

# Minutes for Southworth Library Board Meeting July 19, 2023 meeting

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The Minutes for the Board meeting for the Southworth Library July 19, 2023

Present:

- Michael Lane, President
- Bambi Avery, secretary
- Randall Stewart, Vice President
- Paul Streeter, Treasurer
- Clint Brooks
- Diane Pamel – Library Director
- Allison Payne- Library Asst and Bookkeeper

Not Present:

- MaryEllen Rumsey

Meeting called to order at 6:10 p.m.

Privilege of the floor for the public- no attendees

## **Treasurer Report and Finance Committee**

The following financial reports for January – June 2023 are submitted and reviewed

- Balance Sheet
- Profit & Loss
- Operating income
- Budget-expense
- Lincoln
- Bailey Fund

## **Minutes**

Minutes for May 25, 2023 Board Meeting are submitted. Paul Streeter moves to approve minutes, Randy Stewart seconds and all approve.

## **The Director Report is submitted**

No questions or modifications needed.

## **Operations Committee**

Included in the Director's Report

## **Finance committee**

Audit- Randall Stewart will pursue Deb Hayden at Port, Kashdin & McSherry for an update on the audit for 2022.

8 Library Street Report submitted- Randy asks if we want Jim Lane to come to a Board meeting for an update on the property at the September 20 board meeting.

Investment Policy update. The expressed goal is to have a policy that anyone could understand in layman's terms.

Paul Streeter submits a revised investment policy for approval. It defines three categories for investments: short term for operations, intermediate and long term. Quarterly oversight is expected with an annual evaluation. Long-term strategies would to re-invest to build reserves.

Clint Brooks moves to adopt the new investment policy, and the included Board resolutions. Randall Stewart seconds and all approve. The investment policy is attached

## **Building and Grounds Report**

HVAC proposal and payback study is discussed. Geothermal conversion was not recommended, nor were heat pumps. Variable Refrigerant flow was presented as a possibility but provides no payback. The Board agrees to table the issue for the present time.

Front entryway work still needs completion, noting that Schickel Construction cannot do the work.

[Director /documents/board meeting/2023/May 25, 2023 Board Meeting Minutes pg. 1](#)

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It is noted that the hedge row between library parking lot and 8 Library street need to be removed. The clean out needed for the building inspection is still in progress.

Fundraising-

It is remarked that the donor appreciation event was appreciated and well received.

Old business-

The Board votes to pass a resolution to nominate MaryEllen Rumsey as our first Trustee Emeritus, on receipt of her resignation, should that occur. Paul Streeter makes the motion, Clint Brooks seconds and all approve.

**Randall Stewart moves to go into executive session, Clint Brooks seconds and all approve.**

## **The Southworth Library Association Investment Policy**

### **Purpose**

This statement is intended to provide general objectives for the management and investment of operating, reserve, and endowment funds of The Southworth Library Association (Library).

### **Objectives**

- To maintain a level of cash or cash equivalents equal to 6 months of operating expenses plus anticipated building or other capital improvements within 6 months.
- To invest intermediate term operating and building reserves and endowment funds in a manner that seeks to provide income and protect the capital invested.
- To invest long-term reserve funds in a manner that seeks to maintain and potentially grow the capital invested on an inflation-adjusted basis over the long term.

### **Definitions**

For purpose of this policy the following definitions apply:

**Short Term Funds:** These are funds intended to meet daily operating needs of the Library; they are to be invested in no risk easily accessible financial instruments with rolling maturities.

**Intermediate Term Reserve Funds:** These are funds intended to provide resources for future investments and/or provide a financial buffer against unexpected financial challenges. These funds are to be invested in minimal risk financial instruments with rolling maturities.

**Endowment Funds:** These are funds for which the original gift amount is permanent in nature in accordance with the direction of the donor. Management of the endowment assets is designed to ensure a total return (income plus capital change) necessary to preserve and enhance (in real dollar terms) the principal of the funds at the same time, provide a dependable source of support for current operations and programs.

**Long-term Reserve Funds:** These are funds designated by the Board of Trustees that are intended to provide a long-term financial resource for the Library. The primary investment objective is to realize a total return (income plus capital change) necessary to preserve and enhance the principal of the funds on an inflation-adjusted basis (i.e. in real dollar terms).

These funds are available to support future investments, but the primary purpose for designating these as long-term investments is to grow the underlying assets. As such income generated from these assets is intended to be reinvested within the pool of long-term reserve funds rather than being used as source of income for normal Library operations.

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The Finance Committee and the full Board of Trustees shall annually review the total value and the investment performance of the long-term reserve funds to evaluate either reaffirm or modify the investment objectives.

## **Responsibilities**

The Finance Committee of The Southworth Library Association Board of Trustees shall be responsible for:

- The oversight and management of short, intermediate, endowment, and long-term reserve investments. The services of an investment manager may also be used as approved by the Board of Trustees.
- Periodically evaluate and adjust as necessary the level of short-term operating and capital funds and intermediate term reserves.
- Ascertaining that funds are invested in accordance with the guidelines outlined herein and that investment returns are satisfactory relevant to investment objectives and related industry benchmarks.
- The Committee shall review investment performance reports quarterly with the investment manager and shall report at least annually to the Board of Trustees on investment performance.
- Assuring that all endowment or other restricted funds are administered in accordance with any governing gift or grant instructions.

All transactions within an investment account not managed by an external investment manager require the approval signature of two members of the Finance Committee.

## **Short Term Investment Guidelines**

The Finance Committee will manage short-term cash management funds using the following vehicles:

- Interest bearing accounts at financial institutions in amounts not to exceed FDIC insured limits
- US Treasury or other Federal Agency Securities with maturities six months or less
- Securities backed by the full faith and credit of the U.S. Government – Government National Mortgage Association (GNMA) with maturities six months or less
- Certificates of Deposits with maturities six months or less
- Money Market Mutual Funds with a rating of AAA by S&P and/or Moody's

## **Intermediate Term Investment Guidelines**

The investment timeframe for intermediate term investments are funds that could be available for use between 6 months and approximately 3 years. An investment manager will manage intermediate term investments using the following vehicles:

- Interest bearing accounts at financial institutions in amounts not to exceed FDIC insured limits

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- Certificates of Deposit with maturity no greater than 3 years
- Money Market Mutual Funds with a rating of AAA S&P and/or Moody's
- US Treasuries and agency securities with maturities not greater than 3 years
- Securities backed by the full faith and credit of the U.S. Government – Government National Mortgage Association (GNMA) with maturities not greater than 3 years
- Securities backed by Federal Agencies – Federal Home Loan Bank (FHLB), Federal Housing Authority (FHA), Other with maturities not greater than 3 years

(Note: the list of potential investment vehicles may be modified based on advice from an investment manager.)

### **Long-term Reserve Investment Guidelines**

#### **First National Bank of Dryden Stock:**

The Library holds 18,276 stock shares in the First National Bank of Dryden as of May 2023. The Library seeks to maintain a significant equity investment in the First National Bank of Dryden. Dividends from this stock will be used to fund current operations of the Library.

#### **Long-Term Reserve Funds (excluding First National Bank of Dryden Stock):**

##### **Asset allocation:**

The long-term reserve funds assets will be invested in various asset classes, most of which fluctuate in value. The Investment Manager may use cash equivalents and alternative investments for reducing portfolio volatility when warranted. Asset allocation of the account will follow the investment manager's strategy with an objective of providing income while preserving capital on an inflation-adjusted basis. The weighting guidelines for this strategy are as follows:

##### **Asset Allocation Range:**

Equities:	20-30%
Fixed Income:	70%-80%
Reserves:	0%-10%

#### **Security Guidelines and Restrictions:**

##### **Common Stock Guidelines:**

- Additional equity investments should be made in higher quality companies or mutual funds/Exchange Traded Funds (ETFs) that meet or exceed the required measures of the Investment Manager. Higher quality companies may be large, small, US-based, and/or foreign- based and have a rating of AAA by S&P and/or Moody's.
- Reasonable diversification of common stock investments is desirable in order to seek less impact of large fluctuations in individual investments. The combination of mutual funds/ETFs utilized in the strategy seeks to provide this diversification.

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## Fixed Income Guidelines:

Fixed income instruments shall consist of bonds, notes, and cash

- Fixed income investments will generally be oriented toward higher quality, investment grade securities with a rating of AAA by S&P and/or Moody's.
- Bond investments should be made in higher quality companies or mutual funds/Exchange Traded Funds (ETFs) with a rating of AAS by S&P and/or Moody's. Bonds may be issued by large companies, small companies, US-based, and/or foreign-based companies and/or governments, as well as US Treasury Securities.

(Note: the list of potential investment vehicles may be modified based on advice from an investment manager.)

## Long-term Investment Performance Objective:

The portfolio's investment returns will be compared to an index or combination of indices such as:  
To be determined with Investment Manager

## Communication and Account Reviews:

The Investment Manager will provide a statement of the account at least quarterly. The Investment Manager shall also participate in a brief quarterly review meeting with the Finance Committee to review the structure of the portfolio, related performance, and any special issues that may influence the management of the account.

## Conclusion:

This investment policy statement has been approved by the Southworth Library Association Board of Trustees. It is the Board's intention to review this policy formally with its Investment Managers periodically to reaffirm its continuing relevancy or to revise it as appropriate. In addition, Investment Managers may suggest revisions from time to time.

Approved By:

***Bambi Avery***

***7/19/2023***

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Secretary  
Southworth Library Association Board of Trustees

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Date

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### Proposed Board Resolutions

#### Resolution #1

The Finance Committee recommends to the Board of Trustees of The Southworth Library Association approval of the draft Investment Policy statement dated July 15, 2023.

#### Resolution #2

The Finance Committee recommends to the Board of Trustees of The Southworth Library Association to add Randy Stewart and Paul Streeter as authorized signers on the investment accounts held by Stifel.

#### Resolution #3

The Finance Committee recommends to the Board of Trustees of The Southworth Library Association to provide the Bookkeeper, a position currently held by Allison Payne, with view only access to the investment accounts held by Stifel.