

CLEVELAND PUBLIC LIBRARY
Finance Committee Meeting
October 17, 2017
Trustees Room Louis Stokes Wing
12:00 Noon

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

Absent: Mr. Hairston, Ms. Washington

Mr. Seifullah called the Finance Committee Meeting to order at 12:11 p.m.

FINANCE COMMITTEE MEETING (Mr. Seifullah, Chair)

Present: Alan Seifullah, Thomas Corrigan, Anthony Parker

Absent: John Hairston

Eighth Amendment to the Year 2017 Appropriation

Carrie Krenicky, Chief Financial Officer, stated that the Eighth Amendment to the Year 2017 Appropriation reflects an increase in Other Sources-Special Revenue by \$10,050 relating to \$9,250 in the Founders fund ; \$5,000 for the Ohio Arts Council Poetry Out Loud Grant and \$4,250 for the Internet Archive Grant; and \$800 in the Ohio Center for the Book fund relating to Letters About Literature.

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 Grant, As a Subrecipient, from Internet Archive through Institute of Museum and Library Science (IMLS) to Create Community History Web Archives

Carrie Krenicky, Chief Financial Officer, stated that this would be half of the amount that we will be appropriating for the Internet Archive Grant in the amendment that was previously discussed before the Board.

Chatham Ewing, Digital Library Strategist, stated that this five-year grant with services in-kind from the Internet Archive, non-profit digital internet library and web archiving service for collecting and accessing cultural heritage from the internet on Cleveland and Cleveland history.

This grant is designed to provide the Library with reimbursement of up to \$8,500 to cover the costs of staff travel to in-person training events, staff development, and hosting local programming at the Library. The grant will also provide a five-year subscription to Archive-It for web archiving service and support valued at \$5,000.00 per year.

For the last five years, Cleveland Public Library has been one of the only two libraries in the country that are actually doing documentation of websites such as the City of Cleveland, Cleveland Public Library, Frank Jackson for Mayor campaign site, documentation of facebook pages that reacted to and continue to advocate for issues with Black Lives Matter and in reaction to Tamir Rice.

In response to Ms. Rodriguez' inquiry, Mr. Ewing confirmed that this documentation is limited to web-based materials.

Ms. Krenicky stated that this resolution seeks to ratify the agreement that was entered into on October 5, 2017.

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 Updated Institutional Fee Schedule with PNC Institutional Asset Management for the Cleveland Public Library Endowment Account

Carrie Krenicky, Chief Financial Officer, stated that on June 17, 1982, the Board authorized the National City Bank, now known as PNC Institutional Asset Management ("PNC"), to manage the Library's endowment investments and to be custodian of funds.

On September 18, 1997, the Board of Library Trustees authorized the Library to execute the Agency Agreement which reappointed National City Bank, now known as PNC, as manager and custodian of the Library's endowment funds at the rates which are currently in place today.

PNC has notified the Library that they would like a more standardized fee schedule with all of their clients and has informed the Library that it is attempting to reduce the large number of different fee schedules it utilizes by consolidating schedules and eliminating discounts. The Library has received notice that it will no longer be eligible for a discounted fee and will be subject to an updated institutional fee schedule which provides for tiered fee rates that decrease as the value of assets increases.

Ms. Krenicky stated that performing a fee analysis based on the August 30, 2017 endowment market value of \$23,270,878, the updated institutional fee schedule would cost the Library an additional \$16,534 in fees annually as compared to the current fee schedule in place. Based upon the current value of the portfolio, the proposed fees total .41% versus .34% based on the current fee schedule; the total portfolio has been performing well according to the priorities and guidelines set forth in the Library's Investment Policy as approved by the Board on June 16, 2016. The updated fee schedule provides for lower tiers and as assets grow, the cost in basis points decrease.

Ms. Krenicky explained that PNC, on the investment side of our monies, is custodian of our investment accounts. Although they hold the funds, they do not manage them. We are going out for requests for proposals for that because we know that the custody piece has significantly decreased. We could probably cut that fee in half. Since PNC is managing and custodian of the

Library's endowment fund, this would be a huge undertaking to go out now. Fees have not been reviewed in 20 years and as Glen Danahey, PNC, has come and given us a review annually, it is performing very well. If we feel that this fee structure is fair, we will enter into an agreement. Otherwise, if we choose not to, we can go out and shop it and determine how competitive it actually is.

There is no term on this fee schedule. Because we are not sure when it would be mandated for us to be charged this fee, there will be no time term. We can go out and shop it and perhaps choose another custodian or manager at that time we put another request out.

Mr. Parker asked, without doing any shopping or comparison, how is it determined if it is fair.

In response, Ms. Krenicky stated that she believes that we are performing very well and the fees are about .41% which they are saying is fair for an endowment account. Our account is not as huge as others; there may not be a lot of interest in it. When you manage and are the custodian, you do not have the custodian fees also which cuts down on fees as well. This may have been the reason why the Board decided in 1982 that PNC would both manage and be the custodian of the account. In 1997, interest rates were over 6%.

Mr. Seifullah asked if there was a time frame when they would come up with their fee.

Ms. Krenicky stated that she was told that it would be effective July 1. However, it has not been implemented yet. A date has not been given where the Library is mandated to move to it.

In response to Mr. Seifullah's inquiry, Ms. Krenicky confirmed that this would be going forward. As of the last quarterly statement, our old fee structure was in place.

Mr. Corrigan stated that his parochial reason for wanting to re-examine and shopping this is because PNC is no longer an Ohio based entity and when we first did this National City still existed.

Mr. Corrigan stated that as long as we are not locked in and have the ability to think and explore this, he supported this resolution.

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 Ratify Agreement for Purchase of Natural Gas

Joyce Dodrill, Chief Legal Officer, stated that at on September 21, 2017 the Board authorized the Executive Director or his designee to enter into an agreement for natural gas either through a broker or directly with suppliers that provided the best fixed price for periods of time up to and including 36 months, provided the rates do not exceed the rates \$3.50 per MCF. On September 21, 2017, the lowest price for a 12 month term was \$3.15 per MCF with Ohio Gas & Electric and the Library, through North Shore Energy Consulting, LLC, received a contract from Ohio Gas &

Electric for a 12 month term. The Library's Director executed the agreement with Ohio Gas & Electric at the rate of \$3.15 per MCF effective from November 2017 through November 2018.

This resolution requests that the Board ratifies the agreement entered into by the Library on September 21, 2017 with Ohio Gas & Electric for natural gas at the rate of \$3.15 per MCF for a 12 month term from November 2017 through November 2018.

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 Agreement with Integrated Precision Systems, Inc. for Maintenance of People Counting Hardware, Software and Firmware

Timothy Diamond, Chief Knowledge Officer, stated that our people counters are actually cameras which are above the doors in each of our facilities that provide a very accurate counting system whereby we can track attendance in our buildings down to the second. This system has been very reliable since it was first installed and continues to be accurate. The vendor has been responsive whenever we have had issues, including recalibrating the equipment when necessary. When we have done any repairs in buildings, they have come out to remount and readjust the cameras as needed.

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 Increase Budget for Glenville Parking Lot

Joyce Dodrill, Chief Legal Officer, stated that last month when the Board considered and approved the resolution to award the contract to Chagrin Valley Paving for a project budget not to exceed \$90,000 for the Glenville branch parking lot, we failed to include the \$6,875 that has to be paid to The Riverstone Company for surveying and engineering the design of the parking lot. We are asking that the Board increase the budget to include that cost. In addition, we have just learned that when the designer applied for a permit from the City of Cleveland, they sent back a Notice of Nonconformance as the design does not include a number of items that will cost the Library additional funds.

These additional costs include a fence, as we are required to place an opaque fence at portions of the parking lot to prevent vehicle headlights from blinding residents who live in the neighboring apartment building and adjoining residence. We are also required to put in transition strips with landscaping, and wheel bumper guards; and most importantly, we may be required to redesign the ingress and egress. Apparently, there is a concern that the ingress and egress onto St. Clair Avenue is not appropriate as St. Clair is a heavily congested street.

In response to Ms. Butts' inquiry, Ms. Dodrill stated that the ingress and egress could come from East 118th Street but would reduce the number of parking spaces from 16 to as few as 10. The Board is being asked for additional funds to accommodate these changes.

Ms. Dodrill stated that we will approach the City and talk to the Building Plan Reviewer and find out if there is any mistake in these requirements or if there are other less expensive resolutions to these concerns. If necessary, we may appeal this to the Board of Zoning Appeals. However, this will slow down the process. We will explore our options.

Ms. Rodriguez asked for clarification on the reduction of parking spaces.

Ms. Dodrill stated that we would have to redesign the parking lot.

Eric Herman, Capital Projects Manager, explained that part of the reason for the reduction would be to make room for shrubs and the redesign could cause a loss of parking spaces on the residential side.

Discussion continued about the location of the fence and the reason for the need for an opaque fence.

Ms. Dodrill explained that the following additional costs were unclear at this time: \$10,000 for the fence; \$10,000 for the landscaping; and \$5,000 for design fees in case the parking lot had to be redesigned. The new total budget would be \$121,875.

Mr. Corrigan stated that we got the land for nothing because of the Land Bank. If we had to acquire land for a parking and design a parking lot we could be spending \$80,000-100,000 for the land. That aspect is still a positive.

Director Thomas stated that he has spoken to Wards 8 and 9, and the parking lot came up as a topic of discussion. Being able to explain that the Library is moving forward on this issue garnered the approval of community members who were in attendance.

Mr. Corrigan asked would it be critical if the parking lot had a single entrance and egress since the entrance would not be on St. Clair Avenue.

Mr. Herman stated that with a single in and out, the advantage would be the flow of traffic in only one direction through the lot. However, it would be up to the engineer to address the design issue that will dictate the number of spaces that will be available.

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 Extension of the Lease for the Temporary South Branch of the Cleveland Public Library

Joyce Dodrill, Chief Legal Officer, stated that this resolution is requesting the authority to extend the Library's lease for the temporary South branch though November 2018 instead of May 14, 2018 to accommodate the construction schedule for the renovation of the original South Branch.

Ms. Dodrill stated that the commencement of the renovation work on the original South Branch has been delayed until the spring of 2018 due to the unavailability of construction trades through the end of this year because the first round of bidding resulted in very high bids due in part to the timing of our construction. Renovation of the South Branch is now estimated to be completed by November of 2018, and the Library has requested a lease extension from the owner through November 30, 2018 to which the building owner has agreed.

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.

Mr. Seifullah adjourned the meeting of the Finance Committee at 12:37 p.m.