

**Brooks Memorial Library  
Finance Committee  
MINUTES  
12 June, 2017 5:00 PM  
Library Meeting Room**

1) Call to Order / 5:00 PM

2) Agenda/Changes or additions

3) Public Comment

4) Old Business

*- Update on use of endowment draw for 2017-2018*

There is a problem with the lines because we've reported some of the other funds through the endowment funds - a specific example would be both adult books and children's books (which is overspent by a lot according to the numbers). Both also draw on Calista and Schorling funds in the same line, so there is more money than reflected here. This confuses the endowment line, but there is not anything to do about it at this point. The only notable line is the line explained that is the 20,000 for the increase in hours to do adult programing.

**Next Steps:** Bring the budget to the board to pass for fiscal year 2017-2018

5) New Business

*- Discussion of endowment reporting system and town payments*

As noted above, the use of endowment lines to report other funds is highly confusing and problematic, so we need a better system. The town is fine with a single gift fund line that includes all our named and little funds for the year. After that change, the major question is internal tracking as opposed to town reporting and payments.

Question: Does the "gift fund" line include all funds including things like the Howland and Reed funds? There is some concern about how much control over the endowment this gives the town.

This will work for many of the smaller funds, but we need specific lines for the largest lines (Reed, Howland, Pike)

After more discussion, we believe the following will be the best course. Create three lines in the town budget system:

"Restricted" line which includes all the legacy accounts (Loud, Calista, and the other legacies)

"Board funds" which would be the Reed, Howland, and Pike along with whatever comes along in the future. These are the specific project funds that remain unallocated and can be used by vote of the board.

"Gifts" will be the short list of other small funds including the "small gifts" currently. So there will be a number of specific funds all lumped into this line, but overall this will be a clearer accounting system.

For control of the endowment, what are the advantages of having an Endowment versus having a foundation? What would it mean to start our own foundation?

Jenny: It would be a different tax status. We have the best possible tax status with the municipality and don't even have to file. Private foundations do have to file and this would complicate our records. The town would keep the same intersections with the library: we are in a town building and still reliant on them for the bulk of the budget, so the relationship doesn't change a lot.

We are better off under the town umbrella for many reasons and this doesn't seem specific enough to complicate that.

**Next Steps: Starr** will ask the town about the creation of these three lines in the budget. **Adam** and **Starr** will work together to reorganize the reporting for the board so that our sheets better match the town

sheets (and are clearer to read for ourselves as well.) The ultimate goal of this is to have the reporting sheets match the actual endowment accounts, which they haven't for a long time, now.

*- Possible creation of a new endowment account*

There are three options for what to do with our new "board projects" line and the money involved (currently \$50,000 from Reed, and a large portion of the Howland - we don't have a final number yet, but at least \$75,000 after some is designated for the endowment.)

Option 1: Keep the money in a yearly CD and pull it out as we need. A variation of this would be to have multiple CDs with different terms (6 month, 1 yr, and 3 yr, for example. This provides flexibility and possibly greater income as well).

Option 2: Create an investment account through Brattleboro S&L - this would be managed by Park Place Associates.

Option 3: Create a fifth account in our Schwab holdings that the trustees control directly but that we could use to buy bonds or other highly safe holdings. This would earn better interest than the money market account, but would be available whenever we needed it.

John notes that Option 2 seems like a lot of paperwork. Creating another list in Schwab would not duplicate all our reporting and investment monitoring. He also thinks that keeping a CD but stagger the accounting so that 25K is for 3 years, 50K is for 1 year, 25K is for six months would be a decent option. This also creates a certain amount of work, although if rollover is automatic it could be minimal work.

It would be an advantage to have all the project funds together, so the committee supports the creation of some specific fund that keeps the money separate from the money market account as well as from the endowment. A separate fund also makes it easier to maintain the money rather than a CD - we don't have to roll a CD over into our money market account, but rather the available money is always reflected in the "Board Projects Fund" account.

The committee agrees, there's no particular reason to do this with Park Place - we could create another fund line in Schwab and purchase our own specific funds through Schwab that we choose without dealing with or paying for two different managers.

Loomis Sales or Schwab's own funds both provide ample options of CD or Bond funds that we could park the money in.

**Next Steps:** We will present these ideas to the board, specifically the options of a staggered CD versus a new Schwab account. Robert notes that should present the Schwab account as the clear recommendation of the finance committee. **Adam** will contact Laurie about the creation of such an account and what we need to know in order to manage the money. At the next meeting, we will start the process of creating language for the by-laws (because all our funds are reflected in the by-laws, this will require tinkering with our language.) Also, **All Committee Members** should investigate possible safe funds to place the money in once the account is created, focusing on bonds and CDs.

6) Adjourn

**NEXT MEETING DATE: Monday, 10 July, 2017, 4:30 PM**