

Minutes of the Jones Library and the Town Libraries Board of Trustees

April 7, 2009, Trustees' Room, Jones Library

Present: Trustees Holland, Hoffmann, Greenbaum, McKee, Gray, Wang

Also Present: Former Trustee Molly Turner; Bonnie Isman, Director; Tina Swift, Staff; Press.

Former President Molly Turner: Called the meeting to order at 7:04 p.m.

Discussion of the minutes. Ms. Holland requested this change on page 1: President's Report, paragraph 2: Add "Staff are happy to have the Trustees attend their all staff meeting." At the bottom of this page, add "Ms. Turner recommended putting a notice on the ACTV web site to see if somebody would videotape Trustees' meetings." On page 3, paragraph 3, delete comma after 2009.

Ms. Wang and Mr. Greenbaum arrived at 7:07 p.m.

**Motion:** To accept the minutes of March 3, 2009 as amended above. Motion by: Ms. Wang, Second by: Mr. Hoffmann. Vote: 4 ayes, 2 abstentions. Vote passes.

Ms. Turner welcomed the new trustees, Carol Gray and Sarah McKee. She reported on the meeting of the 4 chairs, called by Town Manager Larry Shaffer regarding the order of Town Meeting. The School Committee and the Select Board were there. Ms. Turner feels the School Committee wants an override. The Library will present their budget to Town Meeting before the Schools and after the Town Manager's budget. Ms. Gray said the Town Meeting Coordinating Committee is recommending a random lottery for placement of budget presentations to Town Meeting.

Treasurer's Report. Ms. Isman told the Trustees that the Library closes twice each year for an All Staff Meeting. The Town Manager, Larry Shaffer, joined the All Staff meeting and he spoke for about 45 minutes, later taking questions from the floor. Then the staff had a presentation of Digital Amherst by Tevis Kimball of Special Collections. Also at that meeting, Chris Hoffmann and Pat Holland introduced themselves after Molly Turner and Ann Grose had to leave due to other commitments. Ms. Isman said the staff thanked the Trustees for attending and they would like to meet the new Trustees.

Ms. Turner noted that while the Town Manager was encouraging entrepreneurial ideas from the staff, it was unclear whether the Library could keep the revenue or whether the revenue would go into the Town's general fund. Ms. Turner said she is reluctant to burden Library staff with more duties toward raising revenue in order to retain jobs. Mr. Shaffer made it absolutely clear that he is not in charge of the Library and 'the Library is not a department of the Town.'

Ms. Turner feels that the Trustees should look at the Memo of Understanding between the Town and the Library trustees.

Ms. Holland spoke of Mr. Gorman's information from Vanguard Financial Investment Company. The endowment is \$6,019,103.06 (as of April 1, 2009). The fees are about \$5,000 per quarter

and the “total fees” figure is what has been paid for calendar year 2009. Mr. Gorman is suggesting that the Trustees ‘stay the course.’ Bob Saul, an investment advisor with GMO, has offered personal advice to the Library regarding their endowment. He says leave equities and use a money market and shift from using a three year average of returns and pick a yearly figure. He believes the country is heading into a 15 year depression and he says the endowment will never see \$9 million again. He feels all of the cash should be put into money market funds. Mr. Saul told the trustees to “cash out of the market when the Dow hits 9500.” He said at that point figure out what level of funds can be taken out of the endowment and stick to that strategy for at least two years. He suggested viewing the endowment as an annuity fund, with a fixed amount that is usable each year. Mr. Gorman made it clear that GMO and Vanguard have opposite views on investment policies.

Ms. Isman informed the new trustees that the switch to Vanguard occurred in 2004 and at that time, the trustees developed an investment policy. Ms. Holland recalled that Bob Saul felt that while America is putting a lot of money into bailouts and economic stimulus, other countries are not, which foreshadows a serious depression.

Ms. Turner clarified: (1) moving out of equities and into a money market, and, the (2) three year rolling disbursement. She limited the discussion to this.

Ms. Gray wants to look at the ‘big picture’ and noted that there are some investment firms who work exclusively with non profits and who offer annuities to people as a way of fundraising. Ms. McKee stated, ‘We do have a fiduciary duty to protect the endowment.’ She feels this is time to be defensive regarding the investments. She noted that many more jobs are being lost contrary to predictions and she is not convinced by Mr. Gorman’s saying, ‘It’s impossible to time the market.’ Ms. McKee stated that the Trustees are not trying to time the market, but rather to protect the investments for the Library. She noted that the current asset allocation leaves the Library exceedingly vulnerable in the stock funds area.

Mr. Greenbaum said, “People have faith in our ability to preserve this great and noble institution.” He agreed with Ms. Turner that the Trustees have been elected to be stewards of the Library’s funds. He noted that the trustees have discussed “for months” the usage of Library endowment monies. Mr. Greenbaum said, ‘it’s not going to happen’ that the Library recovers all of its lost funds.

Ms. Isman stated that she has seen the endowment go up and down many times since 1980. She asked the Trustees to ask more than only one person’s advice before radically changing the investment policy which took a great deal of time to formulate. Mr. Hoffmann supported Ms. Isman, saying that this shift to Mr. Saul’s way of thinking and investing is a radical change. He noted that the market is up a bit this month and he is not ready to change the policy. Ms. Isman referred to the risk table provided by Mr. Gorman noting that cash has the least risk, but it also has the lowest return. Ms. Gray said she sees good points on all sides and she likes the idea of at least two opinions before changing the investment strategy. She would like to see and hear Mr. Saul and Mr. Gorman together so that they can respond to each other. Mr. Saul can bring another investment advisor who has an opposing viewpoint and this is what Ms.

Turner suggested. Ms. McKee noted that the Federal Reserve Bank has loaned 3 Trillion dollars and refuses to say where it has been loaned. This makes Ms. McKee nervous and she feels that the Trustees must take this investment policy very seriously.

Mr. Hoffmann asked Ms. Holland to get a clarification of the agreement with Vanguard. Ms. Wang wanted to know what question was asked of Mr. Gorman. Ms. Holland had asked Mr. Gorman to respond to Mr. Saul's ideas. Ms. Turner explained that Ms. Holland and she had met with the Town Manager who had invited John Musante, Finance Director. John Musante said 'Bob Saul is really concerned about your endowment.' Ms. Wang asked if we had asked Jim Gorman what other clients are doing. Ms. Holland said his clients are non profits under \$10 million and he talked of one who had, to his dismay, shifted into cash. Ms. Holland had mentioned to Mr. Gorman of Vanguard that she had received advice from someone from GMO. Ms. Wang feels another opinion would be good. Ms. Isman suggested asking Peter Shea to come back to talk to the Trustees. Ms. Wang would like to see data to see how many people are putting their monies into cash. Ms. Gray suggested having a meeting, possibly next week, to hear from financial experts. Mr. Greenbaum suggested inviting three financial experts and 'give them at least two weeks as a courtesy.' Pat Holland will invite the three guests for the next meeting.

Director's Report. Ms. Isman and others attended the Mass. Library Association's Legislative Rally today and the Hall of Flags was full of library supporters. This rally was for both school and public libraries. In the Cambridge Learning Commons (the new phrase for Library) the high school has been completely revamped. Ellen Story is Madam Floor Leader (new position) and she brought four of the western Mass. visitors onto the floor where the Speaker of the House introduced them to the House. The constant refrain was "There is no money, there is no money." Ms. Story was very gracious and generous. They met with Senator Rosenberg's new chief of budget staff, Nick Puleo. He now understands how cooperatively libraries in western Massachusetts work. Fifteen librarians from western Massachusetts visited Senator Rosenberg's office.

Digital Amherst website. Tevis Kimball would love to do another demonstration for the Trustees, but they can go online and see it at their own pace.

Liability for Library retiree's health insurance. There is none. There is only one retiree of Jones Library, Inc. and there is no liability for health insurance (as there is for a pension).

Performance statistics: Ms. Isman discussed the Finance Director's charts which make it seem as if the Town gives a lot of funds to the Library. Out of the four regional school district towns, Leverett pays more per capita than Amherst toward its library. Mr. Greenbaum said, "This is all very well, but where does this take us?" He noted it has become very clear that Amherst pays very little toward its Library. He continued, "It's clear for everybody to see. But, excuse me, where does this get us?" Mr. Musante said he had not compiled the chart with 'any evil intent.' Ms. Gray suggested compiling the Library's statistics and providing them to the Town Meeting members' packets. Ms. Isman pointed to her program budget's final sheet which discusses "How Does Amherst Compare?" Ms. Isman will ask Ms. Allison Gonta (Community Choices

Committee) to help compile statistics. Ms. Wang asked if the Library is tracking the number of people coming into the Library. Ms. Isman stated that figures are read monthly and the increase in traffic has been 27% over the year. Ms. Wang suggested giving the traffic into the Library data to Town Meeting members.

Unfinished Business. Budget for 2010. This is a level services program budget. This describes the kinds of services provided by the Library (with three years worth of statistics). Ms. Gray asked if Ms. Isman would include figures for opening the Library on Monday mornings as well as afternoons. Ms. Gray suggested adding the privately funded branch hours (four hours per week for the summer for the North Amherst Library). Ms. Wang, Ms. Gray, and Ms. McKee thought keeping the Library open on Sunday in the summer would be a good thing.

Ms. Isman has updated the budget calendar. Ms. Isman suggested waiting to meet with the Select Board until the Trustees have a firm budget proposal. She noted that the budget votes will begin on June 1, which is a delay from past practices. The Library department heads have worked a proposal for the MAR budget and would like to present it to the Trustees.

The next Trustees' meetings are April 14, (the Annual Meeting) May 5, and May 12. The Trustees will add April 21 at 7:00 p.m. and the staff can make their budget presentation then.

New Business. Ms. Turner told the Trustees that they must elect new officers at the Annual Meeting. This can be done with a nominating committee, or by consensus.

Ms. Gray likes the idea of investigating a café for the Library. Mr. Greenbaum noted that the Trustees had already discussed this idea.

Committee Reports. Budget Coordinating Group: Ms. Holland talked of their postponing the budget presentations. After Town Meeting, Mr. Weiss' wage study will be examined and comparisons with other towns will be studied. Two people commented that it was useful to know that the branches cost so little money that closing them will not save much. Ms. Turner congratulated Mr. Hoffmann on his newspaper article about the Library and branches. The Finance Committee does not want to use reserve funds to fill gaps in the budget, but they will consider using the reserves to leverage other monies, such as state aid.

Joint Capital Planning Committee: Ms. Holland reported that they have approved Jones Library roof repair, exterior repair, Munson Memorial building work, computers, copiers, and a disability access computer (which might be cut). The Library did very well with the JCPC. Mr. Greenbaum noted that the Library has done well with CPAC as well.

Fundraising: is currently about \$42,000.

Personnel Board: Ms. Holland reported that the Personnel Board will conduct voluntary exit interviews. At the most recent meeting, the Town Manager assured the librarians that any donation of their COLA's would stay with the Library. The Personnel Board voted to sit down with unions to renegotiate the COLA's.

Gallery: Mr. Greenbaum praised last month's exhibit of historical items and photos.

Friends: nothing to report.

Ms. Isman reported that Alan Snow wants to plant two new Princeton elm trees on Arbor Day, one at the North Amherst Library, one at the Jones Library. These trees have been donated by the Hadley Garden Center in honor of the 250<sup>th</sup> celebration and they could last another 200 years. The trees will be 80 to 90 feet tall at maturity. The Trustees accepted these gifts with thanks.

The meeting adjourned at 9:24 p.m.

Respectfully submitted,

Tina Swift