Finance Committee Meeting
Meeting: 2 p.m., Thursday, February 8, 2024
Rawlings Executive Conference Room on 4th Floor
Rawlings Library ★ 100 E. Abriendo Ave. ★ Pueblo, Co 81004
With Virtual Teleconference Option

M I N U T E S

Board Members Present–Tim Krebs, Joe Arrigo, Abbey Hartless, Chad Heberly, Sherri Baca, and Ashley Huggins.

Excused– Alexandria Romero

Staff Present–Nick Potter, Maria Kropf and Gloria Madrill

Guests–Mark Kennedy

Call to Order and Welcome

Mr. Krebs called the meeting to order at 2:00 p.m.

Approval of Minutes

No modifications were made to the minutes. Ms. Hartless made a motion to approve the minutes for the November 2, 2023 Finance Committee Meeting. Mr. Arrigo seconded the motion. All in favor. Motion passes.

Q4 2023 Stifel Investment Report

Mr. Kennedy started his presentation with the 2023 and 2024 market forecasts. He included a 2024 commentary from Professor Jeremy Siegel. Dr. Siegel predicted the market would be at 15-20% last year and if we saw a recession it would be shallow. Dr. Siegel's forecast for this year predicts 8-10% price gain in markets, with rotation from growth stocks to value stocks. He also believes the mid-cap small-cap space may receive higher numbers at 15%. If there is a recession, he believes it will be very mild, the yield curve inverts, leading to risk asset growth. Mr. Kennedy talked about the market's resilience in November and December despite negative news (11% gain in 60 days). Earnings numbers may not be as negative as anticipated, potentially supporting market growth.

Next, Mr. Kennedy talked about investment portfolio performance. He also talked about interest rates, stock holdings, diversification and recommendations for 2024. Total value of the account is $515,025. He noted that we are bringing in an estimated income of almost $16,000 or 3.10%. He highlighted positive returns in the fiscal year, despite negative fixed income results. Mr. Kennedy highlighted some gaps in our portfolio. He believes there is a gap in the mid-cap space and would like to add $30,000 to mid-cap values (Diamond Hill) and add $10,000 to small cap values (Aventis Account). He discussed bond market performance and potential for yield increases. He also predicts interest rates may drop in the second half of the year. He then shared a story about stock intersection and diversification. The top 10 holdings in the portfolio are similar to the S&P 500, with crossover. Mr. Kennedy suggests underperforming large cap growth stocks may be due to a slowing economy. Mr. Kennedy suggested selling investments from the Lord Abbot account (the lowest performing in a fixed income space) for this recommendation. Library staff added that we are planning on moving some funds this quarter into investments that may cover most of the recommendation. We are recommending a transfer of $31,500 into investments from checking, reducing the amount we would need to sell off for the Lord Abbot account (selling only $8,500). Mr. Arrigo made a motion to approve the recommended investment change. Mr. Krebs seconded the motion. All in favor. Motion passes. The $31,500 transfer to investments will be made before the regular board meeting.

December 31, 2023 Financial Report and 4th Quarter 2023 Stifel Investment Report

Ms. Huggins reviewed the balance sheet as of December 31, 2023. She noted that she is reviewing preliminary statements. The cash balance was $63,210.55 which is in increase of about $33,000 compared to the previous quarter (mostly event income from the Booklovers Ball). The Raymond James investment balance was $507,566.49. Investments performed better this quarter. There is an accounts receivable amount ($6,365) of items are related to 2023 that we haven't received by the end of the year. We also have a small accounts payable balance of $84.62 that relates to the library staff payroll donation option. One payroll donation accidently got transferred twice from the district to the Foundation and we will need to transfer it back to the district. The total assets, liabilities and equity equal $577,142.04.

Next, the Statement of Revenue and Expenditures was reviewed. We experienced a year-to-date unrealized gain of $44,114 for investments. Ms. Huggins noted we talked at the last meeting about moving networking out of G&A and moving it to fundraising (and note it as "donor relations"). Ms. Huggins reviewed all three categories of expenditures. We came in under budget for all three. Total expenditures for the year was $96,941. Year-to-date revenue over expenditures of about $121,000. Ms. Hartless asked what the negative numbers were in the with donor restrictions category. Ms. Huggins answered they are current period releases that will hit in that quarter. Ms. Hartless made a motion to accept the preliminary financial report for the period ending December 31, 2023. Mr. Arrigo seconded the motion. All in favor. Motion passes.

Q4 2023 Gifts Received Report

Next Mr. Potter provided an update on fundraising activities and gifts received in the fourth quarter. In Q4, PCCLD and the Foundation combined brought in $321,764.97. The majority of gift revenue received were in support of the ECF Grant and CDBG Grant. There was also some activity related to Booklovers Ball (sponsorships, ticket sales and silent auction), 2024 Summer Reading sponsorships, Lucero Library contributions, a gift in support of Lamb Library, a gift for the Local History and Genealogy Department, some unrestricted gifts and other miscellaneous contributions. We closed the year out at $966,692.48 which was really well compared to previous years. The recommendation is to transfer $18,734.42 from the Foundation to the district. Mr. Arrigo made a motion to approve the recommended transfer. Ms. Hartless seconded the motion. All in favor. Motion passes.

Ms. Baca asked if the Lenore Chamberlain funds were part of the transfer from the checking account to the investment account and Ms. Huggins answered yes, it will be part of the $31,500 and included in restrictions. Mr. Potter added with the transfer we will have $20,000 in the checking account for any upcoming expenses. Ms. Baca also added we may want to transfer restricted Lucero project funds next quarter (about $10,200 in restricted amounts). Mr. Hartless made a motion to approve $31,500 transfer from the checking account to investments. Mr. Krebs seconded the motion. All in favor. Motion passes.

New business and old business

There was no new or old business to discuss.

Adjourned 3:04 p.m.
Respectfully submitted,

Gloria Madrill
Recording Secretary