

FINANCE COMMITTEE

May 14, 2008

PRESENT: MaryAlice Molgard, Ronald Ginsburg, Nancy Pieri, Richard Young, Lou Anne Lundgren, Philip Ritter, Heidi Fuge

EXCUSED: Nikki Caruso

M. Molgard, Chair, called the meeting to order at 4:00 PM

I. TREASURER'S REPORT - April

Committee members reviewed the Report.

MOTION: N. Pieri moved to recommend that the Board approve the Treasurer's Report for the period ending April 30, 2008. R. Ginsburg seconded. Unanimous.

II. PURCHASE JOURNAL

The following expenses were noted:

- Digital Library Reserve - annual fee for downloadable books \$18,000 p. 2
- WebFeat search engine - annual fee \$ 7,550 p. 5
- Henry Hudson doll (soft sculpture) \$ 399 p. 7
- Lettering on replacement front door \$ 340 p. 8
- Riverway fees for performers pp. 10-13

MOTION: R. Young moved acceptance of the April Purchase Journal and Payroll totaling \$195,039.31. R. Ginsburg seconded. Unanimous.

III. SUMMARY OF RESPONSES TO COURIER RFP

P. Ritter outlined the options for the courier service:

1. Continue with current company
2. Handle the service in-house (purchase vehicles, hire staff)
3. Contract with one of the vendors that submitted proposals

P. Ritter reviewed the proposals and noted that only two companies seemed to understand what was involved in the delivery service for us: Custom Courier and A.L. Delivery. Custom Courier would do a good job, but are just too expensive. A.L. would use only company employees for the UHLS service and was willing to sign a 3-year contract with no fuel or rate increase in that time period. P. Ritter would negotiate a 60-day escape clause such as the one in our current contract with Velocity. He noted that the Directors Association and the Administration Committee have both recommended contracting with A.L. Delivery. Although there will be a slight increase in the cost of the service, this can be handled within the current budget, and for 2009, the balance would come from the 2008 Supplemental Aid.

N. Pieri asked if there would be any way to ensure that during the cancellation period, the service from Velocity would not get any worse?

R. Ginsburg stressed that in the new contract, we must make sure that the drivers would all be company employees, not contract drivers.

M. Molgard expressed concern regarding the fact that there was no contingency regarding the increasing fuel costs. P. Ritter noted that he had discussed this with the A.L. owner and he specifically stated that this was not an overriding concern.

P. Ritter noted that If the Board decides to contract with A.L., the sorting will take place in the UHLS shipping room which will give us more control over the process.

MOTION: N. Pieri moved to recommend to the Board that P. Ritter should begin the process to engage A.L. Delivery. R. Ginsburg seconded. Unanimous.

IV. UHLS INVESTMENT POLICY

H. Fuge reported that she and Joe Sherry had another meeting with officers from First Niagara Bank. The bankers were concerned that they will be changing to a new automation system and needed to streamline the UHLS banking to fit the new system. In addition, the UHLS Investment Policy needed to be reviewed and updated. The bank will consolidate the various trust accounts into two accounts: Operating and Restricted. However, the bank will also develop a spreadsheet that will allow us to track the interest and balances in the individual accounts so that they can continue to be reported separately on the Treasurer's Report. One of the advantages of the consolidation would be a marginally better interest rate. She introduced the draft of the revised Investment Policy and noted that it been reviewed by the trust officers.

MOTION: R. Ginsburg moved to recommend that the Board adopt the revised Investment Policy. N. Pieri seconded. Unanimous.

V. CORPORATE BANKING RESOLUTIONS

The First Niagara Trust Officers also asked that the Board approve a Corporate Banking Resolution allowing UHLS to do business with First Niagara and its affiliates. Committee members reviewed the Resolutions which also established the two separate Trust Accounts - Operating and Restricted. H. Fuge noted that some of the statements in the Resolution did not apply to UHLS, specifically those areas in which we are allowed to invest. Therefore, she crossed them out and noted that the Investment Policy contained the appropriate guidelines.

MOTION: N. Pieri moved to recommend that the Board adopt the two Corporate Banking Resolutions. R. Ginsburg seconded. Unanimous.

OPERATING ACCOUNT

CORPORATE RESOLUTION CERTIFICATION

I. ACCOUNT INFORMATION

ACCOUNT TITLE: OPERATING ACCOUNT

ACCOUNT NUMBER: -

II. CERTIFICATION

I HEREBY CERTIFY that a meeting, duly called, of the Board of Directors of UPPER HUDSON LIBRARY SYSTEM, a corporation, which said meeting a quorum was present and acting throughout, the following preamble and resolution was adopted and ever since has been and now is in full force and effect.

WHEREAS this Corporation is duly authorized and permitted by its ~~Charter~~ Bylaws

- (1) Engage in cash and margin transactions in any and all forms of securities including, but not limited to, stocks, options, stock options, stock index options, foreign currency options and debt instrument options, bond debentures, notes, scrips, participation certificates, rights to subscribe, warrants, certificates of deposit, mortgages, choses in action, evidences of indebtedness, commercial paper certificates or indebtedness and certificates of interest of any and every kind and nature whatsoever, secured or unsecured, whether represented by trust, participating and/or other certificates or otherwise, and margin transactions, including short sales.
- (2) Receive on behalf of the Corporation or deliver to the Corporation or third parties monies, stocks, bonds, and other securities. To sell, assign, and endorse for transfer, certificates representing stocks, bonds, or other securities now registered or hereafter registered in the name of the Corporation.
- (3) Establish and maintain an asset management account with debit card, check writing, and margin privileges, from which account funds are directly spent, the responsibility for which is entirely that of the Corporation, such that checkwriting and debit card privileges will be limited to the following persons designated by the Corporation:

HEIDI A. FUGE
JOSEPH T. SHERRY

NOW THEREFORE BE IT RESOLVED that this Corporation open an account or accounts in its name with FIRST NIAGARA and that LOUANNE LUNDGREN, President, MARY MULLER, Vice President,

MARY ALICE MOLGARD, Treasurer, or _____ or any one of them or their successors in office, may, on behalf of this Corporation or any one of them acting individually, be and they are hereby authorized to (1) give orders in the said account or accounts for the purchase, sale, or other disposition of stocks, bonds, and other securities, (2) deliver to and receive from Pershing LLC (Pershing), on behalf of this Corporation monies, stocks, bonds, and other securities, (3) sign acknowledgements of the correctness of all statements of accounts, and (4) make, execute, and deliver under the corporate seal any and all written endorsements and documents necessary or proper to effectuate the authority hereby conferred; the within authorization to each of said officers to

remain in full force and effect until written notice of the revocation thereof shall have been received by _____.

III. SIGNATURE

I FURTHER CERTIFY that the following are the signatures of the officers (or others) authorized by the foregoing resolution to act for this Corporation:

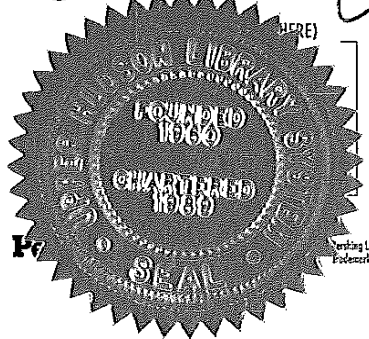
Heidi A. Fuge
Joseph T. Sherry

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Corporation this

14th day of May 2008

SECRETARY: Charles E. Hammond

NOTE: This certificate must be executed by an officer other than one of those authorized to act.



RESTRICTED ACCOUNT

CORPORATE RESOLUTION CERTIFICATION

I. ACCOUNT INFORMATION

ACCOUNT TITLE: RESTRICTED ACCOUNT
ACCOUNT NUMBER: -

II. CERTIFICATION

I HEREBY CERTIFY that a meeting, duly called, of the Board of Directors of UPPER HUDSON LIBRARY SYSTEM, a corporation, which said meeting a quorum was present and acting throughout, the following preamble and resolution was adopted and ever since has been and now is in full force and effect.

WHEREAS this Corporation is duly authorized and permitted by its Charter and Bylaws to

- (1) Engage in cash and margin transactions in any and all forms of securities including but not limited to, stocks, options, stock options, stock index options, foreign currency, ~~or derivatives~~ Investment Policy, ~~at least~~ Investment Policy instrument options, bond debentures, notes, scrips, participation certificates, rights to subscribe, warrants, certificates of deposit, mortgages, chooses in action, evidences of indebtedness, commercial paper certificates or indebtedness, ~~or certificates of interest of any and every kind and nature whatsoever, secured or unsecured, whether represented by trust, participating and/or other certificates or otherwise, and margin transactions, including short sales.~~
- (2) Receive on behalf of the Corporation or deliver to the Corporation or third parties monies, stocks, bonds, and other securities. To sell, assign, and endorse for transfer, certificates representing stocks, bonds, or other securities now registered or hereafter registered in the name of the Corporation.
- (3) Establish and maintain an asset management account with debit card, check writing, and margin privileges, from which account funds are directly spent, the responsibility for which is entirely that of the Corporation, such that checkwriting and debit card privileges will be limited to the following persons designated by the Corporation:

HEIDI A. FUGE
JOSEPH T. SHERRY

NOW THEREFORE BE IT RESOLVED that this Corporation open an account or accounts in its name with FIRST NIAGARA and that LOUANNE LUDGIZEN, President, MARY MULLER, Vice President,

MARY ALICE MOLGARD, Treasurer, or _____ or any one of them or their successors in office, may, on behalf of this Corporation or any one of them acting individually, be and they are hereby authorized to (1) give orders in the said account or accounts for the purchase, sale, or other disposition of stocks, bonds, and other securities, (2) deliver to and receive from Pershing LLC (Pershing), on behalf of this Corporation monies, stocks, bonds, and other securities, (3) sign acknowledgements of the correctness of all statements of accounts, and (4) make, execute, and deliver under the corporate seal any and all written endorsements and documents necessary or proper to effectuate the authority hereby conferred; the within authorization to each of said officers to

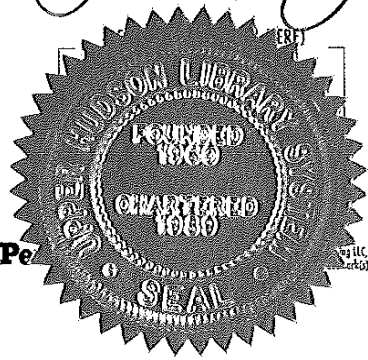
remain in full force and effect until written notice of the revocation thereof shall have been received by _____.

III. SIGNATURE

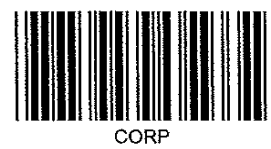
I FURTHER CERTIFY that the following are the signatures of the officers (or others) authorized by the foregoing resolution to act for this Corporation:

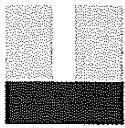
Heidi A. Fuge
Joseph T. Sherry

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Corporation this 14th day of May 2008.
SECRETARY: Charles E. Hammond



NOTE: This certificate must be executed by an officer other than one of those authorized to act.





UPPER HUDSON LIBRARY SYSTEM

Together. For Better Libraries.

INVESTMENT POLICY

ALLOWABLE INVESTMENTS

The assets for which First Niagara provides advice to the Upper Hudson Library System are managed in compliance with the guidelines pursuant to Chapter 90, 6 (c)(19) of the Regulations of the Commissioner of Education, as follows:

"The Trustees may authorize the Treasurer to deposit or invest moneys not required for immediate disbursement in special time deposit accounts or certificates of deposit issued by a bank or trust company located and authorized to do business in this State, provided that such account or certificate of deposit shall be payable within the time the moneys shall be needed and provided further that such account or certificate of deposit shall be secured by a pledge of obligations of the United State of America or obligations of the State of New York. Investments may also be made in obligations of the United States of America or of the State of New York registered or inscribed, when possible, in the name of the System and payable or redeemable at the option of the System within such time as the proceeds shall be needed, but in any event not later than the end of the fiscal year."

Therefore, the UHLS funds should be invested in money market accounts backed by U.S. Treasuries or Agencies, in an investment account with an institution located or authorized to do business in New York State. These funds will be used to accommodate UHLS' income needs.

PROHIBITED INVESTMENTS

Investments shall not include derivatives, futures, options, stocks, mutual funds, bonds or real estate.

ACCOUNT DISTINCTIONS

Two investment accounts will be maintained: *Operating Account* and *Restricted Account*.

- The *Operating Account* will be used to meet operating expenses. UHLS Administrative and Financial staff will request transfers from this account to the checking accounts to meet weekly operating expenses and bi-weekly payroll.
- The *Restricted Account* will contain all of the Board-restricted accounts and may be used only upon Board approval. The Accounts included herein are: Automation, Building, Equipment, Unemployment, and Retirement. Although they are combined for the purposes of better interest rates, the Bank will supply a monthly statement that shows the balances in each of the individual accounts contained in the Restricted Account.

COMMUNICATION WITH THE UPPER HUDSON LIBRARY SYSTEM

First Niagara will provide UHLS with monthly statements on the activity of these accounts. In addition, a First Niagara representative, who is fully informed of all accounts and familiar with the bond market, will meet with the UHLS Administrative staff and/or UHLS Finance Committee at least once a year, at their request, to review the investment policy, report on the performance of the accounts, and make recommendations.

INVESTMENT PERFORMANCE

The UHLS budget anticipates an average income on investments in line with the U.S. Treasury rates on an annual basis.