

Central Arkansas Library System
Board of Directors Meeting
August 27, 2020
Zoom Video Call

Board members in attendance were Annette Herrington, Brandon Grice, Marian Berry, Andre Guerrero, Bob Brown, Stephanie Gibson-Branton, Sarah French, John Bush, and Marilynn Porter. Nancy Rousseau, Kelly Moss, Stacey McAdoo, and Sheila Wright were absent.

Staff members in attendance were Nate Coulter, Jo Spencer, Nathan James, Lisa Donovan, Kay Kay Derosette, Lance Ivy, Tameka Lee, Carol Coffey, Joe Hudak, Pam Rudkin, Ellen Samples, Mark Christ, David Stricklin, Polly Deems, Cathy Sanders, Candace White, and Elizabeth Newbern.

Also in attendance was Director Kyle Elmore from the firm BKD; Rachel Herzog, reporter for the Arkansas Democrat-Gazette; and Nathania Sawyer, private citizen.

Action Items

1. Auditors' Presentation

Herrington introduced the guest from BKD CPA Firm, Kyle Elmore. Elmore thanked Herrington for the introduction and said that he would be going over the Draft of the 2019 Financial Statement. He said that they were still expecting one final check of the Financial Statement and a Grammar/Formatting check before the finalized the document, but no significant changes were expected at this time.

Elmore said he wanted to make sure the Board was aware that this audit report includes the CALS Foundation Funds but does not include the Friends of CALS Funds. The clean unmodified opinion has not been added yet since this is a draft report, but it will be included in the final version. The numbers presented in the report are CALS reported numbers; all adjustments were made with approval from CALS staff.

He said the first section in the report, the management discussion and analysis, gives a comparison from year to year. It is good for an overview. Current assets, made up primarily of cash and receivables, are up \$2M over the previous year. Noncurrent assets, made-up of investments and CDs, are up \$1M. Capital assets, made up of net accumulated depreciation, are down \$3M. Depreciation occurs every year and can only be compensated by purchasing new capital assets and making improvements on existing assets. On the liability side, most things are consistent with the previous year, except for a new bond that was issued during the year for approximately \$3M. Change in Net Position, the income statement for government entities, is \$23.9M for 2019 compared to \$24M for 2018. The biggest decrease is capital grants and

contributions; that was related to the end of a 2015 bond. There is a decrease in net position of \$2M in 2019 compared to \$1.9M in 2018. This is largely because of the depreciation expense, mentioned above.

Elmore wanted to thank CALS staff for their help navigating this audit in the middle of the pandemic. It was conducted completely remotely and required some extra leg-work from CALS staff for the firm to get what they needed to complete the audit.

He noted that the Audit Draft normally includes a Management Letter, which includes information about relevant policy changes or deficiencies. It is not ready at this time, but he will provide to the Board once it is ready. There are no significant changes between last year's letter and what is expected in this year's letter.

Elmore noted that looking forward to 2020, it will be important to make note of any changes in segregation of duties, especially if staff were furloughed. It will make the auditing process easier.

On behalf of the Finance Committee, Grice moved to recommend the draft audit report with the understanding that no substantial changes are expected. If substantial changes are made, the new report will be presented to the Board and changes will be outlined. The Board approved this unanimously.

2. July Financials

Grice reported that as of July 31, 2020, CALS assets totaled \$107,401,586 with net losses of \$778, 896. He said that as of July the reduction of income from rentals, fines, and fees have been largely off-set by the reduction in salary and contract work expenses that occurred between May and August.

He said that tax collections seem to have broken even compared to the previous year. Brown asked if Spencer or the Finance Committee have projections for the rest of 2020. Coulter said that CALS staff are optimistic that in the short-term, CALS has made the best choices to off-set financial losses during the pandemic. As of last month, CALS employees who had been either furloughed or participated in the AR Works program had been reduced from 152 employees down to 50. He said that as of this month, that number had been further reduced to 29 people on either furlough or work-share. He said that property tax collections do not seem to have taken as big a hit as he had feared, but this may not remain true going into 2021. Spencer said that as of July 31, salary expense saved about \$450K. She suspects by the end of the year, CALS will have saved almost \$600K by enacting furloughs and participating in the AR Works program. She believes that the reduction in revenue will be off-set by this decrease in salary expense, and that tax collections seem to be holding steady so she does not believe CALS will see a decrease for the year.

Brown asked if there were projections on when CALS will get back to 90 percent operational capacity. Coulter said he mentioned this briefly in his report, but that he hopes to increase operational hours to ensure that more members of the community have access to the services CALS is currently able to provide. CALS is currently not open anywhere after 5 p.m. He also said CALS needs to eventually get to a point where we can provide some service on Sunday afternoons, something we began doing earlier this year in some locations but had to cease due to the pandemic. In terms of CALS other services, such as providing meeting room spaces and on-site programs, it is difficult to project when it might be possible to resume since the virus positivity rate has been consistently increasing. CALS is looking to try to find ways that some events may be able to return, such as study groups and small socially distanced groups, in September and October.

Guerrero asked how employees have fared as unemployment boost checks and any assistance to them through the CARES Act have ended. Coulter said that at least through July 31st, when the \$600 federal stipend was available, that they were faring well. CALS was starting to bring people back at that time and only a few people encountered issues after that point. Spencer said with a couple of exceptions, and after getting through some of the hiccups with the unemployment office, everyone was able to get paid and got what they expected. White added that of those employees who are still on AR WORKS and working reduced hours, a lot of those employees are choosing to work the reduced hours, due to personal circumstances such as having kids at home.

On behalf of the Finance Committee, Grice moved that the July Financial Report be filed for audit. It was approved unanimously.

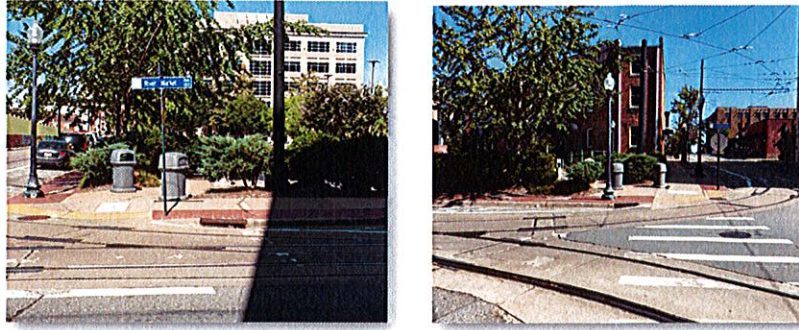
3. Approval of July Minutes

Herrington asked if there were any corrections to the Minutes. Berry said she had a few grammatical changes. Herrington asked the Board to approve the Minutes with noted corrections.

Berry moved to approve the Minutes as corrected. French seconded the motion and it was approved unanimously.

4. Approval of Arkansas State Highway Commission Land Purchase

Coulter began by saying the Board is aware that the Arkansas Department of Transportation (ARDOT) would like to widen I-30 on either side of the river bridge and east of where the library sits on Rock St. As part of that project, ARDOT needs a piece of CALS' parking lot downtown. Specifically, the state must take the SE corner of the surface lot where River Market Ave. and 2nd St. intersect. Images of the section of property as viewed looking west and north are shown below:



Director of Operations Lance Ivy said that ARDOT needs (155 sq. ft.) of library property for the project to make the sidewalks in the area more pedestrian friendly and ADA compliant. He noted that CALS did employ an appraiser to independently evaluate the property's value and asked attorney Gayle Corley to review the documents pertaining to the taking and transfer. ARDOT agreed to pay \$15,000 to purchase the land which was the amount placed on the value of the property by CALS' appraiser. There is some landscaping that CALS needs to remove before the purchase is finalized as well as a sculpture that will need to be relocated. Ivy asked the Board for approval to make that sale.

Guerrero asked if there will be any safety issues or potential consequence for library patrons if CALS agrees to this purchase. Coulter said this was an imperative for Ivy and the Security Team. His impression is that the traffic on 2nd St. will likely be reduced because a part of the overall project involves removing the entrance and exit ramps that run from Cumberland St immediately south of the library. There will be a need to be extra cautious about pedestrian traffic during construction as ARDOT demolishes these ramps.

Porter moved to approve ARDOT's purchase of the pieces of CALS property.
Bush seconded the motion and it was approved unanimously.

5. Approval of USDA Meal Sponsorship

Coulter said that this item was put on the agenda after there was some uncertainty about waivers to be provided through USDA. CALS has been a provider of meals, but it has not been the sponsor for meals, except at Dee Brown Library, where CALS functioned as a USDA meal sponsor for the summer on a trial basis.

Kay Kay DeRossette, Be Mighty Program Coordinator, said that CALS has provided meals at 10 locations over the summer, including the one where it was the actual sponsor of the feeding program. Earlier this week there was a lot of uncertainty about waivers for meals given in non-congregate settings, but things have settled down now and CALS will renew service through our sponsor Equal Heart for grab-and-go meals next week.

In the event that CALS' current sponsor could no longer serve meals, CALS wants to be prepared to step-in as a sponsor. The state requires CALS Board approval for organizations to apply to sponsor meals. She said that CALS does not have immediate plans to apply, but she wanted the Board to know that CALS will seek Board approval should it become necessary or beneficial to the library to serve as a sponsor.

Coulter noted that DeRossette, Volunteer Coordinator Polly Deems, and Youth Services Coordinator Ellen Samples have been integral in making meal distribution a success at CALS and applauded their hard work.

CALS staff recommend not to take any action at this time, but they note it may be necessary in the near future.

Information Items

1. Director's Report

Coulter noted that he did submit a report in writing ahead of the meeting, but had a few additional highlights to share with the Board:

- *Closing Early Today.* Due to Tropical Storm Laura's impending landfall in the area, CALS Administration decided to close our doors at 1 p.m. today to ensure staff safety. The LRSD also closed schools early today.
- *Update on Reopening.* CALS has been operating for the third month with limited hours and services. This all seems to be running smoothly, but the administration has plans to start extending operational hours.
- *Meal Distribution.* With the start of school this week, there was some apprehension about crowds at meal distribution sites after school. So far that has not been the case. Some of this may be attributable to busses leaving so quickly after school.
- *Millie Brooks Library in Wrightsville.* There has been concern for some time that the location in Wrightsville is not meeting the needs of the community. CALS staff are working on a plan with community input to find a better way to meet their needs with assistance from the newly appointed African American Community Liaison, Jessica McDaniel.
- *Election Education Initiatives.* CALS agreed many months ago to a request from the Pulaski County Election Commission that the number of library locations that serving as early voting sites expand from four to seven. These sites will also be serving as Election Day polling sites as well. CALS is working with County Clerk Terri Hollingsworth to help promote voter awareness.
- *Mobile Hot Spots & Math Tutoring.* CALS is seeking funding to establish a math tutoring program that would be administered from Children's Library. This funding might also include some money to purchase mobile hot spots to help students and other patrons who do not have broadband access.

- o *Rock It! Lab.* CALS learned that the Rock It! Lab received a United Way grant for \$40K spread out over two years. It also had its first successful event featuring Edward Haddock, Director of the AR office of U.S. Small Business Administration with more than 30 people in attendance. There is another event, featuring Jay Young, scheduled for September 9.
- o *Economic Impact Report.* This spring, CALS engaged a consulting firm to tabulate the direct, indirect, and induced economic impact of what CALS had spent over a ten year period. The firm found that including state and local taxes, CALS has had an impact of over \$1B on the LR MSA from 2010-2019. Volunteers have also donated 105,000 hours and CALS has received \$6M in donations, grants, and in-kind contributions.
- o *Update on Dark Stores Litigation.* CALS learned that the trial court in Pulaski County has denied our motion to intervene in the lawsuit filed by Walmart challenging the county's valuation of the retailer's stores. The Pulaski County Attorney has agreed to continue to work with CALS and local school districts who would all be negatively affected by the ruling in Walmart's favor.

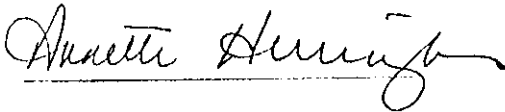
2. Other

Herrington asked for Staff members and visitors to leave so that the Board could go into Executive Session.

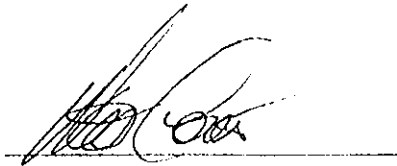
The Board returned from executive session at 12:57 p.m. The Board members stated after discussion in executive session their intention to give Director Coulter a 3% pay raise, retroactive to the first of July.

Herrington asked for a motion that the meeting adjourned at 1:09 p.m.

Gibson-Branton moved to adjourn the meeting. French seconded the motion and it was approved unanimously.



President



Secretary