



HUDSON LIBRARY
& HISTORICAL SOCIETY

Finance Committee

Meeting Agenda

Date: August 21 , 2019

Time: 7:00 – 8:30 pm

Location: Kanter Room

Attendees: *Called to order 7:00 pm*

Library Administration		Board		Members of The Public
	Molly Pandelli	x	Carleen Welch	Barb Bos - Hudson League of Women Voters
	Leslie Polott	x	Michelle Marshall	
x	Marie Turkovich	x	John Rydquist	
		x	Rob Swendenborg	
		x	Becky Thompson	
		x	Basil Musnuff	

AGENDA	
Fiscal Officer Monthly Financial Review	<ul style="list-style-type: none"> Financial Statements July, 2019
	<p>See also packet from Molly. Marie reported out. New state budget was set 1.7%. It is retroactive to July 1. PLF received for July was \$114K, 2% higher than last year. Also received advance for property tax and should receive another advance in Fall. Investment fund was up \$37K. Café had a loss because of the maintenance work on the ice machine.</p> <p>Rob asked several questions about the checks written during the month. Marie to find out about the check to Sutton and whether it was an annual amount.</p> <p>Committee is in consensus to recommend approval to the Board.</p>
Investment Fund Policy	<ul style="list-style-type: none"> Review draft policy
	Sub-committee met and worked on the policy.

Rob questioned the goal of outpacing inflation. He feels the markets and inflation are separate. John said we would need to revisit every year. Basil said we want to outpace inflation so real value of portfolio is increasing over time. ETFs are mirroring the market so we would never outpace the markets. Otherwise, we would need to revisit the entire strategy of ETFs. Rob asked what the consequence is if we don't outpace. Basil felt it was a matter of perspective, and we have to consider long term. Basil said we should consider how to evaluate the goal. Michelle would like to tighten the language to say a certain percentage over a period of three years. Then the Board could address it at that time and perhaps there are good reasons for lack of performance. Michelle will revise the wording to include "over an extended period, not less frequently than over 3 years".

Becky brought information on advisors. One of them was started by Doug Hasbrouk. Doug Krapft (Wells Fargo): They can help with whatever (develop policy, pick funds, etc.). Could meet quarterly or two times a year; whatever we prefer. Fee is 1% of the assets and there could be a Hudson discount. If we wanted, he could come to meet with the Board.

Dakota Wealth Management: A former colleague of Becky's recommended. Carina Diamond: also sits on several Boards. \$100,000-10,000,000. Help choose investments, etc. Fee of 1% but could offer discount. Each asked Becky why we would want to stay with the current custodian, but they said the way things are held electronically transfers are not that bad.

Rob mentioned the article he found, which most managers are hard pressed to beat the index. Author said instead of looking for the needle in the haystack, buy the whole haystack. Advice he has received is markets will be tight so we need to avoid fees to protect your earnings. Pick reliable index funds and a little in international and we should be fine.

Becky said she understands all of this, but is fearful if something drastically changes. How can the Board stay ahead of that? Basil said the ETFs are working, and we need to provide guidance on how to handle the issues if something happens. Tighten our policies/procedures so the Board knows how to handle. Basil suggested we should reach out to other organizations that are using ETFs to see how they are managing. Basil to ask Peter Pearson to see if he has advice as well as our own reference librarians.

The subcommittee will tackle risk tolerance next.

From the survey, rank the risks of greatest concern: failure to generate enough income to cover required distributions; possibility of not achieving an intended rate of return; decreasing purchasing power due to inflation; wide swings in the value of investments; large drop in value of any one or more investments. The committee felt we want to outpace inflation, so that leaves us to wide swings and decreasing purchasing power with a diversified portfolio.

Maximum losses we would tolerate in most aggressively invested portfolio over a quarter, year, two years. Michelle said she wouldn't look at it each quarter. When would we start to panic and start looking at purchasing power; perhaps a year? Committee didn't have an answer. Carleen suggested we would take a hard look after a year if it didn't perform.

Compared to a broad stock market index, how much fluctuation can you tolerate? Becky said this is hard to prepare based on the environment. Perhaps we put it avoid wild swings, take into account the economic environment, outpace inflation, diversified

	<p>portfolio. Becky asked how you tell the community, and Michelle said track record and need to be prudent. As far as investment advisors, Becky to gather questions and think about bringing in advisors to discuss. Basil said we need to explain we are committed to ETFs. Becky has three others to contact and Molly needs to connect with the custodian.</p> <p>Michelle will draft risk language and advisor questions for the committee to review and edit. Will target having a few advisors come to the next meeting. No more than three at a meeting.</p>
Other Business	Committee approved minutes from last month's Finance Committee meeting.
NEXT MEETING – September 18, 2019	

Adjourned at 8:11 pm