



**MINUTES OF THE SPECIAL MEETING
OF THE NORTH COUNTY LIBRARY AUTHORITY HELD ON
MONDAY, MARCH 22, 2021, AT 5:30 P.M.
Virtual Meeting, recorded on Zoom**

ESTABLISHED QUORUM AT 5:31 P.M.

Quorum was established at 5:31 pm and the meeting was called to order. All five Commission members were present for roll call.

PUBLIC COMMENT

MJ Lopatin stated her hope the NCLA will urge the County library system to further open the Los Altos Library now that the County is expected to move to the “orange” tier for reopening and that Woodland Library be reopened.

ITEMS FOR CONSIDERATION/ACTION

1. Approval of minutes for Special Meeting of 1/25/21

Motion was made by Vice President Hill to approve the minutes and seconded by Commissioner Meadows. The motion passed 5-0.

AYES: Epstein, Fligor, Hill, Meadows, Schmidt

NOES: None

ABSTAIN: None

ABSENT: None

2. Update from Santa Clara County Library Staff

County Librarian Weeks announced Los Altos Community Librarian Rose Basia has returned from maternity leave. The Library system is evaluating next steps in response to changes in State guidance on COVID-19. The Los Altos Library lobby is opened to browsing. Many staff are still reassigned as Disaster Service Workers. The County Library system is continuing with virtual programming and preparing summer programs, a new student portal and distinguished author series.

Los Altos Community Librarian Basia stated lobby service includes book bundles for all ages, computer access is available in the Orchard Room. The Friends of the Library are hosting book sales in the Los Altos Library and online at folbookshelf.org. The GoGo Biblio is also onsite. The library staff is evaluating increasing capacity while keeping all patrons and workers safe.

Library staff stated the County budget review will occur in early April and ERAF (excess revenue) is expected to stay in place. General guidance provided from the County that next Fiscal Year they expect to return to full service hours.

In response to a question about book check out for homeless patrons, County Librarian Weeks explained the County program for those without permanent address or ID provides up to 3 items with a temporary account that also allows computer access. Library staff work with social services and other related agencies to publicize the program.

Is there an anticipated reopening date for Woodland? Library staff responded quarantine of 24 hours is current practice, which requires all of the space in Woodland. Library. Staff will be implementing new direction from Dr. Cody that quarantine of materials is not needed.

Los Altos Library is expanding hours from 4 hours per day and providing more space to allow more patrons to browse. The limit of 10 minutes to browse is difficult. Library staff were asked if the library can open Sunday and if the limit of 8 people can be expanded. Librarian Basia responded that with the Orange tier, they have limited seating but whole library will be open for browsing.

Library staff were deployed as Disaster Service Workers and started as contract tracers, now helping with vaccines and testing. County Librarian Weeks is waiting to hear from County executives about return of library staff from these assignments.

It was suggested to use the GogGo Biblio truck to provide books at Woodland Library. Los Altos Community Librarian Basia responded positively and said it would depend on staffing.

President Fligor asked County Librarian to pass along thanks from NCLA to Bryant Bao for his interim work at Los Altos Library as well as NCLA condolences to Chuck Griffen on his loss.

Public Comment:

MJ Lopatin stated she lives near Woodland Library, which has been missed tremendously. She requested any amount of open time possible. She added she would appreciate the ability to browse the stacks at Los Altos Library. She thanked Librarian Weeks and staff for continuing to provide books during this time.

3. **NCLA Financial Status Update; Recommend Commission accept report from Mr. Morreale and direct Ad Hoc Committee to finalize the full transfer of NCLA funds remaining with the City of Los Altos as of 2/28/21 plus the recalculated amount of interest due**

Liaison reported both Member

Entities have submitted the reimbursement requested for NCLA operating costs pursuant to the JPA language.

3B. Last November the Commissioners voted to obtain technical expertise to assist NCLA in answering specific questions about NCLA finances. Mr. Russ Morreale has been meeting with Ad Hoc

DRAFT

Subcommittee to review substantial amounts of reports and data provided by City of Los Altos. He has prepared a report and presentation for tonight.

Mr. Morreale was engaged in December 2020 to assist with several objectives related to NCLA funds held at the City of Los Altos. The key focus is to reconcile interest allocations since 2016 and position NCLA for a full transfer of funds to Santa Clara County in accordance with Resolution 2020-01 and assist in developing appropriate financial reports for NCLA. Mr. Morreale stated he can bring closure to these issues by answering these questions:

1. Ensure proper amount of interest was paid to NCLA since 2016 when funds were commingled with City
2. How much NCLA cash remains with City to transfer
3. Is NCLA well positioned to move funds to county

Since the last NCLA meeting in January, a meeting was held with Interim City Manager and Deputy City Manager on February 2nd. The City sent two waves of information following that meeting. Mr. Morreale also communicated with PFM financial consultants to the City and with County staff, which informed this report.

Mr. Morreale reported the finding based on his analysis is an accounting error caused an underpayment to NCLA. Mr. Morreale explained the City used an incorrect denominator in determining the percentage of allocation of the PFM fund due to NCLA. Specifically, the City used all monies held (\$65 million) rather than the monies in the investment fund (\$43 million) in their calculation. The percentage of the fund that was allocated to NCLA was 4.75% but should have been 7.14%. This resulted in the underpayment of interest due to NCLA. Mr. Morreale stated clearly this was not intentional; the City applied an old model to a new paradigm (use of professionally managed investment fund). The conclusion is an additional \$58,977 is due to NCLA from the 37 month period of commingled investment beginning in 2016.

This analysis determined \$836,439 of NCLA funds, which includes the correction for additional interest, should be transferred to NCLA's account at the County. With one caveat of a potential minor adjustment may need to occur based on recent financials. This analysis has been provided to the City for their review and if they agree, the transfer should go forward.

Mr. Morreale further reported that he and the NCLA Liaison met with County staff which satisfied his questions, leading to his conclusion that consolidating funds in an NCLA account at the County will result in an efficient model. Deposits, including parcel tax proceeds, are immediately invested within 24 hours and start earning interest. The County can make vendor payments weekly, which is quite timely. Mr. Morreale concluded by stating NCLA is well positioned with this County model.

Motion: The NCLA Board will 1) accept and receive this analysis of interest due from the City for the 37 month period extending from October 2016 to October 2019, and 2) conditionally direct, as specified in this staff report, the project team to finalize the full transfer of NCLA funds remaining with the City as of February 28, 2021, plus the recalculated amount of interest due, assuming the City agrees to the analysis with no greater than 10% difference from the findings.

Secretary Epstein expressed a big thank you to Mr. Morreale; he demonstrated the calculations very clearly. She pointed out there are other earnings that have been lost by the manner in which the transactions were conducted since 2016 but are not included in this analysis. Secretary Epstein made a plea for additional support for Friends of the Library by the City.

President Fligor stated if there is clear documentation regarding other amounts due, NCLA should submit to the City, otherwise this should be seen as a settlement. Mr. Morreale responded the interest calculation can be quantified, it is auditable, reconcilable and without question. The other examples regarded procedure.

President Fligor thanked the Ad Hoc Committee. She recognized Secretary Epstein has put in many hours on this for several years. She continued she would like the record to reflect this wonderful job completed by Mr. Morreale was done pro bono, on his own time. She expressed NCLA is very grateful for completion of all of this work.

Commissioner Schmidt asked if the Los Altos City Council will have to vote on this transfer of funds. Mr. Morreale explained this is a correction of an accounting error and should be adjusted in the audit. It should be addressed with an accounting entry. The NCLA audit is not yet complete so this can be adjusted in the audit as well. This could be a perfunctory review as part of the annual budget process. The City team needs to review this analysis and confirm it, then move to the next step.

Mr. Morreale was asked to explain the Trial Balance. He responded the Trial Balance is the accounting ledger, an itemized list of all accounts.

Commissioner Meadows stated much work went into solving this, it was a great job. She raised concerns about commingling funds and would like to resolve this and move forward.

Commissioner Hill thanked all for their efforts and asked about future financial reports. Revision of financial reporting will be discussed at a future meeting.

Public Comment:

Pierre Bedard stated he sent an email to Commissioners. He stated he disagrees with this request to the City. He stated he is willing to support what City staff agrees to. He added NCLA budgeted \$50,000 of COVID funds and suggested NCLA should use those funds to upgrade Woodland Branch.

Secretary Epstein moved the motion, seconded by Vice President Hill. The motion passed 5-0.

AYES: Epstein, Fligor, Hill, Meadows, Schmidt

NOES: None

ABSTAIN: None

ABSENT: None

INFORMATIONAL ITEMS

The Liaison mentioned the Cupertino School District has placed a bond measure on the May 2021 ballot to raise \$14 million with a parcel tax in the amount of \$398. The Liaison requested approval to purchase a thumb drive to hold Zoom recordings. A general consensus of the Commission approved.

COMMISSIONERS' REPORTS AND COMMENTS

President Fligor provided a report on legal support for NCLA. At the prior meeting Commissioner Schmidt volunteered to talk to Town of Los Altos Hills City Attorney about providing legal support to the Commission. He expressed interest and is now conducting the conflicts check with his law firm. Once cleared he will be our attorney of record. He expressed a desire to have a contract so he will prepare one. He has been briefed on pending legal issues including which entity can perform the role of Treasurer, he will provide legal guidance based on his review of the JPA language and the Commission will decide.

Liaison will poll for next meeting times; Mondays at 530 seem to work. Will email to confirm next meeting date.

POTENTIAL FUTURE AGENDA ITEMS

ADJOURNMENT

The meeting adjourned at 6:32 pm.

SPECIAL NOTICES TO PUBLIC

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