

Hingham Public Library
Minutes of the Meeting of the Board of Trustees
January 16, 2019

The meeting was called to order at 7:01 p.m. in the Trustees Conference Room.
Present: Trustees Charles B. Abbott, Michael Barclay, Edward D. Boylan, Thomas J. Carey Jr., Edna English, Arthur T. Garrity Jr., Lucy Hancock, David Mehegan, JoAnn Mitchell, Jeremy Parker, Tina V. Sherwood, Edward Siegfried, Michael A. Spatola, Lisa Tuite, Chair of the Board of Selectmen (and ex-officio Trustee) Paul Healey; Library Business Administrator Joan Allen, Director Linda Harper, Assistant Director Anna Byrne, Assistant to the Secretary Jill Blair; Alice K. Walsh and John K. Sargent, Managing Directors of Middleton & Company, Inc.
Absent: Trustee Elizabeth Eldredge

On motion made and seconded, it was

VOTED: To approve the minutes of the meeting of November 14, 2018 with amendments.

Chairman Mehegan noted that the next meeting will be held on March 20, 2019.

Advisor's Annual Review of Investment Portfolio

Ms. Walsh and Mr. Sargent of Middleton & Company, Inc. attended the meeting to summarize the factors contributing to the performance of the investment portfolio in 2018. Ms. Walsh noted that economic growth in 2018 was strong with earnings growth increasing due to new tax laws. U.S. equity market performance was positive through the third quarter and then the S&P 500 declined 13.5% in the fourth quarter, erasing earlier gains to end the year down 4.4%. In comparison, the Hingham Public Library Endowment ended the year up 1.9%.

Ms. Walsh and Mr. Sargent answered questions submitted by the Finance Committee which focused on three topics: Investment performance attribution, philosophy when managing the endowment, and Middleton & Company's decision process. Middleton's outlook in 2019 calls for positive corporate earnings and opportunity for investment growth. They do, however, expect U.S. economic growth to decelerate and point to Federal Reserve monetary policy and geopolitical uncertainty as key drivers of market volatility.

Commenting on one of Middleton's responses to the questions submitted by the Finance Committee, Trustee Michael Barclay noted that the Sharpe Ratio is a widely used tool to help investors understand the return of an investment compared to its risk and requested the calculation of this ratio. Ms. Walsh and Mr. Sargent explained why Middleton does not normally use the Sharpe Ratio when evaluating prior performance, but agreed to calculate and provide the requested information to the Board. Trustee Barclay expressed the view that the Sharpe Ratio is a basic portfolio management metric and should definitely be reviewed and considered in the future.

Finance Committee

Director Linda Harper informed the Board she had reviewed the FY20 Town Budget with the Board of Selectmen, the Advisory Committee and the Capital Outlay Committee. The

budget will be voted on at Annual Town Meeting April 22. Director Harper noted the operating expenses increased 3.6% from last year.

Treasurer's Report

Treasurer Jeremy Parker reviewed the balance sheet, noting that as of December 31, 2018, the investment account totaled \$1,930,217, a decrease of \$261,671 from September 30, 2018 and a year-over-year decrease of \$45,131. Adjusting for cash distributions to the operating account and the one-time gift from Mrs. Manny, the portfolio increased 1.16% or \$22,869 year-over-year. The S&P was down 4.4% for the full year 2018. The Barclays U.S. Aggregate Bond index was up 1.4% for the year.

As of Jan. 1, 2019, the investment portfolio totaled \$1,973,935. Current holdings are allocated as follows:

- 81% Equity – 42 positions across 11 sectors. Top 5 sectors (Information Technology, Consumer Discretionary, Healthcare, Financial, and Communication Services) represent 60% of total equity allocation.
- 6% Fixed Income – \$50,000 US Bank 4/26/19, \$50,000 TD Bank 11/5/19 and \$12,000 VFSUX
- 13% Cash – State Street Institutional US Treasury Fund; 7-day yield 2.26%

The portfolio is generating estimated annual dividends and interest income of approximately \$30,000 for a yield of 1.54%.

As of January 11, the operating account at Rockland Trust had a balance of \$70,473. The building fund account at Rockland Trust had a balance of \$10,450. Donations earmarked for the potential building project will be segregated in the building fund account and tracked separately from other giving.

Trustee Parker reviewed the Income Statement for the period ended Dec. 31, 2018, noting total revenue was \$113,347, trailing prior year revenue by approximately \$25,000 which is attributable to the gift from the Dolphin family. Fundraising from the annual drive is \$6,100 ahead of last year but almost \$15,000 behind budget. Fines are on track to finish \$6,500 behind budget. Interest and dividend income from the investment portfolio is on pace to exceed budget by \$5,500. Bookstore sales and Art Gallery commissions are \$3,400 ahead of prior year and only \$3,400 shy of full year budget. Special Events income and the ongoing performance of the annual drive will be the key revenue variables for the remainder of FY2019.

Expenses through Dec. 31, 2018 totaled \$109,710. Materials purchases (Books, Periodicals, E Collections, and A/V) are occurring earlier in the fiscal year than in the past, putting these expenses \$6,000 ahead of prior year but still in line with expectations for the full year. Similarly, some program expenses have been front-loaded but will be managed in line with budget. Total expenses are projected to finish in line with budget.

Business Administrator Joan Allen added that since December 31, 2018, the Annual Appeal has received an additional \$7,000 in donations bringing the total just over \$50,000. Ms. Allen presented the fishbowl filled with slips of paper bearing the names of contributors eligible for the drawing of this year's Annual Appeal. All donors who contributed \$150 or more through December 31 were entered into a drawing for a grand prize of a \$200 gift certificate to a Hingham restaurant of their choice. Chairman Mehegan randomly selected a folded piece of paper with a name from all those who qualified. Anita Ryan's name was chosen as this year's winner.

Operations Committee

Trustee Tom Carey reported there was no update at this time.

Library Futures Task Force

Trustee Ed Boylan reported that he, Chairman Mehegan, and Director Harper had conferred with Attorney John Coughlin, Town Counsel, to review the proposed language of the warrant article to be submitted to Town Meeting. He distributed a copy that had been redrafted after that conference for the Trustees to review.

Director Harper reported that she and Chairman Mehegan had met with Peter Byerly of Beacon Architectural Associates, and with Town Engineer Roger Fernandes, to review the costs of the proposed construction project. It was decided that the cost estimator who had prepared the original estimates for the MPLCP grant will be retained again to obtain a fully updated estimate of projected costs of the building project. The expense of the re-estimate will be paid from the original appropriation for the project voted on by the Board.

Director Harper reviewed the tentative construction schedule which was proposed by Mr. Byerly and Mr. Fernandes if the project is approved at Town Meeting:

5/1/19	Funds become available.
6/15/19	Hire OPM (Owner's Project Manager).
7/15/19	Architect selected.
	If Beacon does not continue as architect:
8/15/19	Reopen bids for architecture, select architect.
10/15/19	Design development begins. Permitting process begins.
12/15/19	Permitting complete, cost estimates further refined.
1/1/20	Full design begins.
5/1/20	Project ready for construction bids. Bid process starts.
7/15/20	General contract awarded.
8/1/20	Site work begins.
11/15/21	Project completed (approximately 16 months).
1/10/22	New Library opens.

Director Harper noted that there is limited available space in Hingham to relocate Library operations off-site during the building construction and staff may have to consider working in one half of the building while the other half is being worked on. Under this plan, the Library would move all operations into the original library building, vacating the former Town Hall section. After partial demolition and reconstruction of the old Town Hall side, operations would move wholly into that newly completed side, vacating the original library building for remodeling. Mr. Byerly and Mr. Fernandes said this solution appeared to be workable, with the addition of temporary parking to make room for construction equipment, supplies, and worker parking.

Selectman Paul Healey inquired about the alternate proposals that the Trustees had been asked to prepare in order to give the town several other choices in the building project. Chairman Mehegan responded that Beacon Architectural Associates had prepared three alternative library renovation concepts, funded with the original trustee appropriation, which will be presented to town officials and at public meetings, along with the main proposal carrying the state's \$9.2 million grant offer, well before Town Meeting.

Selectman Healey went on to say while he admires and appreciates the Trustees' dedication to the Hingham Public Library, there are many building projects on the table right now and feels the Library's building project should not be brought to the April Town Meeting for a vote.

This statement brought on a lengthy discussion among the Trustees regarding the timing and support of this project. Some of the Trustees are opposed to going forward and feel they cannot support the project at this time. Other Trustees support the project and feel it is up to the citizens in Hingham to vote and decide if the project should move forward. It was noted that for Hingham to accept the grant offered by the Massachusetts Board of Library Commissioners, the citizens at Town Meeting on April 22 must vote to accept it and commit to the local share of costs, and the vote must be reconfirmed at the Town election April 27. Those votes, if affirmative, must be certified to the MBLC by April 30 at the latest. That means that if the proposal is not put before the voters at April 22 Town Meeting, the grant would be forfeited.

Although a draft of the proposed warrant article had been presented to the meeting for a vote, Chairman Mehegan noted that some of the Trustees did not want the project to be taken to Town Meeting at all. He stated that before the Board vote on the specific language of the article, it should first decide whether it wants *any* article to be presented to Town Meeting. Therefore, he moved that "an article" be presented to Town Meeting. The motion was seconded. After all Trustees who wanted to speak had been heard, it was

VOTED: To place an article before the 2019 Annual Town Meeting asking the town to accept the construction grant offered on July 12, 2018 to the Town of Hingham by the Massachusetts Board of Library Commissioners, and all conditions attached thereto.

The vote was ayes: ten; nays: five.

Discussion resumed regarding the specific wording of the proposed warrant article.

On motion made and seconded, it was

VOTED: To approve the proposed text, as distributed to the meeting and amended, of an article to be included in the warrant of Annual Town Meeting April 22, 2019, asking the Town to: accept the offer by the Massachusetts Board of Library Commissioners of a grant under the Massachusetts Public Library Construction Program; raise, appropriate, or borrow funds necessary for completion of the Library expansion and renovation; and appoint a building committee to manage the project.

The vote was ayes: ten; nays: five.

Trustee Boylan told the Board that the Task Force had been working on an Advocacy Plan to promote the building project, to include informational brochures, flyers, a website, handouts, lawn signs, and banners. Trustee Boylan asked the Board for authorization for an additional \$12,000 from the endowment to be used for the expenses incurred with this informational advocacy campaign.

On motion made and seconded, it was

VOTED: To authorize the expenditure of Trustee funds for the informational and advocacy campaign, not to exceed \$12,000.

The vote was ayes: ten; nays: zero; abstentions: four. (One Trustee had left the room during the vote)

Development Committee

Trustee Michael Spatola told the Board that he and other Trustees, along with Director Harper, had met and discussed fundraising with Les Ball, President of the Scituate Library Foundation and co-chairman of the Scituate Town Library's Building for the Future Capital Campaign, which helped raise close to \$2 million for the Scituate Library's building project. Trustee Spatola passed out a draft of the Pledge Acknowledgement Letter which will be used to seek pledges. Chairman Mehegan added the Trustees have also pledged to raise \$1.1 million dollars towards the capital campaign and fundraising options will be discussed at a later time.

Director Harper brought to the attention of the Board that during the conference between she, Chairman Mehegan, Vice Chairman Boylan, and Town Counsel Coughlin, Mr. Coughlin had noted that the land on which the Library is located at 66 Leavitt Street consists of two lots, designated A and B. The former Town Hall was located on A, while the Library is located on B. When the town conveyed the former Town Hall building for use by the Library in 1995, it is unclear whether it also conveyed the land, that is, Lot A. He recommended that Real Estate Counsel, Attorney Susan Murphy, be consulted on this matter.

Director Harper noted that documentation for the 1995 Trustee application for the MBLC grant (which was denied) contained a note that the Town would convey Lot A to the Library. Subsequent staff research discovered that in Town Meeting on April 24, 1995, it was voted unanimously as follows: "That the Town authorize, but not direct, the Board of Selectmen to take such action as is necessary to transfer the land and buildings show as lot A on Assessors' map 73 and currently used as the Town office building, to the Hingham Public Library, in trust, for future use as a public library." But it remains unclear if the transfer was carried out.

Director's Report

Director Harper presented her report to the Board:

The FY20 Town Budget was presented to the Board of Selectmen on December 18, 2018, the Capital Outlay Committee on January 14, 2019, and the Advisory Committee on January 15, 2019. The FY20 operating budget for a total of \$1,820,915 and five-year capital project schedules including \$475,000 in FY20 requests were presented. A review of the power point presentation covering mission and services, benchmarks and metrics, key initiatives, and staff and expenses was also reviewed. The Capital Outlay Committee reviewed which items might be covered by renovation/construction should the town move forward at Town Meeting and suggested that the Trustees consider submitting a Warrant Article for the proposed expansion of the parking lot should the grant work not continue. They cited that the cost of \$345,000 might exceed the capacity of capital outlay to provide funding, especially if this may

not be needed should the grant be successfully funded. After discussion, the Trustees decided not to submit a separate article for the parking lot, but rather wait to see the outcome of the vote on the rebuilding project.

On Friday January 25, 2019, the Hingham Public Library will host a Legislative Breakfast from 7:30 am to 9:00 am. All are welcome to attend. Senator Patrick O'Connor will be the main speaker at the event, which hopes to draw residents and local officials from Hingham and the neighboring communities of Cohasset, Weymouth, Quincy, Norwell, Hull and Scituate.

Over the holiday season, bookstore volunteers Marcia Sinclair and Adrienne Richardson put together a book sale display in the main lobby to help increase book sales for the holidays. The sale was a resounding success and \$3,500 was raised. Both Marcia and Adrienne put in hours and hours of work and were seen here almost daily to replenish the stock and keep the display looking attractive. Patrons loved having this option to browse for books for gifts or themselves. Director Harper offered thanks to both Marcia and Adrienne for all their hard work.

The Library has received a request from Patricia MacAllen, the donor of the sculpture located at the main entrance of the Library. She would like to have a book added to the sculpture in memory of her late husband Jim. Arthur Garrity, David Mehegan and Director Harper have been in contact with Mrs. MacAllen about the size and placement of the book. The Board agrees to this project and sculptor Susan Luery will be contacted for an estimate of the work to be done.

Steve Becker from the Town's IT Department has been working with the Library to arrange new interior security cameras to be installed within the building. On Friday, January 11, Steve and two members from FTG Technologies did a walkthrough of the Library to discuss what was needed for coverage and security. The Library plans to move forward with an installation once FTG confirms a final quote, already approved in this year's capital budget. The cameras will provide images of a much higher quality from the previous system, including improved coverage of blind spots throughout the Library.

The meeting was adjourned at 10:33 p.m.

Respectfully submitted,

Arthur T. Garrity, Jr.
Secretary of the Board

Documents:

A complete meeting packet of supporting documents is on file and available for public review in the Library's Business Administrator's office.