

QUEENS LIBRARY
FINANCE AND INVESTMENT COMMITTEE
THURSDAY, JANUARY 24, 2019

Central Library
89-11 Merrick Boulevard, Jamaica, NY 11432

AGENDA

6:15 PM FINANCE AND INVESTMENT COMMITTEE REGULAR MEETING

I. CALL TO ORDER

II. AGENDA

A. Action Items

1. Approval of Bills for the Month of December 2018 (ID # 1910)
2. Acceptance of Financial Reports for the Period Ending December 2018 (ID # 1908)

B. Report Items

1. Payroll for the Month of December 2018 (ID # 1909)
2. Property/Casualty Insurance Program Status Report (ID # 1920)
3. The Queens Borough Public Library Workers' Compensation Self-Insurance Program Update (ID # 1918)

III. ADJOURNMENT

1. Motion to Adjourn (ID # 1912)

Queens Library Board/Committee Item

BOARD/COMMITTEE: Finance and Investment Committee

DATE OF MEETING: January 24, 2019

ITEM ID #: 1910

AGENDA: Approval of Bills for the Month of December 2018

Background:

In accordance with New York State Law, the Board of Trustees has sole authority over the expenditure of funds appropriated for library purposes and must have a method in place for the review and approval of all expenditures.

Current Status:

The Chief Financial Officer submits for approval bills in the aggregate sum of \$4,345,659 being the amount of December 2018 bills vouchered and paid consisting of \$57,336 in Fines & Fees Funds, \$946,219 in City Funds, \$207,690 in Federal & State Funds, \$3,080,617 in Trust & Agency Funds, \$37,758 in Board-Designated & Private Grants Funds, and \$16,039 from the Workers' Compensation Reserve Fund. All expenditures were made in accordance with Budgets and Appropriations approved by the Board of Trustees.

Recommended Motion for Consideration by the Finance & Investment Committee:

I move that the Finance & Investment Committee recommend to the Board of Trustees the approval of the December 2018 bills in the aggregate sum of \$4,345,659.

Queens Library Board/Committee Item

BOARD/COMMITTEE: Finance and Investment Committee

DATE OF MEETING: January 24, 2019

ITEM ID #: 1908

AGENDA: Acceptance of Financial Reports for the Period Ending December 2018

Background:

In accordance with Library By-Laws, the Library's financial statements shall be reviewed on a regular basis.

Current Status:

The Chief Financial Officer submits the Budget Reports attached for Board approved operating funds and Balance Sheets for all funds as of December 31, 2018.

Recommended Motion for Consideration by the Finance & Investment Committee:

I move that the Finance & Investment Committee recommend to the Board of Trustees that the Budget Reports for Board approved operating funds and Balance Sheets for all funds as of December 31, 2018 be accepted.

Attachments:

12_18 Financial Statements (DOCX)

THE QUEENS BOROUGH PUBLIC LIBRARY

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2018

FINANCE & INVESTMENT COMMITTEE MEETING

JANUARY 24, 2019

Attachment: 12_18 Financial Statements [Revision 2] (1908 : Acceptance of Financial Reports for the Period Ending December 2018)

**City General Fund
Budget Report as of December 31, 2018**

In thousands

Estimated Revenues	Adopted Budget	Current Budget	Y-T-D Actual	Open Orders	Remaining Balance	Percent Remaining
City Appropriations	\$ 109,943	\$ 112,195	\$ 80,285	-	\$ 31,910	28%
Interest Income	1	10	-	-	10	100%
Rental	1	23	11	-	12	52%
Sundry Revenues	1	1	1	-	-	0%
Total Revenues	\$ 109,946	\$ 112,229	\$ 80,297	\$ -	\$ 31,932	28%
<u>Appropriations</u>						
Personal Services	\$ 65,469	\$ 67,140	\$ 31,053	-	\$ 36,087	54%
Health Insurance	16,763	16,789	7,402	-	9,387	56%
Social Security	4,812	5,163	2,309	-	2,854	55%
Unemployment Insurance	68	175	44	-	131	75%
Employee Welfare Fund	2,685	2,685	1,443	-	1,242	46%
Disability Insurance	154	154	48	-	106	69%
Workers' Compensation	617	615	-	-	615	0%
Training	37	37	9	-	28	76%
General Supplies	931	915	412	85	418	46%
Maintenance & Custodial Supplies	461	458	192	47	219	48%
Equipment	98	93	21	14	58	62%
Furniture	6	6	4	-	2	33%
Library Materials	2,164	2,164	1,040	162	962	44%
Contractual Services	5,422	4,749	756	312	3,681	78%
Postage	91	91	41	9	41	45%
Telecommunications	585	585	224	13	348	59%
Carfare, Travel & Mileage	33	33	21	-	12	36%
Maintenance & Repairs - Vehicles	131	131	36	-	95	73%
Maintenance & Repairs - Buildings	1,310	1,444	708	528	208	14%
Information Systems Services	598	1,251	596	82	573	46%
Rentals - Land/Buildings	1,254	1,231	730	-	501	41%
Heat, Light, and Power	2,553	2,593	13	-	2,580	99%
P & C Insurance Premiums	1,025	1,025	1,019	-	6	1%
Adult Literacy	1,875	1,898	989	22	887	47%
Various City Funded Programs	804	804	272	33	499	62%
Total Appropriations	\$ 109,946	\$ 112,229	\$ 49,382	\$ 1,307	\$ 61,540	55%
Net Income/(Loss)	\$ -	\$ -	\$ 30,915	\$ -	\$ (29,608)	

Attachment: 12_18 Financial Statements [Revision 2] (1908 : Acceptance of Financial Reports for the Period Ending December 2018)

Fines and Fees Fund
Budget Report as of December 31, 2018

In thousands

Estimated Revenues	Adopted Budget	Current Budget	Y-T-D Actual	Open Orders	Remaining Balance	Percent Remaining
Fines on Overdue Items	\$ 907	\$ 907	\$ 470	-	\$ 437	48%
Lost Library Cards	46	46	25	-	21	46%
Lost & Damaged Items Fees	174	174	113	-	61	35%
Interest Income- Fines/Fees	-	25	11	-	14	56%
Scanstation	8	8	8	-	-	0%
Total Revenues	\$ 1,135	\$ 1,160	\$ 627	-	\$ 533	46%
Appropriations						
Training	129	129	44	12	73	57%
General Supplies	5	2	1	-	1	50%
Equipment	1	1	1	-	-	0%
Library Materials	166	241	154	-	87	36%
Contractual Services	830	782	201	60	521	67%
Maintenance & Repairs - Buildir	-	1	-	-	1	100%
Information System Services	4	4	3	-	1	25%
Total Appropriations	\$ 1,135	\$ 1,160	\$ 404	\$ 72	\$ 684	59%
Net Income/(Loss)	\$ -	\$ -	\$ 223	\$ -	\$ (151)	

Attachment: 12_18 Financial Statements [Revision 2] (1908 : Acceptance of Financial Reports for the Period Ending December 2018)

**Federal General Fund
Budget Report as of December 31, 2018**

In thousands

	Adopted Budget	Current Budget	Y-T-D Actual	Open Orders	Remaining Balance	Percent Remaining
<u>Estimated Revenues</u>						
Federal USDF Program Refunds	\$ 1,055	\$ 1,055	648	-	\$ 407	39%
Total Revenues	\$ 1,055	\$ 1,055	648	-	\$ 407	39%
<u>Appropriations</u>						
Telecommunications	\$ 1,055	\$ 1,055	\$ 648	\$ -	\$ 407	39%
Total Appropriations	\$ 1,055	\$ 1,055	\$ 648	\$ -	\$ 407	39%
Net Income/(Loss)	\$ -	\$ -	\$ -	\$ -	\$ -	

State General Fund
Budget Report as of December 31, 2018
In thousands

Estimated Revenues	Adopted Budget	Current Budget	Y-T-D Actual	Open Orders	Remaining Balance	Percent Remaining
Basic Grant Revenues	\$ 3,966	\$ 3,966	-	-	3,966	100%
Consolidated Systems Aid	1,591	1,591	-	-	1,591	100%
Total Revenues	\$ 5,557	\$ 5,557	\$ -	\$ -	\$ 5,557	100%
<u>Appropriations</u>						
Personal Services	\$ 420	\$ 420	\$ 159	\$ -	\$ 261	62%
Health Insurance	14	14	-	-	14	100%
Social Security	35	35	11	-	24	69%
Employee Welfare Fund	1	1	-	-	1	100%
Training	29	29	5	-	24	83%
General Supplies	37	37	4	1	32	86%
Equipment	189	189	41	40	108	57%
Furniture	98	98	10	9	79	81%
Library Materials	1,455	1,455	599	168	688	47%
Contractual Services	141	141	175	25	(59)	-42%
Maintenance & Repairs - Buildings	989	989	337	583	69	7%
Information Systems Services	2,149	2,149	700	646	803	37%
Total Appropriations	\$ 5,557	\$ 5,557	\$ 2,041	\$ 1,472	\$ 2,044	37%
Net Income/(Loss)	\$ -	\$ -	\$ (2,041)	\$ -	\$ 3,513	

Board-Designated Fund
Budget Report as of December 31, 2018

In thousands

	Adopted Budget	Current Budget	Y-T-D Actual	Open Orders	Remaining Balance	Percent Remaining
<u>Estimated Revenues</u>						
Interest & Dividend Income	\$ 252	\$ 252	\$ 69	-	\$ 183	73%
Gains (Losses) on Investments	210	210	(265)	-	475	226%
Total Revenues	\$ 462	\$ 462	\$ (196)	-	\$ 658	142%
<u>Appropriations</u>						
Training	\$ 9	\$ 9	\$ 3	\$ -	\$ 6	67%
General Supplies	23	23	6	-	17	74%
Contractual Services	401	401	130	124	147	37%
Carfare, Travel & Mileage	21	21	9	11	1	5%
Information Systems Services	8	8	-	-	8	100%
Total Appropriations	\$ 462	\$ 462	\$ 148	\$ 135	\$ 179	39%
Net Income/(Loss)	\$ -	\$ -	\$ (344)	\$ -	\$ 479	

Attachment: 12_18 Financial Statements [Revision 2] (1908 : Acceptance of Financial Reports for the Period Ending December 2018)

Workers' Comp Fund
Budget Report as of December 31, 2018

In thousands

<u>Estimated Revenues</u>	Adopted Budget	Current Budget	Y-T-D Actual	Open Orders	Remaining Balance	Percent Remaining
Interfund Transfers	523	523	-	-	523	100%
Total Revenues	523	523	-	-	523	100%
<u>Appropriations</u>						
Personal Services	\$ 87	\$ 87	\$ 43	-	\$ 44	51%
Health Insurance	7	7	6	-	1	14%
Social Security	6	6	4	-	2	33%
Employee Welfare Fund	3	3	1	-	2	67%
Workers' Compensation	250	250	122	-	128	51%
Contractual Services	110	110	44	-	66	60%
P & C Insurance Premiums	60	60	50	-	10	17%
Total Appropriations	\$ 523	\$ 523	\$ 270	-	\$ 253	48%
Net Income/(Loss)	\$ -	\$ -	\$ (270)	\$ -	\$ 270	

BALANCE SHEET – FINES & FEES FUND GROUP

At December 31, 2018

Assets

Cash & Cash Equivalents	
Checking Accounts – Interest Bearing	\$ 2,365,042
Money Market Accounts	284,335
Repurchase Agreements	-
On Hand	39,641
Accounts Receivable	
Accounts Receivable and Employee Advances	722
Grants and Contracts Receivable	
New York City	-
New York State	-
Federal Government	-
Contributions Receivable	
From New York State	-
From Individuals, Corporations and Foundations	-
Prepaid Expenses	
Prepaid Others	-
Other Assets	
Interfund Receivables	311,319
Certificates of Deposit	-
Investments	-
Property & Equipment (net of depreciation)	387,862
TOTAL ASSETS	\$ 3,388,921

Liabilities and Fund Balances

Liabilities	
Accounts Payable	\$ 1,386
Accrued Payroll & Related Expense	-
Note Payable	-
Compensated Absences Payable	-
Deferred Revenue	-
Other Liabilities and Interfund Payables	-
Fund Balances	
Invested in Capital Assets, Net of Related Debt (Unrestricted Funds)	387,862
Unrestricted - Other	2,999,673
Current Restricted	-
Permanently Restricted (Endowments)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,388,921

Attachment: 12_18 Financial Statements [Revision 2] (1908 : Acceptance of Financial Reports for the Period Ending December 2018)

BALANCE SHEET – CITY FUNDS GROUP

At December 31, 2018

Assets

Cash & Cash Equivalents	
Checking Accounts – Interest Bearing	\$ 19,241,413
Money Market Accounts	1,297
Repurchase Agreements	-
On Hand	(246)
Accounts Receivable	
Accounts Receivable and Employee Advances	232
Grants and Contracts Receivable	
New York City	7,935,126
New York State	-
Federal Government	-
Contributions Receivable	
From New York State	-
From Individuals, Corporations and Foundations	-
Prepaid Expenses	
Prepaid Other	-
Prepaid Rent	-
Other Assets	
Interfund Receivables	-
Security Deposit	1,700
Investments	-
Property & Equipment (net of depreciation)	7,430,377
TOTAL ASSETS	\$ 34,609,899

Liabilities and Fund Balances

Liabilities	
Accounts Payable	\$ 149,440
Accrued Payroll & Related Expense	(20,922)
Note Payable	-
Compensated Absences Payable	-
Deferred Revenue	-
Other Liabilities and Interfund Payables	8,169,554
Fund Balances	
Invested in Capital Assets, Net of Related Debt (Unrestricted Funds)	7,430,377
Unrestricted - Other	26,411,272
Restricted - Other	(7,529,822)
Permanently Restricted (Endowments)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 34,609,899

Attachment: 12_18 Financial Statements [Revision 2] (1908 : Acceptance of Financial Reports for the Period Ending December 2018)

BALANCE SHEET – STATE & FEDERAL FUNDS GROUP

At December 31, 2018

Assets

Cash & Cash Equivalents	
Checking Accounts – Interest Bearing	\$ 6,204,701
Money Market Accounts	-
Repurchase Agreements	-
On Hand	-
Accounts Receivable	
Accounts Receivable and Employee Advances	14,128
Grants and Contracts Receivable	
New York City	464,002
New York State	940,439
Federal Government	60,321
Contributions Receivable	
From New York State	-
From Individuals, Corporations and Foundations	-
Prepaid Expenses	
Prepaid Other	-
Other Assets	
Interfund Receivables	11,405
Certificates of Deposit	-
Investments	7,964,714
Security Deposits	25,667
Property & Equipment (net of depreciation)	29,326,935
TOTAL ASSETS	\$ 45,012,312

Liabilities and Fund Balances

Liabilities	
Accounts Payable	\$ 92,595
Accrued Payroll & Related Expense	3,150
Line of Credit Payable	-
Compensated Absences Payable	6,267,852
Deferred Revenue	-
Other Liabilities and Interfund Payables	-
Fund Balances	
Invested in Capital Assets, Net of Related Debt (Unrestricted Funds)	29,326,935
Unrestricted - Other	12,209,311
Restricted - Other	(2,887,531)
TOTAL LIABILITIES AND FUND BALANCES	\$ 45,012,312

Attachment: 12_18 Financial Statements [Revision 2] (1908 : Acceptance of Financial Reports for the Period Ending December 2018)

BALANCE SHEET – TRUST & AGENCY FUND

At December 31, 2018

Assets

Cash & Cash Equivalents	
Checking Accounts – Interest Bearing	\$ 378,309
Money Market Accounts	-
Repurchase Agreements	-
On Hand	-
Accounts Receivable	
Accounts Receivable	-
Grants and Contracts Receivable	
New York City	-
New York State	-
Federal Government	-
Contributions Receivable	
From New York State	-
From Individuals, Corporations and Foundations	-
Prepaid Expenses	
Prepaid Health Insurance	-
Other Assets	
Interfund Receivables	-
Certificates of Deposit	-
Investments	-
Property & Equipment (net of depreciation)	-
TOTAL ASSETS	\$ 378,309

Liabilities and Fund Balances

Liabilities	
Accounts Payable	\$ 15,146
Accrued Payroll & Related Expense	-
Note Payable	-
Incurred Compensation Losses	-
Deferred Revenue	-
Other Liabilities and Interfund Payables	363,163
Fund Balances	
Invested in Capital Assets, Net of Related Debt (Unrestricted Funds)	-
Unrestricted – Other	-
Restricted – Other	-
Permanently Restricted (Endowments)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 378,309

Attachment: 12_18 Financial Statements [Revision 2] (1908 : Acceptance of Financial Reports for the Period Ending December 2018)

BALANCE SHEET—BOARD DESIGNATED & PRIVATE GRANTS FUND

At December 31, 2018

Assets

Cash & Cash Equivalents	
Checking Accounts – Interest Bearing	\$ 1,559,928
Money Market Accounts	-
On Hand	(115)
Accounts Receivable	
Accounts Receivable	18,591
Grants and Contracts Receivable	
New York City	-
New York State	-
Federal Government	-
Contributions Receivable	
From New York State	-
From Individuals, Corporations and Foundations	-
Prepaid Expenses	
Prepaid Other	-
Other Assets	
Interfund Receivables	933,313
Certificates of Deposit	-
Investments	4006,603
Property & Equipment (net of depreciation)	1,035,736
	-
TOTAL ASSETS	\$ 7,554,056

Liabilities and Fund Balances

Liabilities	
Accounts Payable	\$ 2,087
Accrued Payroll & Related Expense	-
Note Payable	-
Compensated Absences Payable	-
Deferred Revenue	-
Other Liabilities and Interfund Payables	-
Fund Balances	
Invested in Capital Assets, Net of Related Debt (Unrestricted Funds)	1,035,736
Unrestricted - Other	6,234,791
Restricted - Other	281,442
Permanently Restricted (Endowments)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,554,056

Attachment: 12_18 Financial Statements [Revision 2] (1908 : Acceptance of Financial Reports for the Period Ending December 2018)

BALANCE SHEET – WORKERS’ COMPENSATION FUND

At December 31, 2018

Assets

Cash & Cash Equivalents

Checking Accounts – Interest Bearing	\$ 1,715,746
Money Market Accounts	-
Repurchase Agreements	-
On Hand	-

Accounts Receivable

Accounts Receivable	-
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Grants and Contracts Receivable

New York City	-
New York State	-
Federal Government	-

Contributions Receivable

From New York State	-
From Individuals, Corporations and Foundations	-

Prepaid Expenses

Prepaid Health Insurance	-
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Other Assets

Interfund Receivables	13,982
Certificates of Deposit	-
Investments	-
Property & Equipment (net of depreciation)	-

TOTAL ASSETS

\$ 1,729,728

Liabilities and Fund Balances

Liabilities

Accounts Payable	\$ 3,890
Accrued Payroll & Related Expense	-
Note Payable	-
Incurred Compensation Losses	337,477
Deferred Revenue	-
Other Liabilities and Interfund Payables	-

Fund Balances

Invested in Capital Assets, Net of Related Debt (Unrestricted Funds)	-
Unrestricted - Other	1,388,361
Restricted - Other	-
Permanently Restricted (Endowments)	-

TOTAL LIABILITIES AND FUND BALANCES

\$ 1,729,728

Attachment: 12_18 Financial Statements [Revision 2] (1908 : Acceptance of Financial Reports for the Period Ending December 2018)

Queens Library Board/Committee Item

BOARD/COMMITTEE: Finance and Investment Committee

DATE OF MEETING: January 24, 2019

ITEM ID #: 1909

AGENDA: Payroll for the Month of December 2018

Payroll for the Month of December 2018

The Chief Financial Officer reports the payrolls paid during the month of December 2018 in the aggregate sum of \$5,530,809 consisting of \$5,288,963 in City Funds, \$234,688 in Federal & State Funds, and \$7,158 in the Workers' Compensation Reserve Funds. All expenditures were made in accordance with Budgets and Appropriations approved by the Board of Trustees.

Queens Library Board/Committee Item

BOARD/COMMITTEE: Finance and Investment Committee

DATE OF MEETING: January 24, 2019

ITEM ID #: 1920

AGENDA: Property/Casualty Insurance Program Status Report

The insurance policies specified below, which were previously approved by the Board of Trustees in May 2018 (see attachment), became effective July 1, 2018 and will provide coverage through June 30, 2019.

Overall, premiums increased from 2017 to 2018 by approximately 7% with Commercial General Liability (CGL) coverage accounting for more than half the increase. CGL coverage encompasses general liability (including professional liability for in-house security guards), auto and umbrella. More recently, the newly carved out sexual abuse and molestation coverage is now a stand-alone policy as opposed to it being part of the CGL policy.

A summary of the Library's 2018-19 premiums are as follows:

Policy 2018-19	Carrier 2018-19	Premium 2018	Premium 2017
General Liability	Chubb – Federal	\$271,440	\$250,803
Auto	Chubb – Great Northern	\$142,412	\$133,336
Umbrella - \$20M	Chubb – Federal	\$124,945	\$115,000
Abuse (A&M) - \$6M	AIG – Lexington	\$109,217	\$100,804
D&O/EPLI - \$5M	Hiscox	\$38,751	\$38,209
D&O/EPLI - XS \$5M	Great American	\$18,600	\$18,600
Crime	Travelers	\$8,725	\$8,320
Property	Arch	\$300,933	\$282,938
AD&D	Chubb	\$10,640	\$10,640
TOTAL PAID		\$1,025,663	\$958,650

We have been working collaboratively with the new CGL carrier (Chubb) to ensure a smooth transition with respect to the handling of claims and it is in the Library's best interest to continue that relationship. Below is a loss ratio analysis of the last six policy years of CGL coverage,

which includes liability and auto claims. Carriers view this ratio as a measure of profitability. The ratio has improved under the current carrier as depicted below:

Policy Year	Carrier	CGL Premium	Total Losses	Loss Ratio	*Total Premium
2018-19	CHUBB	\$538,796	\$34,116	6.33%	\$648,014
2017-18	CHUBB	\$499,139	\$262,122	52.51%	\$599,943
	TOTAL	\$1,037,935	\$296,238	28.54%	\$1,247,957

Policy Year	Carrier	CGL Premium	Total Losses	Loss Ratio	*Total Premium
2016-17	Hanover	\$381,284	\$418,862	109.86%	\$381,284
2015-16	Hanover	\$346,101	\$395,675	114.32%	\$346,101
2014-15	Hanover	\$316,916	\$134,340	42.39%	\$316,916
2013-14	Hanover	\$281,487	\$259,355	92.14%	\$281,487
	TOTAL	\$1,325,788	\$1,208,232	91.13%	\$1,325,788

* Total Premium includes GL, Auto, Umbrella and Abuse (A&M)

Given the above, the Library intends on renewing the existing policies, absent extraordinary circumstances, such as a carrier declining renewal of coverage or a significant increase in the cost of coverage.

Attachments:

Property Casualty - May 2018 (BOT Approved - 5/24/2018) (PDF)

Queens Library Board/Committee Item

BOARD/COMMITTEE: Finance and Investment Committee

DATE OF MEETING: May 24, 2018

ITEM ID #: 1765

AGENDA: Property Casualty - May 2018

Background:

At the Finance and Investment Committee meeting held on February 22, 2018, Library staff advised the Committee Members that, given the fact that we have been working collaboratively with a new Commercial General Liability (CGL) carrier (Chubb) to ensure a smooth transition with respect to the handling of claims, it was in the Library's best interest to continue that relationship. Accordingly, we advised the Members that we intended on renewing the existing policies, absent extraordinary circumstances. No such circumstances have arisen, and the Library has moved forward with having its broker obtain renewal quotes.

The following is a description of the Library's current Property and Casualty Insurance Program and the renewal quotes obtained by the broker:

Commercial General Liability

Library coverage includes General Liability (GL) and Auto policies that are purchased as part of a Commercial Coverage package being provided by the incumbent carrier, Chubb.

The CGL policy includes coverage found in typical liability policies such as fire damage and medical costs, while also maintaining coverage for Pre-K programs, an in-house security guard program as required by New York State, as well as adding coverage for the recently-purchased warehouse and Glendale swing space.

We maintain a separate policy for sexual abuse and molestation (SAM). The Library must maintain coverage, or have no exclusions in a policy, for abuse and molestation in order to protect the organization as well as be eligible for multiple grants from agencies, including DYCD, that require this coverage.

In addition, two Umbrella policies are in place providing up to \$20M in coverage over the limits in the underlying Chubb policy.

The 2017-18 limits are depicted in the table below:

General Liability	\$1M/\$2M aggregate / location
Sexual Abuse and Molestation	\$6M
Auto	\$1M
Umbrella	\$10M
Umbrella XS	\$10M XS of \$10M

Directors and Officers/Employment Practices

Directors and Officers (D&O) insurance is intended to provide coverage for the Library, Board of Trustees and employees from errors and omissions associated with the Library's governance and management. The most frequent types of claims filed under such policies include those attributable to poor governance and their failure to provide three basic fiduciary responsibilities owed to the organization; specifically, the duty of obedience, loyalty and due care. Wrongful Acts may include actual or alleged acts, errors or omissions on the part of those covered. Defense costs erode the limits.

Employment Practices Liability Insurance (EPLI) is intended to cover the organization for claims involving wrongful acts arising from employment practices. The most frequent types of claims filed under such policies include claims for wrongful termination, discrimination, retaliation, defamation, invasion of privacy, failure to promote, deprivation of a career opportunity, and sexual harassment. EPLI claims can be brought not only by employees, but third parties as well. Defense costs erode the policy limits.

D&O and EPLI are currently provided by Hiscox (\$5M primary) and Great American (\$5M excess of \$5M). Limits are depicted in the table below:

Primary - \$5M Limit	Deductible D&O - \$50,000
Excess - \$5M excess of \$5M	Deductible EPLI - \$100,000

Property

The Library has strived to maintain certain levels of coverage on library materials, furniture and boiler equipment. The property program was remarketed twice, post-Hurricane Sandy, based on

non-renewals and premium increases by our former carriers. Coverage, through Arch Specialty, is depicted in the table below:

Property Limit	\$20M	Deductible \$500K
Sublimit Flood	\$10M	Deductible \$500K
Sublimit Flood Zone	\$2M	Deductible \$500K

Crime

Crime coverage, depicted in the table below, is currently provided by Travelers:

Faithful Performance	\$3M	Deductible \$50K
Forgery/Alteration	\$100K	Deductible \$5K
On Premises	\$50K	Deductible \$1K

Accidental Death & Dismemberment (AD&D)

The AD&D coverage, offered by Chubb, provides different layers of protection with \$100,000 minimum coverage for employees and Trustees. The policy, which pays benefits to the beneficiary if the cause of death or dismemberment of an employee or Trustee is an accident, is in the second year of a 3-year policy effective through June 2019.

Current Status:

The following programs are being presented for the 2018-19 renewal. The negotiated broker fees, some below the industry standard fees of 15% - 20%, are also listed below:

Coverage	Carrier	Broker Fee/ Commission
General Liability	Chubb	12.5%
Auto	Chubb	12.5%
Umbrella Excess	Chubb	15%
D&O/EPLI	Hiscox/Great American	11%

SAM	AIG	12.5%
Property	Arch	15%
Crime	Travelers	20%
AD&D	Chubb	15%

Renewal Quotes

The Library worked with its broker, Arthur J. Gallagher & Co., to renew existing programs and provide for a July 1st renewal so as to coincide with the Library's fiscal year. Additional coverage was needed this year based on the addition of the new warehouse and the Glendale swing space. Premium increases reflect additional coverage, loss ratios and an increase in program attendance by children. The two umbrella programs were combined into one since the Philadelphia Insurance Company was not offering a timely, competitive quote. Chubb agreed to write the full \$20M umbrella.

A summary of the Library's expiring coverage and premiums (chart 1) and the recommendation for renewal coverage and quotes (chart 2) follows:

Coverage (1)	Carrier	Expiring Premium 2017
General Liability	Chubb	\$250,803
Auto	Chubb	\$133,336
Umbrella - \$10M	Philadelphia	\$80,000
Umbrella - XS \$10M	Chubb	\$35,000
SAM - \$6M	AIG	\$100,804
D&O/EPLI \$5M	Hiscox	\$38,209
D&O/EPLI XS \$5M	Great American	\$18,600
Crime	Travelers	\$8,320
Property	Arch	\$282,938

AD&D	Chubb	\$10,640
TOTAL PREMIUM		\$958,650

Coverage (2)	Carrier	Renewal Quotes 2018
General Liability	Chubb	\$271,440
Auto	Chubb	\$136,912
Umbrella - \$20M	Chubb	\$125,000
A&M - \$6M	AIG	\$109,218
D&O/EPLI \$5M	Hiscox	\$38,751
D&O/EPLI XS \$5M	Great American	\$18,600
Crime	Travelers	\$8,725
Property	Arch	\$301,597
AD&D	Chubb	\$10,640
TOTAL PREMIUM		\$1,020,883

Recommended Motion for Consideration by the Finance and Investments Committee:

I move that the Finance & Investment Committee recommend to the Board of Trustees that the Library award the Property and Casualty Insurance Programs provided above to Arthur J. Gallagher & Co. effective July 1, 2018 through June 30, 2019.

Queens Library Board/Committee Item

BOARD/COMMITTEE: Finance and Investment Committee

DATE OF MEETING: January 24, 2019

ITEM ID #: 1918

AGENDA: The Queens Borough Public Library Workers' Compensation Self-Insurance Program Update

BACKGROUND:

This is a report regarding the status of the Library’s workers’ compensation self-insurance program.

In accordance with standard practice in the industry, the annual contributions to the Library’s designated workers’ compensation fund have been based on what the estimated cost of financing this risk with an insurer would have been using the New York State Workers’ Compensation and Ratings Board formulas and rates and applying them to the Library’s payroll.

FCS Administrators, Inc. (FCS) is the Library’s current Third Party Administrator (TPA) responsible for administering the Library’s workers’ compensation program. This vendor was selected, with the Board’s approval, as the result of a competitive RFP process that the Library undertook in 2016. The services provided by the TPA include claims processing, medical reviews, completing and filing reports, providing information for assessments, projecting funding needs, annual reporting, medical claims management, loss control and consulting services, excess insurance analysis and placement and general program management. The TPA’s services also include conducting investigations, arranging independent medical exams and providing legal representation before the Workers’ Compensation Board.

FCS recently began performing the third year of its contract with the Library. The Library incurred the following charges over the first two years of the contract:

Policy Year	TPA Charges	Data Conversion	Total Cost
CY 2017	\$24,517	\$4,000	\$28,517
CY 2018	\$22,173	0	\$22,173

LOSS REVIEW

There are 20 open claims, of which 18 were filed in the last three policy years:

Policy Year	Claims Filed	Open Claims
FY 2017	31	4
FY 2018	26	7
FY 2019	10	7

FINANCIAL REVIEW - FIVE YEAR (July 2013 - December 2018)

The annual contributions to the workers' compensation program from July 1, 2013 through December 31, 2018 total \$2,754,512 as detailed below:

Fiscal Year	Contribution
2014	\$369,061
2015	\$585,456
2016	\$593,786
2017	\$611,638
2018	\$594,571
2019	\$0
Total	\$2,754,512

Given the fact that there is presently available \$1.283 million in the Library's Workers' Compensation Fund Balance, which should be more than sufficient to cover the anticipated workers' compensation expenses for FY19, the Library did not commit any additional monies to this fund in FY 19.

A detailed review of the financial aspects of the program from July 1, 2013 through December 31, 2018 is provided below:

Claims Paid and Reserved	\$886,218
Program Management	\$238,822
Reinsurance	\$267,925
Assessments/Fees/Studies	\$360,134
Internal Workers Comp Administrator	<u>\$534,311</u>
Total Paid and Reserved Costs	\$2,287,410
Current Change in Claims Reserve Estimate	<u>\$105,138</u>
Total Incurred Costs	\$2,392,548
Less: Earned Interest	<u>(\$6,109)</u>

Net Paid Cost**\$2,386,439**

The *estimated* cost of commercial insurance premiums that would have been paid to a carrier, in lieu of implementing the self-insurance program over the last five-year period, is **\$3,277,976**. As calculated above, the net cost of self-insuring this risk during the same five-year period is **\$2,386,439**.

Queens Library Board/Committee Item

BOARD/COMMITTEE: Finance and Investment Committee

DATE OF MEETING: January 24, 2019

ITEM ID #: 1912

AGENDA: Motion to Adjourn

Recommended Motion for Consideration:

I move that the meeting be adjourned.