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February 4, 1999

VIA FACSIMILE

TO: ORANGE COUNTY INVESTMENT POOL
PARTICIPANTS' DISTRIBUTION LIST

Re: In Re County of Orange - Status of Pending Litigation

Dear Pool Participants:

On Monday, February 1, 1999, U.S. District Court Judge Gary Taylor held hearings on a number of motions regarding the Representative's remaining litigations. In particular, the Court considered McGraw-Hill's motion for partial summary judgment on the contract and professional malpractice claims pending against Standard & Poor's. The Court granted summary judgment to McGraw-Hill and against the Representative on the single theory that the Representative could assert multiple claims for financial advice separate from S & P's bond rating function; however, the Court denied the motion as to all other claims, thereby allowing all of the remaining causes of action to proceed forward to trial.

Judge Taylor them considered the two motions for partial summary judgment filed by various broker/dealer defendants. These defendants argued that, based on the Court's ruling in County of Orange v. Fuji Securities, Inc. (as described in my January 7, 1999 correspondence to you), the ultra vires issues raised in the broker/dealer cases should likewise be decided in defendants' favor. Although Judge Taylor issued a tentative order denying these motions, the matters were taken under submission and no final rulings have been issued.

The Court also heard argument on the Representative's motions for an order vacating the previous decisions of the Bankruptcy Court and the District Court, which dismissed the Representative's aiding and abetting claims against McGraw-Hill and Fuji Securities. As I reported to you in my earlier correspondence concerning Judge Taylor's prior ruling granting summary judgment to Fuji, the Appellate Court in California issued a ruling in City of Atascadero v. Merrill Lynch, which calls Judge Taylor's earlier Fuji ruling into question and appears to support the Representative's position not just against Fuji, but also against the

broker/dealers. Consequently, the Representative also sought to amend the complaint against the broker/dealer defendants to add claims for aiding and abetting and other causes of action based upon the Atascadero case holding. The Court also took these matters under submission and will be the subject of a later written opinion by Judge Taylor.

We will continue to advise you of the status of these matters. In the meantime, please do not hesitate to contact me if you have questions.

Very truly yours,

Patrick C. Shea

cc: Official Investment Pool Participants
Committee and Counsel

MINUTES
PLACENTIA LIBRARY DISTRICT
AD HOC COMMITTEE ON INCREASING LIBRARY USAGE
January 27, 1999

ROLL CALL

The Regular Meeting of the Placentia Library District Ad Hoc Committee on increasing Library Usage was called to order on January 27, 1999 at 7:11 P. M. by Chair Al Shkoler.

Members Present: Suad Ammar, Al Shkoler; Robin Masters, Elizabeth Minter, Cyrise Smith, and Gaeten Wood.

Others Present: Library Administrative Assistant Wendy Goodson

Members Absent: Peggy Dinsmore and Saundra Stark

AGENDA

It was moved by Robin Masters, seconded by Gaeten Wood to adopt the Agenda as printed.

ORAL COMMUNICATIONS

There are no members of the public present to address issue.

DISCUSSION SUMMARY

Suad Ammar presented causes for the decline in Circulation and the potential remedies.

Al Shkoler requested suggestions for a "mission" statement for the Ad Hoc Committee as well as recommendations for potential committee members.

*Feasible remedies to the causes of decline in circulation
*How does the library re-position itself in campaign with neighboring libraries?
*How does the Library position itself as the cultural focus for the community?

Saundra Stark arrived at 7:36 p.m.

Suggestions for raising community awareness of the Library were:

More hours
More money
Build quality collection
City interview show
Welcome Wagon
Advertising – Promotion (adopt version of IN & OUT)
Coffee shop
PTA newsletters
Facts sheets for Board and Speakers
Special Events
Closer with School Districts
District sponsored after school tutoring

Prizes for registration
Use of space
Cosmetic & funding
New book displays
Library brochure
Promoting Audio Book
Increase participation with City
Displays – strive for more
Display Board (portable) around town
Boys & Girls Club

ADJOURNMENT

The next Ad Hoc meeting is scheduled for February 24, 1999 at 7:00 pm.

The Regular Meeting of the Placentia Library District Ad Hoc Committee for January 27, 1999 was adjourned at 8:47 P.M.

Wendy Goodson
Administrative Assistant

AGENDA

WORKSESSION

PLACENTIA LIBRARY DISTRICT
AD HOC COMMITTEE ON INCREASING LIBRARY USAGE

January 27, 1999
7:00 P.M.
Library Conference Room

AGENDA DESCRIPTIONS: The Agenda descriptions are intended to give members of the public notice and a general summary of items of business to be transacted or discussed. The Ad Hoc Committee may take any action which it deems to be appropriate on the Agenda and is not limited in any way by the notice of the recommended action.

REPORTS AND DOCUMENTATION: Reports and documentation relating to Agenda items are on file in the Administrative Office and the Reference Department of Placentia Library District, and are available for public inspection. A copy of the Agenda packet will be available for use during the Ad Hoc Committee Meetings. Any person having any question concerning any Agenda item may call the Library Director at 714-528-1925, Extension 203.

1. Roll Call — Administrative Assistant

2. Adoption of Agenda

   This is the opportunity for Ad Hoc Committee members to delete items from the Agenda, to continue items, to re-order items, and to make additions pursuant to Government Code Section 54954.2(b).

   Presentation: Library Director
   Recommendation: Adopt by Motion

3. Oral Communications

   At this time, in accordance with California Government Code Section 54954.3, members of the public may address the Library Ad Hoc Committee of Trustees on any matter within the jurisdiction of the Ad Hoc Committee.

   In accordance with Library Board Policy adopted on April 13, 1992, presentations by the public are limited to 5 minutes per person.

   In accordance with California Government Code Section 54954.3, members of the public are also permitted to address the Ad Hoc Committee on specific Agenda Items before and at the time that an Item is being considered by the Ad Hoc Committee.

   Action may not be taken on items not on the Agenda except in emergencies or as otherwise authorized by Government Code Section 54954.2(b).

4. Identify the causes of the decline in Circulation and the potential remedies

   Presentation: Principal Librarian Suad Ammar
   Recommendation: Give direction for future action

5. Develop a "charge"/mission for this Committee

   Presentation: Board President
   Recommendation: Prepare draft statement

6. Identify members of the community who should be invited to serve on this Committee

   Presentation: Board President
   Recommendation: Prepare list of potential members and identify who is to invite them to participate

7. Set date, time and agenda topics for next Ad Hoc Committee meeting.

   Presentation: Board President

ADJOURNMENT

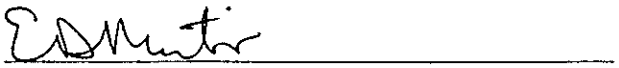
8. Review of Action Items.

   No action or discussion shall be taken on any item not appearing on the posted Agenda, unless authorized by law.

9. Adjourn

**********CERTIFICATION OF POSTING**********

I, Elizabeth D. Minter, Library Director for Placentia Library District, hereby certify that the Agenda for the January 27, 1999, Regular Meeting of the Library Board of Trustees of the Placentia Library District was posted on Wednesday, January 27, 1999.



Placentia Library District
Circulation Summary Statistics
December 15, 1998

	Total Public Hours	Staff in FTE	**Total Circulation**	% Change Since FY1992-93	% Change From Previous Year
1990-91	3,186	23.50	296,787		
1991-92	3,209	23.50	387,269		
1992-93	3,199	21.00	**335,011**		
1993-94	2,208	14.75	275,430	-17.78%	-17.78%
1994-95	2,208	16.10	240,879	-28.10%	-12.54%
1995-96	2,200	15.95	249,903	-25.40%	3.75%
1996-97	2,043	12.50	215,230	-35.75%	-13.87%
1997-98	1,912	12.50	189,919	-43.31%	-11.76%

	Total Public Hours	Staff in FTE	**Circulation per FTE**	% Change Since FY1992-93	% Change From Previous Year
1990-91	3,186	23.50	12,629		
1991-92	3,209	23.50	16,480		
1992-93	3,199	21.00	**15,953**		
1993-94	2,208	14.75	18,673	17.05%	17.05%
1994-95	2,208	16.10	14,961	-6.22%	-19.88%
1995-96	2,200	15.95	15,668	-1.79%	4.72%
1996-97	2,043	12.50	17,218	7.93%	9.90%
1997-98	1,912	12.50	15,194	-4.76%	-11.76%

	Total Public Hours	Staff in FTE	**Circulation per Hour**	% Change Since FY1992-93	% Change From Previous Year
1990-91	3,186	23.50	93		
1991-92	3,209	23.50	121		
1992-93	3,199	21.00	**105**		
1993-94	2,208	14.75	125	19.12%	19.12%
1994-95	2,208	16.10	109	4.17%	-12.54%
1995-96	2,200	15.95	114	8.47%	4.12%
1996-97	2,043	12.50	105	0.60%	-7.26%
1997-98	1,912	12.50	99	-5.15%	-5.71%

Placentia Library District
Attendance Summary Statistics
December 15, 1998

	Total Public Hours	Staff in FTE	**Total Attendance**	% Change Since FY1992-93	% Change From Previous Year
1990-91	3,186	23.50	237,918		
1991-92	3,209	23.50	295,090		
1992-93	3,199	21.00	**302,392**		
1993-94	2,208	14.75	387,439	28.12%	28.12%
1994-95	2,208	16.10	312,625	3.38%	-19.31%
1995-96	2,200	15.95	369,895	22.32%	18.32%
1996-97	2,043	12.50	350,895	16.04%	-5.14%
1997-98	1,912	12.50	317,386	4.96%	-9.55%

	Total Public Hours	Staff in FTE	**Attendance per FTE**	% Change Since FY1992-93	% Change From Previous Year
1990-91	3,186	23.50	10,124		
1991-92	3,209	23.50	12,557		
1992-93	3,199	21.00	**14,400**		
1993-94	2,208	14.75	26,267	82.41%	82.41%
1994-95	2,208	16.10	19,418	34.85%	-26.08%
1995-96	2,200	15.95	23,191	61.05%	19.43%
1996-97	2,043	12.50	28,072	94.95%	21.05%
1997-98	1,912	12.50	25,391	76.33%	-9.55%

	Total Public Hours	Staff in FTE	**Attendance per Hour**	% Change Since FY1992-93	% Change From Previous Year
1990-91	3,186	23.50	75		
1991-92	3,209	23.50	92		
1992-93	3,199	21.00	**95**		
1993-94	2,208	14.75	175	85.63%	85.63%
1994-95	2,208	16.10	142	49.79%	-19.31%
1995-96	2,200	15.95	168	77.87%	18.75%
1996-97	2,043	12.50	172	81.70%	2.15%
1997-98	1,912	12.50	166	75.61%	-3.35%

Placentia Library District
Strategic Plan Statistics
December 15, 1998

	Total Public Hours	Staff in FTE	Bks Added Cataloged	Attendance Total Attendance	Attendance per FTE	Attendance per Hour	Circulation Total Circulation	Circulation per FTE	Circulation per Hour	ILLs Sent	ILLs Borrowed
1990-91	3,186	23.50	6,738	237,918	10,124	74.7	296,787	12,629	93.2	3,883	3,415
1991-92	3,209	23.50	6,018	295,090	12,557	92.0	387,269	16,480	120.7	2,765	3,332
1992-93	3,199	21.00	5,980	302,392	14,400	94.5	335,011	15,953	104.7	3,803	3,638
1993-94	2,208	14.75	3,982	387,439	26,267	175.5	275,430	18,673	124.7	2,812	3,298
1994-95	2,208	16.10	2,147	312,625	19,418	141.6	240,879	14,961	109.1	2,570	3,231
1995-96	2,200	15.95	4,923	369,895	23,191	168.1	249,903	15,668	113.6	2,491	3,276
1996-97	2,043	12.50	3,837	350,895	28,072	171.8	215,230	17,218	105.3	2,690	2,942
1997-98	1,912	12.50	5,143	317,386	25,391	166.0	189,919	15,194	99.3	2,932	2,576

PLACENTIA LIBRARY DISTRICT BOARD OF TRUSTEES

TO: Library Board of Trustees

FROM: Elizabeth D. Minter, Library Director

SUBJECT: **Ratification of Library Director's signature on Letter of Understanding, February 2, 1999, with Munson, Cronick & Associates, Certified Public Accountants regarding charges for their services for transferring the District's General Ledger from ACCPAC software to Quickbooks effective December 31, 1998**

DATE: February 17, 1999

BACKGROUND:

Attached is a copy of the Letter of Understanding between Placentia Library District and Munson, Cronick & Associates, Certified Public Accountants regarding the transfer of the District's General Ledger accounts from ACCPAC accounting software to Quickbooks.

This change brings the District into compliance with Y2K issues for its General Ledger system.

RECOMMENDATION:

Receive & File and Ratify Signature

Munson,
Cronick &
Associates
CERTIFIED PUBLIC ACCOUNTANTS

February 2, 1999

Mrs. Elizabeth Minter
Placentia Library District
411 E. Chapman Ave.
Placentia, CA 92870

Dear Elizabeth:

This letter sets forth our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide in connection with computer consulting services.

The initial objective of this engagement is as follows:

1. Install Quickbooks accounting software.
2. Set up opening balances as of December 31, 1998 (six month year to date) from your ACCPAC software program.
3. Train personnel in use of installed accounting program and assist in ordering any necessary supplies.
4. Provide telephone or on-site assistance with software operation and/or training as needed.

Our fees are based on actual time spent at our standard hourly rate which is currently $95 per hour plus out of pocket costs incurred. We estimate 6 house of time for installation and training. Our invoices for fees are rendered each month as work is performed and are payable upon presentation.

None of the services can be relied on to detect errors, irregularities, or illegal acts that may exist. However, we will inform you of any such matters that come to our attention.

2501 E. Chapman Ave., Suite 220 ◆ Fullerton, California 92831 ◆ Phone (714) 449-9909 ◆ Fax (714) 449-9911

We appreciate the opportunity to provide professional services to you. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign below and return the original to us and retain the enclosed copy.

Sincerely,

MUNSON, CRONICK & ASSOCIATES
Certified Public Accountants

Charles A. Munson

Charles A. Munson, CPA

Response:

This letter correctly sets forth the understanding of Placentia Library District.

E D Martin
Signature

Feb 9, 1999
Date

SPECIAL DISTRICTS WORKERS COMPENSATION AUTHORITY

David W. McMurchie
Administrator

February 1999

TO ALL MEMBER DISTRICTS

Dear Member District:

Please find enclosed for your information a copy of the Minutes of the meeting of the Board of Directors of SDWCA held on September 18, 1998, which Minutes were approved at the Board of Directors meeting of December 7, 1998.

Very truly yours,

DAVID W. McMURCHIE
Administrator

DMC/smr
Enclosure

1030 15th Street, Suite 300 ✦ Sacramento, California 95814 ✦ 916/443-1030 ✦ FAX 916/443-5410

SPECIAL DISTRICTS WORKERS COMPENSATION AUTHORITY

David W. McMurchie
Administrator

MINUTES OF MEETING OF BOARD OF DIRECTORS OF SPECIAL DISTRICTS WORKERS COMPENSATION AUTHORITY

Held: September 18, 1998

MEETING

A meeting of the Board of Directors of the Special Districts Workers Compensation Authority was held on September 18, 1998, at the Ontario Airport Marriott, 2200 East Holt Boulevard, Ontario, California, beginning at 10:00 a.m. There were present at the beginning of the meeting the following Board members:

Mr. Robert Bare
Mr. Arthur Korn
Mr. Dana Mulder
Ms. Ann Peay
Ms. Saundra Stark

Absent were: Mr. Alec Fergusson
Ms. Catherine Smith

Also present were: Ms. Pamela Dominguez, AIG Claims Services, Inc. (San Francisco)
Ms. Nancy Korn
Mr. Gerald Lillis, Gallagher Heffernan Insurance Brokers
Mr. David W. McMurchie, Administrator
Ms. Mary Anne Powell, Gallagher Heffernan Insurance Brokers

APPROVAL OF MINUTES

The Board reviewed the Minutes of May 8, 1998. Upon motion duly made, seconded, and unanimously approved, the following resolution was adopted:

> RESOLVED, that the Minutes of the meeting of the Board of Directors of the Special Districts Workers Compensation Authority held on May 8, 1998, are hereby approved.

CONSENT AGENDA

BILLS PAID

The Board reviewed a list of Bills Paid from April 1, 1998, through June 30, 1998. The Board also reviewed a separate list of Bills Paid from July 1, 1998, through August 31, 1998.

BILLS FOR APPROVAL

The Board reviewed a list of Bills for Approval as follows:

McMurchie, Brandenburger, Weill, Lenahan and Lee, LLP Administration Fee 04/24/98 through 06/30/98	$ 14,004.00
McMurchie, Brandenburger, Weill, Lenahan and Lee, LLP Costs Advanced 04/24/98 through 06/30/98	635.12
McMurchie, Brandenburger, Weill, Lenahan and Lee, LLP Administration Fee 07/01/98 through 09/04/98	31,464.00
McMurchie, Brandenburger, Weill, Lenahan and Lee, LLP Costs Advanced 07/01/98 through 09/04/98	258.33
TOTAL BILLS FOR APPROVAL	$ 46,361.45

CASH BASIS FINANCIAL REPORT

The Board reviewed a Cash Basis Financial Report for fiscal year 1997-98 as of June 30, 1998. The Board agreed that the Agenda Memorandum containing the comments of Administrator regarding the Cash Basis Financial Report for Fiscal Year 1997-98 as of June 30, 1998, should be appended to the Minutes of the meeting along with a copy of the actual Cash Basis Financial Report.

ACCRUED REVENUES AND EXPENSES FOR FISCAL YEAR 1996-97 IN COMPARISON WITH BUDGET

The Board reviewed an Accrued Revenues and Expenses as Percentage of Budget Report for Fiscal Year 1997-98 as of June 30, 1998. The Board agreed that the Agenda Memorandum containing the comments of Administrator regarding the Accrued Revenues and Expenses for Fiscal Year 1997-98 in Comparison with Budget Report should be appended to the Minutes of the meeting along with a copy of the actual Accrued Revenues and Expenses Report.

FINANCIAL BALANCES COMPUTATION FOR ALL YEARS AS OF JUNE 30, 1998

The Board reviewed the Financial Balances Computation for all years to date as of June 30, 1998. The Board agreed that a copy of the Agenda Memorandum containing the comments of Administrator regarding the Financial Balances Computation should be appended to the Minutes along with a copy of the actual Financial Balances Computation Report.

MANAGEMENT SUMMARY REPORT

The Board then reviewed the Management Summary Report for all years to date as of June 30, 1998.

AIG RISK DETAIL REPORT

The Board then reviewed the AIG Risk Detail Report detailing losses for fiscal years 1995-96, 1996-97 and 1997-98 to date as of June 30, 1998.

After discussion and upon motion duly made, seconded and unanimously approved, the following resolution was adopted:

> RESOLVED, that the Consent Agenda consisting of Bills Paid from April 1, 1998, through June 30, 1998; Bills Paid from July 1, 1998, through August 31, 1998; Bills for Approval; Cash Basis Financial Report for Fiscal Year 1997-98 as of June 30, 1998; Accrued Revenues and Expenses for Fiscal Year 1997-98 and Comparison with Budget as of June 30, 1998; Management Summary Report for All Years to Date as of June 30, 1998; and the AIG Risk Detail Report for Fiscal Years 1995-96, 1996-97 and 1997-98 as of June 30, 1998, are hereby approved, received, and filed, and the Secretary is instructed to attach a copy of the Cash Basis Financial Report together with the Agenda Memorandum describing said report dated September 18, 1998; the Accrued Revenues and Expenses as Percentage of Budget Report together with the Agenda Memorandum describing said report dated September 18, 1998; and the Financial Balances Computation together with the Agenda Memorandum describing said report dated September 18, 1998, to the Minutes of this meeting.

PRELIMINARY BUDGET FOR FISCAL YEAR 1998-99

The Administrator presented a proposed Preliminary Budget for Fiscal Year 1998-99. Although estimated payroll from member districts for fiscal year 1998-99 has not yet been received from all districts, the Administrator estimated annual premiums after discount of $1,220,000. This estimate is based upon estimated payroll reports for member districts for 1997-98 broken down by occupational classification, with an increase assigned to the estimated payrolls in each occupational classification of 2%. This compares with budgeted premium revenue for fiscal year 1997-98 of $1,200,000. This figure will be revised at the December meeting once all estimated payroll reports for member districts for fiscal year 1998-99 have been received and tabulated. Interest income was estimated at $210,000. Total revenues including miscellaneous revenues and excess insurance recoveries were projected to be $1,447,500 for the year.

Regarding expenses, management/administration expenses include the 11% pay raise approved by the Board of Directors with respect to the fee of the contract Administrator which is budgeted in the amount of $135,000. Claims management services are budgeted in the amount of $59,167 which includes the quote from AIG for 12-months of claims administration services in the amount of $50,000 prorated for 10 months since they did not commence handling the run-off files until September 1, 1998. That prorated amount is $41,667. Added to that amount is the amount we are required to pay Keenan & Associates for continuing the administration of run-off claims for July and August of 1998 at $8,500 a month or a total of $17,500. Therefore the budget for claims administration expenses is based on actual

expenditures. The meeting and travel expense line item of $10,000 is based on actual expenditures in 1997-98. The safety services line item is based on Safety Center membership fees plus the cost of inducting two safety seminars over the course of the year based on experience in 1996-97. The safety services line item also includes the cost of the individual district safety inspection services provided by Consultant Gano which are averaging $1,100 per district. The consultant has reviewed five districts during the first quarter and anticipates visiting a total of 25 districts during the fiscal year which is budgeted in the amount of $27,500. The total safety services line item is budgeted at $35,000. Total management/administration expenses are budgeted at $257,167 compared to $253,083 in 1997-98. The reduction is due to the reduction in cost for claims management services.

Insurance expenses are budgeted at $1,100,000 for the premium for the AIG primary coverage policy which is an actual figure. The line item for general liability/non-owned auto insurance for $724, fidelity bond for $1,900, errors and omissions insurance after CSDA reimbursement for $3,750 and the broker's fee for $47,700 are all based on actual figures. Total insurance expenses are budgeted at $1,154,074, reduced from $1,172,314 in 1997-98. The reduction is primarily due to the reduced premium being charged by AIG for our primary insurance policy.

Miscellaneous expenses include the cost of the financial audit for $5,500 and other miscellaneous expenses for $6,000 and are based on experience in 1997-98 and the actual proposed audit price from the Authority's auditor, Gilbert Accountancy Corp.

The budget indicates that revenues will exceed operational expenditures exclusive of claims payments on run-off claims by the amount of $24,759 for the year. Claims payments on run-off claims for all years are estimated at $350,000 based on monthly claims reimbursement requests currently being received from the run-off claims administrator. Pursuant to Board policy of funding claims payments out of claims reserves rather than out of premium revenue, the budget indicates that it will be necessary to transfer out of the claims reserve the amount of $325,241 to make anticipated claims payments for the year.

After discussion and upon motion duly made, seconded and unanimously approved, the following resolution was adopted:

RESOLVED, that the Preliminary Budget for Fiscal Year 1998-99 is hereby approved.

REPORT OF CLAIMS MANAGEMENT FIRM - STATUS REPORT REGARDING CONVERSION OF RUN-OFF CLAIMS ADMINISTRATION FROM KEENAN TO AIG

The Administrator announced that the transfer of all run-off claims files from Keenan & Associates to AIG for claims administration purposes was finalized effective September 1, 1998. The Administrator has received a list of open claims, a list of closed claims, a list of closed future medical claims, a list of those claims which are currently set for hearing, and a list of those claims currently being paid by the excess carriers as well as a list of indemnity payments. The Administrator has funded a new claims account with AIG which AIG will draw upon in order to make claims payments. That claims account has been funded in the amount of $62,500 at AIG's request. The Administrator pointed out that we still have $125,000 in our claims account established on behalf of Keenan & Associates which will be closed out as soon as Keenan sends us a reimbursement request for claims payments made during their last month of administration in August 1998. At that time the balance of $125,000 will be deposited into the Authority's contingency reserve.

The Administrator also announced that due to the short period of time between the acceptance of the AIG renewal quote including the claims administration services in late May and the commencement of fiscal year on July 1, it was not possible to complete the conversion of claims administration from Keenan to AIG prior to July 1. Therefore, the Administrator entered into an oral agreement with Keenan for the provision of claims administration services on a month-to-month basis for the months of July and August at the contract rate at which Keenan was being paid under their last effective contract, prorated monthly. Therefore, the Administrator asked for Board ratification for payment for claims administration services for the months of July and August of 1998 in the amount of $8,750 per month for a total of $17,500. Invoices for claims administration services for those amounts have not yet been received.

The Administrator also announced that he had prepared a form of claims management services agreement for review by AIG's legal counsel which will govern the claims administration relationship between the Authority and AIG for fiscal year 1998-99. The Administrator is currently awaiting comments from AIG's legal counsel on the proposed form of Agreement.

Finally, the Administrator noted that Keenan has 65 boxes of closed SDWCA claim files upon which there is no activity. AIG does not need these files for its claims administration services. Keenan does not want to store them in light of the termination of their claims administration contract. Therefore, the Administrator sought approval from the Board to incur moving and storage expense to move the files from the Keenan office in Campbell, California, to a storage facility in Sacramento where the Administrator stores closed legal files.

After discussion and upon motion duly made, seconded, and unanimously approved, the following resolution was adopted:

> RESOLVED, that the Administrator's report of the conversion of run-off claims administration from Keenan & Associates to AIG is hereby received and filed; that the oral agreement entered into by the Administrator between the Authority and Keenan & Associates for the administration of claims administration services for the months of July and August 1998 for the total amount of $17,500 is hereby ratified and approved; and that the Administrator is authorized to incur moving and storage expense to move boxes of closed SDWCA claim files from Keenan & Associates to a storage facility in Sacramento.

REPORT OF THE INSURANCE BROKERS

The Authority's broker, Gerald Lillis of Gallagher Heffernan Insurance Brokers, presented his report regarding the status of the commercial insurance market and the plan for seeking renewal of the Authority's workers' compensation insurance coverage for fiscal year 1999-2000. The broker believes that all interested carriers including the current carrier, AIG, should be able to meet an April 1, 1999, quote date. This is well within the customary 105 day quote period utilized by the commercial insurance industry. The broker noted that AIG did have a problem meeting this quote date last year, but he believes that that was due to some internal disruption in the AIG underwriting department regarding renewal of public sector business last year. He does not anticipate a similar problem from AIG this year. The broker recommended to the Board that in his request for quotes the broker will stipulate that if the insurance company cannot provide a quote to the Authority at least 90 days prior to the commencement of the fiscal year, or by April 1, 1999, that that insurance company's quote will not be considered by the Board.

The broker also noted that there are some new carriers interested in entering the public sector workers' compensation business in California and that he anticipates more competition for the Authority's business in 1999-2000 than has been received in the past. He believes it is still a strong buyer's market.

After discussion and upon motion duly made, seconded, and unanimously approved, the following resolution was adopted:

> RESOLVED, that the Authority require all interested carriers to provide firm quotes for provision of workers' compensation insurance coverage to the Authority for fiscal year 1999-2000 on or before April 1, 1999, and that the quotes from any insurance carrier received after that date will not be considered by the Board.

CLOSED SESSION

The meeting then went into closed session to discuss pending workers' compensation claims against member districts of this joint powers authority pursuant to the authority conferred by *Government Code* section 54956.9.

REPORT REGARDING FINANCIAL COMMITTEE MEETING OF AUGUST 19, 1998

As a result of its meeting on August 19, 1998, the Financial Committee made the following recommendations to the full Board of Directors:

1. Renew of Administrative Services Agreement for Fiscal Year 1998-99

The Financial Committee recommended that the Board approve the fee increase requested by the Administrator from $135 per hour to $150 per hour for the time spent by the Administrator in performing his tasks as outlined in the Administrative services Agreement. The recommended effective date of the rate increase would be September 18, 1998, the date of the Board's adoption of the Financial Committee recommendation.

The Financial Committee also advised that CSDA is in the process of hiring an additional administrative person and is interested in assigning to that individual some of the administrative services currently performed by the Administrator. Proposed duties to be transferred would be those involving marketing, meeting planning, safety seminar planning, and similar operational tasks which do not have a substantive impact on the business of the authority. The Financial Committee felt that some of these tasks could perhaps be performed more economically by CSDA staff, which would free up the time of the Administrator to spend on claims, safety and loss control issues. The Financial Committee felt that transferring of these duties might assist in reducing the Administrator's fee in the future since the Administrator is paid on an hourly basis. The Financial Committee indicated that the CSDA Board would not meet on this issue until its September 25, 1998, Board meeting and that additional administrative personnel probably would not be available to the Authority prior to January 1, 1999.

Finally, the Financial Committee recommended one additional change in the Administrative Services Agreement which would provide for payment of the Administrator's fee on a monthly basis rather than on a quarterly basis, with the Board continuing to review on a quarterly basis the Administrator's billing statement itemized by the tenth of an hour regarding all services performed on behalf of the Authority.

After discussion and upon motion duly made, seconded, and unanimously approved, the following resolution was adopted:

> RESOLVED, that the Financial Committee recommendation regarding a fee increase for the Administrator and payment of the Administrator's fee on a monthly basis rather than a quarterly basis are hereby approved, and the Administrator is directed to make the necessary changes in the form of Administrative Services Agreement which is to be forwarded to the President of the Authority for signature on behalf of the Authority.

2. Discussion of Whether Member Districts Can Select Alternates to Serve on the SDWCA Board of Directors

The Financial Committee recommended that member districts should be granted the power to appoint alternates to serve in the absence of that district's designated director. The Committee also recommended that any duly designated alternate be eligible for reimbursement of travel expenses incurred in attending a committee or Board meeting of the Authority on the same basis as would a district designated director. However, if both the district designated director and the alternate both attend a meeting of the Authority Board or Authority committee, the district designated director would be eligible to be reimbursed by the Authority and the alternate would have to attend at the district's expense. Finally, the Financial Committee noted that a change in the Bylaws is necessary in order to allow alternates to serve, and therefore the Committee recommended that the Bylaws be amended by providing thirty days notice to the member districts of an intent to amend the Bylaws to provide for the selection of alternate directors by member districts.

Director Stark was compelled to leave the meeting prior to the discussion of this item. That reduced the number of directors available to consider the item to the minimum necessary, four directors. After discussion and upon motion duly made, and seconded, a resolution to approve the Financial Committee recommendations failed by a vote of three ayes and one no, a minimum of four votes for a majority of the members of the Board being necessary for passage. Director Korn, in casting the no vote, indicated that more directors should be present for the discussion on this important item.

3. Discussion of Term Limits for Districts Elected to Appoint Representatives to the SDWCA Board of Directors

The Financial Committee recommended that term limits not be adopted because they restrict the choice of member districts as to which district to select to represent their premium category on the Board of Directors. The Committee also felt that term limits promote lack of participation among member districts in the election process at a time when the Authority is attempting to find ways to increase district participation and encourage districts to run for election and select members to the Board of the Authority. After discussion and upon motion duly made, seconded, and unanimously approved, the following resolution was adopted:

> RESOLVED, that the Financial Committee recommendation that term limits not be adopted for the Authority's Board of Directors is hereby approved.

4. Discussion of Appointment of Nomination Committee to Recommend Board Members for Officer Positions Prior to Elections

The Financial Committee was opposed to a formal nomination committee which would be required to prepare recommendations for nominations to officer positions of the Board prior to the election of officers which occurs at the February meeting each year. Rather, the Committee recommended that an agenda item be added to the December meeting agenda which would provide an opportunity for members of the Board interested in running for officer positions to state their desires and their reasons for running to the other Board members prior to the time the elections are actually held at the succeeding meeting in February.

After discussion and upon motion duly made, seconded, and unanimously approved, the following resolution was adopted:

> RESOLVED, that an agenda item be added to the December meeting agenda each year at which time Board members interested in running for officer positions on the Board will have an opportunity to state their desires and their reasons for running for officer positions prior to the election in February.

5. Discussion of Member District Statement of Qualifications and Interest in Running for Election to Select Members to the Board of Directors of the Authority

The Financial Committee recommended that member districts who wish to run for election to select members to the Board of Directors of the Authority should be given the opportunity to prepare a Statement of Qualifications and Interest on behalf of their agency setting forth the identity of their agency and the reasons why their agency wants to be elected to select a member to the Board of Directors of the Authority. The statement would be limited to one page. It would be provided to the Administrator by the agency at the time of nomination and would be disseminated by the Administrator to all voting member districts in the same mailing as the all-mail ballot is distributed to all member districts.

After discussion upon motion duly made, seconded, and unanimously approved, the following resolution was adopted:

> RESOLVED, that the Administrator is authorized to inform all member districts at the time of written notice of the use of an all-mail ballot for election to the Authority's Board of Directors of each member district's ability to submit a Statement of Qualifications and Interest in connection with their nomination; and that the Administrator is hereby authorized to mail out any such Statements of Qualifications and Interest received from member districts who have been nominated to all member districts together with the all-mail ballot.

STATUS REPORT REGARDING CHANGE IN CARRIERS FOR ERRORS AND OMISSIONS COVERAGE

The Administrator announced that the change in carriers for errors and omissions coverage from Pacific Insurance Company to Savers Property and Casualty Company made by the Board at its April 13, 1998, meeting, has now been finalized. The initial policy with Pacific Insurance Company for the period of

2/19/98 through 2/19/99 required premium of $13,332 which was paid in full prior to the change in carriers to Savers Property and Casualty. At the time of the change Savers Property and Casualty issued a policy covering both the SDWCA Board and the CSDA Board for the period 4/17/98 through 4/17/99 for an annual premium of $7,544.55. Therefore, the Pacific Insurance Company policy was canceled after approximately two months of coverage effective 4/17/98. The amount of the earned premium for that two month period was $2,150. SDWCA was required to pay a cancellation fee of $1,017 computed as 10% of the unearned premium on the Pacific Insurance Company policy. Therefore, the Authority was allowed a credit of $9,733 against its prior payment in full of the Pacific Insurance Company premium. The Administrator authorized the broker to utilize $7,544.55 of that credit to pay in full the premium for the new policy from Savers Property and Casualty. There is a credit balance with our broker of $2,188.50. The Administrator announced that he had received that check on the day prior to the Board meeting.

The Administrator also announced that he had written to CSDA requesting them to pay their 50% share of the errors and omissions coverage in accordance with the traditional arrangement between CSDA and SDWCA. The Administrator requested that CSDA pay 50% of the premium payable on the Savers policy, together with 50% of the two months premium paid on the Pacific policy and 50% of the cancellation fee. CSDA's total 50% share amounts to $5,571.75. The Administrator announced that the CSDA Board would be reviewing and approving payment of that amount at its September 25, 1998, Board meeting.

After discussion and upon motion duly made, seconded, and unanimously approved, the following resolution was adopted:

> RESOLVED, that the Administrator's report regarding change in carriers for errors and omissions coverage is hereby received and filed.

REVIEW ISSUE OF INCREASING PREMIUM DISCOUNT FOR EXEMPLARY CLAIMS EXPERIENCE

The Administrator indicated that although the Board has previously dealt with the issue of authorizing additional discounts for exemplary claims experience at its February 1997 meeting and its December 1997 meeting, that he was bringing the issue up again for consideration in light of the fact that several member districts expressed interest in the concept at the recent safety seminars. The interest arose in light of the fact that the method of computing experience modification factors has not provided a sufficient reward to those districts with good claims experience. The Administrator noted that in the last few years workers' compensation experience modification ratios have been steadily increasing for even those districts who experience no losses, since the Workers' Compensation Insurance Rating Bureau has been steadily decreasing its estimated loss ratios for various occupational classifications. Since the experience modification factor is calculated as a district's actual loss divided by its expected losses, as the WCIRB decreases its estimates of expected loss, the denominator in this ratio decreases. Therefore, even if actual losses remain the same in the numerator, with steadily decreasing expected losses, the experience modification factors for member districts are rising at the rate of 1 to 5% a year in those years when the district is not experiencing any additional losses. The Administrator indicated that it was apparent that many member districts perceive this as an inadequate reward for good claims experience.

The Administrator noted that the Safety Committee is still discussing issues of safety incentives which could be used on a voluntary basis by individual member districts. The Safety Committee is also continuing to deal with the issue of safety incentives in terms of a district safety award program. However, these incentives are either nonmonetary, or if monetary, are given to individual employees and do not save the district any money on premium. Some districts were interested in increasing the discount in the Variable Discount Program from 15% to 20%, and denominating the additional 5% as being available to those districts who meet certain stringent loss control criteria, such as no lost time injuries or claims during an entire fiscal year.

The Board discussed the viability of an additional discount for exemplary claims experience. It was also mentioned that several criteria could be developed in order to award the additional discount, such as exemplary claims experience, sufficient loss control measures being instituted after review by the Authority loss control staff, and consideration of experience modification factor calculations.

After discussion and upon motion duly made, seconded, and unanimously approved, the following resolution was adopted:

> RESOLVED, that the issue of increasing the discount under the Variable Discount Program from 15% to 20% and denominating the additional 5% as being awarded to those districts with exemplary claims experience is hereby referred to the Safety Committee for further analysis.

STATUS REPORT REGARDING LIMITED MARKETING PLAN

The Administrator announced that the new marketing brochure has been completed and a copy was attached for the Board's review. The Administrator noted that the brochure was part of a mass mailing conducted by CSDA to both its member districts and other districts on its database. That mailing included the SDWCA brochure, the CSDA brochure, and the CSDA Finance Corporation informational brochure. The mailing is being conducted by region. CSDA has six regions. The mailing was completed for the first three regions the week of September 1 and the additional three regions are scheduled for mailing prior to October 1, 1998. Once the mailing has been completed, the Administrator will place an informational article in the CSDA News. At that time Authority staff will obtain a copy of the mailing list and initiate telephone follow-up to each district receiving these materials.

After discussion and upon motion duly made, seconded, and unanimously approved, the following resolution was adopted:

> RESOLVED, the Administrator's report on status of the limited marketing plan is hereby received and filed.

STATUS REPORT REGARDING AIG PREMIUM AUDITS FOR FISCAL YEAR 1995-96 AND FISCAL YEAR 1996-97

The Administrator announced that he had reached agreement with AIG through a meeting with Ted Jean, broker Gerald Lillis, and Sue Okamura, AIG auditor, on how to conduct premium audits on the Authority account with AIG. The Administrator noted that previously AIG was inflating payroll by failing to exclude overtime excess, severance payments, deferred compensation payments, and cafeteria plan payments from workers' compensation payroll for these years. The other problem was that AIG was

utilizing different occupational classifications for member districts than those utilized by the Authority, often resulting in higher premium rates charged by AIG to the Authority than those charged by the Authority to its member districts. As a result of this process, for 1995-96, AIG has been requesting an additional $3,081 in premium and SDWCA has been requesting a credit of $2,071. With respect to the 1996-97 payroll audit, AIG is seeking approximately $96,000 in additional premium.

The Administrator announced that at this meeting it was agreed by all concerned with respect to the 1996-97 year and all years thereafter, that the audit of the Authority payroll will consist simply of comparing the actual final total payroll for all member districts in the Authority for the year to the estimated total payroll for districts upon which the deposit premium was based. The difference in payroll will then be modified by the premium effective rate per $100 of payroll to arrive at either the amount of credit or amount of balance due on the final premium. It was agreed that for fiscal year 1996-97 the effective rate would be $3.31 per $100 of payroll. That effective rate will be multiplied times the amount by which the final payroll differs from the estimated payroll for all districts for the year without regard to occupational classification. No longer will AIG attempt to charge additional premium to the Authority as a result of their utilization of different occupational classifications than those used by the Authority.

The Administrator announced that his calculations for 1997-98 indicate that the total payroll for all member districts was $33,461,984. AIG's audit has found total payroll of $33,715,539, about $250,000 more than the Authority's records indicate. The Administrator indicated that his review of the audit reflects that the AIG auditor failed to credit the Authority with a portion of the excess overtime and deferred compensation exclusions the Authority is entitled to in the amount of $94,340. The Administrator also found that AIG relied on estimated payroll for approximately eight districts and did not utilize actual payroll. When actual payroll figures are utilized the actual payroll is $160,500 less than the estimated payroll utilized by AIG in their audit. Adjusting AIG's audited payroll figures by these amounts results in an AIG adjusted audited payroll figure of $33,460,699, only $1,285 less than the payroll reflected in the Authority's records.

Based on this information the Administrator recommended that the Authority propose to AIG that we utilize an authority payroll figure of $33,461,984 for fiscal year 1996-97. When one applies that to the effective rate of $3.31 per $100 of payroll, the total final premium payable to AIG for fiscal year 1996-97 would be $1,107,592. The Authority paid a deposit premium for 1996-97 in the amount of $1,069,580. Therefore, there is a balance due from the Authority to AIG for final premium for fiscal year 1996-97 in the amount of $38,012. The Administrator recommended that the Board authorize him to write a letter to AIG setting forth the information specified in these Minutes and offering to pay an additional $38,012 to resolve any and all disputes between the parties regarding premium payable for fiscal year 1996-97.

With respect to fiscal year 1995-96, the Administrator indicated that he had proposed to AIG that the Authority would drop its claim for credit in the amount of $2,000 if AIG would drop their request for additional premium of approximately $3,000 for that year, in light of the agreement of the parties to use the effective rate in future payroll audits. This is acceptable to AIG and the Administrator recommended that the Board approve this arrangement for fiscal year 1995-96.

After discussion and upon motion duly made, seconded, and unanimously approved, the following resolution was approved:

RESOLVED, that the Administrator is authorized to correspond with AIG and offer to pay the sum of $38,012 as payment in full for final premium due for fiscal year 1996-97 after payroll audit;

RESOLVED FURTHER, that the Administrator is authorized to withdraw the Authority's request for a credit in the amount of $2,071 for overpaid premium in fiscal year 1995-96 if, and only if, AIG withdraws its request for $3,081 in additional premium for fiscal year 1995-96.

STATUS REPORT REGARDING SUMMER SAFETY SEMINARS

The Administrator announced that the Authority conducted its summer safety seminars on July 21 at the Ontario Marriott and on July 23 at the Hyatt Regency Sacramento. The program materials were submitted to the Board for review. The program consisted of morning presentations on solutions to workers' compensation abuse and fraud presented by Dale Benny, Investigation Supervisor at AIG, and techniques of accident investigations for public entities presented by Rene McGillicuddy,, Senior Casualty Consultant for AIG. The afternoon session consisted of an introduction to the SDWCA member district visitation program performed by the Administrator and Mr. Harold Gano, the visitation consultant. The balance of the afternoon session consisted of a round-table discussion conducted by the Administrator which allowed member districts to address any questions they had to the Administrator regarding the operation of the Program. Topics discussed in the round table discussions included the workings of the Variable Discount Program, methods for payroll classification reporting, receipt of and adequacy of Safety Center materials; feedback on the claims administration process; computation of experience modification factors and their effect on premiums; how premium manual rates are set by the Board; methods for complying with written safety program requirements of the Authority; methods for instituting appropriate employment entrance medical examinations; request for on-site safety visitations by member districts; renewal of insurance with AIG; use of PPO network; advantages and use of safety incentives programs; and feedback from the districts with respect to district safety awards, wellness programs, and a video rental program.

The Administrator noted that the seminars were well received by the member districts attending. In Ontario 15 individuals attended representing 15 districts. In Sacramento 20 individuals attended representing 15 districts. A total of 30 out of 63 member districts attended for a percentage attendance of 44.7%. This is virtually the same attendance ratio as received in 1997.

REPORT REGARDING DISTRICT COMPLIANCE WITH SDWCA SAFETY PROGRAM REQUIREMENTS FOR FISCAL YEAR 1997-98

The Administrator noted that he has been reviewing safety program documentation from member districts for the 1997-98 fiscal year as required by the Variable Discount Program. A reminder notice was sent to all districts indicating that credit would not be given unless the documentation was received on or before August 11, 1998. As of the date of the meeting, 49 districts had submitted the required documentation. This represents 77.8% of all member districts. The Administrator expects an additional five districts to respond which would bring the compliance rate to 78.3%.

MEMBERSHIP

The Administrator announced that Santa Cruz Consolidated Emergency Communications Center, a joint powers authority, approved membership in the Authority at their Board of Directors meeting on May 14, 1998, with coverage to commence July 1, 1998. Their estimated annual discounted premium for fiscal year 1998-99 is $12,411. This agency was already admitted to membership by the Board at its May 8, 1998, meeting.

Also since the time of the last meeting, the Board of Directors of the Murrieta County Water District had a conversation with the Administrator and approved membership at its meeting on July 28, 1998, with coverage to commence October 1, 1998. The estimated annual discounted premium for this district is $5,709. This district's membership was also approved by the Board at its May 8, 1998, meeting.

STATUS REPORT REGARDING DISTRICT VISITATION PROGRAM

The Administrator noted that Mr. Gano has conducted district visitations at Donner Summer Public Utility District, Truckee Tahoe Airport District, Squaw Valley County Water District, Alpine Springs County Water District and North Tahoe Public Utility District in August 1998. Mr. Gano is ready to commence his second group of district visitations consisting of Groveland Community Services District, Twain Harte Community Services District, Lake Don Pedro Community Services District and Jamestown Sanitary District.

The Administrator indicated that the loss control reports from Mr. Gano were comprehensive but simple to follow. The Administrator indicated that he had received feedback from the districts who had received inspections which was all positive. The districts clearly view this as an additional value added resource which is more meaningful than simply complying with written safety program requirements. The Administrator also noted that Mr. Gano has demonstrated an ability to perform the service well within budgetary guidelines, with the cost of his services averaging out to approximately $1,100 per district which is less than that originally budgeted. Mr. Gano was originally retained as a consultant on a six-month trial basis which period is to conclude in October 1998. The Administrator recommended that Mr. Gano be retained as a consultant performing on-site district visitation services pursuant to the previously approved inspection protocol for the balance of the fiscal year through June 30, 1999, with a total budgeted line item of $27,500.

Mr. Gano briefly addressed the Board on the results of his recent inspections. He was of the opinion that management at each of the districts was very receptive to his visits and very interested in his recommendations and comments. He was of the opinion that each of the districts need to more fully document their safety and loss control efforts. They also require some telephone follow-up regarding claims information with a comparison of claims information after the visitation to each district's loss experience prior to the visitation. Mr. Gano also felt that his efforts are dovetailing nicely with those of Ms. McGillicuddy, the AIG loss control representative, who is in the process of evaluating several of the larger districts who are responsible for the majority of the Authority's losses. Her recommendations focus more on management controls and policies which can have positive loss control results. Both Mr. Gano and Ms. McGillicuddy are suggesting new loss control measures such as wellness programs, localized safety incentive programs where appropriate, and continuing education programs.

After discussion and upon motion duly made, seconded and unanimously approved, the following resolution was adopted:

RESOLVED, that Harold Gano be retained as a safety consultant for the Authority for the period 7/1/98 through 6/30/99 with a line item in the budget of $27,500;

RESOLVED FURTHER, that the Administrator is directed to draw up a form of consultant agreement between Mr. Gano and the Authority specifying Mr. Gano's services as a loss control consultant on behalf of the Authority for execution by the Board at its next Board meeting.

REVIEW REPORT REGARDING STATUS OF LAIF ACCOUNT AND FINANCIAL INVESTORS TRUST ACCOUNT FOR PERIOD ENDING JUNE 30, 1998

The Administrator presented a quarterly report from LAIF indicating that effective June 30, 1998, the Authority had a balance of $2,951,359.37. The statement also indicates that the Authority earned interest for the fourth quarter posted on July 15, 1998, in the amount of $41,818.64 which represents an interest rate of 5.66%. This interest rate represents an decrease of 4 basis points from the rate of 5.70% on March 31, 1998, and December 31, 1997. The total amount currently held in LAIF including fourth quarter interest is $2,993,178.01.

The Financial Investors Trust account statement as of June 30, 1998, shows a total market value of $1,110,517.58. The fund is currently paying an interest rate of 5.33%. This is slightly increased from the rate of 5.29% as of March 31, 1998. The rate was 5.57% as of December 31, 1997.

After discussion and upon motion duly made, seconded and unanimously approved, the following resolution was adopted:

RESOLVED, that the report regarding status of LAIF account and Financial Investors Trust account for the period ending June 30, 1998, is hereby received and filed.

TIME AND PLACE OF NEXT MEETING

The next regular Board meeting will be scheduled for Monday, December 7, 1998, at the Ontario Airport Marriott commencing at 10 a.m.

The next meeting of the Safety Committee is scheduled for October 26, 1998, at the SDWCA Administrative Offices at 1030 15th Street, Suite 300, Sacramento, commencing at 1 p.m.

ADJOURNMENT

There being no further business the meeting was adjourned.

Respectfully submitted,

Robert Bare, Secretary

SPECIAL DISTRICTS WORKERS COMPENSATION AUTHORITY

David W. McMurchie
Administrator

Agenda Supporting Data

Agenda No. 2(d); Meeting of September 18, 1998

Subject: **Cash Basis Financial Report**

Comments of Administrator:

The Cash Basis Financial Report as of the end of fiscal year 1997-98, June 30, 1998, shows Total Premium Receipts of $1,129,082 on a cash basis plus additional investment income of $244,309 for total income of $1,387,679.

Disbursements as of June 30, 1998, amounted to $1,923,927. The largest components of disbursements were claims payments which amounted to $501,868 and the cost of the primary insurance coverage premiums payable to AIG in the amount of $1,114,729.

Expenditures exceeded revenues on a cash basis for the year by the amount of $536,248, again primarily due to the payment of the workers' compensation insurance premium to AIG and the payment of claims payments which the Board previously designated to be paid out of claims reserves rather than out of operating revenue.

Estimated reserves on known claims as of June 30, 1998, on an undiscounted basis amounted to $960,445, a decrease of $339,709 since June 30, 1997.

Regarding IBNR reserves, the undiscounted IBNR reserves per the June 30, 1997, audit is $558,837. The undiscounted IBNR reserves based on actural claims history as of June 30, 1998, amounts to $505,736, a reduction of $53,101 from the IBNR reserve figure of $558,837 as of the June 30, 1997, audit.

Total undiscounted claims reserves including IBNR reserves as of June 30, 1998, amount to $1,466,181, a reduction of $392,814 from total undiscounted claims reserves of $1,858,995 as of June 30, 1997, per audit.

When claims reserves are discounted for interest earnings at the rate of 6% per annum, total discounted claims reserves amount to $1,171,463 as of June 30, 1998. This amounts to a total decrease in discounted claims reserves of $356,118 from the total discounted claims reserves of $1,527,581 as of June 30, 1997, per audit.

After allocation of discounted claims reserves in the amount of $1,171,463, the Authority has additional reserves as of June 30, 1998, in the amount of $3,089,168.

The Board has previously decided to allocate an additional portion of this remaining reserve to the claims reserve to increase the level of funding for the claims reserve to a 95% confidence level. This 95% confidence level of funding is arrived at by multiplying the total discounted claims reserves by a confidence level factor of 1.794 per the actuarial study. Therefore, a 95% confidence level of funding amounts to a total discounted claims reserve of $2,101,605 which consists of claims reserves on known claims and IBNR reserves for a total of $1,171,463 plus an additional margin for adverse experience in the amount of $930,141.

This report then allocates the balance of the reserve to the contingency reserve, which is defined as that amount of reserve funds available after funding the claims reserve at a 95% confidence level on a discounted basis, which reserve is to be used for catastrophic losses and premium stabilization purposes. You will note that there is a balance of $2,159,026 contained within the contingency reserve as of June 30, 1998, <u>after</u> funding claims at a 95% confidence level. This represents an increase in the contingency reserve of $102,627 since June 30, 1997, when the contingency reserve amounted to $2,056,399, per audit. This is consistent with the Board's decision to utilize the claims reserves rather than the contingency reserve to make claims payments on run-off claims during the self-insured years.

SPECIAL DISTRICTS WORKERS COMPENSATION AUTHORITY

David W. McMurchie
Administrator

CASH BASIS FINANCIAL REPORT

Fiscal Year 1997-98
and for Period April 1, 1998 - June 30, 1998

RECEIPTS

	04/01/98-06/30/98	FY 97-98 To Date
Alpine Springs County Water District	$ 1,032	$ 3,096
Aromas Water District	1,972	6,395
Bel Marin Keys Community Services District	372	2,259
Big Bear Airport District	1,175	8,081
Big Bear City Community Services District	0	130,363
Bighorn-Desert View Water Agency	0	5,417
Broadmoor Police Protection District	4,036	24,265
Buena Park Library District	0	2,390
California Pines Community Services District	0	1,937
Clear Creek Community Services District	0	1,642
Crestline Village County Water District	0	18,742
Donner Summit Public Utility District	2,731	11,779
Eastern Sierra Community Services District	626	3,311
Ebbetts Pass Fire District	0	1,705
El Dorado Hills Community Services District	0	31,902
Elsinore Water District	0	4,791
Foresthill Public Utility District	1,490	6,302
Gerber-Las Flores Community Services District	0	1,208
Groveland Community Services District	3,836	20,234
Heritage Ranch C. umunity Services District	1,180	4,720
Hi-Desert Water i'.strict	14,780	40,469
Hilton Creek Community Services District	232	1,359
Inverness Public Utility District	0	3,417
Jamestown Sanitary District	838	838
Kingsburg Cemetery District	996	3,984
Lake Don Pedro Community Services District	0	2,467
Lake Shastina Community Services District	0	5,656
Leavitt Lake Community Services District	0	379
Marin City Community Services District	0	12,296
Marinwood Community Services District	10,056	50,564
McKinleyville Community Services District	3,094	17,197
Mendocino Solid Waste Authority	0	3,569
Midway City Sanitary District	0	37,200

Minter Field Airport District	2,978	9,471
Monterey Regional Waste Management District	37,654	158,267
Morongo Valley Community Services District	1,754	12,200
North Humboldt Recreation and Park District	250	7,992
North of the River Municipal Water District	3,168	9,602
North Tahoe Public Utility District	0	15,759
Northstar Community Services District	8,378	24,322
Olivenhain Municipal Water District	3,918	5,877
Placentia Library District	0	3,142
Rancho Murieta Community Services District	15,632	31,264
Resource Conservation District of the Santa Monica Mountains	0	5,125
Riverside County Citrus Pest Control District No. 2	0	2,592
Rosamond Community Services District	0	2,416
Sanger-Del Rey Cemetery District	1,112	3,917
Santa Cruz Port District	24,622	87,247
Santa Nella County Water District	0	3,902
Santa Rosa Community Services District	797	3,188
Shasta Community Services District	0	5,195
Special District Risk Management Authority	1,054	2,108
Squaw Valley County Water District	0	20,452
Stallion Springs Community Services District	14,072	44,721
Templeton Community Services District	0	11,787
Thermalito Irrigation District	0	6,659
Trinity County Public Utility District	5,290	10,580
Truckee Tahoe Airport District	5,081	21,164
Twain Harte Community Services District	3,917	23,982
Twentynine Palms County Water District	10,573	42,463
Weaverville Fire District	0	8,826
Weaverville Sanitary District	0	2,234
West San Bernardino County Water District	0	26,756
Yorba Linda Water District	0	45,938
TOTAL PREMIUM RECEIPTS	$ 188,696	$ 1,129,082
Interest Income	58,339	244,309
Admission Fees	0	42
Assessments	0	0
Refund Claims Overpayments	0	2,123
Subrogation Recoveries	0	0
Excess Insurance Recoveries	0	12,123
Keenan Reimbursement of Late Penalties	0	0
District Reimbursement of Late Penalties	0	0
Miscellaneous Income	0	0
TOTAL CASH RECEIPTS	$ 247,035	$ 1,387,679

DISBURSEMENTS

	04/01/98-06/30/98	FY 97-98 To Date
Claims Payments	$ 81,825	$ 501,868
Management/Administration:		
Claims Management Fees	26,250	78,750
Administration Fee - CSDA	0	9,547
Administration Fee - McMurchie, Brandenburger et al.	22,552	118,205
Meeting and Travel Expenses	1,956	13,988
Safety Services	2,294	6,629
California State Assessments	0	5,833
Insurance:		
Workers' Compensation Insurance Premiums	111,472	1,114,729
General/Nonowned Automobile Liability	0	724
Fidelity Bond	0	0
Errors and Omissions	0	13,332
Broker's Fee	0	47,700
Miscellaneous Expenses:		
Stationery and Office Supplies	490	2,020
Bank Service Charges	38	190
Dues/Publications	0	65
Postage/Photocopies	800	2,743
Financial Audit	0	5,250
Claims Management Audit	0	0
Actuarial Audit	0	0
Refund-Overpayment of Premium	0	1,354
Payroll Audit	0	0
Miscellaneous	0	1,000
TOTAL DISBURSEMENTS	$ 247,677	$ 1,923,927

RECAP

Cash Receipts 07/01/97-06/30/98	$ 1,387,679
Cash Disbursements 07/01/97-06/30/98	1,923,927
Net 07/01/97-06/30/98	$ (536,248)
Cash 06/30/97 per Audit	4,796,879
TOTAL CASH	$ 4,260,631

RECONCILIATION

Wells Fargo Checking Account	$ 73,754
Local Agency Investment Fund	2,951,359
Financial Investors Trust	1,110,518
Union Bank, Claims Trust Account	125,000
TOTAL	$4,260,631

Contingent Liabilities:

(1) Estimated reserves for all claims as of 03/31/98*:

1982-83:	$ 0
1983-84:	0
1984-85:	0
1985-86:	2,696*
1986-87:	0
1987-88:	37,700
1988-89:	22,194
1989-90:	141,084*
1990-91:	27,261
1991-92:	123,375
1992-93:	186,101*
1993-94:	199,716
1994-95:	220,320
1995-96:	0
1996-97:	0
1997-98:	0
TOTAL	$ 960,445

* Does not include reinsured portion of claims

(2)	Actual undiscounted IBNR as of 6/30/97 per audit	558,837
(3)	Estimated undiscounted IBNR reserves as of 06/30/98 per actual claims history	505,736
	TOTAL ESTIMATED UNDISCOUNTED CLAIMS RESERVES AT 06/30/98	$1,466,181
	TOTAL DISCOUNTED CLAIMS RESERVES AT 06/30/98	$1,171,463
	TOTAL CONTINGENCY RESERVE AFTER DISCOUNT	$3,089,168
	ADDITIONAL ALLOCATION TO CLAIMS RESERVE TO ESTABLISH 95% CONFIDENCE LEVEL	$ 930,141
	TOTAL DISCOUNTED CLAIMS RESERVE AT 95% CONFIDENCE LEVEL AT 06/30/98	$2,101,605
	BALANCE OF CONTINGENCY RESERVE	$2,159,026

SPECIAL DISTRICTS WORKERS COMPENSATION AUTHORITY

David W. McMurchie
Administrator

Agenda Supporting Data

Agenda No. 2(e); Meeting of September 18, 1998

Subject: **Review and File Report of Accrued Revenues and Expenses for Fiscal Year 1997-98 and Comparison with Budget**

Comments of Administrator:

The report of Accrued Revenues and Expenses as Percentage of Budget as of June 30, 1998, shows that we have received estimated premiums accrued for fiscal year 1997-98 in the amount of $1,181,664 which is 98.5% of the budgeted amount of premium revenues for the fiscal year of $1,200,000 per the Revised Preliminary Budget.

Additional revenues consist of accrued interest in the amount of $239,847 which is 99.9% of the budgeted amount.

Regarding management and administration expenses, Keenan has been paid for all four quarters of 1997-98 claims management fee in the amount of $105,000 which is 100.0% of the budgeted amount. All other expenditures for management or administration are well within budget. The California State Assessment amount was paid with the initial installment of the insurance premium and represents an actual figure. Total management/administration expenses for the fiscal year amounted to $248,161 which represents 90.8% of the budgeted amount of $273,283. We will still have to pay the administration fee to CSDA once we have determined the actual amount of final premium paid by all member districts for the fiscal year. The budgeted amount for that administration fee is $12,450. Once that amount is paid total management/administration expenses will amount to $260,611 or 95.4% of the budgeted amount.

Regarding insurance expenses, we have paid all ten installments of the primary insurance premium to AIG in the amount of $1,114,729 which represents 1000.0% of the budgeted amount. Payments have already been made for the fidelity bond in the amount of $2,250 and for both installments of the broker's fee in the amount of $47,700 which presents 100.0% of the budgeted amount. The renewal of the generality liability/nonowed auto insurance policy has been revised to the actual invoiced amount of $724. Total insurance related payments for the fiscal year amounted to $1,176,547 which is 100.4% of the budgeted amount of $1,172,413. Once we receive reimbursement from CSDA for its 50% share of the errors and omissions insurance premium in the amount of $5,572, insurance expenditures will amount to $1,170,975 which amounts to 99.9% of the budgeted amount.

Total expenses for the fiscal year for management/administration, insurance and miscellaneous amount to $1,437,530 which represents 98.7% of the budgeted amount of $1,457,196. For the fiscal year expenditures exceeded revenues by $1,731 compared to a budgeted surplus of $27,904.

Claims expenses reflect claims on all self-insured years through fiscal year 1994-95 and were budgeted at the amount of $500,000 based on the actuarial study. For the fiscal year the amount of $437,244 has been expended on claims for those fiscal years. To fund all claims payments on an accrual basis, the current transfer from claims reserves would amount to $438,975 which represents 96.7% of the budgeted amount of $472,096. Again, this reflects the Board's prior decision to pay claims payments on self-insured years out of the claims reserve and not out of current operating revenues, which revenue should be used to fund annual management, administration and insurance expenses only.

SPECIAL DISTRICTS WORKERS COMPENSATION AUTHORITY

ACCRUED REVENUES AND EXPENSES AS PERCENTAGE OF BUDGET

	FY 1997-98	06/30/98	Percentage of Budget
REVENUES:			
Premiums	$1,200,000	$ 1,181,664	98.5%
Interest Income	240,000	239,847	99.9%
Admission Fees	100	42	42.0%
Excess Insurance Recoveries	25,000	12,123	48.5%
Miscellaneous	20,000	2,123	10.6%
TOTAL REVENUES:	$1,485,100	$1,435,799	96.7%
EXPENSES AND RESERVES:			
Management/Administration:			
Contract Administrator	$ 125,000	$ 121,385	97.1%
Claims Management Services	105,000	105,000	100.0%
Administration Fee - CSDA	12,450	0	0.0%
Meeting and Travel Expense	10,000	9,314	93.1%
Safety Services	15,000	6,629	44.2%
California State Assessment	5,833	5,833	100.0%
TOTAL MANAGEMENT/ADMINISTRATION:	273,283	248,161	90.8%
Insurance:			
Insurance Premium	1,114,729	1,114,729	100.0%
General Liability/Nonowned Auto	734	724	98.6%
Fidelity Bond	2,250	2,250	100.0%
Errors and Omissions	7,000	11,144	159.2%
Broker's Fee	47,700	47,700	100.0%
TOTAL INSURANCE:	1,172,413	1,176,547	100.4%
Miscellaneous:			
Financial Audit	5,500	5,250	95.5%
Miscellaneous	6,000	7,572	126.2%
TOTAL MISCELLANEOUS:	11,500	12,822	111.5%
TOTAL EXPENSES:	$1,457,196	$1,437,530	98.7%
EXCESS REVENUE OVER EXPENSES:	$ 27,904	$ (1,731)	
Claims:			
Claims Payments - All Self-Insured Years	500,000	437,244	87.4%
Reserves:			
Transfer to (from) Reserves	(472,096)	(438,975)	92.9%
TOTAL EXPENSES AND RESERVES:	$ 1,485,100	$1,435,799	96.7%

SPECIAL DISTRICTS WORKERS COMPENSATION AUTHORITY

David W. McMurchie
Administrator

Agenda Supporting Data

Agenda No. 2(f); Meeting of September 18, 1998

Subject: **Review and File Financial Balances Computation for All Years as of June 30, 1998**

Comments of Administrator:

Attached is the Financial Balances Report matching revenues and claims expense for each year of the program through fiscal year 1994-95, the last self-insured year, utilizing loss information as of June 30, 1998. Fiscal years 1995-96, 1996-97, and 1997-98 are omitted since the program was not self-insured during those years. Total dividend reserve as of June 30, 1998, amounts to $1,550,075. This compares to a prior dividend reserve of $1,633,354 as of June 30, 1997.

This information is useful primarily in considering payment of dividends to member districts. The Board has previously decided that those claims years in which the Authority has earned a surplus need to be balanced against those years in which the Authority has lost money before a net dividend can be considered for payment to member districts. This is because the Authority does not back charge member districts for additional premium in those years in which claims payments and reserves have exceeded revenues. The chart continues to indicate that years in which the Authority has earned a surplus are fairly evenly balanced with the years in which the Authority has lost money. Through the 1992-93 claims year, positive years and negative years are so evenly balanced that there is a negative dividend reserve of approximately $66,986 as of the end of 1992-93. Therefore, the entire dividend reserve of $1,550,075 has been earned during the last two years of self-insurance, 1993-94 and 1994-95. There continue to be too many outstanding claims in those years in order to consider a dividend payment for those years.

The Board should recall that the dividend reserve in this report of $1,550,075 does not match the contingency reserve in the Cash Basis Financial Report because this financial balances computation does not include the Authority's earnings for the 1995-96, 1996-97, and 1997-98 years during which the Authority purchased insurance from AIG. This earned dividend reserve can be viewed as a component of the contingency reserve reflected on the Cash Basis Financial Report which is available after funding the claims reserve. In other words, of the contingency reserve in the amount of $2,159,026, available after funding the claims reserve at the 95% confidence level, approximately $1,550,075 of that contingency reserve has resulted from operations in the 1993-94 and 1994-95 years because premiums collected exceeded net claims expense in those years by those amounts. The extent to which the total contingency reserve exceeds the dividend reserve is a result of profit from operations in the 1995-96 and 1996-97 years when we were insured.

In light of the foregoing, it is premature to declare additional dividends in any year.

1030 15th Street, Suite 300 ✦ Sacramento, California 95814 ✦ 916/443-1030 ✦ FAX 916/443-5410

S D W C A
FINANCIAL BALANCES

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
REVENUES							
Premium	213,815	298,858	431,181	620,598	784,674	1,071,521	1,233,348
Interest	8,230	22,628	49,050	66,840	75,637	108,121	150,811
Assessments	0	0	0	0	0	0	0
Admission Fees	0	0	0	0	3,426	568	86
Miscellaneous	0	34	307	166	206	0	0
TOTAL REVENUES:	**222,045**	**321,520**	**480,538**	**687,604**	**863,943**	**1,180,210**	**1,384,245**
EXPENSES							
Management Expenses:							
Management/Administration	39,775	60,032	79,162	111,104	113,976	123,801	113,905
Insurance	18,119	23,752	28,544	35,481	49,459	72,695	84,733
Miscellaneous	498	1,016	1,342	7,349	2,035	2,759	7,721
Total Management Expenses	58,392	84,800	109,048	153,934	165,470	199,255	206,359
Claims Expense:							
Paid Claims	132,965	371,263	264,466	1,019,400	480,359	908,349	811,597
Incurred Reserve	0	0	0	14,405	0	37,699	22,192
IBNR Reserve	0	0	0	0	0	23,952	56,211
Less Reinsured Claims	0	(15,804)	0	(11,709)	0	0	0
Less Discount for Interest	0	0	0	(555)	0	(15,783)	(18,503)
Net Claims Expense	132,965	371,263	264,466	1,021,541	480,359	954,217	871,497
Dividends Paid	21,383	0	0	0	0	0	0
Dividend Reserve	9,305	(134,543)	107,024	(487,871)	218,114	26,738	306,439
TOTAL EXPENSE AND RESERVES	**222,045**	**321,520**	**480,538**	**687,604**	**863,943**	**1,180,210**	**1,384,245**

S D W C A
FINANCIAL BALANCES

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	Totals
REVENUES							
Premium	1,417,226	1,544,446	1,636,843	1,965,204	2,000,852	2,088,693	15,307,259
Interest	211,513	251,259	223,901	191,102	193,161	251,219	1,803,472
Assessments	154,558	184,046	0	3,153	5,796	0	347,553
Admission Fees	2,051	893	30	1,640	2,150	827	11,671
Miscellaneous	0	3,000	1,348	611	1,004	0	6,676
TOTAL REVENUES:	**1,785,348**	**1,983,644**	**1,862,122**	**2,161,710**	**2,202,963**	**2,340,739**	**17,476,631**
EXPENSES							
Management Expenses:							
Management/Administration	115,900	130,332	222,411	220,056	282,828	343,563	1,956,845
Insurance	96,966	110,132	86,238	67,616	71,594	77,522	822,851
Miscellaneous	4,796	9,002	11,976	11,233	13,485	15,039	88,251
Total Management Expenses	217,662	249,466	320,625	298,905	367,907	436,124	2,867,947
Claims Expense:							
Paid Claims	1,546,803	1,425,346	1,170,065	2,144,693	918,827	671,628	11,865,763
Incurred Reserve	292,008	27,261	123,375	209,425	199,716	220,320	1,162,206
IBNR Reserve	2,113	137,393	56,559	0	11,456	218,052	505,736
Less Reinsured Claims	(150,924)	0	0	(23,324)	0	0	(201,761)
Less Discount for Interest	(33,222)	(37,706)	(36,707)	(34,801)	(39,489)	(77,592)	(294,718)
Net Claims Expense	1,656,778	1,552,294	1,313,293	2,295,993	1,090,510	1,032,408	13,037,226
Dividends Paid	0	0	0	0	0	0	21,383
Dividend Reserve	(89,092)	181,884	228,204	(433,188)	744,546	872,207	1,550,075
TOTAL EXPENSES AND RESERVE	**1,785,348**	**1,983,644**	**1,862,122**	**2,161,710**	**2,202,963**	**2,340,739**	**17,476,631** (06/30/98)

Library of California
LIBRARY-COURTS BUILDING
P.O. BOX 942837
SACRAMENTO, CA 94237-0001

MEMORANDUM

TO: Members, Library of California Board

FROM: Tom Andersen, CLSA Program Coordinator TA

Anne Marie Gold, Interim Manager AMG
Library of California

DATE: February 2, 1999

SUBJECT: Library of California Board actions taken at the January 25-27, 1999 meeting

Purpose of the Library of California Act:

The Legislature finds and declares that it is in the interest of the people of the state to ensure that all Californians have free and convenient access to all library resources and services that could provide essential information and enrich their lives; and, to respond fully and successfully to these information needs and to the diversity of California's population, libraries of all types and in all parts of the state must be enabled to interact, cooperate, and share resources. This policy shall be accomplished by enabling libraries of all types and in all parts of the state to provide their users with the services and resources of all libraries in this state, and by assisting libraries to provide and improve services to the underserved.

To achieve the purpose of the Act, the following actions were taken at the Library of California Board meeting in Sacramento on January 26-27, 1999:

1. Adoption of Agenda

It was moved, seconded (Spence/Otstott) and carried unanimously that the Library of California Board adopt the agenda as presented.

2. Approval of Minutes

It was moved, seconded (Spence/Purucker) and carried unanimously that the Library of California Board approve the draft minutes of the November 12-13, 1998 CLSB meeting as corrected.

Interlibrary and Direct Loan Programs

3. It was moved, seconded (Spence/Purucker) and carried unanimously that the Library of California Board direct its Chief Executive Officer to develop a pilot multitype interlibrary loan reimbursement program for non-public library participants of CLSA using 1998/99 Library of California funds, and to present a proposed project and budget at the February 1999 Board meeting for approval.

4. It was moved, seconded (Steinhauser/Kallenberg) and carried by a vote of 8 in favor, 1 opposed (Frizzelle) that the Library of California Board authorize its Chief Executive Officer to hire one or more independent consultants to conduct a study of the handling and delivery costs associated with direct loan, interlibrary loan, and electronic direct services in all types of libraries, with a budget not to exceed $35,000, to be presented to the Board at the August 1999 meeting.

Telecommunications Infrastructure

5. It was moved, seconded (Kallenberg/Calderon) and carried unanimously that the Library of California Board direct its Chief Executive Officer to develop a Z39.50 server reimbursement program, equivalent to the CLSA Z39.50 server reimbursement program, for eligible members of CLSA Cooperative Library Systems, using Library of California funds, until June 30, 1999, and that implementation recommendations be brought to the Board at the February 1999 meeting.

6. It was moved, seconded (Kallenberg/Fong) and carried unanimously that the Library of California Board direct its Chief Executive Officer to study the high-speed telecommunications needs of California rural libraries and bring a report with recommendations to the June 1999 Board meeting; and if Library of California funds are needed for said study, staff will make recommendations to the Board at the February 1999 meeting.

7. CLSA Statewide Date Base Program

It was moved, seconded (Frizzelle/Fong) and carried unanimously that the State Board direct its Chief Executive Officer to award a Statewide Data Base subsidy claim of $5000 to the Mountain Valley Library System.

Regional Library Network Development

8. It was moved, seconded (Kallenberg/Frizzelle) and carried unanimously that the Library of California Board utilize a self-appointment process from library associations, systems, organizations and statewide resource libraries to develop the Regional Planning Groups.

9. It was moved, seconded (Kallenberg/Calderon) and carried unanimously that the Library of California Board provide planning grants, technical assistance, training, and communications mechanisms for the Regional Planning Groups, and that a budget recommendation be brought to the Board at the February 1999 meeting.

10. It was moved, seconded (Kallenberg/Purucker) and carried unanimously that the Library of California Board establish the following planning regions:

- North State (CLSA System)
- Mountain Valley/49-99 (CLSA Systems)
- San Joaquin Valley (CLSA System)
- Region II
- Region IV
- Region V

and that staff use these planning regions to develop a budget; and should there be any changes from regional meetings that take place, that those changes be considered at the February 1999 Board meeting.

Library of California Act Regulations

11. It was moved, seconded (Kallenberg/Purucker) and carried unanimously that the Library of California Board adopt, in concept, the schedule for rulemaking as outlined in Exhibit A as modified. (See Attachment A)

CLSA Special Services Program – Literacy

12. It was moved, seconded (Fong/Purucker) and carried unanimously that the Library of California Board authorize its Chief Executive Officer to allocate, as soon as the state budget makes them available, the 1999/2000 California Library Literacy Service funds to local programs in accordance with the provisions of Section 18733.2 of the Education Code of California.

13. It was moved, seconded (Steinhauser/Fong) and carried by a vote of 7 in favor, 1 abstention (Frizzelle) that the Library of California Board authorize its Chief Executive Officer to allocate, as soon as the state budget makes them available, the 1999/2000 Families for Literacy funds in accordance with the provisions of Education Code Section 18735 to local participants based upon the criteria set forth in the Families for Literacy application materials and prior performance in the Program, where applicable.

E>
January 1999
California State Library

RULEMAKING SCHEDULE FOR THE LIBRARY OF CALIFORNIA ACT

November - December 1998	State Library staff drafts regulations and identifies key question areas
January 6, 8, 11, 14, 15 1999	Informal workshops held statewide to obtain input
January 25-27 1999	Board meets to review draft regulations
February 24-25 1999	Board reviews revised regulations and approves in concept a preliminary version of them, which will be used to initiate the rulemaking procedure
March 1999	Submission of notice of proposed rulemaking (includes preliminary version of regulations) to the Office of Administrative Law (OAL)
May 1999	Public hearings held in 6 locations
June 16-17 1999	Board meets to review proposed changes and revise preliminary version of regulations (approve the regulations for the purpose of distribution)
July 1-20 1999	Mailing of revised regulations 15-day written comment period
August 11-13 1999	Board meets to revise and adopt regulations (approve the regulations for submission to the OAL)

September 1999	Submission of final version of proposed regulations and responses to all comments
October 1999	OAL review period
November 1999	If approved by OAL, regulations go into effect

NOTE: a second rulemaking process will be initiated later for sections of Articles 4, 5, 6, and 7 dealing with Regional Library Networks, funding formulas, and the Statewide Resource Libraries Group.

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LIBRARY OF CALIFORNIA BOARD MEETING SCHEDU

January 25-27, 1999	Sacramento, California State Library
February 24-25, 1999	Los Angeles, UCLA Bradley International Center
April 28-29, 1999	Sacramento, California State Library
June 16-17, 1999	Redding, McConnell Foundation
August 11-13, 1999	San Diego, Library of UCSD
November 11-12, 1999	Palm Springs, CLA Conference Headquarters

CALENDAR OF UPCOMING EVENTS/DEADLINES

1999

January 29	California Library Literacy Service 2nd Quarter 1998/99 reports due at State Library
February 4	California Literacy Campaign Application Workshop for Northern California, Sacramento (for information contact Al Bennett 916-653-7743)
February 9	California Literacy Campaign Application Workshop for Southern California – location to be announced (for information contact Al Bennett 916-653-7743)
February 15	CLSA Families for Literacy 1998/99 Mid-Year Reports due at State Library
February 15	3rd 1998/99 CLSA Direct Loan sample data due at State Library
February 24-25	Library of California Board Meeting, Los Angeles, UCLA Bradley International Center
March 1-14	4th 1998/99 CLSA Direct Loan sample period
March 29	4th 1998/99 CLSA Direct Loan sample data due at California State Library
April 15	3rd Quarter 1998/99 CLSA ILL claims due at State Library
April 28-29	Library of California Board Meeting, Sacramento, California State Library

CALENDAR OF UPCOMING EVENTS/DEADLINES

April 30	California Library Literacy Service 3rd Quarter 1998/99 reports due at State Library
May	Public hearings on Library of California regulations (6 locations, TBA)
May 3	CLSA Families for Literacy Applications for 1999/2000 due at State Library
May 14	California Library Literacy Service Applications for 1999/2000 postmarked to State Library (libraries applying for first year funding)
May 21	California Library Literacy Service Plans of Service for 1999/2000 postmarked to State Library (for programs in years 2-5)
June 1	1998/99 California Library Services Act (CLSA) System Plans of Service due at State Library
June 16-17	Library of California Board Meeting, Redding, McConnell Foundation
July 15	4th Quarter 19998/99 CLSA ILL claims due at State Library
July 30	CLSA Families for Literacy 1998/99 Final Reports due at State Library
August 11-13	Library of California Board Meeting, San Diego, Library of UCSD
September 1	1998/99 CLSA System Annual Reports, System Uniform Expenditure Reports and 1999/00 System Uniform Budget Reports due at State Library
September 30	California Library Literacy Service Matching Funds Certifications postmarked to State Library
October 15	1st Quarter 1999/00 CLSA ILL claims due at State Library
October 29	California Library Literacy Service 1st Quarter 1999/00 reports due at State Library
November 5	California Library Literacy Service Plans of Service and Budgets for matching funds postmarked to State Library
November 11-12	Library of California Board Meeting, Palm Springs, CLA Conference Headquarters

PLACENTIA LIBRARY DISTRICT BOARD OF TRUSTEES

TO: Library Board of Trustees

FROM: Elizabeth D. Minter, Library Director

SUBJECT: **Review Library Revenue Issues and continue the discussion of the feasibility of Library Parcel Tax ballot issue.**

DATE: February 17, 1999

BACKGROUND:

Library Revenue Issues

At its Meeting on April 15, 1997, the Board requested that an item for the discussion of Library Revenue Issues be included on each Agenda.

1. Property Tax

   Library Director Minter attended the California Special Districts Association (CSDA) Legislative Committee meeting in Sacramento on January 22, 1999. Lobbyist Ralph Heim and Local Government Consultant Mike Gotch both reported that they doubt that there will be any activity to reverse the property tax shift this year. The hearings being conducted around the State by Senate Budget and Fiscal Review Chair Steve Pearce received a lot of the Committee's attention. Trustee Dinsmore attended the first hearing held in Los Angeles on January 22.

   The next CSDA Legislative Committee Meeting is scheduled for February 26.

2. State Funds

   The State Budget presented by Governor Davis contains no increase for the Public Library Fund.

3. Local Revenues

   President Shkoler, Secretary Masters, Friends President Irot and Library Director Minter attended a City of Placentia City Council Worksession on February 2 to discuss potential joint projects between the City and the District. Library Director Minter and City Administrator D'Amato were asked to develop an incremental list of projects to present to the City Council within the next two months.

Parcel Tax Election Considerations

No information to report.

RECOMMENDATIONS:

1. Give direction for future action

PLACENTIA LIBRARY DISTRICT BOARD OF TRUSTEES

TO: Library Board of Trustees

FROM: Elizabeth D. Minter, Library Director

SUBJECT: **Selection of Health Insurance Carrier for 1999-2000**

DATE: February 17, 1999

BACKGROUND:

Stormy Waldeck, the District's employee benefits coordinator at Protective Life (formerly Anderson & Anderson) has completed its annual review of group medical insurance policy options for the District. The new contract year begins April 1, 1999.

Attachment A summarizes his findings.

No staff complaints have been received about the CareAmerica coverage or services.

Mr. Waldeck will attend the Board meeting to review the options and answer questions.

RECOMMENDATION:

Determine level of benefits, select vendor, and authorize the Library Director to sign all contract documents.

PLACENTIA LIBRARY DISTRICT

GROUP MEDICAL INSURANCE

At present Placentia Library District insures its employees under the CareAmerica HMO 1900 plan which includes an Options Rider allowing for limited out-of-network benefits.

CareAmerica was acquired by Blue Shield. Initially, the two companies continued to operate independently. Starting 1/1/99 all CareAmerica plans are being converted to Blue Shield plans as they renew during the year.

Blue Shield has provided notice of the following rate action to be effective 3/1/99:

	Current Premium	**Renewal Premium**	**% Change**
Employee Cost	$1,597.38	$1,939.34	21.40%
Dependent Cost	$ 573.89	$ 677.16	18.12%
Total Cost	$2,171.27	$2,616.50	20.51%

Some comments regarding the renewal action:

1) Part of the increase is due to what CareAmerica didn't charge last year. As an acquisition candidate CareAmerica artifically kept its rates low for the purpose of maintaining membership which, in turn, maximizes its stock value

2) Nearly half of the increase is due to Blue Shield renewing the group at standard rates. CareAmerica renewed the group in 1998 at 90% of standard. This change is under appeal

Attached are two exhibits for your review:

Exhibit A - is a cost comparison among the Blue Shield renewal plan and the two most competitive plans that duplicate the current key HMO benefits

Exhibit B - is a cost comparison among an optional Blue Shield plan and the two most competitive plans of similar design

EXHIBIT A

CURRENT PLAN COMPARISON

Here are the current key HMO benefits:

$10 Office Co-Pay
100% Hospital Benefit
$10/$20 Rx Benefit

Here is the list of prospective carriers surveyed for competitive bids:

Blue Cross	Health Net
Pacificare	Prudential
United Healthcare	

Here is the cost comparison using Blue Shield and the two most competitive alternatives:

	Blue Shield	Health Net	Pacificare
Employee Cost	$1,939.34	$1,905.37 ($2,095.91)	$1,850.44 ($2,035.48)
Dependent Cost	$ 677.16	$ 537.07 ($ 590.78)	$ 544.34 ($ 598.77)
Total	$2,616.50	$2,442.44 ($2,686.68)	$2,394.78 ($2,634.26)

The cost figures shown above in parenthesis represent 110% of standard. All other cost figures represent standard rates. Blue Shield has offered standard rates, there is no guarantee that prospective carriers will do the same.

While there is a duplication of the key HMO benefits the Options Rider ceases to exist. (CareAmerica had withdrawn the benefit from new sales several years ago but had grandfathered the benefit on existing plans).

Blue Shield and Health Net offer some compromise in regard to the Options Rider. Both carriers have an "Open Access" provision that allows a member to go directly to any specialist in the participating medical group without first having to see the primary care physician. The co-pay with each carrier is $30 for an open access office visit.

EXHIBIT B

ALTERNATIVE PLAN COMPARISON

Last year we pursued a Point of Service (POS) plan as an alternative to the existing benefit structure. This plan combines the existing HMO benefits with dramatically higher out-of-network benefits than those provided by the Options Rider in the CareAmerica plan.

In addition to Blue Shield the same prospective carriers as in Exhibit A were surveyed for competitive bids for POS plans.

Here is the cost comparison using Blue Shield and the two most competitive alternatives:

	Blue Shield	Pacificare	Prudential
Employee Cost	$2,118.69	$2,212.38 ($2,433.62)	$2,184.00 ($2,402.40)
Dependent Cost	$ 739.78	$ 650.81 ($ 715.89)	$ 652.00 ($ 717.20)
Total Cost	$2,858.47	$2,863.19 ($3,149.51)	$2,836.00 ($3,119.60)

Once again, cost figures in parenthesis represent 110% of standard.

PLACENTIA LIBRARY DISTRICT BOARD OF TRUSTEES

TO: Library Board of Trustees

FROM: Elizabeth D. Minter, Library Director EDM

SUBJECT: **Ratification of Library Director's travel/training authorization for Library Trustee Wood and Administrative Assistant Goodson to attend the National Society of Fund Raising Executives (NSFRE) Los Angeles Chapter's one-day seminar for grassroots organizations at California State University, Los Angeles, March 22, 1999 at a cost of $50.00 per person plus mileage; and travel expenses for Administrative Assistant Goodson to attend the Special District Risk Management Authority (SDRMA) Education Day Workshop in Bakersfield on February 25, 1999**

DATE: February 17, 1999

BACKGROUND

Attachment A is the announcement for the one-day "Seminar for Grassroots Organizations." This program is for individuals new to fund raising and is presented by the Greater Los Angeles Chapter of the National Society of Fund Raising Executives. It will be held on Monday, March 22, 1999 at California State University, Los Angeles. Registration is $50 per person and includes lunch and parking.

Attachment B is the announcement for the Special District Risk Management Authority "Education Day Workshop." Member districts that participate in this program receive a discount on their 1999-2000 liability insurance premium. It will be held on Thursday, February 25, 1999 in Bakersfield. This workshop is not being offered at another location. There is no registration fee for this workshop and lunch is provided by SRDMA.

RECOMMENDATION

1. Ratify payment of registration and mileage costs for Wood and Goodson to attend the NSFRE workshop on March 22, 1999

2. Authorize travel expenses for Goodson to attend the SDRMA workshop on February 25, 1999

NSFRE

THE SLATE

A Publication of the Greater Los Angeles Chapter of the National Society of Fund Raising Executives

Volume 13, Number 2, February 1999

Tom + Gae

February 9th Luncheon~

The Los Angeles Times Festival of Books: the 'How To's' of Mounting A Special Event

Tuesday, February 9, 1999, is the date set for the NSFRE Greater Los Angeles Chapter to host the two Co-chairs and Co-Founders of the Los Angeles Times Festival of Books, **Narda Zacchino** Associate Editor and Vice President of the Los Angeles Times, and **Lisa Cleri-Reale**, consultant to the Times Mirror Foundation. Their presentation will follow the regular luncheon meeting, which begins at noon at St. Anne's Conference Center near downtown Los Angeles.

The Los Angeles Times Festival of Books has become a nationally-recognized and locally-anticipated event attracting large sponsorships from companies such as Target and Barnes & Noble while raising funds for the Los Angeles Times program, Reading by 9.

In their presentation to the NSFRE/GLAC members, Ms. Zacchino and Ms. Cleri-Reale will discuss the process of planning, programming seminars, book signings, author appearances and obtaining sponsorship for this large-scale event. The guest speakers will explain the time frame for marketing and publicizing the event along with the minute-to-minute timeline that is required to make the Festival a success.

Narda Zacchino, Associate Editor and Vice President, Los Angeles Times

Lisa Cleri-Reale, Consultant to the Times Mirror Foundation

As the former Director of Community Affairs at the Los Angeles Times and a ten-year employee, Ms. Cleri-Reale also was Vice President of the Times Mirror Foundation. Her current capacity as a consultant is to review the grant requests submitted to the Times Mirror Foundation. She serves on the board and advisory councils of many organizations including, Arts Inc., Corporate Council for the United Way of Greater Los Angeles, the Chair of the United Way Community Development Cabinet, and the Advisory Council for the Lula Washington Dance Company.

In her current role as Associate Editor and Vice President of the Los Angeles Times, Ms. Zacchino has served in various editorial positions since 1970. She is a board member of the Los Angeles Youth, the Los Angeles Times Fund and the Pfaffinger Foundation. She also serves on the National Center for Non-Profit Boards, the Women's Foreign Policy Group and was a founding member of the Pacific Council on International Policy.

Please don't miss this opportunity to discover the many aspects of planning, executing and measuring the success of a special event as presented by the two creators and current chairs of the Festival of Books on Tuesday, February 9, 1999. Make your reservation by mailing or faxing the last page of this issue or by calling (818) 951-5888.

— *Jean Swift, Chair*
GLAC Speakers Committee

Gae + Wendy

Don't Miss It!

ONE-DAY SEMINAR FOR GRASSROOTS ORGANIZATIONS

DATE: Monday, March 22, 1999
PLACE: Cal State University, Los Angeles
COST: $50 (includes lunch and parking)
Scholarships are available

If you work with a small non-profit organization or are a new development professional, be sure to attend this seminar to learn more about...

- Developing a stronger and more effective board
- Building a strong direct mail campaign
- Soliciting major gifts
- Writing winning grant proposals
- Establishing a strong public relations program

This is a rare opportunity to acquire, in one day, some of the essentials of fund raising. For reservations or more information, please contact Carole Tremblay or Diane Barragan at (213) 381-2931, extension 212.

Professional
Development Seminar
for February 1999

Focus On...

"Three Major Concerns of Development Directors"
RICHARD A. FRENCH, Ed.D., CFRE,
President, Fund Development Services

Tuesday, February 9, 1999,
10:15 to 11:45 a.mg
St. Anne's Conference Center

NSFRE/GLAC
Professional
Development Seminars
are sponsored by
AMS Response

SDRMA

SPECIAL DISTRICT RI
MANAGEMENT AUTHOR

1481 River Park Drive, Suite 110
Sacramento, CA 95815-4501

January 14, 1999

RE : EDUCATION DAY WORKSHOP

Dear Member Agency:

On behalf of the Board we would like to wish you a happy and safe 1999.

We have scheduled the first workshop of 1999 for February 25, 1999 in Bakersfield at the Bakersfield DoubleTree Hotel (detailed information has been included in the enclosed workshop brochure/registration form.)

This new location and format was selected in response to member requests for a more central location and easier access. At the Board's direction, the workshop was reduced to 1-day in order to minimize the impact on Members' valuable time and to present critical information in a more concise manner.

It is the intention of the Board and Staff of SDRMA to create an educational forum that provides members an opportunity to interact with fellow members and to share problem solving, risk and loss prevention techniques, and to meet with staff to discuss member issues.

The Continuing Education Program is one of the benefits offered to SDRMA members. Participation in this program provides members with information they can use to reduce their risk exposure and to earn Credit Incentive points to reduce their 1999-2000 premium. **This Workshop will be the last workshop to earn CIP credits toward the 1999-2000 premium.**

We look forward to seeing you in February.

Sincerely,

Dennis J. Timoney
Claims/Loss Prevention Manager

In California: TOLL FREE NUMBER: (800) 537-7790 Elsewhere: (916) 641-2773
FAX: (916) 641-2776

WHEN AND WHERE

Thursday
February 25,1999

DOUBLE TREE HOTEL, BAKERSFIELD

3100 CAMINO DEL RIO COURT

BAKERSFIELD, CA 93308

1-805-323-7111

Room charges are $99 + tax, single occupancy. For room reservations, call the hotel directly and identify yourself as attending the SDRMA Workshop/Education Day.

There is no charge for attendance of SDRMA member districts; **$100 per person from non-member districts.**

Lunch is provided.

Room charges and meals other than lunch are the responsibility of attendees.

WE MUST RECEIVE YOUR EDUCATION DAY REGISTRATION FORM BY:

FEBRUARY 19, 1999

Reservations not cancelled by February 19, 1999 and no-shows are subject to a lunch charge.

Education Day credits apply to Board members or management personnel only

UNDERSTANDING THE MEMORANDUM OF COVERAGE

Morning Session

Gerry Lillis, Broker representative from Gallagher Heffernan will conduct a detailed presentation on the coverage's provided to Members of SDRMA. Topics will include Property and Automobile, General Liability, Errors and Omissions and Employment Practices Liability. Questions are greatly appreciated !

This session is recommended for Board Members, Management and selected Staff to address coverage questions.

LOSS PREVENTION PRACTICES

Greg Campbell, a Loss Prevention Representative from Gallagher Heffernan will provide practical examples of **loss prevention** techniques that Members can use to reduce **risk exposure.**

Presenter: Greg Campbell, Gallagher Heffernan and Dennis Timoney, SDRMA

CLAIMS WORKSHOP

Afternoon Session

CLAIMS: THE GOOD, BAD AND UGLY

Mark Kelegian is the managing partner of Kelegian & Associates, a law firm, located in the Los Angeles area. Mark has represented **public entities** through all phases of the claims process up to and including trial. Topics will include Claims Statutes, Governmental Immunities, Legal Terminology, Litigation Management and case examples.

Presenters: Mark Kelegian and Dennis Timoney of SDRMA.

Loss Prevention and Claims Procedures Manuals will be available to those Members who have not previously received one or need additional copies for staff. Please bring your Manual to the Session.

REGISTRATION FORM

WORKSHOP/EDUCATION DAY – Thursday, February 25, 1999

District Placentia Library

Address

Phone 774 528-1925 x.202

ATTENDEE:	TITLE:	PRESENT FOR: Workshop	Ed Day	Lunch (Y/N)

REGISTRATION FORM MUST BE RECEIVED BY MAIL OR FAX NO LATER THAN **FRIDAY, FEBRUARY 19, 1999**

MAIL TO: 1481 River Park Drive, Suite 110, Sacramento, CA 95815-4501

OR: FAX FORM TO (916) 641-2776

Reservations not cancelled by FEBRUARY 19, 1999 will be subject to a meal charge.

WHEN AND WHERE

Thursday
February 25,1999

DOUBLE TREE HOTEL, BAKERSFIELD

3100 CAMINO DEL RIO COURT

BAKERSFIELD, CA 93308

1-805-323-7111

Room charges are $99 + tax, single occupancy. For room reservations, call the hotel directly and identify yourself as attending the SDRMA Workshop/Education Day.

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FEBRUARY 19, 1999

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Education Day credits apply to Board members or management personnel only

PLACENTIA LIBRARY DISTRICT BOARD OF TRUSTEES

TO: Library Board of Trustees

FROM: Suad Ammar, Principal Librarian

SUBJECT: **PLACENTIA LIBRARY WEB SITE**

DATE: February 17, 1999

WHY PLACENTIA LIBRARY NEEDS A WEB SITE

A Web site can be used to provide a number of different access points to library information:

The Library can provide patrons with improved access to the magazine index services through the Internet because the photographs, charts and other graphics included in the original articles are provided on the screen (they are not available with our present system). However, this is a subject that will have to be addressed on the Consortium level.

The Web can be used to access the online catalogs of other public libraries in Southern California (a service being provided by "linked systems grants" from the State Library of California.

Patrons can get answers to most of their "directional, non-Reference" questions from the web page rather than by phone – it functions like a self-service, electronic yellow pages. This will reduce the amount of time that Reference, Children's and Circulation staff spend answering routine questions on the phone.

Library staff is currently looking at two different types of web sites to fulfill two types of needs:

1. A web site made available to the general public on the internet will provide factual information about the Library and its programs. It will also "link" visitors to other library-related internet sites.

   This web site is important for various reasons, not the least of which is public relations, visibility and presence on the internet. People are getting used to looking for information about local businesses and public services on the internet.

2. A web site available only to patrons using the internet stations inside the Library.

   This is different from the publicly-available web site because it will provide access to internet sites that are restricted by licensing agreements between the Library and the provider -- these sites are not available to the general public.

The greatest initial impact for Placentia Library patrons will be the improved access to the magazine indexing service.

a. Unlike the current dumb terminals, patrons accessing the magazine index from the internet stations will be able to see the graphics, maps and tables etc. that accompany certain texts, before printing them.

b. Printing will improve since the internet stations are currently hooked to state-of-the-art laser printers including the color printer.

c. Patrons using the dumb terminals will continue to be able to use the print station.

d. There will be no need for an elaborate web page for this purpose since it's only function is to link the magazine index to the internet stations.

At this point the staff feels very strongly that the Library web sites need to be developed immediately.

BACKGROUND

Approximately a year ago a Foundation Board member offered to provide a joint Library and Foundation web site with up to ten pages of information. The proposal was that the Foundation site would be used primarily for fund raising, a concept that is implemented by many non-profit organizations. In spite of numerous attempts by staff to follow-up on the project, we have not been successful in getting it implemented.

Once the Library's public internet site is developed it could easily be "linked" to any site that the Foundation may have.

During the past year staff has researched web site implementations at other area libraries and is prepared to begin work on one for Placentia.

PROPOSED IMPLEMENTATION

The Library owns space for a web site through its subscription to Cosmoslink. There is also the possibility of becoming a part of the City's web site.

The content aspects of developing the Library's web sites will be addressed by staff. The staff's recommendation is that the Library's web sites be functional, attractive and user friendly. There is no need for animation or other cosmetic "bells and whistles".

Staff recommends that the technical development of the sites be contracted to a local web master (designer).

A project budget will be prepared as soon as the Board has approved the concept. The rough estimate is $2,000 to $5,000. There are also monthly maintenance fees of approximately $300.

RECOMMENDATION

That the Board of Directors authorize staff to develop the content specifications for internal and public web sites, and to request quotes from area web masters and hosts.

TO: Elizabeth Minter, Library Director

FROM: Suad Ammar, Principal Librarian

DATE: February 17, 1999

SUBJECT: **Program Committee Report for the Month of January**

	DEPARTMENT			**JANUARY 1999**		
			Number Of Programs		**Number of Attendees**	
Adult Services						
Passport Ribbon Cutting			1		50	
Total			1		50	
YTD Total			**1**		**50**	
Literacy Services						
Conversation Group			0		0	
Tutor Training			1		18	
Tutor-In-Service			0		0	
Total			1		18	
YTD Total			**26**		**149**	
Children's Services						
Way Out Wednesdays						
SRP Registration						
SRP School Visits						
Class Visits to the Library			5		81	
Story Times 3-6			7		91	
Group Visits to the Library			0		0	
Lapsits			4		89	
Total			16		261	
YTD Total			**83**		**4155**	

TO: Elizabeth Minter, Library Director

FROM: Suad Ammar, Principal Librarian

DATE: February 17, 1999

SUBJECT: **Program Committee Report for the Month of January 1999**

A total of 115 applications were processed during the month of January netting $1,606.20 for the book budget. The staff members are a bit more comfortable with the processing procedures.

The revenue from December's applications was used to purchase materials in the college education area. Future funds will target specific areas that are in immediate need of updating and/or developing.

To: Elizabeth Minter, Library Director

From: Cyrise Smith, Children's Librarian CMS

Date: February 17, 1999

Subject: January Activities in the Children's Department

Programming- The winter programming session began in January. There were 7 storytimes and 4 lapsits with a total attendance of 180.

TYPE OF PROGRAM	NUMER OF PROGRAMS	TOTAL ATTENDANCE
Lapsits 2 years and under	**4**	**50 children / 39 adults**
3 - 6 year old storytimes (a.m.)	**3**	**25 children / 18 adults**
3 - 6 year old storytimes (p.m.)	**4**	**38 children / 10 adults**
TOTALS	**11**	**113 children / 67 adults**

School Visits- School visits have continued. Five classes visited during January. A total of 81 children participated in these visits.

Teen Volunteers- Teen volunteers continue to work in the Children's Department. There are currently 5 completing their high school community service hours. Projects they are working on include: reshelving picture books and paperbacks and relabeling the folktale collection and the newly created Juvenile Oversized collection.

Reading Incentive Programs- The In-N-Out reading program "Feed Your Imagination" began in January. Children need to read five library books to earn a free meal at In-N-Out. By the end of January approximately 189 children had signed up for the program. Approximately 21 had completed their first bookmark and earned their free meal. In-N-Out allows each child to complete up to three bookmarks.

TO: Elizabeth Minter, Library Director

FROM: Cheryl Willauer, Library Assistant

DATE: February 17, 1999

SUBJECT: Publicity materials produced for January 1999

Information on the Placentia Library cable channel #53:

1. Placentia Library Trustees
2. Library Hours
3. Author's Luncheon Featuring T. Jefferson Parker – Tickets Now on Sale
4. Apply for your passport at Placentia Library.
5. Literacy asking for volunteers to take the tutor training program
6. January Quotes
7. Find bargains at the Friends of Placentia Library bookstore
6. Access the Internet at the Library for free
8. Storytime and lapsit schedule for children
9. President's Day Holiday Schedule
10. Afghan for sale at Circulation Desk

Newspaper articles published:

1. T. Jefferson Parker signing books March 6
2. Friends of Placentia Library Author's Brunch
3. Library offers passport service
4. Librarians are not cops
5. O.C. Library computers get update
6. Libraries work to address X-rated excursions online

T. Jefferson Parker signing books March 6

RETIREMENT DREAMS: "San Miguel (de Allende) constitutes a linkage with the past and traditional values. Its skyline, handsomely pierced by the domes and spires of its churches, offers a reassuring hierarchy; a symbol of traditional and permanent values so attractive to many tired of an ever-changing, noisy consumer oriented world." This sounds like *the* perfect retirement place. It is for me. But before I get lost in dreaming about retirement, let's take a look at the here and now news:

Spotted Jean Turner the other night at a Women's Health Initiative dinner where she told me that she, too, got a lot of sleeping done during the December holidays. And said she would love to be a member of the Olympic Sleep Team (see January 14 column). Just need a couple more team members, some alternates (anyone who can fall asleep quickly), sponsors and we're all set.

Sleep. Read. Many of us like to read a little bit before going to sleep. Well, here's a nifty idea. Pick up a book by Orange Countian T. Jefferson Parker and bring it to the March 6 Friends of the Library luncheon. The combination of author (yes, he will do book signings), Placentia celebrity waiters (they're soooo unstuffy) and new menu (!) at the Alta Vista Country

April Ottavian

Club will make this day a truly exciting and fun experience. Call 528-1906 for tickets. Proceeds support the library's book budget.

ALL THE NEWS THAT'S FIT TO PRINT: Tynes School has published one of its first student-produced newspapers. Editors include Brittany Zaldin, Fabito Botero, J.D. Elhridge, Holly Hamacher, Sammy Kondourajian and Christian Yu.

SQUARE DANCING: Ron and Thora Harris wanted me to remind everyone that new Huggin' Heart square dancing classes are starting up. Fellow square dancers Dave and Laur Innerbichler hosted dinner for eryone the other night. Ah, that's nice! Enjoying Innerbichler cuisine were Marian an Paul Moynihan, Rich Donaldson and Rachel Rodriguez, Ron and Thora Harris, Cliff and Violet Wil liamson, Jerry Steinberg and Eu Kagen, and Dave Simmons. Just found out that Amy Innerbichler Dave and Laura's daughter, was named "Arts Person of th Week" over at El Dorado.

A four year dance student, Amy said, "It's fun to perform and be able to move to music. It's kind of like acting, you ca act out of your emotions and there's so much variety." Lool like dancing runs in the family

Library offers passport service

By Marcela Rojas
Placentia News-Times

The Placentia Friends Library is no longer just a place to check out books.

Last week, the library unveiled its new passport service. Now, you can apply for a passport during library hours — including evenings and Sundays.

"This is an ideal location because it's very convenient for people," said Al Shkoler. "Where else can you get a passport on Sunday?"

According to Elizabeth Minter, the library's director, $15 of each $60 passport issued, will go toward the library's book budget.

"In 1993-1994, the book budget was cut in half." said Minter. "We have to come up with new ways to make up for that loss. This seems like a good way to add to our budget."

Last month alone, the library added $500 to that budget from passport service proceeds. Minter said she is hoping by June, the service will have generated between $15,000 and $25,000.

"We had our first line of people today," Minter said. "Nine people came in for their passports."

The library joins two other libraries in Southern California in providing this service.

According to Barbara Brophy, Los Angeles representative for the U.S. Passport Agency, the Palm Springs and Azusa libraries have shown tremendous success in their services.

"We think the Placentia library is an ideal location to open up another agency," Brophy said. "The Fullerton Post Office provides this service to the area and they needed additional help because of the large number of people looking to get passports."

She added that 360,000 people a year apply for passports in the greater Los Angeles area.

Suad Ammar, principal librarian, hopes that lines at the passport counter will attract more people to the book collection and other library services.

Ammar said the library cently ordered several travel books for people to check out.

"This program is so wonderful because every month, the money we make will be released to buy books," Ammar said. "Every little penny we get is so helpful."

MARCH 6

***Placentia Library, Friends of
Author's Luncheon
Featured speaker is Orange County's best-selling author T. Jefferson Parker. Books available for purchase and autographing. Proceeds benefit the library's book budget. Chair: Pat Irot. 11:30 a.m.-1:30 p.m. $25; 250 guests. Alta Vista Country Club, Placentia. Contact Elizabeth Minter, 714/528-1925 x203.

santa ana, calif. 92711
The Register
Daily JAN 12 1998

pacific clippings
post office box 11789
santa ana, calif. 92711

Los Angeles Times
OC Edition JAN 17 1999
Daily

Librarians Are Not Cops

Public librarians, long the object of bad jokes about their alleged prudishness, now find themselves reluctant cops in a new war over pornography.

Libraries across the country have enthusiastically embraced the Internet. The 500 terminals in the 68 branches of the Los Angeles Public Library, for example, allow patrons to move beyond book and periodical collections in ways unimaginable just a decade ago.

But in addition to valuable online research tools, the Internet offers easy access to a deluge of pornographic material, something libraries have not had to contend with before. So pervasive are these sites that typing in even such innocuous search terms as "girl" or "pony" or "Bambi" can link children to images their parents understandably find scandalously shocking.

Sometimes the search is intentional. Last summer, in the Northern California community of Livermore, a 12-year-old boy downloaded dozens of sexually explicit images from an Internet hookup at his local library, printed the pictures and showed them at school. His mother sued the library for allowing her son access to obscene material. Last week a state court denied her claim that the library violated the boy's constitutional right to a safe place.

Yet librarians, parents and lawmakers continue to face troubling questions about whether or how to limit access to pornographic material in public libraries, whose varied collections and open access attest to the value this nation places on free speech.

There are few good solutions. Congressional efforts to restrict the content of commercial Internet sites have failed early constitutional tests. Libraries are experimenting with sign-up sheets, positioning terminals in plain view of library staff and software that makes it more difficult for patrons to access obscene material. Each approach has limitations. As far as children are concerned, the best solution, though still imperfect, is for parents to monitor their Internet travels, at home and in the library. Parents have the right and responsibility to decide which television shows their children watch and what books they are ready to read. The Internet is no different.

O.C. library computers get update

TECHNOLOGY: Improvements will include Internet and touch-tone renewal systems and a new search engine.

By ANN PEPPER
The Orange County Register

The Orange County Public Library's 5-year-old computer system will get several improvements this March aimed at making life easier for the library's 800,000 patrons.

▶ Card holders with Internet access can renew library materials online. In March, patrons will need only a touch-tone phone to renew materials 24 hours a day, county librarian John Adams said Monday.

▶ Patrons accessing the library's Web site at www.ocpl.org will find a new search engine capable of taking them quickly to a minimum of 30,000 prescreened Web sites on a vast range of subjects. Before a site is included, it will be reviewed by one of a nationwide network of committees made up of public and private librarians to determine whether it delivers up-to-date, reliable information.

"More sites will be added continually," Adams said. "This is a beginning."

At the same time, the library's current online services, such as providing full-text periodical articles, will be improved for ease of use, Adams said.

The Orange County Board of Supervisors will vote on funding for the upgrades — approximately $3,000 — at its Jan. 26 meeting, he said.

Touch-tone phone renewal has been a hit at the Riverside County Public Library, where it has been available for about 18 months, said Les Johnson, the library's automation manager.

"I'd find that a great convenience, especially when you have research things checked out, which usually have shorter return dates," said Russ Siebertof Orange, a library patron.

pacific clippings
post office box 11789
santa ana, calif. 92711

Los Angeles Times
OC Edition
Daily
JAN 15 1999

Libraries Work to Address X-Rated Excursions Online

By GREG MILLER
TIMES STAFF WRITER

With their pictures of reclining nudes and anatomically correct statues, the art books at the Pasadena Central Library were about as racy as it used to get in such hallowed institutions.

Not anymore. Sitting with his back to those classic art volumes last week, one patron spent part of his afternoon staring at pornographic pictures on one of the library's 12 Internet terminals.

Such scenes are an uncomfortable reality for thousands of libraries these days as they rush to embrace the vast informational

Please see LIBRARIES, A22

LIBRARIES

Continued from A1

resources of the Internet, even while it occasionally turns their quiet cubicles into pornographic peep booths.

Predictably, the problem is getting a lot of high-profile attention. A state court ruled Thursday against a Northern California woman who sued a library in Livermore after her son downloaded porn there. Congress is weighing in too, with a bill expected this year that would require libraries to block porn from their computers to qualify for government funding.

But a sampling of Southern California's libraries reveals that the real trouble-shooting is taking place many layers below such governmental hand-wringing.

From the largest city facilities to the smallest suburban branches, librarians are experimenting with an array of strategies aimed at minimizing the electronic influx of smut. Approaches vary from the obvious—such as placing terminals in plain view of library staff—to the subtlety of using software to steer patrons toward directories of what they deem safe sites.

In Orange County, Internet policies vary by city. In Newport Beach, it's up to parents to monitor what children look at online, just as with books that youngsters check out, said John Callahan, assistant city librarian. That means that unaccompanied children can look at any site.

In Anaheim, computer terminals are set up so people using them have access only to pre-selected sites, said Estelle Williams, the public library's adult services manager.

Regardless of their varied strategies, most librarians seem to agree that online porn is an upsetting problem; that wholesale censorship of the Net is not an acceptable solution; and that local librarians are better equipped than lawmakers or anyone else to deal with the changes technology is bringing amid their book stacks.

"Librarians have been dealing with controversial materials from time immemorial," said Eleanore Schmidt, director of library services in Long Beach. "We are all very concerned about people's rights and access to information. But we also realize that we're in public buildings and offering service to children."

Straddling those interests, most libraries are reluctant to censor the Net and instead try to contain the problem by placing hurdles in front of would-be porn viewers and taking steps to ensure other patrons aren't exposed to the smut that does slip through.

About 73% of the libraries in the nation now provide Internet access, according to a recent survey sponsored by the American Library Assn. And most librarians said the Net has been an overwhelmingly positive addition to their resources. Most had received only a handful of complaints, and said their computers are mainly used for everyday tasks, such as online job searches, homework help and e-mail.

"I have never seen any pornography," said Joan Bartel, director of information technologies at the Los Angeles city library system. "I'm not saying it doesn't happen, just that I haven't seen it."

But even the savviest librarians might be surprised at how much porn is snaking its way up their high-speed data lines.

Porn is displayed on computers "almost every time I come in here," said Chris Castillo, an year-old Woodbury Univer freshman who was checking e-mail last week on one of the six terminals in Los Angeles Central Library's "Teen 'Scape" section. "Sometimes half the people in here are looking at sex sites."

Patrons at other libraries told similar stories, and sometimes even the computers themselves record the evidence. Browser software on Pasadena library machines, for instance, showed that many of the computers there had been directed to X-rated sites earlier that day.

Of course, there are software "filters" that can be set up to block objectionable pictures and words. San Bernardino County is using such a system on the 10 computers in its five branches. But most libraries have rejected this approach on legal and philosophical grounds.

Offering only filtered content was ruled unconstitutional in federal court in Virginia last year because doing so denies adults access to protected speech. (Only a few types of content, including child porn, aren't protected.)

But even if that ruling had gone the other way, many librarians said they still wouldn't use filters because they are tantamount to censorship.

This is where Internet porn poses a new quandary to librarians, who have traditionally championed unfettered access to information, but never exactly made it a priority to subscribe to, say, Hustler magazine. On the Internet, *http://www.hustler.com* is part of the package.

"Librarians used to be able to say we can't afford everything, and we can't store everything," said Michael Steinfeld, head of the Beverly Hills library. Because of the Net, he said, "we don't have that excuse anymore."

Caught between two competing impulses, most libraries are resigned to letting patrons view porn if they insist, but try to place obstacles in their way.

Simply requiring patrons to sign up for terminals is often enough of a hassle to discourage prurient teens.

Some libraries try to shame would-be porn viewers by placing terminals in direct view of the reference desk, while others think it wiser to let them have their privacy and shield passers-by from the X-rated excursions.

Los Angeles, for instance, has installed privacy screens on all 500 terminals in its 68 libraries. The screens function like ultra-thin window blinds, making it all but impossible to see images on a computer unless you are sitting directly in front of it.

Most libraries also use software to steer patrons to pre-approved Web sites. Computers are programmed to default to library home pages, which point users toward directories that librarians have selected. The wide-open Internet is often presented as a secondary option.

Librarians won't be affected by Thursday's ruling in Livermore. In that case, a woman tried to argue that her 12-year-old son's constitutional rights were violated because the Livermore library didn't prevent him from downloading porn.

But librarians are very concerned about legislative efforts, such as a bill expected to be reintroduced this year by Sen. John McCain (R-Ariz.). The measure would require libraries to adopt filters or forgo federal funding.

The outcome of these efforts will have a significant impact on people such as 12-year-old Dmitri Hertz. Assigned by his seventh-grade class to write a letter to a business, he picked the maker of Barq's Root Beer, his favorite drink.

"I tried to look up their address on the Internet at school, but the computers wouldn't let me," he said, explaining that filters blocked the word "beer." He found his answer last Friday afternoon on a machine at the Pasadena library, not far from those racy art books.

Times staff writer Jeff Gottlieb contributed to this report.

TO: Elizabeth Minter, Library Director

FROM: Katie Matas, Literacy Coordinator KM

DATE: February 17, 1999

SUBJECT: Placentia Library Literacy Services Report for the month of January

Program Statistics
Active tutors: 40
Active students: 43
Students waiting to be matched: 24
Percentage of tutors reporting (January hours): 83%
Tutoring hours reported: 146
Other volunteer hours reported: 96
Total volunteer hours: 242

Southern California Library Literacy Network (SCLLN). The January 21, 1999 meeting of SCLLN was held in Santa Fe Springs and was attended by Literacy Coordinator Matas. A short training on the OTAN communication software was presented.

Tutor Training. A 15-hour tutor training workshop began January 26, 1999. The workshop will conclude February 23, 1999 with the new tutors being matched with waiting students.

SAFETY COMMITTEE MEETING
JANUARY 27, 1999
MINUTES

I. Call to Order: 11:30 A.M.

II. Members Attending: Wendy Goodson
Esther Guzman
Katie Matas
Cyrise Smith

Members Absent: Cindy McClain

III. Old Business

1. The updated disaster plan was distributed to library staff.
2. A list of replacement emergency supplies needs to be compiled and the items purchased.

IV. New Business

1. A gas smell in the library lobby was reported. The library director was informed.

The next meeting will be February 24, 1999 at 11:30 A.M.

Respectfully submitted,

Katie Matas

Katie Matas

Agenda Item 42

TO: Library Board of Trustees

FROM: Julie Shook and Wendy Goodson, Staff

DATE: February 17, 1999

SUBJECT: **Report on Y2K Preparations for JANUARY, 1999**

The Placentia Library District is aware of the potential breakdown of computer-controlled operations in the year 2000. Julie Shook and Wendy Goodson attended the Year 2000 Symposium on January 21, 1999. Issues discussed were the implications and what steps are necessary to be prepared for such occurrence.

Currently Julie Shook is handling computer system compliance including Advanced Inter Systems, XCP, and various database suppliers of newspapers, indexes, and periodicals. She is examining office machines and public terminals which will need repair or replacement of software and/or hardware. Julie is in correspondence with the Anaheim Library dealing with the Dynix Circulation system and is confident that we will be compliant.

The Library Office has sent letters to all vendors of the Library to reassure us that their systems in correlation with ours will be Y2K compliant. The response has been steady and positive from several vendors to include PEBSCO and Paychex.

Our next steps include following up on a monthly basis with Systems Administrators of all systems and continue monitoring responses received from vendors.

Prepared by: Wendy Goodson