Madison with Bialosky) and collaborated on the design of the joint use building, which was subsequently approved by the Gordon Square Design

Review Committee and by the Cleveland Planning Commission. The Board then authorized demolition of the old Walz branch while the CDO demolished their existing building with a plan to start ground-up construction immediately after demolition. However, the construction bids were more expensive than anticipated. The Library had the resources to move forward, but NNCDO did not have sufficient financing to proceed. They have been working to secure gap financing for the past several months and the project is paused until their financing is complete. The Library remains fully committed to the Walz project but is not able to move forward with project as designed without our partner.

As he continued, Mr. Lang stated that in the meantime, this resolution would allow us to execute some change orders that arose during demolition, to provide extended site fencing, and to extend the Construction Manager's pre-construction services.

In response to Ms. Butts' inquiry regarding the leadership at NNCDO Mr. Lang indicated that he has been coordinating with their Director of Real Estate.

Mr. Hairston acknowledged Mr. Lang's commitment and hard work with the Library's FMP and especially thanked him for attending the Euclid Beach Neighborhood Steering Committee Meetings.

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 Agreement for Annual Fire Alarm and Fire Panel Inspection and Repair Services

John Lang, Chief Operations Officer, explained the difference between this resolution and the following resolution. Although each resolution addresses a separate contract, both resolutions pertain to the same system. The first resolution that Board will consider is for fire alarm and fire panel inspection and repair services the other is for annual fire suppression and sprinkler inspection, testing, and maintenance.

Mr. Lang stated that a lot of outreach was done on this item to ensure diversity for this and the following resolution. We utilized our diversity data base and made contacts with approximately 14 different companies. Although the number of bids received was fewer than hoped, the proposed costs were fair and reasonable. S.A. Comunale was the low bidder for this 3-year contract totaling an estimated \$47,316.

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.

Resolution Authorizing Agreement for Annual Fire Suppression and Sprinkler Inspection, Testing, and Maintenance

John Lang, Chief Operations Officer, again explained stated that contracting outreach was conducted to ensure a range of diverse bidders. S.A. Comunale was the low bidder for this 3-year contract totaling an estimated \$49,005.

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.

**Human Resources Committee Members** (Mr. Hairston, Chair)

Present: John Hairston, Alice Butts, Thomas Corrigan, Anthony Parker

Absent: None

Regular Employment Report

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

Retirement Citation Recognition

After extending congratulations to Ronald Roberts, Brooklyn Branch and Cheryl Williams, South Brooklyn Branch on the occasion of their retirements, Mr. Hairston motioned that this item would go to the full Board for approval. Mr. Parker seconded the motion, which passed unanimously by roll call vote.

Resolution Authorizing Agreement with Ease@Work EAP, LLC for Employee Assistance Service Program

Lynn Sargi, Chief Talent Officer, stated that this is a renewal for the Library's Employee Assistance Service Program and provided background. The Library entered into a 3-year contract with Ease@Work that expires on February 28, 2023. Ease@Work has put forth a no increase in the per employee per month fee for an additional 3-year term which results in the same rate for a 6-year period.

Ms. Sargi explained that an EAP program provides services for employee assistance on a confidential voluntary basis to a wide variety of services such as counseling, assistance with childcare or eldercare issues, financial planning assistance as well as legal assistance. The contract per year would be \$42,000 for up to 700 of our employees over that 3-year period.

Mr. Corrigan stated that one of the skills they bring is benefit coordination. For example, if the employee needs help, Ease would steer them to another benefit program and the cost would not be on Ease but would be paid for by the other benefit package.



Ms. Sargi stated that especially for mental health counseling; Ease tries to work with employees with their current insurance so if they need counseling Ease could recommend, referred and aligned with a counselor that carry over should the employee need to begin accessing their medical insurance.

After some discussion, Mr. Hairston 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. Corrigan congratulated staff on the successful West Park Campus Grand Opening on January 7, 2023, and shared that the event was covered by Channel 3 and focused on him testing the streaming capabilities of a new computers.

Ms. Rodriguez adjourned the Joint Finance & Human Resources Committee Meeting at 1:13 p.m.