

Cragin Memorial Library Board of Trustees
Regular Meeting of December 7, 2010
Cragin Memorial Library
Approved Minutes

Present: Mary Ellen Mahoney, Chair; Alyssa Soby, Secretary; Ron Goldstein; Julianna Cameron; Stan Soby, Selectman (Acting First Selectman); Victor Horvitz.

Absent: Edwin Cragin; Jeffry Mathieu, Principal of Bacon Academy; Celia Conrad, Treasurer; Rev. Linda Barnes; Gregg Schuster, First Selectman.

Also in attendance: Kate Byroade, Director; Lynn Coletta; Rob Tarlov; Ted Hageman.

1. Call to Order

Mary Ellen Mahoney called the meeting to order at 6:32 P.M.

2. Treasurer's Report

The monthly Treasurer's Report was distributed but not discussed. The Treasurer's Report noted that Lynn Coletta was paid \$850 for financial/tax preparation, and that the Israel Liverant fund from the closed Bank North account was invested in American Century Funds through Rob Tarlov.

a. Lynn Coletta - Review of Financial Statements

Lynn Coletta, of Coletta & Coletta, LLC, reviewed the financial statement for the fiscal year ending June 2010, in comparison with the fiscal year ending June 2009. She noted that this was a standard compilation, not an audit or a review.

- **Assets:** Fixed Assets have been depreciated from \$40,000 to \$141. The original \$10,000 investment in Equipment has been fully depreciated.
- **Operating Revenue:** Revenue is \$1 from the Town of Colchester. During the previous year, the remaining revenue was a single gift from a local family.
- **Expenses:** Money transferred to the Town is a little higher than normal this year, due to the closure of the Lynn Norton fund. Depreciation is down because a lot of assets have been fully depreciated.
- **Interest and Dividends Income:** From accounts handled by Rob Tarlov. Realized Gain (Loss) represents securities converted to actual cash, Unrealized Gain (Loss) shows appreciation (depreciation) in account value. Fair Fund Settlement Income is from an SEC case settlement. Investment Fees are paid to Rob Tarlov.

- Overall, financial performance was much better in Fiscal Year 2010 than in Fiscal Year 2009.

Lynn Coletta suggested the Board of Trustees consider legacy planning as a development option.

Kate Byroade described the legacy program at the Lucy Robbins Welles Library in Newington, Connecticut. The program started recently, and required roughly 1-2 years of preliminary development work. Donors who remember the library in their wills or who make major bequests are included in the legacy society.

Lynn Coletta noted that such bequests may be a valuable estate planning tool, as they are not taxed.

Alyssa Soby suggested that before approaching potential donors, the Board of Trustees would need to be able to describe a strategic vision for the use of large gifts.

Mary Ellen Mahoney thanked Lynn Coletta for all her work and asked for a motion to accept the financial statements provided by Coletta & Coletta.

Motion: Ron Goldstein, to accept the financial statements.

Seconded by: Mary Ellen Mahoney.

Vote: Approved unanimously.

b. Rob Tarlov - Review of Investments

Rob Tarlov reviewed the performance of the investment accounts over the past year.

- All are now Ginnie Mae funds; two are with American Century and one is with ING.
- Most performance this year occurred in the last quarter (the third quarter of 2010).
- The fund is managed in a strategic style (as opposed to a tactical style), which means that it is less active in terms of weighting asset classes and more focused on long-term (3-5 year) performance. Consequently, asset class allocation has not changed radically during the year (as it would have in a tactical fund).

Vic Horvitz asked whether the Ginnie Mae fund might be sensitive to interest rates.

Rob Tarlov responded that the underlying investments are in government-guaranteed mortgages, and that the Ginnie Mae fund has

represented the best balance of yield and protection compared to other investment options. He said that for the Fuchs Fund and both Liverant Funds, Ginnie Mae meets the objective of a good yield on the principal to enable the Board of Trustees to give money to the Town for book purchases.

Vic Horvitz asked about the maturity of the underlying mortgage investments.

Ron Goldstein noted that the Board of Trustees owns a fund, not bonds.

Rob Tarlov explained that these are perpetual accounts; there is no mortality. The cash dividend is translated into a yield.

Vic Horvitz asked whether interest rates might be an issue.

Rob Tarlov explained that the Ginnie Mae mortgage investments are longer-term investments and less sensitive.

Vic Horvitz asked about investing in Build America bonds.

Rob Tarlov said that he would look into those bonds.

Vic Horvitz asked about strategic versus tactical management styles.

Rob Tarlov reminded the Board of Trustees that two years ago, he had recommended splitting the fund, to put half in a tactical fund to protect against future down markets. The Board of Trustees had opted to keep the fund in a strategic account. A comparison over time found that either decision would have resulted in the same outcome.

Rob Tarlov noted that in an up year, the increased overhead cost of a more active management style is not necessary, but in volatile periods, the tactical style may offer more protection.

Vic Horvitz asked about Rob Tarlov's recommendation for this year.

Rob Tarlov said that he continued to recommend the same philosophy, but had not prepared specific numbers.

Mary Ellen Mahoney conducted an informal poll to see whether the Board of Trustees would want to have a special meeting to review a proposal to move some funds into a tactically-managed account. The majority of the Board of Trustees preferred to keep the investments in the current fund.

Mary Ellen Mahoney asked for a motion to accept Rob Tarlov's report.

Motion: Alyssa Soby, to accept the report from Rob Tarlov.

Seconded by: Mary Ellen Mahoney.

Vote: Approved unanimously.

3. Minutes

The Board of Trustees reviewed the minutes from the Regular Meeting of September 7, 2010.

Motion: Ron Goldstein, to accept the minutes.

Seconded by: Mary Ellen Mahoney.

Vote: Approved. Stan Soby abstained.

4. Director's Report

Kate Byroade provided the Director's Report [available as a separate document].

Mary Ellen Mahoney asked for a motion to accept the Director's Report.

Motion: Julianna Cameron, to accept the Director's Report.

Seconded by: Mary Ellen Mahoney.

Vote: Approved unanimously.

5. Old Business

a. Capital Improvement Plan

Alyssa Soby had previously requested a list of upcoming major expenses for building maintenance. Kate Byroade presented a list she had compiled with Roland Brunet. Upcoming items include:

- **Exterior Painting:** The windows in the 1905 part of the building are set within the original moldings; protective exterior trim painting will be required within the next 12 months. This item is included on the Town's provisional capital improvement plan.
- **Hot Water Heater:** Estimate for replacement includes labor and materials. Roland Brunet was recently able to replace a part to avoid having to replace the entire unit. Optimistically, the hot water heater could last until 2013, but careful maintenance will be required. At the Board of Trustees' request, Kate Byroade will look into a tankless heater.
- **Book Drop:** Receptacles are rusting due to salt from plowing and will require repair or replacement. Estimate is for a larger volume that will accommodate books dropped off over holiday weekends. (Currently a staff member has to come in to empty the receptacle.)
- **Task Chairs:** The second generation of task chairs will require replacement due to heavy use.

- **HVAC:** While replacement can be deferred, substantial maintenance is likely to be necessary in the near future.

6. New Business

a. Zagray Fund Requests

Kate Byroade presented a set of requests for money from the Zagray Fund.

Requests anticipated in March 2011:

- **Children's Department Circulation Desk:** Mary Louise Jensen, the Building Consultant for the Connecticut State Library's Division of Library Development, reviewed the library's space utilization recently. One issue identified was the layout of the circulation desk in the Children's Department. Kate Byroade is compiling estimates to replace the countertop. Improving the circulation workflow should reduce the number of books sent to the shelves without having been checked in.
- **Children's Department Seating:** Mary Louise Jensen also noted that no space existed for older children to read comfortably. Kate Byroade and Karen Giugno identified a space that could be created by rearranging shelving. Seating will be required.
- **Children's Department Lighting:** Mary Louise Jensen also noted a lack of light in certain areas within the Children's Department. Roland Burnet can perform the electrical work if individual fixtures are installed. Kate Byroade is looking at barn-style lighting. Current estimate is approximately \$2,000, but she will comparison-shop.
- **Gallery Lighting:** Kate Byroade and Julianna Cameron are looking at appropriate gallery lighting.

Requests for December 2010:

- **Library Director's Desk:** Kate Byroade asked to replace her antique desk with one that could more easily accommodate a computer and files. At Transfer Enterprises (a state bid list company offering a 10% discount and free shipping), she found a used desk that would be appropriate in the 1905 building, for \$1,359 (including scuff removal and buffing). A similar desk would cost \$5,200 if purchased new from Kimball.
- **Cataloguer's Desk:** The current desk does not have enough space to support the catalogue workflow. Kate Byroade asked for \$269.10 to purchase an appropriate used desk from Transfer Enterprises. A similar desk would cost \$2,700 if purchased new from Kimball.

Ron Goldstein asked how much of the Zagray Fund remained.

Kate Byroade answered that the Zagray Fund has approximately \$13,000.

Ron Goldstein noted that the Zagray Fund had historically been used for this type of expense.

Mary Ellen Mahoney asked for a motion to allow Kate Byroade to purchase the desks.

Motion: Mary Ellen Mahoney, to allow the purchase from the Zagray Fund of two desks, one for \$1,359 and another for \$269.10.

Seconded by: Julianna Cameron.

Vote: Approved unanimously.

7. Adjournment

Mary Ellen Mahoney requested a motion to adjourn.

Motion: Mary Ellen Mahoney, to adjourn the meeting.

Seconded by: Alyssa Soby.

Vote: Approved unanimously.

The meeting was adjourned at 8:59 P.M.

The next meeting of the Board of Trustees will be on Tuesday, March 1, 2011 at 6:30 P.M. in the Cragin Memorial Library.