

Finance Committee

August 13, 2021 | 2:00 - 3:30 pm | Online

Agenda

1. Attendance

- ✓ Mark Wilson, Chair (C)
- ✓ Kenneth Goldberg (U)
- ✓ Priscilla Goldfarb (P)
- Debra Klein (G)
- ✓ Barry Ramage (D)
- ✓ Lynne Ridgeway (U)
- ✓ Ric Swierat, Ex Officio (D)
- ✓ Rebekkah Smith Aldrich (Staff Liaison)
- ✓ Saran Camara (Staff Liaison)

2. **Review of the Committee Charge:** The Committee reviewed their charge and discussed the integration of elements related to financial stewardship, environmental sustainability, and social equity in light of the goal to review each committee's charge through the lens of equity, diversity, and inclusion. At this time, they do not recommend a change but agreed to revisit this issue at their next meeting. The committee charge stands as previously approved: *"Reviews the system budget for the forthcoming year, makes modifications to the current year, and monitors financial performance. Preferably one trustee from each county."*

3. Mid-Year Budget Review & Recommendation to the Board (attached)

- a. Mr. Wilson reviewed the major items of the mid-year budget adjustments including the receipt of the second Paycheck Protection Plan (PPP) forgivable loan and the restoration of the FY2020 state aid.
- b. Ms. Camara reported on the status of the PPP loan, noting MHLS is eligible for forgiveness of the loan under the parameters of the program and that we are waiting on the bank to produce the process for finalizing the forgiveness phase of the loan program.
- c. Ms. Camara reported on the receipt of state aid to-date, noting that 100% of the Basic Aid and Supplemental Aid has been received and that 90% of most other aid categories has been received as well.
- d. Ms. Aldrich reported on additional adjustments to the budget in the second half of the year which will include replacing equipment in the server room, creating a backup ISP solution for the Telephone Notification System, outfitting staff with the equipment they need to reflect the current status of their work arrangements (i.e. producing webinars, providing online consultations) and transitioning to a more affordable web hosting solution.
- e. **ACTION:** Ms. Goldfarb moved, and Mr. Goldberg seconded, a motion to recommend the approval of the Mid-Year Budget Adjustments to the full board at their September meeting. The motion passed unanimously.

4. Fiscal Policies Review

- a. As per board-approved fiscal policies, Mr. Wilson provided an overview of our current reserve funds (attached) and the analysis and proposals provided by Ms. Aldrich and Ms. Camara. As a result:

- i. **ACTION:** Mr. Goldberg moved, and Ms. Ridgeway seconded, a motion to establish an “Employee Benefits Accrued Liability Reserve.” This motion was made to guarantee payment of accrued time as recommended by the Office of the State Comptroller. This motion passed unanimously and a policy to establish and govern this reserve will be presented at the September board meeting for the board’s consideration.
 - 1. Mr. Ramage, who also serves as the chair of the MHLS Personnel and Planning Committee suggested a review of the current policy for accrued time to ensure it is fair to both the staff and the organization from a risk-management perspective.
- ii. **ACTION:** Ms. Goldfarb moved, and Mr. Wilson seconded a motion to recommend to the board that the Operating Reserve Limit be increased from 66% to 85%. This motion was made in response to the financial situation brought on by the state’s response to the pandemic in FY2020 and the financial blow to MHLS operating revenue. This move is designed to increase our organization’s ability to absorb economic shocks in the future. The motion passed unanimously.
- iii. Mr. Wilson moved, and Mr. Goldberg seconded, a motion to recommend that the current amount in the MHLS Capital Reserve Fund better reflect the projected needs of the board-approved Capital Plan at the end of FY2021. The motion passed unanimously.
 - 1. Ms. Camara noted that moving forward capital expenses should be paid out of this fund rather than the operating funds as was done by the previous Finance Manager. The Committee concurred.
 - 2. This reconciliation will be done at the end of the fiscal year.

5. Review of 2022 Budget Planning Assumptions: The Committee reviewed the following planning assumptions and agreed to them as a starting spot for staff to plan the 2022 budget:

- a. 2022 operating revenue projections will be based on 2021 operating revenues levels
- b. Acknowledge
 - i. new CSEA contract to be negotiated for 2022 (current contract calls for 2.5% cost of living increase)
 - ii. new delivery services contract needs to be negotiated for mid-year 2022
- c. Reinstate:
 - i. Mileage Equalization Program
 - ii. NYLA Scholarship Program
- d. Create:
 - i. “NY Triple I” inclusive internship initiative of the New York Library Association
- e. \$0 unassigned funds
- f. Reserve funds:
 - i. Operating Reserve Fund: 100% funded for 2022
 - 1. MHLS Operating Reserve Fund Policy: “The Reserve Fund goal will be to achieve and maintain no greater than eight (8) months (66%) of the costs of funding services and operations as defined in Section IV.”
 - 2. Operating Contingency Fund: Continuously working towards meeting the state goal of 10%
 - a. “The Contingency Fund goal will be to achieve and annually maintain in reserve ten percent (10%) of program funding and operating costs as defined in Section III.”
 - 3. MHLS Capital Funds

- a. Target will be aligned with Facilities Committee recommendations

6. COVID-19 Response & Recovery Working Group Report

- a. Mr. Swierat provided an update on the working group's efforts and acknowledged the need to update the name of the working group to better reflect their long-term commitment to creating sustainable funding strategies for the system.
- b. Working Group members are meeting with staff from the Community Foundations of the Hudson Valley to learn more about their fund options.
- c. Mr. Wilson volunteered to lead the effort to analyze the existing "Foundation for Hudson Valley Libraries" to assess its potential for the working group goals identifying that there are two ways forward with this dormant organization: a) reconfigure the bylaws to streamline the governance structure and begin utilizing it as a vehicle for more active fund development or b) dissolve it. The results of the analysis of options will be included in a white paper the working group is authoring to present to the full board later this year. Mr. Wilson noted that as chair he will ensure a report on the status of the Foundation is included on every Finance Committee agenda.
- d. Ms. Aldrich reported on a meeting with the marketing and brand identify firm Thoughts Matter to best utilize the results of the marketing research survey earlier this year.

The meeting was adjourned at 3:23pm