



**Special Board of Trustees Meeting**  
Tuesday, August 25, 2009 5:00 p.m.

**MINUTES**

President Burtch called the meeting to order at 5:06 p.m.

**IN ATTENDANCE**

BOARD MEMBERS: John Burtch, Caroline Diwik, Bryce Kurfees, John Magill, Brian Perera and Amy Sharpe.

ALSO PRESENT: Ann Moore, Director; Kate Porter, Assistant Director; Kate Hemleben, Fiscal Officer; Julie Whitt, Human Resources Manager; Ruth McNeil, Community Relations Manager; Sherman Wallace, Facilities Manager; Nancy Roth, Administrative Secretary; Robert Harmon, UA Resident; Dave Mastracci, UA Resident

**EXCUSED ABSENCES**

There were no absences.

**INSURANCE RENEWAL**

Hemleben's notes had previously been distributed to the Board members and are included here.

***Insurance Quote Background***

*The Thomas-Fenner-Woods Agency (Westfield / Cincinnati), Hylant Group (Ohio Plan) and Nationwide were asked to provide a quote based on our current policies. Each agency was provided the current policy and a five year run loss report. No formal bid documentation was done. I had assumed that we were comprehensively covered. Based on this learning experience the next time we got out for quote information, a more formal process will be followed. This will help verify exactly what is excluded from coverage, the limits and types of coverage we require.*

*Nationwide decided not to provide a quote as they could not compete with Westfield pricing. In the attached spreadsheet a summary of each is provided with the type of insurance, coverage limits and any additional information I thought was helpful. Each agency did review their part of this spreadsheet for accuracy and completeness.*

*The Ohio Plan did a comprehensive review of our current policy and provided more types of coverage and higher limits than our current policy. Based on this, I asked Westfield to provide a new quote for the difference in coverage so a similar comparison could be made. The new quote should be ready by noon Tuesday 8.25.09. The original quote (with a slight modification) has been provided to you. At the Board meeting this spreadsheet will be updated with the most current quotes.*

*Because the Ohio Plan is different than our current plan I thought I would try to explain what I know now or at least think I know about this plan. The Ohio Plan is different than our current policy as it (the idea) was created by the ORC. It allowed entities like the Ohio Plan and CORSA to be created to help insurance public entities. The Board of Directors of the Ohio Plan are individuals working at different levels of government such as City, Villages and Townships. (Side Note: CORSA covers county governments as it is administered by the County Commissioners' Association of Ohio.) The Ohio Plan is not totally a group plan. Our experience does drive most of the pricing. It is my understanding that terrorism is the only type of insurance that is truly a group plan and our experience does not affect this share.*

*An important difference to note is how defense costs are handled with the Ohio Plan. Under the Ohio Plan, defense costs are outside the aggregate limit. Here is an example: Our limit is \$3M per occurrence and \$5M in aggregate.*

*Claim 1 happens -- has \$1M in defense costs and a \$3M claim.*

*Claim 2 happens – has \$750,000 in defense costs and a \$2M claim.*

*The Ohio Plan has paid \$1.75M in defense and \$5M in claims. Because we have hit our \$5M in claims, any additional claim & defense costs during the year for this particular type of insurance would NOT be covered. Overall, insurance has paid \$6.75M on our behalf.*

*Please note: This has not been verified with Westfield. Under our current policy, we have a \$1M occurrence and \$2M aggregate with an umbrella coverage of \$1M occurrence and \$2M aggregate.*

*Claim 1 happens -- has \$750,000 in defense and a \$1.5M in claim.*

*Claim 2 happens – has \$500,000 in defense and a \$1M in claim.*

*Westfield would pay \$750,000 in defense and \$1.25M in claim for the first claim. The other \$250,000 would be the UAPL's responsibility. In regards to the next claim, \$500,000 in defense costs would be paid and \$500,000 for the claim. UAPL would be responsible for the other \$500,000.*

*Another difference is Westfield insurances property and valuable papers as a blanket. This means that if our blanket coverage for valuable papers is \$9.4M it can be used at any location. The Ohio Plan is 150% of the schedule value at the location. Under the Ohio Plan, UAPL would need to monitor the values annually to verify coverage at each location was not undervalued.*

*The Ohio Plan had suggested additional coverage from our current policy. Westfield is providing a new quote for most of these. They are employee benefits liability (when UAPL does not add a new employee/dependent within the allotted timeframe), Business*

*Income (when the library is shut down & we cannot collect fines), computer fraud and Ohio Stop Gap (related to Worker's Comp).*

*There will be an additional change to the crime insurance in the next few months. Based on my understanding of the policies provided, I feel that we may be underinsured for the forgery, funds transfer and theft as it relates to the Friends and Foundation. Because of the volunteer base of the Friends & Foundation, there would be no coverage under the employee dishonesty insurance. We are covering all everyone involved with the Friends, Foundation and UAPL. This does mean volunteers, staff and the Boards. A risk assessment will need to be done to obtain the best coverage for all three entities.*

*I know this is a lot of information and hopefully I've explained it correctly as I am not an expert in insurance. In the end, I hope this is helpful. I just wanted to share some of the information ahead of time so the Board could make the best possible decision. I do plan on reviewing this spreadsheet at tomorrow's Board meeting.*

In addition, Hemleben distributed an up-dated worksheet comparing the specifics of the Ohio Plan proposal and the Westfield proposal. That spreadsheet is included as an Exhibit to these minutes.

Hemleben said that the Ohio Plan ensures over 700 public entities, including 65 libraries. She said that it operates as a private insurer other than for the terrorism component.

Burtch noted that the Ohio Plan was established by state statute and that the Hylant Group is the only company authorized to offer the Ohio Plan. He noted that the Thomas-Fenner-Woods agency could not offer the plan. He said that both Westerville and Worthington libraries are covered by the Ohio Plan. He said the plan offers better coverage for less money.

Hemleben offered a brief review of the comparison worksheet. Moore noted that she and Hemleben had met with Dick Wood yesterday. She said he had reviewed both plans. Wood had informed them that having defense costs separated out from the aggregate was a big factor in favor of the Ohio Plan. He agreed that the coverage with the Ohio Plan was more extensive than the Westfield policy.

Kurfees said that Hemleben had provided the Board with extensive information and that a line-by-line comparison and discussion did not seem to be necessary. He asked if there was any reason not to choose the Ohio Plan. Hemleben said there was not. She said that she was concerned about the fiduciary coverage limit, but the Ohio Plan rep was amenable to increase the coverage and lower the premium.

Sharpe noted that the Hylant Group that administers the policy is a very reputable and good company. Magill asked for clarification about the property insurance. Hemleben said that the Ohio Plan is not blanket coverage. She said the library would have to cost out each structure and would then insure it for 150% of the value. Magill asked about

that process. Hemleben said that the library would have to contract out for an assessment by an expert industrial appraiser. She said she did not know the cost of that process. She said that Ohio Plan would be able to provide the library with a list of appraisers with the necessary expertise.

Magill asked about the cyber liability component of the Ohio Plan. Hemleben said she provided the library with coverage if misuse or criminal acts involving internet access occurred on the library computers. She noted that Westfield did not include this coverage except as general liability. Moore noted that the Internet policy does contain a disclaimer regarding illegal activities.

Burtch said that the current coverage ends on 9/1/09, so a decision is needed at this meeting. Magill said the pricing between the two options was nearly equal, so the question is which provides the best coverage. Burtch said that the exclusion of defense costs was a major difference. He noted that in a couple of recent lawsuits, the attorney fees for the library were more costly than the actual settlement.

**Perera made a motion to accept the Ohio Plan for the library's liability insurance.**

**Diwik seconded the motion. Magill offered amendments to the motion:**

- 1. That an appraisal for each building be scheduled within 30 days;**
- 2. That the policy includes the Law Enforcement Liability clause;**
- 3. That the policy includes the Fiduciary Insurance option.**

**Perera and Diwik accepted the amendments. VOTING AYE: Burtch, Diwik, Kurfees, Magill, Perera and Sharpe. VOTING NAY: None.**

## **REPAIR PROJECTS**

Magill thanked the Admin team for getting the Finance Notes out to the Board so quickly so that the projects could be considered at this meeting. The notes from that meeting are included here.

*FINANCE COMMITTEE MEETING  
Friday, August 21, 2009 8:00 a.m.*

### ***Meeting Notes***

*IN ATTENDANCE: Brian Perera, Caroline Diwik, Ann Moore, Kate Hemleben, Kate Porter, Jack Burtch and Nancy Roth*

*ALSO PRESENT: Marcia Baum, staff member and Robert Harmon, UA Resident*

*The meeting was called to order at 7:56 a.m.*

## COMMERCIAL LIABILITY INSURANCE

*Hemleben said that the insurance coverage ends on September 1, 2009. She requested quotes from Nationwide, Thomas-Fenner-Woods and the Ohio Plan. She noted that she had met with representatives from the Ohio Plan after she had provided them with information about the library's current policy. She said that Nationwide subsequently withdrew from consideration, indicating that they would be unable to match the premium costs.*

*Hemleben said that the Ohio Plan was established by state statute to offer insurance to government entities and public officials. She said that it operates similarly to a self-insured plan, but also draws on working with several other insurance companies. Hemleben said that the Ohio Plan representatives reviewed the library's current policy and pointed out fifteen deficiencies, of which two were of special concern to her.*

*Hemleben said that the library had no fiduciary insurance and that the current liability plan had an exclusion clause for public officials. She said that in checking with the current insurer, Cincinnati Insurance, it was determined that they intended to cover and that the exclusion was not intended. They reassured the library that they were covered.*

*Burtch noted that he was concerned that it was represented to the library that the coverage was complete and it was not until Ohio Plan representatives reviewed the policy in detail that the discrepancy was pointed out to the library. Hemleben pointed out that if the issue had not been clarified and resolved with the insurer, the library could have had difficulties if a claim arose. She noted that she has been unable to review the issues of coverage with Bob Fenner as he has been ill.*

*Hemleben said that this situation has reinforced to her that everyone on the Board and the Administration team needs to be familiar with the insurance policy and the coverage. She said that a collaborative decision needs to be made in order to bring in everyone's expertise and experience.*

*Burtch said that the information is complex and that it may be a lot for the Board to consider for action so quickly. He asked if there was a possibility that the current insurer would give the library an extension, so that Board members could fully digest the information and make a complete evaluation of both proposals. Hemleben said that she would check. Burtch suggested that Dick Wood be contacted to review the two policies side by side and then make an evaluation. He noted that Wood has been a library supporter and former Board member and would probably be willing to volunteer to do this. Moore said that she would contact Wood about this.*

*Hemleben distributed a worksheet comparing the Ohio Plan to the current coverage from Westfield, through Thomas-Fenner-Woods. Hemleben pointed out some of the differences between the two options.*

- *The Ohio Plan includes umbrella coverage for a total of \$5,000,000 general liability coverage. Westfield's coverage is \$3,000,000.*
- *Under the Ohio Plan, attorney fees are considered outside of the liability and are paid separately. Westfield pays attorney fees as part of the liability. (Burtch noted that in two recent settlements, the attorney fees were more than the settlement amount)*
- *Ohio Plan has no general liability deductible. Westfield has a \$5,000 deductible.*
- *Ohio Plan pointed out need for Employees Benefits coverage which would cost \$78.00 for \$3,000 of coverage. Westfield plan does not address this issue.*
- *Ohio Plan recommended higher coverage of at least \$250,000 for Ordinance coverage (software and other related IT items). Westfield currently proposes \$25,000 coverage.*
- *Property liability insurance with Ohio Plan also provides for loss of income. Westfield does not.*
- *Ohio Plan recommends coverage of \$9.4 million with a \$1,000 deductible. Westfield has \$7 million coverage with \$5,000 deductible. After some discussion the committee agreed that the \$9.4 million coverage was more realistic in order to protect the replacement of the collection in the event of a catastrophe.*
- *Ohio Plan covers prior acts of public officials for previous 14 years. Westfield does not provide coverage.*

*Hemleben said that the Board will need to decide if it is their intent to extend coverage to the Friends of the Library and to the UAPL Foundation. She noted that the Ohio Plan can cover these organizations, but would need to specifically name them in the policy. She said that coverage for them should not have any substantial effect on the cost of the policy.*

*Hemleben noted that she is also concerned about the variance in the terrorism insurance premium. She said that she is seeking clarification about this coverage and what may be currently lacking in the Westfield policy.*

*Hemleben said that the current proposals have similar price tags, but that the Ohio Plan coverage seems to be more complete. Burtch said that the Ohio Plan provisions were established statutorily, so that they deal more directly with the special needs of public entities. He said it is a group plan and therefore can be less expensive. He noted that the Hyland Group, which is one of their underwriters, insures 65 libraries and is well-acquainted with a library's special needs. He said that the Board certainly recognizes the loyalty and dedication of Bob Fenner, but that if the Ohio Plan proposal is a better value, the library should move forward with it.*

*Hemleben noted that under the Ohio Plan, after five years, the library would receive a 3% percent discount on the premium. The discount could increase up to 10% over the subsequent years after that. She said that their experts will also come in and provide a safety assessment of the building and provide suggestions to improve any hazards or deficiencies.*

*Burtch suggested that remaining questions about the Westfield coverage be addressed as soon as possible and Dick Wood will provide an outside review. He requested that up-dated information be sent to the Board electronically so that the members can review it in preparation for the Special Board Meeting.*

## **REPAIR COSTS**

### Fire System

*Moore noted that the quotes for the fire system for the Computer Room have been sent to the Board members. She said the library has been trying since mid-July to get a formal quote from Simplex for the work, but has been unsuccessful in getting a submission. She said that she is not comfortable with the lowest bid offered by SILCO. It is unclear what they are covering. She said that Forgos has followed up with the company to obtain clarification, but that their answers have been vague.*

*Moore noted that none of the estimates include sealing the room. She said that this can be done by the facilities staff or through another company. She said that Forgos estimates that cost to be about \$2,500.*

*Moore said that Koorsen has been very responsive and clear about what is included in their estimate. She noted that they are also offering a discount if the proposal is accepted before August 31<sup>st</sup>. She said she would recommend accepting the Koorsen proposal.*

*Burtch said that the project does not have to be bid, so the Board can select the best value. Perera said that Koorsen is the lowest bid of best value and that he felt comfortable in recommending it to the Board. He noted that the Koorsen proposal also includes the permit fees, which the SILCO quote did not. Diwik agreed with the recommendation. Burtch asked when the work could commence. Moore said that the general time frame from all the companies was 4 to 6 weeks.*

### Lighting Proposals

*Moore said that the proposals from Roberts and Purdy were very close. She said that the library will not be proceeding with any of the Alts listed. She said the library facilities staff will handle the installation of the lens. By doing this, the cost is minimized. Moore said that when the Alts are removed from consideration, Purdy has the better bid. She said that she would recommend the Board accept the Purdy proposal. The committee agreed.*

*Hemleben said that the library will get an energy credit re-imbusement through AEP for a portion of the work, because the new fixtures will be more energy efficient. She said that in meeting with representatives from AEP, it was discovered that the library may also recover part of the costs of the Chiller project and the cooling tower project. She*

said that Forgos is working on completing the necessary paperwork to start that application process.

## **INVESTMENT UP-DATE**

Hemleben distributed a worksheet for the current investments. She noted that a CD from Arlington Bank will come due on August 26<sup>th</sup>. She said that due to the cash flow projections, she would like to keep those funds liquid and deposit them in the Fifth Third money market account. She asked the committee for their feedback on this plan. The committee agreed that this would be appropriate.

## **NEW FUNDS**

Hemleben noted that the Auditor had issued a non-compliance finding regarding the end-of-the-year transfer of money from the General Fund into the Building Fund. She distributed a copy of her letter in response to the Audit finding. She also distributed a legal opinion from 1997 by Jon Iten of Voorhees, Slater and Pease and a subsequent letter from then-State Auditor Thomas Ferguson, which indicated that libraries are exempt from the regulation regarding the transfer of funds. Hemleben said she has referenced this information in her response letter.

### Miller Park Fund

Hemleben said that the Miller Park Fund currently has slightly in excess of \$40,000. She said that the construction/renovation phase of the project is well over and she would like to close that fund. She said the money could be transferred either into the General Fund or into the Building Fund. Perera asked if all construction issues have been closed. Moore said that there has been no more activity related to the renovation.

Perera said that he was agreeable with the money being moved into either fund. Moore said that she would recommend it be added to the Building Fund, especially in view of the up-coming maintenance projects previously discussed. The committee agreed with making this change.

### Unclaimed Funds

Hemleben said that another issue that arose from the audit was a way to track unclaimed funds. She said that these are checks issued by the library that have never been cashed. She said that most of these are payroll checks. She said the total amount is about \$1,000.

Hemleben said that in talking with the Auditor's Office, she determined that if the library establishes a separate fund in which to carry and track these liabilities, after a certain period, the money can be returned to the general fund. She said that a policy regarding the tracking and return of such funds will eventually need to be formulated, but that the first step is to establish the fund. She said that she would like to do this at the September Board meeting. The committee agreed that this would be appropriate.



### Restricted Donations

*Hemleben noted that the Friends organization has supported programming expenses at the library for many years. She said that some of the expenses for that have been done on the library accounts with the Friends either paying the bill directly or reimbursing employees who have used their personal credit cards. She said that the Auditor does not want the Friends to pay for items that have been ordered under the library's name.*

*Hemleben said that the library can establish a Restricted Donation Fund which would allow proper tracking of donations by the Friends to match up with programming expenses or other purchases approved and authorized by the Friends. Hemleben said that the Board has to establish the fund and then the State Auditor's office has to approve it. She said that her discussions with the State Auditor have indicated that there would not be a problem with the approval process. She noted that the Friends will need to provide a letter indicating their intent to make off-setting donations or perhaps supplying an initial infusion to such a fund. She noted that this will allow the library to track Friends expenditures and donations more accurately and also satisfy audit requirements.*

## **AUDIT UP-DATE**

*Hemleben said that the response to the audit has been prepared. She distributed a copy to the committee. She noted that, in order to keep costs down, she has not had the letter reviewed by legal counsel. She said that the letter was straightforward and did not seem to need legal review. She said that once the letter was sent, she would contact the Auditor's office to set up a post-audit Executive Session with the Finance Committee.*

## **REVENUE & BUDGET PROJECTIONS**

*Hemleben distributed a revised General Fund project worksheet. She said that one correction was that revenue for the encumbered funds from 2008 should be included in the revenue calculations. She noted that the projected shortfall is currently about \$105,000 at year's end. She said that the projected cash balance is now \$980,460. Hemleben said that for the 2010 projections, she assumed a 15% reduction of the PLF due to economic conditions. She said that she also assumed a 2% delinquency rate for property taxes. She noted that she will be checking with the UA Schools to see what delinquency rate they are assuming as a check on her own figures.*

*Hemleben said that the resulting revenue for 2010 is about \$700,000 less than for 2009. Hemleben said that with the projected expenditures, the library would be short \$341,599. This would leave an end-of-year cash balance of about \$744,000.*

*Porter said that she has talked with the managers and instructed them to spend down their materials budgets to a 20% level. She said that this has worked out and will assure that the library still will be able to purchase new materials while containing costs. She said this will save about \$170,000.*

Moore said that the current 8 vacant position will not be filled which is a savings in the Wages and Benefits line of the budget. She said that she has also looking at ways to increase revenue while decreasing expenses. She said that she does not want to lay off any staff members and feels that the library will be able to weather the current cutbacks. She said that obviously staff raises for 2010 are not an option.

Perera noted that it is important to note for the Board and the public that materials budget is not the only place where cuts being made. He said that this cuts in Wages and benefits is also significant whether through attrition, re-assigning duties or other means.

Moore said that the Administration team has been looking at a lot of different options to decrease expenses even more for 2010. She said that this includes considering closing the branches on the weekend. She said that this would not be a first step, but may become necessary as the branches duplicate services offered at the main library and are expensive to staff on the weekends. She also noted that branch full-time staff could then be re-assigned to the main library to assist with coverage there for shortages caused by not filling the current vacancies.

Moore said that her first recommendation would be to cut hours of operation on Sunday. She said that Sundays are the busiest day per hour, but that they are also the most expensive to staff, due to the need to schedule a dinner break and the premium payment for full-time staff. She said she recommends changing the hours to 1:00 p.m. to 5:00 p.m. effective in October.

Perera asked how much savings that would generate. Hemleben said that about \$28,000 could be saved, although if sick and vacation time is factored in, the savings may be around \$19,000. She said that moving the opening time to 10:00 a.m. during the week would save a potential \$45,000 to \$28,000 after adjusting for sick and vacation time.

Diwik asked when the lowest usage is. Porter said that Tremont has much lighter usage from 9:00 – 10:00 a.m. She said that at the branches, the usage is more even throughout the day. It was noted that the library is the only library in Central Ohio open on Friday evenings. It was noted that one of the busiest times is from 6:00 – 7:00 on Friday as people come in to check out DVD's. Moore said she would like to consider closing at 7:00 on Fridays.

Perera said that the committee should consult with the Board to ensure that all members are in agreement with the library living within the year's revenue stream and not spending down the cash surplus. He said that he believes this to be the appropriate philosophy, but that under the current conditions, it would be good for the full Board to have that discussion. Moore agreed that she does not want to spend down carry-over cash balances at the present time.

*The committee asked Hemleben to prepare a worksheet of information showing the cost savings of all of the various options for the reduction of hours of operation, including closing the branches on the weekends, and other cost reduction measures being discussed, such as discontinuing the hiring of special duty officers in the evening. Hemleben said that other cost-savings are in the works, such as IEmployee software to increase the productivity of managers, insurances savings and continued departmental budget reviews with managers.*

*The meeting was adjourned at 9:45 a.m.*

Moore said that the Finance committee decided to recommend the lowest and best proposal. She said this was Koorsen Fire and Security. She noted that it is expected that some of the work involved in sealing the room prior to the actual removal of the Halon would be done by the library's Facilities staff, cutting down on the cost. She said that John Forgos also recommends accepting the Koorsen proposal.

**Perera made a motion to move forward with the proposal from Koorsen Fire and Security for the replacement of the fire system in the computer room and the removal of the Halon. Sharpe seconded the motion. VOTING AYE: Burtch, Diwik, Kurfees, Magill, Perera and Sharpe. VOTING NAY: None.**

Moore said that the library does not plan to do any of the Alternatives or Options contained in any of the wiring/lighting repair estimates. She said that the current Facilities staff can replace the lenses of the light fixtures. She said the library will not be replacing the floodlights. Moore said that the Purdy Electric proposal was slightly lower in cost than the Roberts proposal. She noted that the library has used both these companies on other projects and that they have been reputable and responsible. Moore said the Finance committee recommended accepting the Purdy proposal.

Moore noted that the proposal is close to the prevailing wage threshold. She said that she had discussed this with Sylvia Gillis, legal counsel. Gillis informed Moore that the library could accept the proposal without a problem. Gillis did recommend that the library meet with the contractor prior to signing an agreement to inform them that if change orders take the total cost over the threshold, prevailing wages will have to be paid.

Burtch asked about the energy credit. Hemleben said that the library will receive about \$7.00 for each fixture that is replaced, but will not re-coup any labor costs. She said that Forgos is working on filling out the necessary paperwork for AEP. It was noted that the library may also recover money from AEP for the improvements made at Lane, Miller and Tremont from 2006 forward. She said that Forgos is pursuing that as well.

Magill asked if the Board could have more information about the Energy Credit program. Hemleben said that one of the AEP representatives lives nearby and has indicated he would be happy to attend a Board meeting to make a presentation to the Board. It was

agreed that Hemleben would make those arrangements for the September Board meeting if possible.

**Perera made a motion to accept the Purdy Electric proposal for electrical work at Tremont. Magill seconded the motion. VOTING AYE: Burtch, Diwik, Kurfees, Magill, Perera and Sharpe. VOTING NAY: None.**

Magill made a motion to adjourn the meeting. Sharpe seconded the motion. VOTING AYE: Burtch, Diwik, Kurfees, Magill, Perera and Sharpe. VOTING NAY: None.

Meeting adjourned at 5:35 p.m.

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John H. Burtch, President

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Brian Perera, Secretary