

Special Meeting of the Board of Library Directors
Monday December 9, 2013
6:30 p.m.
Bristol Public Library - Meeting Room 2

ATTENDEES: Jeff Boyko, Orlando Calfe, Valina Carpenter, Elizabeth Kanachovski, Thomas LaPorte, Bonnie Lodovico, Donna Papazian, Library Director Deborah Prozzo, Council Liaison Calvin Brown

ABSENT: Fran Alshuk and Jessica Pike

Item 1 – Call to Order

Meeting called to order by Chairman Boyko at 6:30 p.m.

Item 2 – Update by Corporation Counsel regarding the Manross Library Trust Funds

Present: Atty. Thomas Conlin, Assistant Corporation Counsel; Atty. Ed Spinella and Atty. Barbara Taylor of Reid & Riege

Atty. Conlin, Atty. Spinella and Atty. Taylor provided a brief summary of the process to transfer the management of the Library's seven trust funds from Bank of America to Mainstreet Community Foundation. Transfer of these funds are complex in nature. Need to begin informal discussions with the CT Attorney General Karen Gano. Hopefully join forces through those discussions producing a combined effort in petitioning the court. It was mentioned that the Frederick T. Manross Trust fund embodies co-beneficiaries; Bristol Hospital and the City of Bristol. Bristol Hospital is in the midst of a potential joint venture/conversion process and currently unable to devote their efforts towards this process. Transferring trusts while adhering to CT Statute is delicate. Atty. Conlin was clear that the transfers will not take place by year end. Outline of Trust Funds was submitted, attached hereto and made a part hereof.

Motioned by Director LaPorte **and seconded** by Director Papazian **to proceed with the six trust funds and re-address the Frederick T. Manross fund in 3 months.**

Discussion: Possible to combine all into one fund, but must be mindful of any restrictions placed on use of funds. Corporation Counsel Office needs direction for payment of legal fees. Streamlining the management process into one location will ease administration and costs. Creation of a gift acceptance policy was suggested. May take up to 6 months to implement and complete the process. Funds are available during the transition.

All in favor.

Item 3 – Approval of Minutes of the November 4, 2013 Library Board Meeting

Motioned by Director Calfe **and seconded** by Director Carpenter **to approve the November 4, 2013, Library Board meeting minutes, and it was unanimously approved.**

Item 4 – Presentation of Code of Conduct policy revisions for referral to the Policy Committee

Present: Susan Sadecki, Member of the Public

Per Director Prozzo, last revisions were completed in December 2005. Suggestion to designate both libraries become smoke free properties. Discussion emerged regarding health hazards attributed to smoking. The goal is to revise the entire Code of Conduct. Staff was surveyed and suggestions were

obtained. Per Chairman Boyko, Director Prozzo to contact the Corporation Counsel's Office for existing policies, then refer revisions to the Policy Committee.

Item 5 – Approve submittal of CT Humanities Council Public Presentation Grant

Per Director Prozzo, collaborated with Grants Assistant Dawn Leger of Bristol Development Authority, created a grant entitled, Immigrant Experience. Focuses on adult programming, targeting 50 plus age group, to occur June through August, 2014, culminating in September 2014, with a bus trip to Tenement Museum in New York City. Approximate cost is \$9,400, as such the City and CT Humanities Council would each match funds one to one of \$4,700. The Mayor has placed this item on the next City Council agenda. According to the Library's strategic plan; the goal is to expand adult programming at the Bristol Public Library location.

Motioned by Director Papazian **and seconded** by Director Kanachovski **to approve the grant.**

Discussion: Reason this particular venue was utilized. Per Director Prozzo, was proven successful program at Manross Library. CT Humanities has made heritage tourism their priority.

All in favor.

Item 6 – Adjournment

Motioned by Director Calfe **and seconded** by Director LaPorte **to adjourn the meeting at 7:35 p.m, and it was unanimously approved.**

Wendi Connolly
Recording Secretary

Outline for City of Bristol Meeting – December 2, 2013

Short Background

- Under Section 38 of the City of Bristol Charter, the Board of Library Directors (the “**Board**”) has exclusive control over all “invested funds” and “the administration of all trusts” created for the benefit of the City’s libraries. This includes the so-called “Library Trust Funds” (the “**Funds**”). With the consent of the Board of Finance, the Board may designate a “fiscal agent” to act as investment counsel.
- The Funds are a mix of seven different funds currently managed and administered by Bank of America, N.A. (“**BOA**”) in its capacity as Corporate Trustee (analogous to “fiscal agent”) for the benefit of the City of Bristol and, more particularly, the City’s libraries.

For legal purposes, the Funds are classified under certain categories:

a) Irrevocable Trusts

- Frederick T. Manross Trust
- Robert H. Manross Trust

b) Revocable Trusts

- Bristol Library Fund
- Samuel Goodsell Library Fund

c) Revocable Funds

- Bristol Library Forestville Fund
 - Bristol Library Treadway
 - Bristol Library Special Use Fund
- At a July 23, 2013 Board of Finance Meeting, the Board of Finance approved awarding management of the Funds to the Mainstreet Community Foundation (“**MCF**”) and referred said approval to the Board.
 - At an August, 5, 2013 meeting of the Board, the Board approved awarding management of the Funds to MCF.

- The City retained Reid and Riege to represent the City's interests in connection with the transfer of the Funds and to determine whether the transfer of any the Funds requires approval by the Attorney General's Office and/or the Connecticut probate courts.

Basics

- The Board is familiar with the Funds' names, balance sheets, and where their income is spent. We want to quickly explain the legal structure of the Funds and the basic legal landscape we are navigating as we assist the City.

Different parties involved in this legal landscape:

- BOA as Corporate Trustee
- Attorney General
- Probate Court
- Charitable Beneficiaries (role of Bristol Hospital)
- Descendants of original donors (no legal standing, but political/relationship considerations)

Key concepts:

- Legal effect of donor imposed restrictions vs. self-imposed restrictions
- Trust vs. Fund
- Quasi-Trust vs. Trust
- Irrevocable Trust vs. Revocable Trust
- Private Foundation vs. Public Charity (Federal Taxation Treatment)
- Termination of small charitable trusts pursuant to C.G.S. § 45a-520
- Donor designated fund
- Designated fund

Status Report

- Transfer of the Funds will not occur prior to 12/31/13 due to the complexity of this matter and various outstanding items pertaining to certain of the Funds.
- A meeting was held at the MSCF headquarters on October 15, 2013 to discuss a preliminary strategy regarding the transfer of the Funds to MSCF as well as outstanding items relating to the Funds.
- After the October 15th meeting, R&R had sporadic discussions with BOA in order to organize a plan regarding the termination of certain Funds and the transmission of management of certain Funds.
- On November 21, 2013, R&R was informed by BOA that BOA does not intend to move the Frederick and Robert Manross Irrevocable Trusts, however BOA was receptive to terminating the Robert Manross Irrevocable Trust.
- Follow up conversations occurred between R&R and City Corporation Counsel about exploring whether it would be prudent to remove BOA as Corporate Trustee of the Frederick Manross Trust and it was decided to gauge Bristol Hospital's willingness to remove BOA.
- On December 6, R&R spoke with legal counsel for Bristol Hospital. Legal counsel for Bristol Hospital was ambivalent about petitioning for the removal of BOA but asked R&R to wait at least 3 months while the Hospital navigates the hospital conversion procedure with the Attorney General's Office. **(Discuss whether that time frame is realistic, but also what advantage comes from moving on the 6 other Funds and saving Frederick Manross Trust for later).**

Initial Advice

- Consider restructuring Frederick T. Manross Trust so it may be reclassified for federal tax purposes as public charity in order to avoid private foundation excise taxes (including annual IRC § 4940 tax on net investment income) as well as more expensive BOA administrative fees (compared to MCF fees).
- Consider "terminating" Robert H. Manross Trust, Bristol Library Fund, Samuel Goodsell Library Fund, Bristol Library Forestville Fund, Bristol Library Treadway and Bristol Library Special Use Fund by moving their principal and income after termination into donor designated and other designated funds administered by MSCF. More specifically:
 - Robert H. Manross Trust: create donor designated fund at MSCF to hold principal and income after termination. Donor designated fund agreement would be vetted and approved by Connecticut Attorney General (contact person will be Assistant Attorney General Karen Gano) to acknowledge donor intent;

- Create designated fund(s) at MSCF to include liquidated principal and income of Bristol Library Fund, Samuel Goodsell Library Fund, Bristol Library Forestville Fund (consider combining with Robert H. Manross Trust as both benefit the Manross Memorial Forestville Library), Bristol Library Treadway (suggest transferring fund into a designated Fund honoring donors' original restriction, named Townsend G. Treadway Memorial Fund), Bristol Library Special Use Fund.

Outstanding Items

- Clarification from the Board regarding:
 - Frederick T. Manross Trust: significant decrease in starting amount versus market value (\$3,900,000.00 vs. \$1,912,845.26).
 - How is income currently distributed from the Samuel Goodsell Library Fund. Under the Trust Agreement and Goodsell's will, income is to be limited to the acquisition and purchase of books for the Bristol Public Library (confusion regarding whether income is limited to books or going into general use).
 - How Bristol Library Forestville Fund grew from \$43,600 starting amount into \$1,875,829.09 market value.
 - Clarify whether 29% of Bristol Library Treadway Fund is from Ruth Loveland (is there a will or other gift instrument on file with the Board?)
 - Confirm that the distribution of 20% of the remaining assets of Della H. Manross Trust upon death of Frederick T. Manross into the Frederick T. Manross Trust in 1989 was consistent with Della H. Manross Trust Agreement. More specifically, locate complete copy of Della H. Manross Trust containing Third Article, Section (e) which refers to 20% of remaining assets to be distributed to the City (unclear for what specific purposes).
- Solicit feedback from the Board regarding next steps regarding Frederick T. Manross Trust (wait to coordinate with the Hospital to remove BOA or proceed regardless?)
- Consider developing talking points for the donors' descendants to explain rationale of terminating/moving/combining certain funds (can establish designated funds at the MSCF for the same purposes consistent with donor intent, transition from a trust into a designated fund where possible will result in less management overhead and more money going to the intended charitable beneficiary.
- Confer with Karen Gano (**stress our close and amicable relationship**) whether the Attorney General will perceive some or all of the revocable trust and funds as "quasi-trusts" which means they would require to be terminated via probate court proceeding.