



**MINUTES OF THE REGULAR MEETING
OF THE NORTH COUNTY LIBRARY AUTHORITY HELD ON
MONDAY, JANUARY 25, 2021, AT 6:00 P.M.
Virtual Meeting, recorded on Zoom**

ESTABLISHED QUORUM AT 6:01 P.M.

Quorum was established at 6:01 pm and the meeting was called to order. All five Board members were present for roll call.

PUBLIC COMMENT

No public comment.

ITEMS FOR CONSIDERATION/ACTION

3. Welcome New Commissioners

Vice President Fligor welcomed two new Commissioners who have been appointed to serve on NCLA. Commissioner Lisa Schmidt is a new Councilmember in the Town of Los Altos Hills. She is an avid supporter of the libraries and looking forward to learning more.

Sally Meadows is a new Councilmember in the City of Los Altos. She stated she is a strong and long-time library supporter. She uses the library's electronic resources. Commissioner Meadows served for 8 years on two Los Altos Commissions: Planning and Design Review.

Commissioner Hill welcomed both new Commissioners and stated she is appointed as a representative from the Library Commission. She works as the Librarian for the Federal Reserve bank of San Francisco.

Commissioner Epstein has served for the last 6 years and Vice President Hill has served 8 years. NCLA has a long history of passionate library supporters. NCLA's purpose is to oversee use of the library parcel tax. She asked the two new members what they would like to see during their tenure on NCLA.

Commissioner Schmidt responded she is looking forward to learning a lot about the libraries. Commissioner Meadows replied the two Towns have a good track record of support for the libraries and she would like to maintain and even increase support of the libraries.

1 Election of NCLA Commission Officers

Motion made by Commissioner Meadow to nominate Vice President Fligor as President and seconded by Commissioner Schmidt. Commissioner Epstein commented former President Corrigan did not

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wish to serve concurrently as Mayor and NCLA President and offered to serve as President. The motion passed 5-0.

AYES: Epstein, Fligor, Hill, Meadows, Schmidt
NOES: None
ABSTAIN: None
ABSENT: None

Motion made by Commissioner Epstein to nominate Cindy Hill as Vice President. President Fligor seconded the motion. The motion passed 5-0.

AYES: Epstein, Fligor, Hill, Meadows, Schmidt
NOES: None
ABSTAIN: None
ABSENT: None

Motion made by Commissioner Schmidt to nominate Suzanne Epstein as Secretary. Seconded by Commissioner Meadows. Motion passed 5-0.

AYES: Epstein, Fligor, Hill, Meadows, Schmidt
NOES: None
ABSTAIN: None
ABSENT: None

2 Approval of minutes for Special Meeting of 11/16/20

- a. Special Meeting of 11/16/20 with attached Letter from Pierre Bedard

For the benefit of the new Commissioners, President Fligor reported the practice for NCLA is any Commissioner who has reviewed the minutes may vote to approve them. Motion was made by Vice President Hill to approve the minutes and seconded by President Fligor. The motion passed 4-0 with one abstention.

AYES: Epstein, Fligor, Hill, Meadows
NOES: None
ABSTAIN: Schmidt
ABSENT: None

4 Discussion of NCLA Legal Services Agreement with Best, Best, Krieger, LLP; Commission will provide direction as appropriate

Liaison Scott provided a brief background. Previously NCLA received legal advice from the City Attorney for City of Los Altos. In 2018 NCLA conducted a Request for Proposals and selected the Best, Best, Krieger (BBK) law firm for their attorney of record; at that time BBK was serving as the Los Altos City Attorney. This item was requested during the November 2020 NCLA meeting. To make a change and cancel this legal services agreement, there is a 30-day notice requirement to BBK.

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Discussion continued, it was reported NCLA recently requested the current City Attorney for Los Altos, Ms. Jolie Houston, to provide guidance on an issue. That was not possible given the existing attorney agreement. Commissioner Epstein recommended NCLA return to using the local City Attorney and provide notice to terminate services with BBK. She stated there is no need to have a separate legal services agreement.

Public Comment: Pierre Bedard recommended to proceed as proposed by Commissioner Epstein.

President Fligor concurred with using the City Attorney of one of the member entities. She recommended contacting the Town of Los Altos Hills to determine if their City Attorney would provide legal services.

Vice President Hill agreed, having the local City Attorney is convenient. She concurred with rotating between Member Entities. NCLA has a few legal questions currently. Typically the need is not regular but on an as-needed basis. A consensus was reached for Commissioner Schmidt to inquire with the Los Altos Hills Town Attorney if he will provide legal support to NCLA on an as-needed basis.

Motion made by President Fligor and seconded by Commissioner Meadows: Direct staff to prepare a written notice to terminate the agreement for legal services with Best, Best, Krieger. Direct Commissioner Schmidt to inquire with Los Altos Hills Town Attorney if he would be willing to serve as NCLA Counsel. If he is not able to do so, work with President Fligor to consult with Los Altos City Attorney on her availability to provide legal services to NCLA. The motion passed 5-0.

AYES: Epstein, Fligor, Hill, Meadows, Schmidt

NOES: None

ABSTAIN: None

ABSENT: None

5. NCLA Financial Update; Commission will provide direction as appropriate

- a. Secretary Epstein reported on past financial practices of NCLA. Funds have been held by City of Los Altos with financial support and accounting by City of Los Altos staff. NCLA receives parcel tax revenues twice per year: in January and June. Expenses include reimbursement to the County for extra library hours worked to keep libraries open longer, payment to vendor NBS to analyze parcel tax data and collections by parcel. Legal services and the annual audit are paid by the two Member Entities. In 2016 NCLA moved some funds from the NCLA LAIF account to the City of Los Altos investment fund managed by brokerage firm PFM, with the goal of earning more in interest. NCLA had a difficult time obtaining data to determine whether this change was financially prudent. After months of discussion and review, NCLA Commission voted in June 2019 to transfer funds from City of Los Altos to Santa Clara County's pooled investment fund. Investment in the SCC pooled investment fund was reviewed and considered in 2016 when NCLA decided to invest at the City. Rather than have NCLA funds spread across three accounts in Los Altos, NCLA sees benefit in consolidating into one account and earning interest on all of those funds. Additionally, there are efficiencies in that the parcel tax collection can be deposited through fund transfer, and payment to the County Library System similarly can be through fund transfer.

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Two issues remain to be addressed: 1) the City has transferred some, but not all, of NCLA funds to the County. 2) NCLA believes their funds earned more interest in the City's pooled investment account than has been provided.

To help resolve these issues, at the November 16, 2020 NCLA meeting the Commission voted to seek assistance from someone with expertise to resolve the pending issues.

- b. Secretary Epstein introduced Mr. Russ Morreale, retired Finance Director from the City of Los Altos for the period of 2008-2013. Secretary Epstein reported Mr. Morreale has generously donated his time to work on this project pro bono and Mr. Morreale has an excellent working knowledge of the City of Los Altos and NCLA.

Mr. Morreale reported NCLA funds have historically been managed and held by the City in a Bank account, LAIF account (state pool), and more recently in the City's PFM brokerage account. The transfer of funds to the County will maximize interest and provide efficient reporting and accounting. Mr. Morreale's objectives are to realize a prompt transfer of remaining funds from City to County, evaluate how interest income was allocated to NCLA from the PFM account and determine if interest is owed NCLA, and assist in developing processes for accounting with the County. Mr. Morreale sent a letter in December 2020 to the City with specific information and data requests.

Mr. Morreale reported completion of his analysis depends on receipt of City data as requested and the City closing the fiscal year end June 30, 2020. His initial review indicates interest is owed to NCLA. Mr. Morreale reported the fund balances are performing well and NCLA is well positioned to continue to provide support to the library on an ongoing basis.

In response to questions, Mr. Morreale stated prior to use of the brokerage funds, NCLA monies were held in a bank account managed by Los Altos and NCLA's LAIF account. But given the parcel tax is collected by the County it can be immediately deposited into NCLA's County account, resulting in more interest earned. Once Mr. Morreale receives the data from the City, he estimates two weeks will allow him to complete his analysis, then the City will need to review the analysis.

The timing of the transfer of funds has two options. 1) Proceed to transfer now while working out interest due to NCLA. OR 2) finalize the interested owed analysis, request reimbursement of interest due, then transfer all remaining funds to the County.

Motion made by Secretary Epstein and seconded by Vice President Hill: Commission will direct the Ad Hoc Committee to speak with the City Manager to inform him of the pending issue of interest owed to NCLA and the desire to transfer the funds as quickly as possible. If agreeable, transfer funds by January 31, 2021 with the understanding the City will send the interest owed after the analysis is completed.

Motion approved 5-0.

AYES: Epstein, Fligor, Hill, Meadows, Schmidt

NOES: None

ABSTAIN: None

ABSENT: None

6 Receive Annual Audit for Fiscal Year 2018-2019

Liaison stated the Commission is receiving the Audit for the file. Liaison offered to provide a hard copy of the audit if requested by any Commissioners. Secretary Epstein clarified this audit covers Fiscal Year 2018-2019.

INFORMATIONAL ITEMS

Chuck Griffen, Santa Clara County Library Finance & Administrative Services Manager, reported Chris Brown, former Deputy Director has relocated to serve as the Commissioner of the Chicago Public Library.

The Santa Clara libraries have not been open this fiscal year and therefore the County will not be billing NCLA for extra hours payment and likely will not invoice NCLA for the next 6 months either. For Fiscal Year 20-21 the plan was to charge a lesser amount due to collection of additional property taxes, also known as "ERAF". Last year the State reconsidered and said the property tax was not calculated properly. The County is awaiting the State's decision, due by December 31st last year. The impact could require repayment of property taxes between \$0 to \$13 million, a large range. This means NCLA may have to return some amount of property tax collected last year. It is unclear when this will be resolved. This may also impact future collections.

The Santa Clara Library annual forum is approaching in February and will be online this year.

Bryant Bao, Woodland Librarian, said thank you for the great support from this group.

COMMISSIONERS' REPORTS AND COMMENTS

No reports.

POTENTIAL FUTURE AGENDA ITEMS

Currently no upcoming meetings are scheduled. The Task Force has been disbanded, not as many meetings as the past year. Recommendation was made to meet again in early March. Liaison was asked to poll Commissioners via email. NCLA was known for having only two recurring meetings per year: in January and May. A meeting later this year in the Fall was recommended in case it is needed.

ADJOURNMENT

The meeting adjourned at 7:13 pm.

SPECIAL NOTICES TO PUBLIC

In compliance with the Americans with Disabilities Act, the City of Los Altos will make reasonable arrangements to ensure accessibility to this meeting. If you need special assistance to participate in this meeting, please contact the City Clerk at least 48 hours prior to the meeting at (650) 947-2720.

Agendas, Staff Reports and some associated documents for Financial Commission items may be viewed on the Internet at <http://losaltosca.gov/committees-commissions/nclal/meetings.html>

If you wish to provide written materials, please provide the Commission Liaison with **10 copies** of any document that you would like to submit to the Commissioners in order for it to become part of the public record.

For other questions regarding the meeting proceedings, please contact the City Clerk at (650) 947-2720.