

Littleton Public Library
MONTHLY TRUSTEE MEETING MINUTES
May 29, 2019

IN ATTENDANCE: Jani Fillion (chair), Judy JonesGirouard (vice-chair), Mary Swinyer (treasurer), Kim De Lutis (secretary), Judith Dean, Dawn Hatch, Bryan Koplow, Sara MacIver, Meagan Carr (director)

ABSENT: Kevin Hastings

GUEST: Ken Kinder from Stifel attended our meeting to report on our investments.

CALL TO ORDER: Jani Fillion (chair) at 7:00 PM.

Ken Kinder is the Littleton Public Library's Investment Portfolio Manager. He handed each board member a copy of the portfolio review, and gave an overview of Stifel. Stifel does not mandate investments, it does not offer proprietary products; clients hire him to manage their portfolios. Flat fees are 1% on the first 500k; 0.85% on the next 500k; 0.5% over \$1M; 0.4% over \$2M; 0.3 over \$4M; therefore, he is incentivized to grow our portfolio. The library is not bound by a contract with Stifel. Dean asked if there were any constraints since the library is a public institution. He said there are some statues at the state level that say you can apply a reasonable amount of draw from a portfolio if it is income only, except for municipalities; assets are truly restricted as income only. Other issues would be whatever the library trustees stipulate. Koplow asked if Kinder was a fiduciary. Ken said the nature of the account forces him to be a fiduciary. The Stifel term is *Solutions Account*, a designated account which makes it so that he is observed by his clients' officers to act in their best interest. Koplow asked what instructions he has from the trustees. Kinder presented the Investment Policy Agreement that sets the conservatism the trustees have requested. He mentioned the account is highly customized for the Board because of the restrictions. He looks at Total Return, which implies that you get a certain amount from investments in the form of interest, dividends, or capital appreciation — combined is the Total Return. The library can only take from the income side, not the capital appreciation side. We skewed the portfolio to try to provide as much income as possible to provide benefits to the library.

Kinder then proceeded to flip through the portfolio. There are 3 accounts registered at Stifel as of 5/27/19: Page 2/47: The Heald Fund: \$646,000; Checking: \$49,000; Unrestricted: \$23,000 with respect with our ability to use the money; it's invested more aggressively for longterm growth. Page 3/47: Consolidated assets are all the assets combined. The graph on the lower left answers the question "*what did we start with, how much have we taken out, and where are we now?*" This account started with the gift from Fran Heald \$480k; residual of the Heald estate was settled, and \$55k more came in. Average annualized return (AAR) was about 5.1%, which is acceptable considering Kinder's goal is to provide the most income within a range of risk comfort.

Page 7/47: The larger, restricted account. The graph shows the red line going down because the money is being withdrawn from the Unrestricted Account. AAR = 5.5% which is right in line with Kinder's goal for this portfolio at conservative risk.

Page 8/47: The graph on the upper R/H corner delineates the amount of risk and return. It's roughly a 70% stock/30% bonds. Our portfolio is highly diversified and of high quality. Stocks have a higher-end dividend distribution and the bonds are designed for higher than average interest payment. He said this is what we should pay the most attention to.

Koplow asked if the library pays taxes. No, because this library is part of the municipality.

At this point, Kinder does not recommend any significant changes. The allocation is meeting the goals appropriately. The principal is still growing, all the while producing income for the library. The board has tasked Kinder to rebalance and maneuver as he sees fit. No questions from the board. He asked Fillion's permission to work with the Checking (or Cash) Account. Granted. He directed the board to page 15/47: Unrestricted Account that primarily uses index funds, and page 16/47: the Checking Account: this is the account from which the library can withdraw funds. We have the

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money in safe cash alternatives: The Vanguard Money Market (Treasuries), daily liquidity. Currently pays 2.3%. We have a 6 and 9-month FDIC bank CDs at 1.5–2.5% approximately. These assets are being managed by the Finance Committee.

Koplow asked if most of what he does is this type of account. Kinder said yes, as well as many non-profits. He is referral-based, and our library is a typical size. He asked what the St. Johnsbury office has for total assets. Kinder said close to \$500M with 3 advisors. Kinder's business alone is about \$300M. Judith asked what would happen to our portfolio if something were to happen to him that he could no longer manage it. 13 years ago, he recruited a junior advisor who is apprised of our goals and plans. They have a legal agreement that he would take over in Kinder's absence. Koplow asked if changes to the portfolio are sent to the library. Kinder said they are mailed immediately. Carr mentioned the binders of mail the library receives from Stifel that are available to the public. Swinyer mentioned she has many friends with investments at Stifel. Fillion said of all the different areas at the library, our investments and Kinder's handling of them have been the least of the Board's worries for a good number of years. Kinder said he would be happy to meet with our new board members anytime.

Koplow asked if Kinder provides comps against the industry, and would be interested in seeing them.

MSV –To approve minutes from 5.1.19 — MacIver/Koplow (8-0) – MOTION APPROVED

DONATIONS: Many thanks to

\$310 from the Friends of the Library; for a tablet for Mary. Thank you, Friends!

OLD BUSINESS

ACTION: Hastings to update three items: The Personnel Policy update to the dress code; the Policies & Procedures update for DVD loans and no fines for overdue books.

ACTION: Fillion will send Hastings an email.

The Building Committee suggested that our carpets get cleaned.

ACTION: Hatch to reach out to Trahan Cleaning Services for a quote. Fillion to email the phone number to Hatch.

Carr mentioned having trouble finding air conditioners to fit the windows. The cases are not standard size for today's systems. Fillion asked when we'll find out whether we would get a grant. Carr said not until July. Koplow asked for a solution. Carr said the old units could take care of downstairs, but they need two for upstairs. Koplow asked if we know from the architects what we need for load. He asked what the BTUs for the old units were. Dean said we don't want to invest a huge amount because it may not be long term. Dean listed the reasons for having air conditioners to get us through the summer, and the goals of the committee. Swinyer asked if the portable air conditioners, Fillion said they aren't efficient. Fillion asked if we should have smaller units in the side without the framing. Koplow asked if the upstairs A/Cs worked. Carr said yes. They are all different units and they need to be cleaned.

ACTION: Fillion to ask Jim to look into it.

Director's Report: See Attached

Fillion and the board concurred that the flowers out front look fabulous. Barbara has done such a beautiful job.

Carr mentioned receiving an email from Porfido about the the side lot, drainage, and snow removal. Carr said the original deed has a 10-ft out specified that is ours as long as the library sits here.

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Koplow asked about the “town being neutral” — he said if there’s an easement, it needs to be registered. The Board will look into property lines and easements.

ACTION: Carr to let Porfido know that the Board will take this under advisement.

ACTION: Koplow will investigate from a legal standpoint.

NEW BUSINESS

Committee Assignments

Fillion asked if anyone would like to remove themselves from any committees. No responses.

NEW COMMITTEES:

Operating Funds/Budget: Hastings; Swinyer; Fillion; Koplow

Investments/Restricted Funds: Koplow; Hastings; Swinyer; Fillion

Building: Hatch; Hastings; Dean; MacIver

Mission/Marketing: MacIver; De Lutis; Hatch

Programs/Materials: Swinyer; De Lutis

Historical Preservation: MacIver; Dean; Fillion

Staff and Volunteers: JonesGirouard; Hatch; Fillion

Fundraising/Friends: MacIver; Hastings; De Lutis; Hatch

Friends of the Littleton Public Library Meetings are the first Tuesday of the month at 5:30pm

MSV – To adjourn at 8:51PM — Fillion/MacIver (8-0) – MOTION APPROVED

NEXT MEETING Wednesday June 26, 7PM, library.

Respectfully submitted, Kim De Lutis, secretary 5.29.19