

MINUTES OF THE COMMITTEE OF THE WHOLE MEETING OF THE BOARD OF TRUSTEES OF THE WESTCHESTER PUBLIC LIBRARY, WESTCHESTER, ILLINOIS, HELD IN THE COMMUNITY ROOM OF THE WESTCHESTER PUBLIC LIBRARY, 10700 CANTERBURY STREET AT 7:00 PM ON MONDAY, JULY 9, 2018

1. Pledge of Allegiance

2. Call to Order and Roll Call at 7:04 p.m.

- Present were President John Lamberti, Vice President Demitrus Evans, Trustee Gerald Chenski, Treasurer Jenice Hampton, Secretary Janette S. Maldonado, Trustee Fred Poppe. Also present were Director Fidencio Marbella, Assistant Director Bonnie Schwanz, Business Manager Allison Muzal, and Mr. Matthew Krajniak.
- Absent was Trustee Elizabeth Hunter

3. Public Comment – None

4. Discussion Items

A. Review of Reserve Fund

- Mr. Krajniak from Focus Financial attended the meeting to discuss the library's bond portfolio. The net amount was about \$1.045M when transitioned to Focus Financial and as of the meeting, was approximately \$1.049M. He explained the amount shown on the statement is reflective of the value if the library were to sell everything. However, that happens rarely, perhaps in cases where there may be an unplanned need. Although the values will fluctuate, generally, if held until the bond term the value will be there with interest.
- More recently, there is a trend upward in interest rates. Typically, the prices of bonds go down as interest rates go up.
- Shown on the reports prepared by Focus Financial are the holdings, bonds the library has invested in, number of shares, par value, price per share and total value for each. Also included is the Yield, which shows why Focus Financial chose specific investments for the library based on the anticipated interest or income amount. Year-to-date, the estimated income amount is a little over \$10k.
- President Lamberti asked about the library's investment limitations, as a public entity. Mr. Krajniak shared the library is allowed to invest in FDIC insured, municipal securities, and up to 30% corporate fixed income.
- Trustee Poppe asked if the report shows the cost of the securities at the time they were bought, which Mr. Krajniak said was shown under the section Gain and Loss by Investor.
- Trustee Chenski mentioned the library has seen very little gain overall on the \$1M investment and asked about the difference in going to the banks, to get certificates of deposit at higher rates on our own. Mr. Krajniak says depending on the length of time, the value of the investments will be higher than the rate on CDs – if held to maturity with the principle, plus interest payments.
- Business Manager Muzal mentioned the auditors stated the library has to show the value of the bonds from month-to-month, which may be causing concern. The

month-to-month values do not show an accurate picture of gains since the bond values fluctuate.

- Mr. Krajniak went over a few other pages in the report:
 - The Fixed income by Maturity shows the value of securities if liquidated today, and if held to term.
 - Income and Expenses – shows rates in the past.
- Trustee Chenski asked why we invest on accounts that have not shown gains.
 - Mr. Krajniak explained he is looking for yield over period of time – the rate paid now and 1-2 years from now.

Director Marbella asked what the longest term the library currently has. Mr. Krajniak pointed out the chart, Allocation by Maturity on page 8 – maximum is four years out. About 10-20% is kept liquid.

Trustee Poppe asked how Krajniak Group relates to Focus Financial. Mr. Krajniak explained there are three companies involved:

1. The Krajniak Group, Mr. Krajniak's firm
2. Focus Financial – responsible for compliance. Have to approve each transaction. Focus is the registered investment advisory firm and is responsible for the Krajniak Group's compliance with financial regulations.
3. Royal Alliance – company housing the money, the library's brokerage account; removes Mr. Krajniak from having direct access to money.

Parameters are set by library policies, Mr. Krajniak makes the selections.

FINRA Brokerage provides background information on all financial agencies.

Trustee Chenski asked about how the Board could be kept informed about options. Mr. Krajniak responded he could attend Board meetings more frequently – once a quarter – to review the funds available and options to invest. Will attend COTW meeting at the beginning of each quarter, beginning October 2018.

Library Improvement Ideas

Director Marbella shared he is working on scheduling asbestos abatement for early September. Kayaking has gotten a very big response. Breaking up the sessions into two smaller sessions. First river trip coming up August 11 and then two more after that. Since the HVAC came under budget, will look into getting someone to take a look at the cedar shingles in the fall and possibly replaced in the spring, depending on the assessment.

Policy review

Director Marbella reviewed each policy with Circulation Manager Pat Sinacore since it impacts her department.

5. Unfinished Business – None

6. Board Member Comment – None

7. Motion to adjourn at 7:58 p.m. made by President Lamberti, seconded by Trustee Poppe, motion approved, 6 ayes, 0 nays, one absent

Submitted by Janette Maldonado, Secretary, Westchester Public Library Board of Trustees