

CITY of LAGUNA WOODS CITY COUNCIL AGENDA

Regular Meeting
Wednesday, April 19, 2017
2:00 p.m.

Laguna Woods City Hall
24264 El Toro Road
Laguna Woods, California 92637

Shari L. Horne
Mayor

Carol Moore
Mayor Pro Tem

Cynthia Conners
Councilmember



Bert Hack
Councilmember

Noel Hatch
Councilmember

Welcome to a meeting of the Laguna Woods City Council!

This meeting may be recorded, televised, and made publically available.

Public Comments: Persons wishing to address the City Council are requested to complete and submit a speaker card to City staff. Speaker cards are available near the entrance to the meeting location. Persons wishing to address the City Council on an item appearing on this agenda will be called upon at the appropriate time during the item's consideration. Persons wishing to address the City Council on an item *not* appearing on the agenda will be called upon during the "Public Comments" item. Persons who do not wish to submit a Speaker Card, or who wish to remain anonymous, may indicate their desire to speak from the floor. Speakers are requested, but not required, to identify themselves.

Americans with Disabilities Act (ADA): It is the intention of the City to comply with the ADA. If you need assistance to participate in this meeting, please contact either the City Clerk's Office at (949) 639-0500/TTY (949) 639-0535 or the California Relay Service at (800) 735-2929/TTY (800) 735-2922. The City requests at least two business days' notice in order to effectively facilitate the provision of reasonable accommodations.

REGULAR MEETING SCHEDULE

The Laguna Woods City Council regularly meets on the third Wednesday of each month at 2 p.m.

AGENDA POSTING AND AVAILABILITY

Regular and Adjourned Regular Meetings: Pursuant to California Government Code Section 54954.2 of the Ralph M. Brown Act, the City of Laguna Woods posts agendas at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, California 92637; on the City’s website (www.cityoflagunawoods.org); and, at other locations designated by Resolution No. 02-33, at least 72 hours in advance of regular and adjourned regular meetings. Agendas and agenda materials are available at Laguna Woods City Hall during normal business hours and on the City’s website. Printed copies of agendas and agenda materials are provided at no charge in advance of meetings. After meetings have occurred, a per page fee is charged for printed copies.

Special and Emergency Meetings: Agenda posting and availability for special and emergency meetings is conducted pursuant to all applicable provisions of California Government Code (Ralph M. Brown Act).

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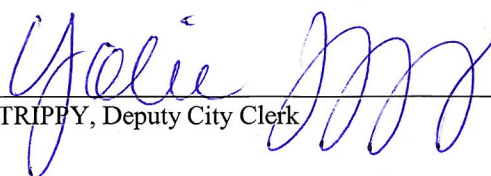
FOR ADDITIONAL INFORMATION

For additional information, please contact the City Clerk’s Office at (949) 639-0500/TTY (949) 639-0535, cityhall@cityoflagunawoods.org, or 24264 El Toro Road, Laguna Woods, California 92637.

AFFIDAVIT OF POSTING

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF LAGUNA WOODS)

I, Yolie Trippy, Deputy City Clerk, City of Laguna Woods, hereby certify under penalty of perjury that this agenda was posted at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, California 92637; on the City’s website (www.cityoflagunawoods.org); and, at other locations designated by Resolution No. 02-33, pursuant to California Government Code Section 54954.2 of the Ralph M. Brown Act.



YOLIE TRIPPY, Deputy City Clerk

4-13-17

Date

I. CALL TO ORDER

II. ROLL CALL

III. PLEDGE OF ALLEGIANCE

IV. PRESENTATIONS AND CEREMONIAL MATTERS

- 4.1 Moment of Silence – Holocaust Week of Remembrance – April 23-30, 2017

Recommendation: Observe a moment of silence.

- 4.2 National Donate Life Month – April 2017

Recommendation: Approve and present the proclamation.

- 4.3 Environmental Awareness Week – April 22-28, 2017

Recommendation: Approve and present the proclamation.

V. PUBLIC COMMENTS

About Public Comments: This is the time and place for members of the public to address the City Council on items *not* appearing on this agenda. Pursuant to State law, the City Council is unable to take action on such items, but may engage in brief discussion, provide direction to City staff, or schedule items for consideration at future meetings.

VI. CONSENT CALENDAR

About the Consent Calendar: All items listed on the Consent Calendar are considered routine and will be enacted by one vote. There will be no separate discussion of these items unless a member of the City Council, City staff, or the public requests that specific items be removed from the Consent Calendar for separate discussion and consideration of action.

- 6.1 City Council Minutes

Recommendation: Approve the City Council meeting minutes for the regular meeting on February 15, 2017.

6.2 City Treasurer's Report

Recommendation: Receive and file the City Treasurer's Report for the months of February and March 2017.

6.3 Warrant Register

Recommendation: Approve the warrant register dated April 19, 2017 in the amount of \$1,157,869.68.

6.4 Network Server and Printers Replacement and Upgrade

Recommendation: Authorize the City Manager to transfer and expend up to \$22,000 from the Fiscal Year 2016-17 General Fund City Council Contingency budget to offset costs associated with the replacement and upgrade of the network server and printers.

6.5 Investment of Financial Assets Policy

Recommendation: Approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, REVIEWING AND ADOPTING A STATEMENT OF THE INVESTMENT POLICY AND ADOPTING AN INVESTMENT POLICY

6.6 Orange County Investment Pool

Recommendation: Approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AUTHORIZING THE DEPOSIT AND INVESTMENT OF EXCESS FUNDS WITH THE TREASURER-TAX COLLECTOR OF THE COUNTY OF ORANGE, CALIFORNIA

6.7 City Attorney Services

Recommendation: Approve a legal representation letter extending the agreement with Rutan & Tucker, LLP for legal services as City Attorney and authorize the Mayor to execute an acceptance of and agreement to the terms of the legal representation letter.

6.8 As Needed Planning Services

Recommendation: Approve an extension of the agreement with Michael Baker International, Inc. for as needed planning services and authorize the City Manager to execute the extension, subject to approval as to form by the City Attorney.

6.9 Water Quality Services

Recommendation: Approve an extension of the agreement with Charles Abbott Associates, Inc. for water quality services and authorize the City Manager to execute the extension, subject to approval as to form by the City Attorney.

6.10 Building Inspection, Permit Counter, and Building Official Services

Recommendation: Approve an extension of the agreement with CivilSource, Inc. for building inspection, permit counter, and building official services and authorize the City Manager to execute the extension, subject to approval as to form by the City Attorney.

6.11 City Engineering and Traffic Operations Services

Recommendation: Approve an extension of the agreement with CivilSource, Inc. for City engineering and traffic operations services and authorize the City Manager to execute the extension, subject to approval as to form by the City Attorney.

6.12 Building Official Services

Recommendation: Approve an extension of the agreement with Lilley Planning Group for building official services and authorize

the City Manager to execute the extension, subject to approval as to form by the City Attorney.

6.13 Certified Access Specialist (CASp) and Building Plan Review Services

Recommendation: Approve an extension of the agreement with CSG Consultants, Inc. for Certified Access Specialist (CASp) and building plan review services and authorize the City Manager to execute the extension, subject to approval as to form by the City Attorney.

6.14 Laguna Woods Civic Support Fund

Recommendation:

1. Approve a memorandum of understanding with the Laguna Woods Civic Support Fund related to fundraising and distribution of funds, and insurance, and authorize the Mayor to execute the memorandum of understanding, subject to approval as to form by the City Attorney.

AND

2. Appoint the following individuals to the Board of Directors for the Laguna Woods Civic Support Fund: Fran Williams as a resident member and Steve Carpenter as a business member.

6.15 Moulton Parkway Water Efficient Median Improvement Project

Recommendation: Reject the single bid received for the “Moulton Parkway Water Efficient Median Improvement Project”.

6.16 Pavement Management Plan Project 1) Eastbound El Toro Road (Avenida Sevilla to Paseo de Valenica) 2) Pedestrian Accessibility

Recommendation:

1. Approve the “Pavement Management Plan Project 1) Eastbound El Toro Road (Avenida Sevilla to Paseo de Valenica) 2) Pedestrian Accessibility” design plans and specifications as recommended by the City Engineer.

AND

2. Award a contract agreement to El Camino Asphalt Paving Corp. for the construction of the “Pavement Management Plan Project 1) Eastbound El Toro Road (Avenida Sevilla to Paseo de Valenica) 2) Pedestrian Accessibility”, in the amount of \$55,000, plus authorized change orders not to exceed 10% of the base amount; and authorize the City Manager to execute a contract agreement and approve change orders, subject to approval of the contract agreement as to form by the City Attorney.

VII. PUBLIC HEARINGS

Note: The public hearing regarding “Conditional Use Permit CUP-1135 to allow for exceedances of maximum fence and wall height provisions of the Laguna Woods Municipal Code, along all perimeter fences and walls of Laguna Woods Village” has been cancelled.

- 7.1 Sign Program SP-1164 to allow for various signage at 24256-24290 El Toro Road and 24310-24380 Moulton Parkway, Laguna Woods, CA 92637

Recommendation:

1. Receive staff report.

AND

2. Open public hearing.

AND

3. Receive public testimony.

AND

4. Close public hearing.

AND

5. Approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, APPROVING SIGN PROGRAM SP-1164 TO ALLOW FOR VARIOUS SIGNAGE AT 24256-24290 EL TORO ROAD AND 24310-24380 MOULTON PARKWAY, LAGUNA WOODS, CA 92637

- 7.2 State Video Franchise and Public, Educational, and Governmental (“PEG”) Fees

Recommendation:

1. Receive staff report.

AND

2. Open public hearing.

AND

3. Receive public testimony.

AND

4. Close public hearing.

AND

5. Adopt an ordinance – read by title with further reading waived – entitled:

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, RETROACTIVELY READOPTING SECTION 6.42.020 OF

CHAPTER 6.42 OF TITLE 6 OF THE LAGUNA WOODS MUNICIPAL CODE ENTITLED “STATE VIDEO FRANCHISE AND PEG FEES” RELATING TO STATE FRANCHISES FOR CABLE COMMUNICATIONS; AND REAUTHORIZING A FEE TO SUPPORT PUBLIC, EDUCATIONAL, AND GOVERNMENTAL (“PEG”) CHANNEL FACILITIES WITHIN THE CITY’S JURISDICTION

AND

6. Approve the introduction and first reading of an ordinance – read by title with further reading waived – entitled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, RETROACTIVELY READOPTING SECTION 6.42.020 OF CHAPTER 6.42 OF TITLE 6 OF THE LAGUNA WOODS MUNICIPAL CODE ENTITLED “STATE VIDEO FRANCHISE AND PEG FEES” RELATING TO STATE FRANCHISES FOR CABLE COMMUNICATIONS; AND REAUTHORIZING A FEE TO SUPPORT PUBLIC, EDUCATIONAL, AND GOVERNMENTAL (“PEG”) CHANNEL FACILITIES WITHIN THE CITY’S JURISDICTION

7.3 Building, Planning, and Encroachment Permit Fees

Recommendation:

1. Receive staff report.

AND

2. Open public hearing.

AND

3. Receive public testimony.

AND

4. Close public hearing.

AND

5. Approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, ADOPTING NEW AND INCREASED OR MODIFIED BUILDING AND PLANNING SERVICES FEES, AND ENCROACHMENT PERMIT FEES

7.4 Medical and Non-Medical Marijuana Dispensary Regulations

Recommendation:

1. Receive staff report.

AND

2. Open public hearing.

AND

3. Receive public testimony.

AND

4. Close public hearing.

AND

5. Approve the introduction and first reading of an ordinance – read by title with further reading waived – entitled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING

SECTIONS 13.08.010, 13.10.020, 13.12.020, 13.13.020, AND 13.26.025 AND ADDING A NEW SECTION 13.26.027 OF THE LAGUNA WOODS MUNICIPAL CODE RELATED TO MEDICAL AND NON-MEDICAL MARIJUANA DISPENSARIES AND DELIVERY SERVICES

OR

6. Provide direction to staff regarding the preparation of regulations permitting the establishment, location, and operation of medical and/or non-medical marijuana dispensaries, and/or the need for further study and analysis.

VIII. CITY COUNCIL BUSINESS

8.1 Wireless Facilities Regulations

Recommendation: Approve second reading and adopt an ordinance – read by title with further reading waived – entitled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING SECTIONS 13.06.010, 13.08.010, 13.10.020, 13.12.020, 13.13.020, 13.24.020, AND 13.26.210 OF THE LAGUNA WOODS MUNICIPAL CODE RELATED TO THE INSTALLATION AND MODIFICATION OF WIRELESS FACILITIES

IX. CITY COUNCIL REPORTS AND COMMENTS

About City Council Comments and Reports: This is the time and place for members of the City Council to provide reports on meetings attended including, but not limited to, meetings of regional boards and entities to which they have been appointed to represent the City and meetings attended at the expense of the City pursuant to California Government Code Section 53232.3. Members of the City Council may also make other comments and announcements.

- 9.1 Coastal Greenbelt Authority
Councilmember Connors; Alternate: Mayor Horne
- 9.2 Orange County Fire Authority
Councilmember Hatch

- 9.3 Orange County Library Advisory Board
Mayor Pro Tem Moore; Alternate: Mayor Horne
- 9.4 Orange County Mosquito and Vector Control District
Mayor Horne
- 9.5 San Joaquin Hills Transportation Corridor Agency
Councilmember Hack; Alternate: Councilmember Conners
- 9.6 South Orange County Watershed Management Area
Mayor Pro Tem Moore; Alternate: Councilmember Hatch
- 9.7 Other Comments and Reports

X. CLOSED SESSION

XI. CLOSED SESSION REPORT

XII. ADJOURNMENT

Next Adjourned Regular Meeting: Wednesday, April 26, 2017 at 2 p.m.
Laguna Woods City Hall
24264 El Toro Road, Laguna Woods, California 92637

Next Regular Meeting: Wednesday, May 17, 2017 at 2 p.m.
Laguna Woods City Hall
24264 El Toro Road, Laguna Woods, California 92637

4.1

**MOMENT OF SILENCE –
HOLOCAUST WEEK OF REMEMBRANCE –
APRIL 23-30, 2017
(NO REPORT)**

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4.2
PROCLAMATION –
NATIONAL DONATE LIFE MONTH –
APRIL 2017

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**Proclamation
City of Laguna Woods
National Donate Life Month
April 2017**

WHEREAS, organ, tissue, marrow, and blood donations are life-giving acts recognized worldwide as expressions of compassion to those in need; and

WHEREAS, more than 120,000 people, nationwide, and more than 21,000 in California are currently on the national organ transplant waiting list, and nearly 1,100 Californians lost their lives waiting in 2016; and

WHEREAS, more than 600,000 units of blood per year are required to meet the need in California and, at any given time, 6,000 people are in need of marrow donations; and

WHEREAS, a person's donation of a heart, lungs, liver, kidney, pancreas, eyes, and small intestine can save up to eight lives; and the donation of tissue can save and enhance the lives of up to 50 others; and a single blood donation can help up to three others; and

WHEREAS, millions of lives are saved, healed, and enhanced each year by a diverse group of organ, tissue, marrow, and blood donors, including older adults.

NOW, THEREFORE, BE IT RESOLVED that the Laguna Woods City Council does hereby proclaim April 2017 as "National Donate Life Month" in the City of Laguna Woods and encourages its residents to consider donating blood and marrow, and signing up as donors with the state-authorized Donate Life California Registry.

Dated this 19th day of April, 2017

Shari L. Horne
Mayor

Attest: Yolie Trippy
Deputy City Clerk

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**4.3
PROCLAMATION –
ENVIRONMENTAL AWARENESS WEEK –
APRIL 22-28, 2017**

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Proclamation
City of Laguna Woods
Environmental Awareness Week
April 22-28, 2017

WHEREAS, the global community now faces extraordinary challenges, such as health issues, food and water shortages, and economic struggles; and

WHEREAS, all people, regardless of race, gender, age, income, or geography, have a right to a healthy, sustainable environment; and

WHEREAS, two important and nationally recognized environmental days of observance occur in the month of April – Earth Day, which will be observed on April 22, 2017, and Arbor Day, which will be observed on April 28, 2017; and

WHEREAS, individuals, businesses, and local governments can help to improve the environment, reverse environmental degradation, and contribute to a healthy society by conserving scarce resources and undertaking sustainability-minded projects; and

WHEREAS, in furtherance of its commitment to environmental stewardship, the City of Laguna Woods is pleased to offer numerous green building and recycling services.

NOW, THEREFORE, BE IT RESOLVED that the Laguna Woods City Council does hereby proclaim April 22-28, 2017 as “Environmental Awareness Week” in the City of Laguna Woods and encourages its residents and businesses to support efforts to improve, preserve, and protect the environment, and to encourage others to do the same.

Dated this 19th day of April, 2017

Shari L. Horne
Mayor

Attest: Yolie Trippy
Deputy City Clerk

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6.1-6.16
CONSENT CALENDAR SUMMARY

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City of Laguna Woods Agenda Report

TO: Honorable Mayor and City Councilmembers
FROM: Christopher Macon, City Manager
FOR: April 19, 2017 Regular Meeting
SUBJECT: Consent Calendar Summary

Recommendation

Approve all proposed actions on the April 19, 2017 Consent Calendar by single motion and City Council action.

Background

All items listed on the Consent Calendar are considered routine and will be enacted by one vote. There will be no separate discussion of these items unless a member of the City Council, staff, or the public requests that specific items be removed from the Consent Calendar for separate discussion and consideration of action.

Summary

The April 19, 2017 Consent Calendar contains the following items:

- 6.1 Approval of the City Council meeting minutes for the regular meeting on February 15, 2017.
- 6.2 Approval of a motion to receive and file the City Treasurer's Report for the months of February and March 2017.
- 6.3 Approval of the warrant register dated April 19, 2017 in the amount of \$1,157,869.68. A list of warrants is included in the agenda packet; detailed information about individual warrants is available at City Hall.

- 6.4 Authorization for the City Manager to transfer and expend up to \$22,000 from the Fiscal Year 2016-17 General Fund City Council Contingency budget to offset costs associated with the replacement and upgrade of the network server and printers. The network server improvements are necessary in order to facilitate the implementation of new financial software and to ensure security. The printer improvements are necessary due to equipment being at the end of its useful life and increasing reliability problems. The City Council Contingency currently has a balance of \$28,300.
- 6.5 Approval of a resolution reviewing and adopting a statement of the investment policy and adopting an investment policy. An agenda report is included.
- 6.6 Approval of a resolution authorizing the deposit and investment of excess funds with the Treasurer-Tax Collector of the County of Orange, California. An agenda report is included.
- 6.7 Approval of a legal representation letter extending the agreement with Rutan & Tucker, LLP for legal services as City Attorney and authorization for the Mayor to execute an acceptance of and agreement to the terms of the legal representation letter. The agreement is for a two-year period through June 30, 2019 and contains no change to existing rates, but does require the parties to meet and confer in 2018 regarding potential adjustments to rates to be in effect from July 1, 2018 through June 30, 2019. In the absence of agreed upon adjustments, rates would remain unchanged. The agreement calls for David B. Cosgrove to continue to serve as City Attorney and Alisha Patterson to continue to serve as Assistant City Attorney.
- 6.8 Approval of an extension of the agreement with Michael Baker International, Inc. for as needed planning services and authorization for the City Manager to execute the extension, subject to approval as to form by the City Attorney. The proposed extension is for a one-year period through June 30, 2018, as allowed for in the existing agreement.
- 6.9 Approval of an extension of the agreement with Charles Abbott Associates, Inc. for water quality services and authorization for the City Manager to execute the extension, subject to approval as to form by the City Attorney. The proposed extension is for a one-year period through June 30, 2018, as allowed for in the existing agreement.

- 6.10 Approval of an extension of the agreement with CivilSource, Inc. for building inspection, permit counter, and building official services and authorization for the City Manager to execute the extension, subject to approval as to form by the City Attorney. The proposed extension is for a one-year period through June 30, 2018, as allowed for in the existing agreement.
- 6.11 Approval of an extension of the agreement with CivilSource, Inc. for City engineering and traffic operations services and authorization for the City Manager to execute the extension, subject to approval as to form by the City Attorney. The proposed extension is for a one-year period through June 30, 2018, as allowed for in the existing agreement.
- 6.12 Approval of an extension of the agreement with Lilley Planning Group for building official services and authorization for the City Manager to execute the extension, subject to approval as to form by the City Attorney. The proposed extension is for a one-year period through June 30, 2018, as allowed for in the existing agreement.
- 6.13 Approval of an extension of the agreement with CSG Consultants, Inc. for Certified Access Specialist (CASp) and building plan review services and authorization for the City Manager to execute the extension, subject to approval as to form by the City Attorney. The proposed extension is for a one-year period through June 30, 2018, as allowed for in the existing agreement.
- 6.14 [1] Approval of a memorandum of understanding with the Laguna Woods Civic Support Fund related to fundraising and distribution of funds, and insurance, and authorization for the Mayor to execute the memorandum of understanding, subject to approval as to form by the City Attorney. The memorandum of understanding would authorize the Laguna Woods Civic Support Fund to fundraise and distribute funds for certain library, business, and capital improvement project purposes. It would also extend the City's liability protection to the Laguna Woods Civic Support Fund. This action is recommended by the Laguna Woods Civic Support Fund Board of Directors.
- [2] Appointment of the following individuals to the Board of Directors for the Laguna Woods Civic Support Fund: Fran Williams as a resident member and Steve Carpenter as a business member. Both proposed members have

experience working with non-profit and service organizations, as well as relevant professional experience. Mr. Carpenter works as a Certified Aging-in-Place Specialist for local business Adapt2It. This action is recommended by the Laguna Woods Civic Support Fund Board of Directors.

- 6.15 Rejection of the single bid received for the “Moulton Parkway Water Efficient Median Improvement Project”. Bids were invited for the project from February 16 through March 16, 2017. One bids was received from Kasa Construction; however, due to cost, staff is recommending that the bid be rejected. If rejected, staff would review the plans and specifications for the Project and issue a new solicitation for bids.
- 6.16 [1] Approval of the “Pavement Management Plan Project 1) Eastbound El Toro Road (Avenida Sevilla to Paseo de Valenica) 2) Pedestrian Accessibility” design plans and specifications as recommended by the City Engineer (available at City Hall); and, [2] Award of a contract agreement to El Camino Asphalt Paving Corp. for the construction of the “Pavement Management Plan Project 1) Eastbound El Toro Road (Avenida Sevilla to Paseo de Valenica) 2) Pedestrian Accessibility”, in the amount of \$55,000, plus authorized change orders not to exceed 10% of the base amount; and authorization for the City Manager to execute a contract agreement and approve change orders, subject to approval of the contract agreement as to form by the City Attorney. This project is included in the City’s Capital Improvement Program. Bids were invited from February 23 to March 23, 2017. Two bids were received (All American Asphalt and El Camino Asphalt Paving Corp.) with El Camino Asphalt Paving Corp. bidding the lowest cost.

6.1
CITY COUNCIL MINUTES

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**CITY OF LAGUNA WOODS CALIFORNIA
CITY COUNCIL MINUTES
REGULAR MEETING
February 15, 2017
2:00 P.M.
Laguna Woods City Hall
24264 El Toro Road
Laguna Woods, California 92637**

I. CALL TO ORDER

Mayor Horne called the Regular Meeting of the City Council of the City of Laguna Woods to order at 2:00 p.m.

II. ROLL CALL

COUNCILMEMBER: PRESENT: Conners, Hatch, Moore, Horne
 ABSENT: Hack

STAFF PRESENT: City Manager Macon, City Attorney Cosgrove, Administrative Services Director/City Treasurer Cady, Deputy City Clerk Trippy, Development Programs Analyst Pennington

III. PLEDGE OF ALLEGIANCE

Dr. Fran Williams, resident, led the flag salute.

IV. PRESENTATIONS AND CEREMONIAL MATTERS

4.1 Black History Month – February 2017

Dr. Fran Williams, Laguna Woods African American Heritage Club, made comments.

Councilmembers made comments.

Moved by Councilmember Conners, seconded by Mayor Pro Tem Moore, and carried on a 4-0 vote, with Councilmember Hack absent, to approve and present the proclamation.

V. PUBLIC COMMENT

Matt Eseltine, Orange County Mosquito and Vector Control District, discussed the potential hazard of standing water in potted plant dishes.

Councilmembers briefly responded to Mr. Eseltine's comments.

Barbara Daly, on behalf of the South Orange County Economic Coalition, provided an overview of the upcoming 3rd Annual South Orange County Economic Report.

Karalee Darnell, Southern California Edison, introduced herself as the new Government Affairs Representative for the City of Laguna Woods.

VI. CONSENT CALENDAR

Moved by Mayor Pro Tem Moore, seconded by Councilmember Hatch, and carried on a 4-0 vote, with Councilmember Hack absent, to approve Consent Calendar items 6.1 – 6.9.

6.1 City Council Minutes

Approved the City Council meeting minutes for the regular meeting on January 18, 2017.

6.2 City Treasurer's Report

Received and filed the City Treasurer's Report for the month of January 2017.

6.3 Warrant Register

Approved the warrant register dated February 15, 2017 in the amount of \$542,019.60.

6.4 Employee Compensation and Benefits

Approved a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA
WOODS, CALIFORNIA, ESTABLISHING A COMPENSATION
SCHEDULE AND BENEFITS FOR CITY EMPLOYEES

6.5 Law Enforcement Service Costs

Authorized the City Manager to expend up to \$20,700 from the Fiscal Year 2016-17 General Fund City Council Contingency to support the analysis of potential strategies and actions to address increasing law enforcement service costs.

6.6 Street Sweeping Services

Approved an agreement with Sunset Property Services for street sweeping services and authorized the City Manager to execute the agreement, subject to approval as to form by the City Attorney.

6.7 Tree Pruning and Removal Services

Approved an agreement with West Coast Arborists, Inc. for tree pruning and removal

services and authorized the City Manager to execute the agreement, subject to approval as to form by the City Attorney.

6.8 General Plan Annual Report

Received and filed the General Plan Annual Report for the 2016 calendar year.

6.9 Laguna Woods Civic Support Fund

Ratified the bylaws for the Laguna Woods Civic Support Fund, as adopted and recommended by the Laguna Woods Civic Support Fund Board of Directors.

VII. PUBLIC HEARINGS

7.1 Conditional Use Permit CUP-1162 to allow for the establishment of an indoor archery range at 24232 Calle Aragon, Laguna Woods, CA 92637

City Manager Macon made a presentation and proposed the following modifications to the conditions of approval that were included with the agenda report:

- Deletion of Condition of Approval number 17, related to graffiti; and
- Addition of “City staff or their authorized representatives shall provide advance notice to the property owner prior to conducting any inspection.” to Condition of Approval number 18.

Mayor Horne opened the public hearing.

Kathryn Freshley, resident, expressed her support for the proposed conditional use permit with the modifications proposed by the City Manager.

With no other requests to speak, the public hearing was closed.

Councilmembers discussed the item and staff answered related questions.

Moved by Mayor Pro Tem Moore, seconded by Councilmember Connors, and carried on a 4-0 vote, with Councilmember Hack absent, to approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, APPROVING A CONDITIONAL USE PERMIT CUP-1162 TO ALLOW FOR THE ESTABLISHMENT OF AN INDOOR ARCHERY RANGE AT 24232 CALLE ARAGON, LAGUNA WOODS, CA 92637

with the deletion of Condition of Approval number 17, related to graffiti, and

the addition of “City staff or their authorized representatives shall provide advance

notice to the property owner prior to conducting any inspection.” to Condition of Approval number 18.

7.2 Building, Planning, and Encroachment Permit Fees

City Manager Macon and Terry Madsen, ClearSource Financial, made a presentation.

Mayor Horne opened the public hearing.

With no requests to speak, the public hearing was closed.

Councilmembers discussed the item and staff answered related questions.

Moved by Mayor Pro Tem Moore, seconded by Councilmember Conners, and carried on a 4-0 vote, with Councilmember Hack absent, to approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, ADOPTING NEW AND INCREASED OR MODIFIED BUILDING AND PLANNING SERVICES FEES, AND ENCROACHMENT PERMIT FEES

7.3 Wireless Facilities Regulations

City Manager Macon made a presentation.

Councilmembers discussed the item and staff answered related questions.

Mayor Horne opened the public hearing.

With no requests to speak, the public hearing was closed.

Councilmembers discussed the item and staff answered related questions.

Moved by Councilmember Hatch, seconded by Mayor Pro Tem Moore, and carried on a 4-0 vote, with Councilmember Hack absent, to approve the introduction and first reading of an ordinance – read by title with further reading waived – entitled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING SECTIONS 13.06.101, 13.08.010, 13.10.020, 13.12.020, 13.13.020, 13.24.020, AND 13.26.210 OF THE LAGUNA WOODS MUNICIPAL CODE RELATED TO THE INSTALLATION AND MODIFICATION OF WIRELESS FACILITIES

VIII. CITY COUNCIL BUSINESS

8.1 Appointment of Southern California Association of Governments’ 2017 General

Assembly Delegate and Alternate Delegate

Mayor Horne introduced the item.

Councilmember discussed the item.

Moved by Mayor Pro Tem Moore, seconded by Councilmember Hatch, and carried on a 4-0 vote, with Councilmember Hack absent, to appoint Mayor Horne as the delegate and Mayor Pro Tem Moore as the alternate at the Southern California Association of Governments' 2017 General Assembly.

8.2 Support for Golf Cart Crossing-related State Legislation
(agendized by Mayor Horne)

Mayor Horne summarized the agenda report.

Councilmembers discussed the item and staff answered related questions.

Kathryn Freshley, resident, discussed challenges related to the proposed legislation.

Moved by Councilmember Conners, seconded by Mayor Pro Tem Moore, and carried on a 3-0 vote, with Councilmember Hack absent and Councilmember Hatch abstaining because he would like to see the proposed legislation before the City takes a position, to authorize the Mayor to cause to be prepared, prepare, and submit correspondence stating the City's support for state legislation that would provide cities with additional flexibility to allow combined regular vehicular and golf cart traffic to cross public roadways that are designed and constructed in a manner that would safely permit such combined traffic.

IX. CITY COUNCIL REPORTS AND COMMENTS

9.1 Coastal Greenbelt Authority

Councilmember Conners provided a report.

9.2 Orange County Fire Authority

Councilmember Hatch provided a report.

Division Chief Jeff Adams, Orange County Fire Authority, provided an update on the Oroville Dam situation and discussed the impact that recent rains have had.

Councilmembers and staff briefly responded to Division Chief Adams' comments.

9.3 Orange County Library Advisory Board

Mayor Pro Tem Moore stated that there had been no meeting since the last meeting.

9.4 Orange County Mosquito and Vector Control District

Mayor Horne stated that Mr. Eseltine provided the report earlier in the meeting.

9.5 San Joaquin Hills Transportation Corridor Agency

No report was given due to Councilmember Hack's absence.

9.6 South Orange County Watershed Management Area

Mayor Pro Tem Moore stated that there had been no meeting since the last meeting.

9.7 Other Comments and Reports

Mayor Pro Tem Moore discussed a recent autonomous vehicle presentation at the Southern California Association of Governments.

Kathryn Freshley, resident, stated that the Golden Rain Foundation and the community are currently looking at alternatives to their diesel-powered buses.

Mayor Horne discussed her recent visit to the new Heroes Hall Veterans Museum at the OC Fair & Event Center.

The City Council shared memories of Milt Robbins, former Laguna Woods Councilmember, who passed away on February 9, 2017 at the age of 96. Mayor Horne stated that the meeting will be adjourned in Mr. Robbins' memory.

X. CLOSED SESSION – None

XI. CLOSED SESSION REPORT – None

XII. ADJOURNMENT

The meeting was adjourned in memory of former Laguna Woods Councilmember Milt Robbins at 4:24 p.m. The next regular meeting will be at 2:00 p.m. on Wednesday, April 19, 2017, at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, CA 92637.

YOLIE TRIPPY, Deputy City Clerk

Adopted: April 19, 2017

SHARI L. HORNE, Mayor

6.2
CITY TREASURER'S REPORT

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City of Laguna Woods
City Treasurer's Report
For the Two Month Period of February and March 2017

ITEM 6.2

CASH AND INVESTMENTS

	Beginning Balances As of 1/31/17	Earnings & Receipts	Disbursements	Other Adjustments	Ending Balances As of 3/31/17	% of Total Cash & Investment Balances	Maximum % Allowed per Investment Policy
Cash and Cash Equivalents							
Analyzed Checking Account (Note 3)	\$ 858,197	\$ 3,912,508	\$ (4,001,560)	\$ (246,000)	\$ 523,145		
Petty Cash (Note 4)	580	-	(59)	1,000	1,521		
Total Cash and Cash Equivalents	\$ 858,776	\$ 3,912,508	\$ (4,001,619)	\$ (245,000)	\$ 524,665	4.96%	100.00%
Investments - Interest and Income Bearing							
Local Agency Investment Fund (LAIF) (Notes 1 and 2)	\$ 8,829,065	\$ -	\$ (245,000)	\$ -	\$ 8,584,065	81.13%	90.00%
Certificates of Deposit	1,227,837	(981)	-	245,000	1,471,855	13.91%	20.00%
Total Investments	\$ 10,056,901	\$ (981)	\$ (245,000)	\$ 245,000	\$ 10,055,920		
<hr/>							
TOTAL CASH, CASH EQUIVALENTS, AND INVESTMENTS	\$ 10,915,678	\$ 3,911,527	\$ (4,246,619)	\$ -	\$ 10,580,585		

Summary of Total Cash, Cash Equivalents, and Investments:

	General Fund	Special Revenue Funds	Totals
Analyzed Checking	\$ (413,018)	\$ 936,163	\$ 523,145
Petty Cash	\$ 1,521	\$ -	\$ 1,521
LAIF	\$ 8,034,551	\$ 549,513	\$ 8,584,065
Certificates of Deposit	\$ 1,471,855	\$ -	\$ 1,471,855
Totals	\$ 9,094,909	\$ 1,485,676	\$ 10,580,585

Notes:

Note 1 - LAIF / During this period there were transfers totaling \$245,000 from the LAIF account to the City's checking account to accommodate the purchase of the Lake City Bank certificate of deposit.

Note 2 - LAIF / LAIF reports interest earnings quarterly. Interest earnings for the quarter ended March 31, 2017 are not yet available and will be paid in April 2017.

Note 3 - Analyzed Checking Account / Monthly activity reported does not reflect March vendor invoicing processed after the date of this report.

Note 4 - Petty cash was increased by \$1,000 in March 2017 to allow for cash refunds related to the senior mobility program previously refunded by check.



City of Laguna Woods
City Treasurer's Report
For the Two Month Period of February and March 2017

ITEM 6.2

INVESTMENT PORTFOLIO DETAIL

CUSIP	Investment #	Issuer	Term	Purchase Date	Settlement Date	Par Value	Market Value	Book Value	Stated Rate (Note 1)	Coupon Type	1st Coupon Date	Rating or Rank (Note 2)	Yield to Maturity 365 Days	Maturity Date
Certificate of Deposits (CDs, Federal Deposit Insurance Corporation [FDIC] Insured)														
02006LM59	2016-1	ALLY BK MIDVALE UTAH	24 months	09/12/16	09/15/16	245,000	243,604	245,000	1.150	Semi-Annual	03/15/17	300	1.150	09/17/18
2366+LAM8	2016-2	CITY BANK	12 months	09/12/16	09/20/16	245,000	244,900	245,000	0.800	Annual	09/20/17	247	0.800	09/20/17
949763BJ4	2016-3	WELLS FARGO BANK	18 months	09/13/16	09/28/16	245,000	244,265	245,000	1.000	Monthly	10/28/16	295	1.000	03/28/18
140420F47	2016-4	CAPITAL ONE BANK USA	18 months	09/13/16	09/21/16	245,000	244,309	245,000	1.000	Semi-Annual	03/21/17	300	1.000	03/21/18
57116ANC8	2017-1	MARLIN BUSINESS BK SALT LAKE	18 months	01/13/17	01/13/17	245,000	244,973	245,000	1.250	Monthly	02/13/17	300	1.250	07/13/18
508176CH5	2017-2	LAKE CITY BANK	24 months		03/22/17	245,000	245,368	245,000	1.600	Monthly	04/22/17	300	1.600	03/22/19
		Accrued Interest - Month End				1,856	1,856	1,856						
Total CDs						1,471,856	1,469,274	1,471,856						
Pooled Money Investment Accounts (PIMA)														
N/A	N/A	Local Agency Investment Fund (LAIF)	N/A	Various	Various	8,584,065	8,584,065	8,584,065	0.634	N/A	N/A	N/A	N/A	N/A
Total PIMA						8,584,065	8,584,065	8,584,065						

Notes:

Note 1 - The stated earnings rate for CDs is a fixed rate for the full term.

The stated earnings rate for LAIF balances is an average monthly yield applied to the City's weighted average balance within the total pool. Earnings are paid the month after the end of each quarter.

LAIF average monthly investment yield rates over the last six months were:

2016: Sept. 0.634%, Oct. 0.654%, Nov. 0.678%, and Dec. 0.719% / **2017:** Jan. 0.751%, and Feb. 0.777% (March not yet reported)

Note 2 - CDs rank is an IDC Financial Publishing, Inc. compiled ranking, and includes a one-number summary rank of quality comprised of 35 key financial ratios. Ranks range from 1 (the lowest) to 300 (the highest) and fall into one of the following six groups:

Rank	Group
200-300	Superior
165-199	Excellent
125-164	Average
75-124	Below Average
2-74	Lowest Ratios
1	Highest Probability of Failure

Note 3 - Interest received on certificates of deposits for the months of February and March 2017 was \$3,503.



City of Laguna Woods
City Treasurer's Report
 For the Two Month Period of February and March 2017

ITEM 6.2

OTHER FUNDS - HELD IN TRUST

	Beginning Balances As of 1/31/17	Contributions / (Withdrawals)	Administrative Fees & Investment Expense	Unrealized Gain / (Loss)	Ending Balances As of 3/31/17
Other Post-Employment Benefits (OPEB) Trust					
CalPERS California Employers' Retiree Benefit Trust (CERBT) (CERBT holds all assets and administers the OPEB Trust)	\$ 65,183	\$ -	\$ (9)	\$ 1,029	\$ 66,203
Total Other Funds - Held in Trust	<u>\$ 65,183</u>	<u>\$ -</u>	<u>\$ (9)</u>	<u>\$ 1,029</u>	<u>\$ 66,203</u>

City Treasurer's Certification

I, Margaret A. Cady, City Treasurer, do hereby certify:

- That all investment actions executed since the last report have been made in full compliance with the City's Investment of Financial Assets Policy; and
- That the City is able to meet all cash flow needs which might reasonably be anticipated for the next 12 months.

Margaret A Cady

 Margaret A. Cady, City Treasurer

4/6/17

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6.3
WARRANT REGISTER

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CITY OF LAGUNA WOODS

WARRANT REGISTER

4/19/2017

ITEM 6.3

Check	Check	Vendor Name	Description	Amount
Automatic Bank Debits				
Debit	2/22/2017	ADP PAYROLL SERVICES	Payroll / Pay Period Ended 2/17/2017	\$35,298.60
Debit	2/22/2017	CALPERS - RETIREMENT	Retirement Contributions / Pay Period Ended 2/17/2017	2,444.49
Debit	3/3/2017	ADP PAYROLL SERVICES	Payroll Processing Fees / Pay Period Ended 2/17/2017	158.58
Debit	3/2/2017	ADP PAYROLL SERVICES	Payroll Year End W-2 Processing Fees	111.35
Debit	3/8/2017	ADP PAYROLL SERVICES	Payroll / Pay Period Ended 3/3/2017	31,676.26
Debit	3/8/2017	CALPERS - RETIREMENT	Retirement Contributions / Pay Period Ended 3/3/2017	2,444.49
Debit	3/17/2017	ADP PAYROLL SERVICES	Payroll Processing Fees / Pay Period Ended 3/3/2017	158.58
Debit	3/22/2017	ADP PAYROLL SERVICES	Payroll / Pay Period Ended 3/17/2017	35,068.41
Debit	3/22/2017	CALPERS - RETIREMENT	Retirement Contributions / Pay Period Ended 3/17/2017	2,444.49
Debit	3/31/2017	ADP PAYROLL SERVICES	Payroll Processing Fees / Pay Period Ended 3/17/2017	290.42
Debit	2/28/2017	BANK OF AMERICA	Bank Fees - February 2017	18.00
Debit	2/28/2017	US BANK	Bank Supplies and Fees - February 2017	241.62
Debit	3/31/2017	BANK OF AMERICA	Bank Fees - March 2017	150.60
Debit	3/1/2017	CALPERS - HEALTH	Employee Benefit Program / March 2017	4,244.52
Debit	4/1/2017	CALPERS - HEALTH	Employee Benefit Program / April 2017	4,244.52
Debit	3/1/2017	COUNTY OF ORANGE	Law Enforcement Services / March 2017	223,770.35
Warrants:				
118981	02/06/2017	CITY OF LAGUNA WOODS	Transfer of Funds to New Checking Account	350,000.00
118982	02/08/2017	360 BUSINESS CONSULTING	Website Hosting Services / January 2017	200.00
118983	02/08/2017	ALLIANCE ENVIRONMENTAL GROUP	Waste Diversion Deposit Refund	250.00
118984	02/08/2017	AMERICAL CONSTRUCTION	Waste Diversion Deposit Refund	250.00
118985	02/08/2017	ANAHEIM COMMUNITY PUBLISHING	Graphic Design & Printing Services	229.50
118986	02/08/2017	AT&T	Telephone / 458-3487 / January 2017	37.37
118987	02/08/2017	AT&T	Telephone / 452-0600 / January 2017	909.57
118988	02/08/2017	AT&T	Telephone / 639-0500 / January 2017	205.05
118989	02/08/2017	AT&T	Telephone / 770-9359 / January 2017	20.18
118990	02/08/2017	ROBERT M BARRY	Financial Consulting Services / January 2017	280.00
118991	02/08/2017	CEP AMERICA AUC PC	Pre-Employment Physical Examination	50.00
118992	02/08/2017	CYNTHIA CONNERS	Auto Allowance / February 2017	300.00
118993	02/08/2017	COPYFORCE	Printing Services - Business Cards	118.80
118994	02/08/2017	COUNTY OF ORANGE	Automated Fingerprint ID System / February 2017	455.67
118995	02/08/2017	DELTA DENTAL OF CALIFORNIA	Employee Benefits Program / February 2017	430.06
118996	02/08/2017	FISHER PROPERTIES, INC.	Waste Diversion Deposit Refund	250.00
118997	02/08/2017	HACK, BERT	Auto Allowance / February 2017	300.00
118998	02/08/2017	ROBERT NOEL HATCH	Auto Allowance / February 2017	300.00
118999	02/08/2017	SHARI HORNE	Auto Allowance / February 2017	300.00
119000	02/08/2017	KONICA MINOLTA	Copier Lease / February 2017	482.72
119001	02/08/2017	LILLEY PLANNING GROUP	Building Official Services / January 2017	1,638.00
119002	02/08/2017	MACEACHERN COMPANY	Waste Diversion Deposit Refund	250.00
119003	02/08/2017	MBT RESTAURANT VENTURES	South Orange County Mayors Association Breakfast	336.00
119004	02/08/2017	NIEVES LANDSCAPE, INC.	Landscape Maintenance Services / January 2017	360.00

CITY OF LAGUNA WOODS

WARRANT REGISTER

4/19/2017

ITEM 6.3

Check	Check	Vendor Name	Description	Amount
119005	02/08/2017	OBR ARCHITECTURE, INC.	Design Services, City Hall Restroom Repair and Improvement Project	2,405.09
119006	02/08/2017	LOIS PORTNOY	Taxi Voucher Refund	50.00
119007	02/08/2017	RUTAN & TUCKER, LLP	Legal Services / December 2016	2,137.50
119008	02/08/2017	VIVIENNE SOLOMON	Taxi Voucher Refund	50.00
119009	02/08/2017	SONITROL	City Hall Fire Monitoring / February 2017	64.38
119010	02/08/2017	SOUTH COAST RESTORATION	City Hall Repair Services	2,425.00
119011	02/08/2017	SOUTHERN CALIFORNIA EDISON	Traffic Signal Control / January 2017	972.91
119012	02/08/2017	THE GAS COMPANY	City Hall Utilities / January 2017	173.74
119013	02/08/2017	TYLER TECHNOLOGIES, INC.	Financial Software License Fees	20,066.40
119014	02/08/2017	WAGE WORKS	125 Cafeteria Plan / December 2016	100.00
119015	02/15/2017	ANAHEIM COMMUNITY PUBLISHING	Printing Services	161.96
119016	02/15/2017	AT&T	White Pages / February 2017	4.48
119017	02/15/2017	BALLIET, MICHAEL	Waste & Recycling Consulting Services / January 2017	3,085.00
119018	02/15/2017	CALIFORNIA BLDG STANDARDS COMM	Building Permit Fee Assessment / July - December 2016	509.35
119019	02/15/2017	CITY OF LAGUNA BEACH	Animal Control & Shelter Services / February 2017	8,043.00
119020	02/15/2017	DEPARTMENT OF CONSERVATION	Strong Motion Instrumentation & Seismic Hazard Mapping Fee / July - September 2016	1,302.33
119021	02/15/2017	DICKINSON ELECTRIC	City Hall Electrician Services	478.22
119022	02/15/2017	MARC DONOHUE	Administrative Services / January 2017	200.00
119023	02/15/2017	EL TORO WATER DISTRICT	Landscape Irrigation / January 2017	2,544.81
119024	02/15/2017	KONE, INC.	City Hall Elevator Maintenance / February 2017	246.98
119025	02/15/2017	ORANGE COUNTY REGISTER-NOTICES	Public Notices / January 2017	717.00
119026	02/15/2017	PRINTING SYSTEMS, INC.	Printing Services - Checks	117.81
119027	02/15/2017	PV MAINTENANCE, INC.	Street, City Hall & Park Maintenance Services / January 2017	21,764.63
119028	02/15/2017	SOUTHERN CALIFORNIA EDISON	Irrigation Controller / January 2017	24.04
119029	02/15/2017	SOUTHERN CALIFORNIA EDISON	Right of Way / January 2017	1,864.47
119030	02/15/2017	SOUTHERN CALIFORNIA EDISON	Traffic Signal Control / January 2017	240.50
119031	02/15/2017	SOUTHERN CALIFORNIA EDISON	Encroachment Permit Balance Refunds	838.75
119032	02/15/2017	WM CURBSIDE, LLC	HHW, Medicine and Sharps Collection Program / January 2017	2,683.60
119033	02/22/2017	AT&T	Telephone / 581-3974 / February 2017	94.29
119034	02/22/2017	AT&T	Telephone / 583-1105 / January 2017	19.62
119035	02/22/2017	CAA	Water Quality Consulting Services / January 2017	2,274.00
119036	02/22/2017	CAPTIONING UNLIMITED	Closed Captioning / City Council Meetings	500.00
119037	02/22/2017	YUWEI CHEN	Taxi Voucher Refund	25.00
119038	02/22/2017	CSG CONSULTANTS, INC.	Plan Check Services / January 2017	170.00
119039	02/22/2017	DICKINSON ELECTRIC	City Hall Electrician Services	88.00
119040	02/22/2017	CHARLOTTE GIULIANO	Taxi Voucher Refund	60.00
119041	02/22/2017	HINDERLITER DELLAMAS	Sales and Use Tax Consulting Services / 1st Quarter 2017	1,156.97
119042	02/22/2017	MIE Y KAO	Taxi Voucher Refund	75.00
119043	02/22/2017	MICHAEL BAKER INTERNATIONAL	General Plan Comprehensive Update Project / January 2017	4,711.25
119044	02/22/2017	NIEVES LANDSCAPE, INC.	Right of Way Landscape Maintenance / February 2017	11,800.00
119044	02/22/2017	NIEVES LANDSCAPE, INC.	City Hall Landscape Maintenance / February 2017	406.25
119045	02/22/2017	NUVIS	Landscape Architecture Services / January 2017	1,442.50
119046	02/22/2017	PEAK LIGHTING & ELECTRIC, INC	Residential Streetlight Maintenance / February 2017	682.89

**CITY OF LAGUNA WOODS
WARRANT REGISTER
4/19/2017**

ITEM 6.3

Check	Check	Vendor Name	Description	Amount
119047	02/22/2017	PRINCIPAL FINANCIAL GROUP	Long-Term Disability Insurance / March 2017	430.68
119048	02/22/2017	QUIKSHIP	Office Supplies	200.64
119049	02/22/2017	SIEMENS INDUSTRY, INC.	Traffic Signal Maintenance / January 2017	1,873.50
119050	02/22/2017	STAPLES	Office Supplies	337.85
119051	02/22/2017	THALES CONSULTING INC.	Annual Cities Financial Transactions Report / FY 2015-16	1,000.00
119052	03/01/2017	ANDERSONPENNA PARTNERS, INC.	Code Enforcement Services / January 2017	2,784.00
119052	03/01/2017	ANDERSONPENNA PARTNERS, INC.	Landscape Inspection Services / January 2017	3,383.50
119053	03/01/2017	ARC DOCUMENT SOLUTIONS, LLC	Printing Services - Moulton Parkway Water Efficient Median Improvement	301.83
119054	03/01/2017	BUSINESS PLANS, INCORPORATED	125 Cafeteria Plan / February 2017	100.00
119055	03/01/2017	CYNTHIA CONNERS	Auto Allowance / March 2017	300.00
119056	03/01/2017	COPYFORCE	Printing Services - Building Services	177.79
119057	03/01/2017	COX COMMUNICATIONS	Encroachment Permit Refund Duplicate Payment	841.35
119058	03/01/2017	DELTA DENTAL OF CALIFORNIA	Employee Benefits Program / March 2017	430.06
119059	03/01/2017	EL TORO WATER DISTRICT	Landscape Irrigation / February 2017	1,986.99
119060	03/01/2017	EL TORO WATER DISTRICT	Fire Code Requirement - Backflow - City Hall / February 2017	30.68
119061	03/01/2017	EL TORO WATER DISTRICT	City Hall Water & Sewer Services / February 2017	122.89
119062	03/01/2017	GENERAL DATA CO	Office Printer Maintenance	168.61
119063	03/01/2017	HACK, BERT	Auto Allowance / March 2017	300.00
119064	03/01/2017	ROBERT NOEL HATCH	Auto Allowance / March 2017	300.00
119065	03/01/2017	SHARI HORNE	Auto Allowance / March 2017	300.00
119066	03/01/2017	JEANNE PETERS	Taxi Voucher Refund - Replace Check 118004	19.50
119067	03/01/2017	RUTAN & TUCKER, LLP	Legal Services / December 2016 - January 2017	10,879.75
119068	03/01/2017	CAROL SKYDELL	Taxi Voucher Refund	50.00
119069	03/01/2017	SOUTHERN CALIFORNIA EDISON	City Hall / February 2017	1,111.06
119070	03/01/2017	SOUTHERN CALIFORNIA EDISON	Irrigation Controllers / February 2017	92.73
119071	03/01/2017	SOUTHERN CALIFORNIA EDISON	Irrigation Controller / February 2017	25.63
119072	03/01/2017	SOUTHERN CALIFORNIA EDISON	Irrigation Controller / February 2017	24.40
119073	03/01/2017	STAPLES	Office & Janitorial Supplies	179.38
119074	03/01/2017	TYLER TECHNOLOGIES, INC.	Financial Software License and Conversion Fees	31.25
119075	03/01/2017	VECTUS	City Hall Internet Service / March 2017	381.14
119076	03/01/2017	VISION SERVICE PLAN OF AMERICA	Employee Benefits Program / March 2017	120.18
119077	03/03/2017	LAGUNA WOODS CIVIC SUPPORT FUND	Start Up Capital Contribution	3,737.86
1000-1006		VOID	Voided Checks	0.00
1007	03/08/2017	360 BUSINESS CONSULTING	Website Hosting / February 2017	200.00
1008	03/08/2017	ROBERT M BARRY	Financial Consulting Services / February 2017	70.00
1009	03/08/2017	CLEARSOURCE FINANCIAL	Building, Planning, and Encroachment Permit Fee Study	5,550.00
1010	03/08/2017	KONICA MINOLTA	Copier Lease / March 2017	482.72
1011	03/08/2017	MANAGED HEALTH NETWORK	Employee Benefits Program / March 2017	16.72
1012	03/08/2017	MICHAEL BAKER INTERNATIONAL	Planning Services / March 2017	50.00
1013	03/08/2017	MR. VIDEO	Supplies / Senior Mobility Program	88.50
1014	03/08/2017	NIEVES LANDSCAPE, INC.	City Hall Landscape Maintenance / November 2016 & March 2017	812.50
1014	03/08/2017	NIEVES LANDSCAPE, INC.	Right of Way Landscape / November 2016 & March 2017	23,600.00
1015	03/08/2017	JOAN SAXTON	Taxi Voucher Refund	24.50

**CITY OF LAGUNA WOODS
WARRANT REGISTER
4/19/2017**

ITEM 6.3

Check	Check	Vendor Name	Description	Amount
1016	03/08/2017	SONITROL	City Hall Fire Monitoring / March 2017	64.38
1017	03/08/2017	SOUTHERN CALIFORNIA EDISON	Residential Streetlights / February 2017	1,875.94
1018	03/08/2017	SOUTHERN CALIFORNIA EDISON	Traffic Signal Control / February 2017	1,009.88
1019	03/08/2017	SOUTHERN CALIFORNIA EDISON	Ridge Route Dog Park / February 2017	24.28
1020	03/08/2017	TEAM ONE MANAGEMENT	Janitorial Services and Shredding Event Support / January - February 2017	2,131.00
1021		VOID	Voided Check	0.00
1022	03/13/2017	CALIFORNIA YELLOW CAB	NEMT Taxi Voucher Services / January 2017	11,752.00
1022	03/13/2017	CALIFORNIA YELLOW CAB	Taxi Voucher Services / December 2016 - January 2017	22,302.00
1023-1025		VOID	Voided Checks	0.00
1026	03/22/2017	AT&T	Telephone / 458-3487 / February 2017	37.41
1027	03/22/2017	AT&T	Telephone / 452-0600 / February 2017	1,073.16
1028	03/22/2017	AT&T	Telephone / 639-0500 / February 2017	205.17
1029	03/22/2017	AT&T	Telephone / 770-9359 / February 2017	20.20
1030	03/22/2017	AT&T	Telephone / 581-3974 / March 2017	255.13
1031	03/22/2017	AT&T	Telephone / 583-1105 / February 2017	19.66
1032	03/22/2017	AT&T	White Pages / March 2017	4.48
1033	03/22/2017	ZACHI BIGLEIZN	Waste Diversion Deposit Refund	900.00
1034	03/22/2017	BUSINESS PLANS, INCORPORATED	125 Cafeteria Plan Administration Fee / March 2017	100.00
1035	03/22/2017	CAA	Water Quality Consulting Services / February 2017	2,766.00
1036	03/22/2017	CALIFORNIA YELLOW CAB	Taxi Voucher Services / February 2017	10,425.00
1036	03/22/2017	CALIFORNIA YELLOW CAB	NEMT Taxi Voucher Services / February 2017	12,815.00
1037	03/22/2017	ANNA CHATTLER	Taxi Voucher Refund	54.00
1038	03/22/2017	ANTHONY CHIARILLI	Taxi Voucher Refund	50.00
1039	03/22/2017	JOSEPH CHIRILLO	Waste Diversion Deposit Refund	250.00
1040	03/22/2017	CITY OF LAGUNA BEACH	Animal Control & Shelter Services / March 2017	8,043.00
1041	03/22/2017	CITY OF LAGUNA WOODS	Petty Cash Fund / Increase Balance	650.00
1042	03/22/2017	CIVIL SOURCE	Traffic & Engineering Services / January 2017	9,215.00
1042	03/22/2017	CIVIL SOURCE	Building Inspection and Counter Services / January 2017	36,062.50
1043	03/22/2017	ELIZABETH COE	Cancelled Permit Refund	162.00
1044	03/22/2017	COUNTY OF ORANGE	Automated Fingerprint ID System / March 2017	455.67
1045	03/22/2017	COUNTY OF ORANGE	800MHz Communication Charges / January - March 2017	190.00
1045	03/22/2017	COUNTY OF ORANGE	Communication Charges 800 MHz Flat Rate / October - December 2016	1,235.41
1046	03/22/2017	MARC DONOHUE	Administrative Services / February 2017	225.00
1047	03/22/2017	HANDY EDDY CONSTRUCTION	Waste Diversion Deposit Refund	250.00
1048	03/22/2017	J G CONSTRUCTION	Cancelled Permit Refund	2,827.60
1049	03/22/2017	J. LIN REMODELING SERVICES, INC.	Waste Diversion Deposit Refund	250.00
1050	03/22/2017	KONE, INC.	City Hall Elevator Maintenance / March 2017	246.98
1051	03/22/2017	LILLEY PLANNING GROUP	Building Official Services / February 2017	2,223.00
1052	03/22/2017	MACEACHERN COMPANY	Waste Diversion Deposit Refund	250.00

CITY OF LAGUNA WOODS
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Check	Check	Vendor Name	Description	Amount
1053	03/22/2017	MICHAEL BAKER INTERNATIONAL	Planning Services / January 2017	3,581.08
1053	03/22/2017	MICHAEL BAKER INTERNATIONAL	General Plan Comprehensive Update Project / February 2017	4,066.25
1053	03/22/2017	MICHAEL BAKER INTERNATIONAL	Planning Services / February 2017	1,910.00
1054	03/22/2017	NIEVES LANDSCAPE, INC.	Landscape Maintenance Services	734.70
1055	03/22/2017	PRINCIPAL FINANCIAL GROUP	Long-Term Disability Insurance / April 2017	430.68
1056	03/22/2017	PV MAINTENANCE, INC.	Catch Basin Maintenance / February 2017	2,244.00
1056	03/22/2017	PV MAINTENANCE, INC.	Street, City Hall & Park Maintenance Services / February 2017	17,924.80
1057	03/22/2017	RED HAWK FIRE & SECURITY, LLC	Annual Fire Extinguisher Inspection / FY 2016-17	122.00
1058	03/22/2017	SADDLEBACK WINDOWS AND DOORS	CDBG Energy Efficiency Improvement Program / FY 2016-17	15,501.00
1059	03/22/2017	DAVID SCOTT	Waste Diversion Deposit Refund	250.00
1060	03/22/2017	PAUL SCOTTSBERG	Waste Diversion Deposit Refund	250.00
1061	03/22/2017	SOUTHERN CALIFORNIA EDISON	Irrigation Controller / February 2017	26.51
1062	03/22/2017	SOUTHERN CALIFORNIA EDISON	Traffic Signal Control / February 2017	240.50
1063	03/22/2017	STAPLES	Office Supplies	112.82
1064	03/22/2017	THE GAS COMPANY	City Hall Utilities / February 2017	109.36
1065	03/22/2017	YOLIE TRIPPY	Reimbursement - Payroll Reconciliation Project, Amended Tax Preparation Fees	1,200.00
1066	03/22/2017	UNIVERSAL ABATEMENT	Waste Diversion Deposit Refund	250.00
1067	03/22/2017	WM CURBSIDE, LLC	HHW, Medicine, and Sharps Collection Program / February 2017	2,527.75
1068	03/29/2017	ANDERSONPENNA PARTNERS, INC.	Code Enforcement Services / February 2017	2,784.00
1069	03/29/2017	AUTOMATED GATE SERVICES, INC.	Gate Repair Services - Santa Maria Avenue	235.00
1070	03/29/2017	COASTAL CURRENT ELECTRIC	Cancelled Permit Refund	122.00
1071	03/29/2017	PHILIP COPELAND	Taxi Voucher Refund	34.50
1072	03/29/2017	CSG CONSULTANTS, INC.	Plan Check Services / February 2017	340.00
1073	03/29/2017	DELTA DENTAL OF CALIFORNIA	Employee Benefits Program / April 2017	430.06
1074	03/29/2017	EL TORO WATER DISTRICT	Backflow Fire Code Requirement - City Hall / March 2017	30.68
1075	03/29/2017	EL TORO WATER DISTRICT	City Hall Water & Sewer Services / March 2017	120.10
1076	03/29/2017	DAWN FROESCHNER	Waste Diversion Deposit Refund	250.00
1077	03/29/2017	GEOGRAPHICS	Graphic Design Services	785.23
1078	03/29/2017	LINDA GREENBLATT	Taxi Voucher Refund	58.00
1079	03/29/2017	NIEVES LANDSCAPE, INC.	Annual Backflow Testing	800.00
1080	03/29/2017	OFFICE DEPOT	Office Supplies	242.43
1081	03/29/2017	PRINTING SYSTEMS, INC.	Printing Services - Checks	282.54
1082	03/29/2017	PROTEL COMMUNICATIONS, INC	Telephone System Maintenance	179.00
1083	03/29/2017	RED HAWK FIRE & SECURITY, LLC	Fire Alarm Services	299.00
1084	03/29/2017	RUTAN & TUCKER, LLP	Legal Services / February 2017	5,025.00
1085	03/29/2017	SIEMENS INDUSTRY, INC.	Traffic Signal Maintenance / March 2017	1,723.00
1086	03/29/2017	SIGNS BY CREATIONS UNLIMITED	Signs for Dog Park	328.64

**CITY OF LAGUNA WOODS
WARRANT REGISTER
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ITEM 6.3

Check	Check	Vendor Name	Description	Amount
1087	03/29/2017	SOUTHERN CALIFORNIA EDISON	Irrigation Controllers / March 2017	96.11
1088	03/29/2017	STAPLES	Office Supplies	139.26
1089	03/29/2017	TYLER TECHNOLOGIES, INC.	Financial Software License and Conversion Fees	250.00
1090	03/29/2017	VISION SERVICE PLAN OF AMERICA	Employee Benefits Program / April 2017	120.18
1091	03/29/2017	WL MCFADDEN CONSTRUCTION, INC	Waste Diversion Deposit Refund	250.00
119078	04/03/2017	CITY OF LAGUNA WOODS	Transfer of Funds to New Checking Account	100,000.00
Total Bank Debits and Warrants:				<u>\$1,157,241.14</u>
 Credit Card Statement Detail / February 6 - March 5, 2017				
		FedEx Office	Courier Services	69.30
		GoDaddy.com	Domain Registration	130.08
		Government Finance Officers Association	Application Fee - Comprehensive Annual Financial Report Review Program	370.00
Total Credit Cards:				<u>569.38</u>
 Petty Cash Expenditure Detail				
		FedEx Office	Courier Services	59.16
Total Petty Cash:				<u>59.16</u>
TOTAL				<u>\$1,157,869.68</u>

6.4
NETWORK SERVER AND PRINTERS
REPLACEMENT AND UPGRADE
(NO REPORT)

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6.5

INVESTMENT OF FINANCIAL ASSETS POLICY

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City of Laguna Woods

Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager

FOR: April 19, 2017 Regular Meeting

SUBJECT: Investment of Financial Assets Policy

Recommendation

Approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, REVIEWING AND ADOPTING A STATEMENT OF THE INVESTMENT POLICY AND ADOPTING AN INVESTMENT POLICY

Background

Local government investment policies and activities are subject to standards and limitations set forth in California Government Code, including Section 53601 et seq., which describes permissible investment types and maximum investments.

The existing investment policy is set forth in Administrative Policy 2.2 (Investment of Financial Assets) and was last reviewed and adopted by the City Council at the regular meeting on November 16, 2016. At that time, no changes were made from the policy adopted the year prior. The Investment Policy Review Committee had reviewed and recommended adoption of the same to the City Council at the special meeting on October 4, 2016.

At the regular meeting on December 21, 2016, the City Council appointed Mayor Horne and Mayor Pro Tem Moore to serve on the Investment Policy Review Committee for the 2017 calendar year.

Discussion

In January 2017, the existing investment policy was certified by the California Municipal Treasurers Association (CMTA). CMTA's certification is a reflection of the City's due diligence in adopting an investment policy that conforms to standards developed by CMTA and the State of California's Debt and Investment Advisory Commission. To receive certification, the City was required to demonstrate the implementation of best practices in 18 different content areas.

After considering feedback provided by CMTA, as well as the City's experience implementing the investment policy since its initial adoption in November 2015, staff is proposing several modifications to the investment policy (attachments A and B). The Investment Policy Review Committee has reviewed staff's proposal, with the exception of one additional modification that was identified by the City Treasurer thereafter, and recommends that the City Council adopt the same.

The additional modification identified by the City Treasurer would move "local government investment pools and other pooled investment funds such as money market mutual funds" to subsection (B), instead of subsection (A), in Section 2.2.10. Such a modification would be consistent with the approach taken in the existing investment policy and better align the description of those investments with Government Code.

Fiscal Impact

Funds to support this project are included in the City's budget.

Report Prepared With: Margaret Cady, CPA, Administrative Services Director/City Treasurer

Attachments: A – Proposed Resolution
 Exhibit A – Proposed Investment Policy
 B – Proposed Investment of Financial Assets Policy (redline from existing)

RESOLUTION NO. 17-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, REVIEWING AND ADOPTING A STATEMENT OF THE INVESTMENT POLICY AND ADOPTING AN INVESTMENT POLICY

WHEREAS, the legislature of the State of California has declared that the deposit and investment of public funds by local officials and agencies is an issue of statewide concern (Government Code sections 53600.6 and 53630.1); and

WHEREAS, the City Council is able to invest surplus monies not required for the immediate necessities of the City in accordance with Government Code sections 5921 and 53601 *et seq.*; and

WHEREAS, the City’s investment policy is contained in Administrative Policy 2.2 and was last adopted by the City Council on November 16, 2016; and

WHEREAS, on December 21, 2016, the City Council appointed Mayor Horne and Mayor Pro Tem Moore to a standing Investment Policy Review Committee in accordance with the City’s investment policy; and

WHEREAS, the Investment Policy Review Committee has worked with the City Treasurer and staff to review the adequacy and effectiveness of the City’s investment policy as adopted on November 16, 2016, and recommended on April 4, 2017 that the City Council adopt a modified investment policy; and

WHEREAS, the City Treasurer recommends one additional modification to the City’s investment policy that was identified after the Investment Policy Review Committee’s review. The modification would move “local government investment pools and other pooled investment funds such as money market mutual funds” to subsection (B), instead of subsection (A), in Section 2.2.10. Such a modification is consistent with the approach taken in the existing investment policy and better aligns the description of those investments with Government Code; and

WHEREAS, Exhibit A (attached hereto) contains the modified investment policy recommended by the Investment Policy Review Committee, as well as the additional modification recommended by the City Treasurer.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. That the administrative policy attached hereto as Exhibit A is approved and is a statement of the City’s investment policy. The City Council receives and files said statement in accordance with the City’s investment policy and applicable Government Code and Laguna Woods Municipal Code provisions. The administrative policy attached hereto as Exhibit A replaces and supersedes all previous City investment policies.

SECTION 2. The Deputy City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED on this XX day of XX 2017.

SHARI L. HORNE, Mayor

ATTEST:

YOLIE TRIPPY, Deputy City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF LAGUNA WOODS)

I, YOLIE TRIPPY, Deputy City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Resolution No. 17-XX** was duly adopted by the City Council of the City of Laguna Woods at a regular meeting thereof, held on the XX day of XX 2017, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

YOLIE TRIPPY, Deputy City Clerk

**CITY OF LAGUNA WOODS
ADMINISTRATIVE POLICY 2.2**

INVESTMENT OF FINANCIAL ASSETS

2.2.01. Statement of Purpose.

This Administrative Policy is intended to assist the City of Laguna Woods with the investment of the City’s financial assets in a manner that ensures adequate safety and liquidity, while maximizing yield (return) and complying with the requirements of California Government Code sections 5921 and 53600 et seq.

2.2.02. Scope.

This Administrative Policy generally applies to all financial assets of the City. Such funds are accounted for, or disclosed, in annual audited financial statements and include the General Fund, Special Revenue Funds, and the Capital Projects Fund. Funds invested separately with independent fiduciaries, including funds held and managed by the California Public Employees’ Retirement System (CalPERS) for the purpose of funding employee retirement obligations and other post-employment benefits (OPEB) are exempt from this Administrative Policy.

2.2.03. Objectives.

The objectives of the City’s investment activities, in priority order, shall be:

1. Safety – Safety of principal shall be the foremost objective. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall investment portfolio and the mitigation of credit risk and interest rate risk. This Administrative Policy recognizes that market conditions may warrant the sale of individual securities that would incur market losses in order to protect from further capital losses. The intent of this Administrative Policy is to ensure that capital losses are minimized on a portfolio level rather than on each transaction. To attain the safety objective, diversification of investments among a variety of securities with independent returns and institutions is required.
2. Liquidity – The investment portfolio shall remain sufficiently liquid (i.e., capable of being converted to cash quickly) in order to enable the City to meet all reasonably anticipated cash demands and operational requirements and to maintain compliance with all applicable indenture agreements. Since unusual

or unanticipated cash demands and operational requirements may occur from time-to-time, the portfolio shall primarily consist of investments in securities with active secondary and resale markets.

3. Yield (Return) – The investment portfolio shall be designed in a manner that seeks to attain the highest rate of return, consistent with established safety and liquidity objectives. While it is acknowledged and understood that occasional measurement losses may occur, the overall portfolio should generally earn at least market interest rates (market-average rates of return throughout budgetary and economic cycles for similar investments).

2.2.04. Delegation of Authority.

City Treasurer

No person other than the City Treasurer or Acting City Treasurer (hereafter referred to jointly as the “City Treasurer”) shall engage in an investment transaction using the City’s financial assets. The City Treasurer shall additionally be responsible for all transactions undertaken and shall establish and maintain a system of internal controls to regulate all investing activities.

In accordance with Government Code Section 53607, the City Council delegates investment authority for a one-year period to the City Treasurer. Such delegation of authority is subject to annual review and renewal by the City Council, as well as revocation at the City Council’s discretion. Adoption of this Administrative Policy shall constitute renewal of such delegation for an additional one-year period.

Pursuant to Laguna Woods Municipal Code Section 2.10.010, the City Treasurer is appointed by, and reports to, the City Manager. The City Manager may serve as, or appoint, an Acting City Treasurer at any time during the absence of a permanent City Treasurer. During his or her appointment, the Acting City Treasurer shall have all of the powers and duties of the City Treasurer.

The City Treasurer and City Manager (with respect to his or her role appointing and supervising the City Treasurer, and participating in investment decisions) shall be relieved of personal responsibility for an individual investment’s performance or losses, market price changes, and the performance of or losses incurred by the overall portfolio provided that (1) actions were undertaken in accordance with this Administrative Policy and applicable federal and state law, (2) significant deviations

from expectations were reported to the City Council in a timely manner, and (3) appropriate action was taken to mitigate future adverse developments.

Investment Policy Review Committee of the City Council

The City Council shall appoint two of its members to serve on an Investment Policy Review Committee for calendar year terms commencing on January 1 of each year. The Investment Policy Review Committee shall be responsible for conducting at least biannual reviews of the adequacy and effectiveness of this Administrative Policy and preparing related recommendations for City Council consideration.

The Investment Policy Review Committee shall be considered a standing committee, subject to all applicable provisions of the Ralph M. Brown Act.

2.2.05. Public Trust.

The City Council, City Manager, City Treasurer, and all individuals authorized to participate in investment decisions on behalf of the City shall act as custodians of the public trust and recognize that the investment portfolio is subject to public review and evaluation. The City's overall approach to investment shall be designed and managed with a degree of professionalism that is worthy of the public trust.

2.2.06. Prudence.

The City Council, City Manager, City Treasurer, and all individuals authorized to participate in investment decisions on behalf of the City, are considered to be trustees and, therefore, fiduciaries subject to the prudent investor standard. The prudent investor standard is summarized in Government Code Section 53600.3, as follows:

All governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs

of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

2.2.07. Ethics and Conflicts of Interest.

As set forth in the City’s Conflict of Interest Policy, and as otherwise required by the Political Reform Act and Fair Political Practices Commission, public officials who manage public investments are required to file economic interest disclosures.

In addition to federal, state and local statutes relating to conflicts of interest, the City Council, City Manager, City Treasurer, and all individuals authorized to participate in investment decisions on behalf of the City shall refrain from personal business association or activity that conflicts with proper execution of this Administrative Policy, or which could impair their ability to make impartial investment decisions.

2.2.08. Internal Controls and Routine External Review.

The City Treasurer shall develop, implement, and maintain a system of internal controls designed to ensure the effectiveness and efficiency of investment activities, compliance with applicable laws and regulations, and the reliability of financial reporting. Such internal controls shall seek to prevent the loss of public funds due to fraud, error, misrepresentation, and unanticipated market changes.

As a part of their annual review of internal controls, the City’s independent, external auditors shall review internal controls related to investment activities.

2.2.09. Authorized Financial Dealers, Depositories, and Institutions.

In accordance with Government Code Section 53601.5, investments shall either be purchased (1) directly from the issuer, (2) from an institution licensed by the State of California as a Broker-Dealer, as defined in Corporations Code Section 25004, provided that the institution is a primary or regional dealer qualified under federal Securities and Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule), (3) from a member of a federally regulated securities exchange, (4) from a national or state-chartered bank, from a savings association or federal association, as defined by Financial Code Section 5102, or (5) from a brokerage firm designated as a primary government dealer by the Federal Reserve bank. In addition, investments shall only be purchased from entities or deposits made in qualified public depositories, as

established by State law, with full knowledge of applicable California law and at least five years' experience providing similar services to California municipalities.

The selection of financial dealers, depositories, and institutions shall follow a periodic competitive procurement process (e.g., requests for proposals or requests for qualifications) and be subject to ultimate approval of the City Council or City Manager in accordance with established purchasing regulations and policies. The nature of the competitive procurement process, frequency thereof, and submittals required, shall be designed and determined by the City Treasurer.

On an annual basis, the City Treasurer shall send a copy of the current version of this Administrative Policy to all financial dealers, depositories, and institutions approved to do business with the City. Receipt of this Administrative Policy shall be considered confirmation that the parties to whom they were distributed understand the City's authorized investment types and requirements thereof.

2.2.10. Authorized Investments.

In accordance with the requirements set forth in this Administrative Policy and in Government Code sections 53601, 53601.6, 53601.8, 53635, 53635.2, 53638, and 53684, the following types of investment are authorized:

A. Monies required to meet immediate cash flow needs:

- *Federal Deposit Insurance Corporation (FDIC) Insured Accounts*
Fully insured under \$250,000 or collateralized at 110% of principal and accrued interest in accordance with California Government Code

B. Monies not required to meet immediate cash flow needs, but which can be reasonably anticipated to be required over the following 12 months:

- *Bankers' Acceptances*
Minimum Standard & Poor's Rating: A-1, Minimum Moody's Rating: P-1
- *Commercial Paper*
Minimum Standard & Poor's Rating: A-1, Minimum Moody's Rating: P-1
- *Local Government Investment Pools and other pooled investment funds such as money market mutual funds*
Minimum Standard & Poor's Rating (Money Market Mutual Funds): AAA, Minimum Moody's Rating: Aaa, or other rating service equivalent

- *Non-Negotiable Certificates of Deposit*
Issued by a nationally or state-chartered bank, or state or federal savings and loan association, as defined by Financial Code Section 5102; and (1) with an “A” or better rating on its long-term debt as provided by Standard & Poor’s or Moody’s or (2) with minimum short-term ratings by two rating services. For (2), the minimum Standard & Poor’s rating shall be A-1 and the minimum Moody’s rating shall be P-1.
- *Passbook Savings Demand Deposits*
Fully insured by FDIC or collateralized
- *Repurchase Agreements*
Minimum Standard & Poor’s Rating: AA, Minimum Moody’s Rating: Aa
- *All investments authorized under Section 2.2.10(A).*

C. Monies not required to meet immediate cash flow needs, and which cannot be reasonably anticipated to be required over the following 12 months:

- *United States Treasury Obligations (notes, bonds, bills, or other certificates or coupons)*
Explicit full faith and credit guarantee of the United States Government.
Minimum Standard & Poor’s Rating for Bonds: AA or A-1+, Minimum Moody’s Rating for Bonds: Aa3 or P-1
- *United States Agency Obligations*
Implied full faith and credit guarantee of the United States Government.
Minimum Standard & Poor’s Rating for Bonds: AA or A-1+, Minimum Moody’s Rating for Bonds: Aa3 or P-1
- *State of California and Others States-issued Obligations (notes, bonds, or warrants)*
Minimum Standard & Poor’s Rating for Bonds: AA or A-1+, Minimum Moody’s Rating for Bonds: Aa or P-1
- *California Local Government-issued Municipal Obligations (notes, bonds, warrants, or other indebtedness issued by a California county, city, or local district/agency)*
Minimum Standard & Poor’s Rating: AA or A-1+, Minimum Moody’s Rating: Aa or P-1
- *Negotiable Certificates of Deposit*
Issued by a nationally or state-chartered bank, or state or federal savings and loan association, as defined by California Financial Code Section 5102.

Collateral shall comply with Chapter 4, Bank Deposit Law, Section 16500 et seq., and Chapter 4.5, Savings and Loan Association and Credit Union Deposit Law, Section 16600 et seq., of California Government Code.

- *All investments authorized under sections 2.2.10(A) and (B).*

2.2.11. Local Government Investment Pools and Other Pooled Investment Funds.

While local government investment pools generally provide significant safety and liquidity, the City Treasurer shall complete a thorough investigation prior to making any such investment and consider the same during the monthly compliance review required by Section 2.2.13. Due diligence in investigations shall generally include a review of written statements of investment policies, objectives, fees schedules, and reporting schedules, as well as issues related to (1) eligible investors and securities, (2) the permitted frequencies and sizes of deposits and withdrawals, (3) security safeguards, including settlement processes, (4) the frequency with which securities are priced and the program audited, (5) the treatment of gains and losses, including interest calculations and distribution, (6) whether and, if so, how reserves, retained earnings, and similar funds are utilized by the investment pool, and (7) whether the investment pool is eligible for and, if so, accepts bond proceeds. In addition, only local government investment pools with at least five years' experience providing similar services to other California municipalities may be utilized. Similar due diligence and investigative procedures shall be performed prior to investing in any other pooled investment funds, such as money market mutual funds.

2.2.12. Prohibited Investments.

Notwithstanding those types of investments that are otherwise prohibited by law or this Administrative Policy, financial derivatives (e.g., futures, options, and interest rate swaps) and foreign investments (e.g., indices and currencies) are prohibited.

2.2.13. Monthly Internal Compliance Review of Investment Portfolio.

Investments shall be in compliance with the ratings and other requirements set forth in this Administrative Policy at the time of purchase. It is acknowledged and understood that some investments may not fully comply with the same following purchase. The City Treasurer shall review the overall investment portfolio on a monthly basis and identify any investments that no longer comply. Non-compliant investments shall be reported to the City Council, City Manager, and City Attorney within 10 business days of discovery and corrected as soon as practical.

2.2.14. Safekeeping and Custody.

All investments shall be registered in the name of the City and all interest, principal payments, and withdrawals shall indicate the City as the sole payee.

All investments, with the exception of Federal Deposit Insurance Corporation (FDIC) Insured Accounts, Local Government Investment Pools, and Money Market Funds shall be held by a third party custodian designated by the City Treasurer and evidenced by custodial agreements or safekeeping receipts. Third-party custodians shall comply with the requirements set forth in Section 2.2.09.

All security transactions, where applicable, shall use a Delivery-versus-Payment (DVP) settlement procedure with the City's payment due at the time of delivery.

2.2.15. Collateralization.

Collateral for non-negotiable certificates of deposit and negotiable certificates of deposit shall comply with Government Code, Chapter 4, Bank Deposit Law Section 16500 *et seq.* and the Savings and Loan and Credit Union Deposit Law Government Code Section 16600 *et seq.* In addition, if the Non-Negotiable Certificate of Deposit is not Federal Deposit Insurance Corporation (FDIC) insured or exceeds the FDIC insured limit, collateral is required equal to 100% of the principal.

Collateral for repurchase agreements shall be 110% of the market value of principal and accrued interest. Collateral can be either United States Treasury securities or United States Agency securities. The City Treasurer is authorized to grant the right of collateral substitution for repurchase agreements.

All collateral shall be held by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained.

2.2.16. Diversification and Maximum Maturities.

The overall investment portfolio shall be diversified to avoid incurring unreasonable and avoidable risks associated with concentrating investments in specific investment types, maturity segments, or individual financial institutions. In a diversified portfolio, it is acknowledged and understood that occasional measurement losses may occur. Such losses shall be considered within the overall portfolio's investment

return. Diversification also requires investments to be spread among varying security types and institutions.

Authorized investments shall be invested subject to the following:

Table 2.2-1: Diversification and Maximum Maturities Table

Type of Investment	Maximum Amount of Portfolio Investment	Maximum Maturity
Federal Deposit Insurance Corporation (FDIC) Insured Accounts	100%	N/A
Bankers' Acceptances	20% (no more than 5% with one bank)	180 days
Commercial Paper	15% (no more than 10% of a single issuer)	270 days
Local Government Investment Pools	90%	N/A
Money Market Mutual Funds	10%	N/A
Non-Negotiable Certificates of Deposit	20% (no more than 5% with one bank or issuer) and no more than 30% of the overall portfolio when combined with Negotiable Certificates of Deposit	3 years
Negotiable Certificates of Deposit	30% (no more than 5% with one bank or single issuer) and no more than 30% of the overall portfolio when combined with Non-Negotiable Certificates of Deposit	3 years
Passbook Savings Demand Deposits	100%	3 years
Repurchase Agreements	10% (no more than 20% of a single issuer)	30 days

Type of Investment	Maximum Amount of Portfolio Investment	Maximum Maturity
United States Treasury Obligations	90% of overall portfolio for any one investment type (no more than 20% of a single issuer)	3 years
United States Agency Obligations		3 years
State of California and Other States-issued Obligations	20% of overall portfolio for any one investment type (no more than 5% of a single issuer)	3 years
California Local Government-issued Municipal Obligations		3 years

2.2.17. Reporting.

The City Treasurer shall prepare and submit a monthly investment report to the City Council. The report shall include a summary of all investment transactions for the reporting period, as required by Government Code Section 53607, as well as similar information required for optional quarterly investment reports by Government Code Section 53646(b), to the extent that such information is available. The report shall also comply with Government Accounting Standard Board (GASB) Statement No. 40 and include the following:

- A. Certification that all investment actions executed since the last report have been made in full compliance with this Administrative Policy; and
- B. Certification that the City is able to meet all cash flow needs which might reasonably be anticipated for the next 12 months.

2.2.18. Annual City Council Review and Adoption of this Administrative Policy.

This Administrative Policy shall be reviewed, modified as necessary, and adopted, at least annually, by resolution of the City Council at a duly noticed public meeting. Such annual review shall be in addition to the reviews conducted by the Investment Policy Review Committee as described in Section 2.2.04.

2.2.19. Relationship to Federal and State Laws.

Where federal or state laws are more restrictive than or contradict this Administrative Policy, such laws shall take precedence. Where this Administrative Policy is more restrictive than federal or state laws, this Administrative Policy shall take precedence.

The City Treasurer shall advise the Investment Policy Review Committee of any contradictions of federal or state law for consideration during its reviews conducted as described in Section 2.2.04.

2.2.20. Attachments.

Attachment A, “Glossary of Terms and Acronyms,” is incorporated by reference.

Attachment B, “California Municipal Treasurers Association Investment Policy Certification”

City Council Adoption: April XX, 2017

Attachment A, “Glossary of Terms and Acronyms”

This Glossary of Terms and Acronyms contains common investment terminology to provide users with a better understanding of basic investment terms. It is intended to be used as a basic reference only, is not intended to be all inclusive, and should not be treated as a substitute for professional counsel or analysis.

ACCRUED INTEREST: Coupon interest accumulated on a bond or note since the last interest payment or, for a new issue, from the dated date to the date of delivery.

ASSET-BACKED SECURITIES: Securities that are supported by pools of assets, such as installment loans or leases, or by pools of revolving lines of credits. Asset-backed securities are structured as trusts in order to perfect a security interest in the underlying assets.

AVERAGE: An arithmetic mean of selected stocks intended to represent the behavior of the market or some component of it.

BANK DEPOSITS: Deposits in banks or other depository institutions that may be in the form of demand accounts (checking) or investments in accounts that have a fixed term and negotiated rate of interest.

BANK NOTES: A senior, unsecured, direct obligation of a bank or United States branch of a foreign bank.

BANKERS’ ACCEPTANCE: A draft or bill of exchange accepted by a bank or trust company. The accepting institution, as well as the issuer, guarantees payment of the bill.

BASIS POINTS: Refers to the yield on bonds. Each percentage point of yield in bonds equals 100 basis points (1/100% or 0.01%). If a bond yield changes from 7.25% to 7.39% that is a rate of 14 basis points.

BENCHMARK: A passive index used to compare the performance, relative to risk and return, of an investor’s portfolio.

BOND PROCEEDS: The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These moneys are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract.

BONDS: A debt obligation of a firm or public entity. A bond represents the agreement to repay the debt in principal and, typically, in interest on the principal.

BOOK VALUE: The value at which an asset is carried on a balance sheet.

BROKER: A person or firm that acts as an intermediary by purchasing and selling securities for others rather than for its own account.

CALL OPTION: The terms of the bond contract giving the issuer the right to redeem or call an outstanding issue of bonds prior to its stated date of maturity.

CASH FLOW: A comparison of cash receipts (revenues) to required payments (debt service, operating expenses, etc.).

CERTIFICATE OF DEPOSIT: A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period. Certificates of Deposit (CDs) differ in terms of collateralization and marketability. CDs appropriate to public agency investing include:

Negotiable Certificates of Deposit – Generally, short-term debt instruments that pay interest and re issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. The majority of negotiable CDs mature within six months while the average maturity is two weeks. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor). Negotiable CDs are insured by the FDIC up to \$250,000, but they are not collateralized beyond that amount.

Non-Negotiable Certificates of Deposit – CDs that carry a penalty if redeemed prior to maturity. A secondary market does exist for non-negotiable CDs, but redemption includes a transaction cost that reduces returns to the investor. Non-negotiable CDs issued by banks and savings and loans are insured by the FDIC up to the amount of \$250,000, including principal and interest. Amounts deposited above this amount may be secured with other forms of collateral through an agreement between the investor and the issuer. Collateral may include other securities, including treasuries or agency securities (e.g., issued by the Federal National Mortgage Association).

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS): A private CD placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is

currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

CD PLACEMENT SERVICE: A service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution while still maintaining FDIC insurance coverage. See “CDARS”.

COLLATERALIZATION OF DEPOSITS: A process by which a bank or other financial institution pledges securities or other deposits for the purpose of securing the repayment of deposited funds.

COMMERCIAL PAPER: An unsecured short-term promissory note issued by corporations or municipalities, with maturities ranging from two to 270 days.

CORPORATE NOTES AND BONDS: Debt instruments, typically unsecured, issued by corporations, with original maturities in most cases greater than one year and less than ten years.

COUNTY POOLED INVESTMENT FUNDS: The aggregate of all funds from public agencies placed in the custody of the county treasurer or chief finance officer for investment and reinvestment.

COUPON: The annual rate of interest that a bond’s issuer promises to pay the bondholder in the bond’s face value; a certificate attached to a bond evidencing interest due on a payment date.

CREDIT RATING: The credit worthiness of an investment. Credit ratings are issued by nationally recognized statistical rating organizations (NRSROs) registered with the Securities and Exchange Commission. Three highly recognized organizations are Standard and Poor’s, Moody’s, and Fitch. The organizations use a primary letter designation (numbers or symbols may follow the letter designation) to indicate the quality of an investment. As an example, short-term ratings by Standard and Poor’s of A-1+ and Moody’s of P-1 indicate a prime or high grade quality investment. Long-term prime or high grade quality investments would be rated AAA or Aaa by Standard and Poor’s and Moody’s, respectively. Rates beginning with letters B or C would typically indicate an investment of speculative and higher risk quality.

CREDIT RISK: The chance that an issuer will be unable to make scheduled payments of interest and principal on an outstanding obligation. Another concern for

investors is that the market's perception of an issuer/borrower's credit will cause the market value of a security to fall, even if default is not expected.

CUSTODIAN: A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER: Someone who acts as a principal in all transactions, including underwriting, buying, and selling securities, including from his or her own account.

DEFAULT RISK: The risk that issuers or borrowers will be unable to make the required payments on their debt obligations.

DEFEASED BOND ISSUES: Issues that have sufficient money to retire outstanding debt when due, so that the agency is released from the contracts and covenants in the bond document.

DELIVERY-VERSUS-PAYMENT (DVP): The payment of cash for securities as they are delivered and accepted for settlement.

DERIVATIVE: Securities that are based on, or derived from, some underlying asset, reference date, or index.

DISCOUNT: The difference between the par value of a security and the cost of the security, when the cost is below par. Investors purchase securities at a discount when return to the investor (yield) is higher than the stated coupon (interest rate) on the investment.

DISCOUNT RATE: The interest rate used in discounted cash flow analysis to determine the present value of future cash flows. The discount rate in discounted cash flow analysis takes into account not just the time value of money, but also the risk or uncertainty of future cash flows; the greater the uncertainty of future cash flows, the higher the discount rate.

DIVERSIFICATION: The allocation of different types of assets in a portfolio to mitigate risks and improve overall portfolio performance.

DURATION: A measure of the timing of the cash flows to be received from a security that provides the foundation for a measure of the interest rate sensitivity of a bond. Duration is a volatility measure and represents the percentage change in price divided by the percentage change in interest rates. A high duration measure indicates

that for a given level of movement in interest rates, prices of securities will vary considerably.

EFFECTIVE DURATION: A measurement of the weighted average of the present value of the cash flows of a fixed-income investment. Effective duration measures the price sensitivity of fixed-income investments, especially for those with embedded option features such as call options. As yields rise, the effective duration of a callable investment rises to reflect the fact that it has become less likely to be called. The more rates rise, the longer the effective duration will become, approaching the duration to maturity. The converse is true in a declining interest rate environment (that is, the more rates fall, the shorter the effective duration will become, approaching the duration to call). For securities without an embedded option, the duration to call, maturity, and effective duration are all the same. The calculation for effective duration is complicated and involves averaging the duration under a simulation of many possible interest rate scenarios in the future.

EVENT RISK: The risk associated with a changing portfolio value due to a market event causing swings in market prices and/or spreads.

EXTENDABLE NOTES: Securities with maturity dates that can be extended by mutual agreement between the issuer and investor. When investing in these types of securities, the maturity date plus the stated extendable option must not exceed the time frames that are allowed in California Government Code or the investment policy for the investment type.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per entity.

FIDUCIARY: An individual who holds something in trust for another and bears liability for its safekeeping.

FIRST TIER SECURITIES: Securities that have received short term debt ratings in the highest category from the requisite nationally recognized statistical-rating organizations (NRSROs), or are comparable unrated securities, or are issued by money market funds, or government securities. [See SEC Rules: Paragraph (A) (12) of rule 2A-7.]

FLOATING RATE SECURITY: A security that has a variable or “floating” interest rate.

GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB): A standard-setting body, associated with the Financial Accounting Foundation, which prescribes standard accounting practices for governmental units.

GOVERNMENT SPONSORED ENTERPRISES (GSE): Privately held corporations with public purposes created by the United States Congress to reduce the cost of capital for certain borrowing sectors of the economy. Securities issued by GSEs carry the implicit backing of the United States Government, but they are not direct obligations of the United States Government. For this reason, these securities will offer a yield premium over Treasuries.

GUARANTEED INVESTMENT CONTRACT (GIC): An agreement acknowledging receipt of funds for deposit, specifying terms for withdrawal, and guaranteeing a rate of interest to be paid.

INDEX: An indicator that is published on a periodic basis that shows the estimated price and/or yield levels for various groups of securities.

INTEREST: The amount a borrower pays to a lender for the use of his or her money.

INTEREST RATE RISK: The risk that an investment's value will change due to a change in the absolute level of interest rates, spread between two rates, shape of the yield curve, or any other interest rate relationship.

INVESTMENT AGREEMENTS: Contracts with respect to funds deposited by an investor. Investment agreements are often separated into those offered by banks and those offered by insurance companies. In the former case, they are sometimes referred to as “bank investment contracts.”

LONDON INTERBANK OFFERED RATE (LIBOR): The average rate at which a leading bank can obtain unsecured funding in the London interbank market. LIBOR serves as a benchmark for various interest rates. Obligations of parties to such transactions are typically expressed as a spread to LIBOR.

LIQUIDITY: The measure of the ability to convert an instrument to cash on a given date at full face or par value.

LIQUIDITY RISK: The risk that a security, sold prior to maturity, will be sold at a loss of value. For a local agency, the liquidity risk of an individual investment may

not be as critical as how the overall liquidity of the portfolio allows the agency to meet its cash needs.

LOCAL AGENCY INVESTMENT FUND (LAIF): A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

MARKET RISK: The chance that the value of a security will decline as interest rates rise. In general, as interest rates fall, prices of fixed income securities rise. Similarly, as interest rates rise, prices fall. Market risk also is referred to as systematic risk or risk that affects all securities within an asset class similarly.

MARKET VALUE: The price at which a security is trading and presumably could be purchased or sold at a particular point in time.

MATURITY: The date on which the principal or stated value of an investment becomes due and payable.

MEDIUM-TERM NOTE: Corporate or depository institution debt securities meeting certain minimum quality standards (as specified in California Government Code) with a remaining maturity of five years or less.

MONEY MARKET MUTUAL FUNDS (MMFs): Mutual funds that invest exclusively in short-term money market instruments. MMFs seek the preservation of capital as a primary goal while maintaining a high degree of liquidity and providing income representative of the market for short term investments.

MORTGAGE-BACKED SECURITIES (MBS): Securities created when a mortgagee or a purchaser of residential real estate mortgages creates a pool of mortgages and markets undivided interests or participations in the pool. MBS owners receive a pro-rata share of the interest and principal cash flows (net of fees) that are "passed through" from the pool of mortgages. MBS are complex securities whose cash flow is determined by the characteristics of the mortgages that are pooled together. Investors in MBS face prepayment risk associated with the option of the underlying mortgagors to pre-pay or payoff their mortgage. Most MBS are issued

and/or guaranteed by federal agencies and instrumentalities (e.g., Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC)).

MORTGAGE PASS-THROUGH OBLIGATIONS: Securities that are created when residential mortgages (or other mortgages) are pooled together and undivided interests or participations in the stream of revenues associated with the mortgages are sold.

MUNICIPAL ADVISOR RULE: Regulations for non-dealer "municipal advisors" such as financial advisors, swap advisors, GIC brokers, etc. In addition, the rule pertains to banks and broker dealers acting as municipal advisors. Municipal advisors have a fiduciary responsibility to the government agency receiving their services and they must register with the Securities Exchange Commission (SEC). Municipal finance professionals that do not have a fiduciary duty to issuers cannot provide advice to governments unless certain exemptions are met. The SEC has published a list of frequently asked questions: www.sec.gov/info/municipal/mun-advisors-faqs.pdf.

MUNICIPAL NOTES, BONDS, AND OTHER OBLIGATIONS: Obligations issued by state and local governments to finance capital and operating expenses.

MUTUAL FUNDS: An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments.

NEW ISSUE: Securities sold during the initial distribution of an issue in a primary offering by the underwriter or underwriting syndicate.

NET ASSET VALUE (NAV): A determination of the average price per share of a pool or mutual fund. How this measure varies over time provides information on whether the pool is stable or variable. NAV is the market value of all securities in a mutual fund, less the value of the fund's liabilities, divided by the number of shares in the fund outstanding. Shares of mutual funds are purchased at the fund's NAV.

NET PRESENT VALUE: An amount that equates future cash flows with their value in present terms.

NOTE: A written promise to pay a specified amount to a certain entity on demand or on a specified date. Usually bearing a short-term maturity of a year or less (though longer maturities are issued—see “Medium-Term Note”).

OPTIONS: A contract that gives the buyer the right to buy or sell an obligation at a specified price for a specified time. Exchange Traded Options are standardized option contracts that are actively traded on the Chicago Board of Exchange on a daily basis whereas Over-the-Counter Options are traded directly between the buyer and seller at agreed upon prices and conditions (the former type of option is therefore more liquid than the latter).

PAR AMOUNT OR PAR VALUE: The principal amount of a note or bond which must be paid at maturity. Par, also referred to as the “face amount” of a security, is the principal value stated on the face of the security. A par bond is one sold at a price of 100 percent of its principal amount.

PASSBOOK SAVINGS DEMAND DEPOSITS: An interest-bearing bank deposit that unlike time deposits which have a specified term, is typically considered readily available funds and can be withdrawn without advance notice.

PLACEMENT SERVICE DEPOSIT: Deposits at depository institutions placed by a private sector placement service entity.

PLACEMENT SERVICE CERTIFICATES OF DEPOSIT: Certificates of deposit placed with a private sector entity that assists in the placement of certificates of deposit with eligible financial institutions located in the United States.

PORTFOLIO: Combined holding of more than one stock, bond, commodity, real estate investment, cash equivalent, or other asset. The purpose of a portfolio is to reduce risk by diversification.

PREMIUM: The difference between the par value of a security and the cost of the security, when the cost is above par. Investors pay a premium to purchase a security when the return to the investor (yield) is lower than the stated coupon (interest rate) on the investment.

PRICE: The amount of monetary consideration required by a willing seller and a willing buyer to sell an investment on a particular date.

PRINCIPAL: The face value or par value of a debt instrument, or the amount of capital invested in a given security.

PROSPECTUS: A disclosure document that must be provided to any prospective purchaser of a new securities offering registered with the SEC that typically includes information on the issuer, the issuer’s business, the proposed use of proceeds, the experience of the issuer’s management, and certain certified financial statements (also known as an “official statement”).

PRUDENT INVESTOR STANDARD: A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. The test of whether the standard is being met is if a prudent person acting in such a situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

REINVESTMENT RISK: The risk that interest rates may be lower than the yield on a fixed income security when the investor seeks to reinvest interest income or repaid principal from the security.

REPURCHASE AGREEMENTS: An agreement of one party (for example, a financial institution) to sell securities to a second party (such as a local agency) and simultaneous agreement by the first party to repurchase the securities at a specified price from the second party on demand or at a specified date.

RISK: The uncertainty of maintaining the principal or interest associated with an investment due to a variety of factors.

RULE G-37 OF THE MUNICIPAL SECURITIES RULEMAKING BOARD: Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

SAFEKEEPING SERVICE: Offers storage and protection of assets provided by an institution serving as an agent.

SAFETY: In the context of investing public funds, safety relates to preserving the principal of an investment in an investment portfolio; local agencies address the concerns of safety by controlling exposure to risks.

SECURITIES AND EXCHANGE COMMISSION (SEC): The federal agency responsible for supervising and regulating the securities industry.

SECURITIES LENDING AGREEMENT: An agreement of one party (for example, a local agency) to borrow securities at a specified price from a second party (for example, another local agency) with a simultaneous agreement by the first party to return the security at a specified price to the second party on demand or at a specified date. These agreements generally are collateralized and involve a third party custodian to hold the securities and collateral. Economically similar to reverse repurchase agreement.

TAX AND REVENUE ANTICIPATION NOTES (TRANS): Notes issued in anticipation of receiving tax proceeds or other revenues at a future date.

TOTAL RETURN: Interest, realized gains and losses, and unrealized gains and losses over a given period of time.

TRUSTEE, TRUST COMPANY OR TRUST DEPARTMENT OF A BANK: A financial institution with powers to act in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

UNDERWRITER: A dealer that purchases a new issue of municipal securities for resale.

UNITED STATES AGENCY OBLIGATIONS: Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises, including federal agency mortgage-backed securities. Types of instruments may include mortgage-backed securities from the Federal National Mortgage Association (FNMA) including Fannie Mae and Freddie Mac securities.

UNITED STATES TREASURY OBLIGATIONS: Debt obligations of the United States government sold by the Treasury Department in the forms of bills, notes, and bonds. Bills are short-term obligations that mature in one year or less and are sold at a discount. Notes are obligations that mature between one year and ten years. Bonds are long-term obligations that generally mature in 10 years or more.

WEIGHTED AVERAGE MATURITY (WAM): The average maturity of all the securities that comprise a portfolio, typically expressed in days or years.

YIELD: The current rate of return on an investment security generally expressed as a percentage of the securities current price.

YIELD CURVE: A graphic representation that shows the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity.

YIELD-TO-CALL: The rate of return to the investor earned from payments of principal and interest, with interest compounded semi-annually at the stated yield when the security is redeemed on a specified call date. In addition, if the security is redeemed at a premium call price, the amount of the premium is also reflected in the yield.

YIELD-TO-MATURITY: The rate of return to the investor earned from payments of principal and interest, with interest compounded semi-annually at the stated yield as long as the security remains outstanding until the maturity date.

YIELD-TO-WORST: For a given dollar price on a municipal security, the lowest of the yield calculated to the pricing call, par option or maturity.

ZERO-COUPON BOND: A bond on which interest is not payable until maturity (or earlier redemption), but compounds periodically to accumulate to a stated maturity amount. Zero-interest bonds are typically issued at a discount and repaid at par upon maturity.

Attachment B, “California Municipal Treasurers Association Investment Policy Certification”

The City’s Investment of Financial Assets policy, as adopted by the City Council on November 16, 2016, received certification from the California Municipal Treasurers Association (CMTA) on January 17, 2017. Since receiving certification, the City’s modifications of the Investment of Financial Assets policy have been limited to addressing recommendations made by CMTA evaluators.



**CITY OF LAGUNA WOODS
ADMINISTRATIVE POLICY 2.2**

INVESTMENT OF FINANCIAL ASSETS

2.2.01. Statement of Purpose.

This Administrative Policy is intended to assist the City of Laguna Woods with the investment of the City’s financial assets in a manner that ensures adequate safety and liquidity, while maximizing yield (return) and complying with the requirements of California Government Code sections 5921 and 53600 et seq.

2.2.02. Scope.

This Administrative Policy generally applies to all financial assets of the City. Such funds are accounted for, or disclosed, in annual audited financial statements and include the General Fund, Special Revenue Funds, and the Capital Projects Fund. Funds invested separately with independent fiduciaries, including funds held and managed by the California Public Employees’ Retirement System (CalPERS) for the purpose of funding employee retirement obligations and other post-employment benefits (OPEB) are exempt from this Administrative Policy.

2.2.03. Objectives.

The objectives of the City’s investment activities, in priority order, shall be:

1. Safety – Safety of principal shall be the foremost objective. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall investment portfolio and the mitigation of credit risk and interest rate risk. This Administrative Policy recognizes that market conditions may warrant the sale of individual securities that would incur market losses in order to protect from further capital losses. The intent of this Administrative Policy is to ensure that capital losses are minimized on a portfolio level rather than on each transaction. To attain the safety objective, diversification of investments among a variety of securities with independent returns and institutions is required. Diversification is required with the goal of ensuring that potential losses on individual investments do not exceed the overall income generated from the balance of the portfolio. In a diversified portfolio, it is acknowledged and understood that occasional measurement losses may occur. Such losses shall be considered within the overall portfolio’s investment return.

2. Liquidity – The investment portfolio shall remain sufficiently liquid (i.e., capable of being converted to cash quickly) in order to enable the City to meet all reasonably anticipated cash demands and operational requirements and to maintain compliance with all applicable indenture agreements. Since unusual or unanticipated cash demands and operational requirements may occur from time-to-time, the portfolio shall primarily consist of investments in securities with active secondary and resale markets.
3. Yield (Return) – The investment portfolio shall be designed in a manner that seeks to attain the highest rate of return, consistent with established safety and liquidity objectives. While it is acknowledged and understood that occasional measurement losses may occur, the overall portfolio should generally earn at least market interest rates (market-average rates of return throughout budgetary and economic cycles for similar investments).

2.2.04. Delegation of Authority.

City Treasurer

No person other than the City Treasurer or Acting City Treasurer (hereafter referred to jointly as the “City Treasurer”) shall engage in an investment transaction using the City’s financial assets. The City Treasurer shall additionally be responsible for all transactions undertaken and shall establish and maintain a system of internal controls to regulate all investing activities.

In accordance with Government Code Section 53607, the City Council delegates investment authority for a one-year period to the City Treasurer. Such delegation of authority is subject to annual review and renewal by the City Council, as well as revocation at the City Council’s discretion. Adoption of this Administrative Policy shall constitute renewal of such delegation for an additional one-year period.

Pursuant to Laguna Woods Municipal Code Section 2.10.010, the City Treasurer is appointed by, and reports to, the City Manager. The City Manager may serve as, or appoint, an Acting City Treasurer at any time during the absence of a permanent City Treasurer. During his or her appointment, the Acting City Treasurer shall have all of the powers and duties of the City Treasurer.

The City Treasurer and City Manager (with respect to his or her role appointing and supervising the City Treasurer, and participating in investment decisions) shall be

relieved of personal responsibility for an individual investment’s performance or losses, market price changes, and the performance of or losses incurred by the overall portfolio provided that (1) actions were undertaken in accordance with this Administrative Policy and applicable federal and state law, (2) significant deviations from expectations were reported to the City Council in a timely manner, and (3) appropriate action was taken to mitigate future adverse developments.

Investment Policy Review Committee of the City Council

The City Council shall appoint two of its members to serve on an Investment Policy Review Committee for calendar year terms commencing on January 1 of each year. The Investment Policy Review Committee shall be responsible for conducting at least biannual reviews of the adequacy and effectiveness of this Administrative Policy and preparing related recommendations for City Council consideration.

The Investment Policy Review Committee shall be considered a standing committee, subject to all applicable provisions of the Ralph M. Brown Act.

2.2.05. Public Trust.

The City Council, City Manager, City Treasurer, and all individuals authorized to participate in investment decisions on behalf of the City shall act as custodians of the public trust and recognize that the investment portfolio is subject to public review and evaluation. The City’s overall approach to investment shall be designed and managed with a degree of professionalism that is worthy of the public trust.

2.2.06. Prudence.

The City Council, City Manager, City Treasurer, and all individuals authorized to participate in investment decisions on behalf of the City, are considered to be trustees and, therefore, fiduciaries subject to the prudent investor standard. The prudent investor standard is summarized in Government Code Section 53600.3, as follows:

All governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general

economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

2.2.07. Ethics and Conflicts of Interest.

As set forth in the City’s Conflict of Interest Policy, and as otherwise required by the Political Reform Act and Fair Political Practices Commission, public officials who manage public investments are required to file economic interest disclosures.

In addition to federal, state and local statutes relating to conflicts of interest, the City Council, City Manager, City Treasurer, and all individuals authorized to participate in investment decisions on behalf of the City shall refrain from personal business association or activity that conflicts with proper execution of this Administrative Policy, or which could impair their ability to make impartial investment decisions.

2.2.08. Internal Controls and Routine External Review.

The City Treasurer shall develop, implement, and maintain a system of internal controls designed to ensure the effectiveness and efficiency of investment activities, compliance with applicable laws and regulations, and the reliability of financial reporting. Such internal controls shall seek to prevent the loss of public funds due to fraud, error, misrepresentation, and unanticipated market changes.

As a part of their annual review of internal controls, the City’s independent, external auditors shall review internal controls related to investment activities.

2.2.09. Authorized Financial Dealers, Depositories, and Institutions.

In accordance with Government Code Section 53601.5, investments shall either be purchased (1) directly from the issuer, (2) from an institution licensed by the State of California as a Broker-Dealer, as defined in Corporations Code Section 25004, provided that the institution is a primary or regional dealer qualified under federal Securities and Exchange Commission Rule 15C3-1 (Uniform Net Capitol Rule), (3) from a member of a federally regulated securities exchange, (4) from a national or state-chartered bank, from a savings association or federal association, as defined by

Financial Code Section 5102, or (5) from a brokerage firm designated as a primary government dealer by the Federal Reserve bank. In addition, investments shall only be purchased from entities or deposits made in qualified public depositories, as established by State law, with ~~a physical presence in~~ full knowledge of applicable California law and at least five years' experience providing similar services ~~to other~~ to California municipalities.

The selection of financial dealers, depositories, and institutions shall follow a periodic competitive procurement process (e.g., requests for proposals or requests for qualifications) and be subject to ultimate approval of the City Council or City Manager in accordance with established purchasing regulations and policies. The nature of the competitive procurement process, frequency thereof, and submittals required, shall be designed and determined by the City Treasurer.

On an annual basis, the City Treasurer shall send a copy of the current version of this Administrative Policy to all financial dealers, depositories, and institutions approved to do business with the City. Receipt of this Administrative Policy shall be considered confirmation that the parties to whom they were distributed understand the City's authorized investment types and requirements thereof.

2.2.10. Authorized Investments.

In accordance with the requirements set forth in this Administrative Policy and in ~~California~~ Government Code sections 53601, 53601.6, 53601.8, 53635, 53635.2, 53638, and 53684, the following types of investment are authorized:

A. Monies required to meet immediate cash flow needs:

- *Federal Deposit Insurance Corporation (FDIC) Insured Accounts*
Fully insured under \$250,000 or collateralized

B. Monies not required to meet immediate cash flow needs, but which can be reasonably anticipated to be required over the following 12 months:

- *Bankers' Acceptances*
Minimum Standard & Poor's Rating: A₋₁, Minimum Moody's Rating: P₋₁
- *Commercial Paper*
Minimum Standard & Poor's Rating: A₋₁, Minimum Moody's Rating: P₋₁
- *Local Government Investment Pools and other pooled investment funds such as money market mutual funds*

Minimum Standard & Poor’s Rating (Money Market Mutual Funds): AAA, Minimum Moody’s Rating: Aaa, or other rating service equivalent

- ~~Money Market Mutual Funds~~

~~Minimum Standard & Poor’s Rating: AAA, Minimum Moody’s Rating: Aaa~~

- *Non-Negotiable Certificates of Deposit*

~~Fully insured by FDIC or collateralized with a minimum Standard & Poor’s Rating: AA, Minimum Moody’s Rating: Aa~~ Issued by a nationally or state-chartered bank, or state or federal savings and loan association, as defined by Financial Code Section 5102; and (1) with an “A” or better rating on its long-term debt as provided by Standard & Poor’s or Moody’s or (2) with minimum short-term ratings by two rating services. For (2), the minimum Standard & Poor’s rating shall be A-1 and the minimum Moody’s rating shall be P-1.

- *Passbook Savings Demand Deposits*

Fully insured by FDIC or collateralized

- *Repurchase Agreements*

Minimum Standard & Poor’s Rating: AA, Minimum Moody’s Rating: Aa

- *All investments authorized under Section 2.2.10(A).*

C. Monies not required to meet immediate cash flow needs, and which cannot be reasonably anticipated to be required over the following 12 months:

- *United States Treasury Obligations (notes, bonds, bills, or other certificates or coupons)*

Explicit full faith and credit guarantee of the United States Government. ~~with a m~~Minimum Standard & Poor’s Rating for Bonds: AA or A-1+, Minimum Moody’s Rating for Bonds: Aa3 or P-1

- *United States Agency Obligations*

Implied full faith and credit guarantee of the United States Government. Minimum Standard & Poor’s Rating for Bonds: AA or A-1+, Minimum Moody’s Rating for Bonds: Aa3 or P-1 ~~with a minimum Standard & Poor’s Rating: A1, Minimum Moody’s Rating: P1~~

- *State of California and Others States-issued Obligations (notes, bonds, or warrants)*

Minimum Standard & Poor’s Rating for Bonds: AA or A-1+, Minimum Moody’s Rating for Bonds: Aa or P-1

- *California Local Government-issued Municipal Obligations (notes, bonds, warrants, or other indebtedness issued by a California county, city, or local district/agency)*

Minimum Standard & Poor’s Rating: AA or A-1+, Minimum Moody’s Rating: Aa or P-1

- *Negotiable Certificates of Deposit*
~~Minimum Standard & Poor’s Rating: A1, Minimum Moody’s Rating: P1~~
Issued by a nationally or state-chartered bank, or state or federal savings and loan association, as defined by California Financial Code Section 5102. Collateral shall comply with Chapter 4, Bank Deposit Law, Section 16500 et seq., and Chapter 4.5, Savings and Loan Association and Credit Union Deposit Law, Section 16600 et seq., of California Government Code.
- *All investments authorized under sections 2.2.10(A) and (B).*

2.2.11. Local Government Investment Pools and Other Pooled Investment Funds.

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While local government investment pools generally provide significant safety and liquidity, the City Treasurer shall complete a thorough investigation prior to making any such investment and consider the same during the monthly compliance review required by Section 2.2.13. Due diligence in investigations shall generally include a review of written statements of investment policies, objectives, fees schedules, and reporting schedules, as well as issues related to (1) eligible investors and securities, (2) the permitted frequencies and sizes of deposits and withdrawals, (3) security safeguards, including settlement processes, (4) the frequency with which securities are priced and the program audited, (5) the treatment of gains and losses, including interest calculations and distribution, (6) whether and, if so, how reserves, retained earnings, and similar funds are utilized by the investment pool, and (7) whether the investment pool is eligible for and, if so, accepts bond proceeds. In addition, only local government investment pools with at least five years’ experience providing similar services to other California municipalities may be utilized. Similar due diligence and investigative procedures shall be performed prior to investing in any other pooled investment funds, such as money market mutual funds.

2.2.12. Prohibited Investments.

Notwithstanding those types of investments that are otherwise prohibited by law or this Administrative Policy, financial derivatives (e.g., futures, options, and interest rate swaps) and foreign investments (e.g., indices and currencies) are prohibited.

2.2.13. Monthly Internal Compliance Review of Investment Portfolio.

Investments shall be in compliance with the ratings and other requirements set forth in this Administrative Policy at the time of purchase. It is acknowledged and understood that some investments may not fully comply with the same following purchase. The City Treasurer shall review the overall investment portfolio on a monthly basis and identify any investments that no longer comply. Non-compliant investments shall be reported to the City Council, City Manager, and City Attorney within 10 business days of discovery and corrected as soon as practical.

2.2.14. Safekeeping and Custody.

All investments shall be registered in the name of the City and all interest, principal payments, and withdrawals shall indicate the City as the sole payee.

All investments, with the exception of Federal Deposit Insurance Corporation (FDIC) Insured Accounts, Local Government Investment Pools, and Money Market Funds shall be held by a third party custodian designated by the City Treasurer and evidenced by custodial agreements or safekeeping receipts. Third-party custodians shall comply with the requirements set forth in Section 2.2.09.

All security transactions, where applicable, shall use a Delivery-versus-Payment (DVP) settlement procedure with the City's payment due at the time of delivery.

2.2.15. Collateralization.

Collateral for non-negotiable certificates of deposit and negotiable certificates of deposit shall comply with Government Code, Chapter 4, Bank Deposit Law Section 16500 et seq. and the Savings and Loan and Credit Union Deposit Law Government Code Section 16600 et seq. In addition, if the Non-Negotiable Certificate of Deposit is not Federal Deposit Insurance Corporation (FDIC) insured or exceeds the FDIC insured limit, collateral is required equal to 100% of the principal.

Collateral for repurchase agreements shall be 110% of the market value of principal and accrued interest. Collateral can be either United States Treasury securities or United States Agency securities. The City Treasurer is authorized to grant the right of collateral substitution for repurchase agreements.

All collateral shall be held by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained.

2.2.16. Diversification and Maximum Maturities.

The overall investment portfolio shall be diversified to avoid incurring unreasonable and avoidable risks associated with concentrating investments in specific investment types, maturity segments, or individual financial institutions. In a diversified portfolio, it is acknowledged and understood that occasional measurement losses may occur. Such losses shall be considered within the overall portfolio's investment return. Diversification also requires investments to be spread among varying security types and institutions.

Authorized investments shall be invested subject to the following:

Table 2.2-1: Diversification and Maximum Maturities Table

Type of Investment	Maximum Amount of Portfolio Investment	Maximum Maturity
Federal Deposit Insurance Corporation (FDIC) Insured Accounts	100%	N/A
Bankers' Acceptances	20% (no more than 5% with one bank)	180 days
Commercial Paper	15% (no more than 10% of a single issuer)	270 days
Local Government Investment Pools	90%	N/A
Money Market Mutual Funds	10%	N/A
Non-Negotiable Certificates of Deposit	20% (no more than 5% with one bank or issuer) <u>and no more than 30% of the overall portfolio when combined with Negotiable Certificates of Deposit</u>	3 years
<u>Negotiable Certificates of Deposit</u>	<u>30% (no more than 5% with one bank or single issuer) and no more than 30% of the overall portfolio when</u>	<u>3 years</u>

Type of Investment	Maximum Amount of Portfolio Investment	Maximum Maturity
	<u>combined with Non-Negotiable Certificates of Deposit</u>	
Passbook Savings Demand Deposits	100%	3 years
Repurchase Agreements	10% (no more than 20% of a single issuer)	30 days
United States Treasury Obligations	30 90% of overall portfolio for any one investment type (no more than 20% of a single issuer)	3 years
United States Agency Obligations	no more than 20% of a single issuer)	3 years
State of California and Other States-issued Obligations	20% of overall portfolio for any one investment type (no more than	3 years
California Local Government-issued Municipal Obligations	20 5% of a single issuer)	3 years
Negotiable Certificates of Deposit	30% (no more than 5% with one bank or single issuer)	3 years

2.2.17. Reporting.

The City Treasurer shall prepare and submit a monthly investment report to the City Council. The report shall include a summary of all investment transactions for the reporting period, as required by Government Code Section 53607, as well as similar information required for optional quarterly investment reports by Government Code Section 53646(b), to the extent that such information is available. The report shall also comply with Government Accounting Standard Board (GASB) Statement No. 40 and include the following:

- A. Certification that all investment actions executed since the last report have been made in full compliance with this Administrative Policy; and
- B. Certification that the City is able to meet all cash flow needs which might reasonably be anticipated for the next 12 months.

2.2.18. Annual City Council Review and Adoption of this Administrative Policy.

This Administrative Policy shall be reviewed, modified as necessary, and adopted, at least annually, by resolution of the City Council at a duly noticed public meeting. Such annual review shall be in addition to the reviews conducted by the Investment Policy Review Committee as described in Section 2.2.04.

2.2.19. Relationship to Federal and State Laws.

Where federal or state laws are more restrictive than or contradict this Administrative Policy, such laws shall take precedence. Where this Administrative Policy is more restrictive than federal or state laws, this Administrative Policy shall take precedence. The City Treasurer shall advise the Investment Policy Review Committee of any contradictions of federal or state law for consideration during its reviews conducted as described in Section 2.2.04.

2.2.20. Attachments.

Attachment A, “Glossary of Terms and Acronyms,” is incorporated by reference.

[Attachment B, “California Municipal Treasurers Association Investment Policy Certification”](#)

City Council Adoption: ~~November 16, 2016~~April XX, 2017

Attachment A, “Glossary of Terms and Acronyms”

This Glossary of Terms and Acronyms contains common investment terminology to provide users with a better understanding of basic investment terms. It is intended to be used as a basic reference only, is not intended to be all inclusive, and should not be treated as a substitute for professional counsel or analysis.

ACCRUED INTEREST: Coupon interest accumulated on a bond or note since the last interest payment or, for a new issue, from the dated date to the date of delivery.

ASSET-BACKED SECURITIES: Securities that are supported by pools of assets, such as installment loans or leases, or by pools of revolving lines of credits. Asset-backed securities are structured as trusts in order to perfect a security interest in the underlying assets.

AVERAGE: An arithmetic mean of selected stocks intended to represent the behavior of the market or some component of it.

BANK DEPOSITS: Deposits in banks or other depository institutions that may be in the form of demand accounts (checking) or investments in accounts that have a fixed term and negotiated rate of interest.

BANK NOTES: A senior, unsecured, direct obligation of a bank or United States branch of a foreign bank.

BANKERS’ ACCEPTANCE: A draft or bill of exchange accepted by a bank or trust company. The accepting institution, as well as the issuer, guarantees payment of the bill.

BASIS POINTS: Refers to the yield on bonds. Each percentage point of yield in bonds equals 100 basis points (1/100% or 0.01%). If a bond yield changes from 7.25% to 7.39% that is a rate of 14 basis points.

BENCHMARK: A passive index used to compare the performance, relative to risk and return, of an investor’s portfolio.

BOND PROCEEDS: The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These moneys are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract.

BONDS: A debt obligation of a firm or public entity. A bond represents the agreement to repay the debt in principal and, typically, in interest on the principal.

BOOK VALUE: The value at which an asset is carried on a balance sheet.

BROKER: A person or firm that acts as an intermediary by purchasing and selling securities for others rather than for its own account.

CALL OPTION: The terms of the bond contract giving the issuer the right to redeem or call an outstanding issue of bonds prior to its stated date of maturity.

CASH FLOW: A comparison of cash receipts (revenues) to required payments (debt service, operating expenses, etc.).

CERTIFICATE OF DEPOSIT: A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period. Certificates of Deposit (CDs) differ in terms of collateralization and marketability. CDs appropriate to public agency investing include:

Negotiable Certificates of Deposit – Generally, short-term debt instruments that pay interest and re issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. The majority of negotiable CDs mature within six months while the average maturity is two weeks. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor). Negotiable CDs are insured by the FDIC up to \$250,000, but they are not collateralized beyond that amount.

Non-Negotiable Certificates of Deposit – CDs that carry a penalty if redeemed prior to maturity. A secondary market does exist for non-negotiable CDs, but redemption includes a transaction cost that reduces returns to the investor. Non-negotiable CDs issued by banks and savings and loans are insured by the FDIC up to the amount of \$250,000, including principal and interest. Amounts deposited above this amount may be secured with other forms of collateral through an agreement between the investor and the issuer. Collateral may include other securities, including treasuries or agency securities (e.g., issued by the Federal National Mortgage Association).

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS): A private CD placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is

currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

CD PLACEMENT SERVICE: A service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution while still maintaining FDIC insurance coverage. See “CDARS”.

COLLATERALIZATION OF DEPOSITS: A process by which a bank or other financial institution pledges securities or other deposits for the purpose of securing the repayment of deposited funds.

COMMERCIAL PAPER: An unsecured short-term promissory note issued by corporations or municipalities, with maturities ranging from two to 270 days.

CORPORATE NOTES AND BONDS: Debt instruments, typically unsecured, issued by corporations, with original maturities in most cases greater than one year and less than ten years.

COUNTY POOLED INVESTMENT FUNDS: The aggregate of all funds from public agencies placed in the custody of the county treasurer or chief finance officer for investment and reinvestment.

COUPON: The annual rate of interest that a bond’s issuer promises to pay the bondholder in the bond’s face value; a certificate attached to a bond evidencing interest due on a payment date.

CREDIT RATING: The credit worthiness of an investment. Credit ratings are issued by nationally recognized statistical rating organizations (NRSROs) registered with the Securities and Exchange Commission. Three highly recognized organizations are Standard and Poor’s, Moody’s, and Fitch. The organizations use a primary letter designation (numbers or symbols may follow the letter designation) to indicate the quality of an investment. As an example, short-term ratings by Standard and Poor’s of A-1+ and Moody’s of P-1 indicate a prime or high grade quality investment. Long-term prime or high grade quality investments would be rated AAA or Aaa by Standard and Poor’s and Moody’s, respectively. Rates beginning with letters B or C would typically indicate an investment of speculative and higher risk quality.

~~CREDIT RATING~~: Various alphabetical and numerical designations used by institutional investors, Wall Street underwriters, and commercial rating companies to give relative indications of bond and note creditworthiness. Standard & Poor’s

~~and Fitch Ratings use the same system, starting with their highest rating, of AAA, AA, A, BBB, BB, B, CCC, CC, C, and D for default. Moody's Investors Service uses AAA, AA, A, BAA, BA, B, CAA, CA, and D. Each of the services use pluses (+), minuses (-), or numerical modifiers to indicate steps within each category. The top four letter categories are considered investment grade ratings.~~

CREDIT RISK: The chance that an issuer will be unable to make scheduled payments of interest and principal on an outstanding obligation. Another concern for investors is that the market's perception of an issuer/borrower's credit will cause the market value of a security to fall, even if default is not expected.

CUSTODIAN: A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER: Someone who acts as a principal in all transactions, including underwriting, buying, and selling securities, including from his or her own account.

DEFAULT RISK: The risk that issuers or borrowers will be unable to make the required payments on their debt obligations.

DEFEASED BOND ISSUES: Issues that have sufficient money to retire outstanding debt when due, so that the agency is released from the contracts and covenants in the bond document.

DELIVERY-VERSUS-PAYMENT (DVP): The payment of cash for securities as they are delivered and accepted for settlement.

DERIVATIVE: Securities that are based on, or derived from, some underlying asset, reference date, or index.

DISCOUNT: The difference between the par value of a security and the cost of the security, when the cost is below par. Investors purchase securities at a discount when return to the investor (yield) is higher than the stated coupon (interest rate) on the investment.

DISCOUNT RATE: The interest rate used in discounted cash flow analysis to determine the present value of future cash flows. The discount rate in discounted cash flow analysis takes into account not just the time value of money, but also the risk or uncertainty of future cash flows; the greater the uncertainty of future cash flows, the higher the discount rate.

DIVERSIFICATION: The allocation of different types of assets in a portfolio to mitigate risks and improve overall portfolio performance.

DURATION: A measure of the timing of the cash flows to be received from a security that provides the foundation for a measure of the interest rate sensitivity of a bond. Duration is a volatility measure and represents the percentage change in price divided by the percentage change in interest rates. A high duration measure indicates that for a given level of movement in interest rates, prices of securities will vary considerably.

EFFECTIVE DURATION: A measurement of the weighted average of the present value of the cash flows of a fixed-income investment. Effective duration measures the price sensitivity of fixed-income investments, especially for those with embedded option features such as call options. As yields rise, the effective duration of a callable investment rises to reflect the fact that it has become less likely to be called. The more rates rise, the longer the effective duration will become, approaching the duration to maturity. The converse is true in a declining interest rate environment (that is, the more rates fall, the shorter the effective duration will become, approaching the duration to call). For securities without an embedded option, the duration to call, maturity, and effective duration are all the same. The calculation for effective duration is complicated and involves averaging the duration under a simulation of many possible interest rate scenarios in the future.

EVENT RISK: The risk associated with a changing portfolio value due to a market event causing swings in market prices and/or spreads.

EXTENDABLE NOTES: Securities with maturity dates that can be extended by mutual agreement between the issuer and investor. When investing in these types of securities, the maturity date plus the stated extendable option must not exceed the time frames that are allowed in California Government Code or the investment policy for the investment type.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per entity.

FIDUCIARY: An individual who holds something in trust for another and bears liability for its safekeeping.

FIRST TIER SECURITIES: Securities that have received short term debt ratings in the highest category from the requisite nationally recognized statistical-rating organizations (NRSROs), or are comparable unrated securities, or are issued by money market funds, or government securities. [See SEC Rules: Paragraph (A) (12) of rule 2A-7.]

FLOATING RATE SECURITY: A security that has a variable or “floating” interest rate.

GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB): A standard-setting body, associated with the Financial Accounting Foundation, which prescribes standard accounting practices for governmental units.

GOVERNMENT SPONSORED ENTERPRISES (GSE): Privately held corporations with public purposes created by the United States Congress to reduce the cost of capital for certain borrowing sectors of the economy. Securities issued by GSEs carry the implicit backing of the United States Government, but they are not direct obligations of the United States Government. For this reason, these securities will offer a yield premium over Treasuries.

GUARANTEED INVESTMENT CONTRACT (GIC): An agreement acknowledging receipt of funds for deposit, specifying terms for withdrawal, and guaranteeing a rate of interest to be paid.

INDEX: An indicator that is published on a periodic basis that shows the estimated price and/or yield levels for various groups of securities.

INTEREST: The amount a borrower pays to a lender for the use of his or her money.

INTEREST RATE RISK: The risk that an investment's value will change due to a change in the absolute level of interest rates, spread between two rates, shape of the yield curve, or any other interest rate relationship.

INVESTMENT AGREEMENTS: Contracts with respect to funds deposited by an investor. Investment agreements are often separated into those offered by banks and those offered by insurance companies. In the former case, they are sometimes referred to as “bank investment contracts.”

LONDON INTERBANK OFFERED RATE (LIBOR): The average rate at which a leading bank can obtain unsecured funding in the London interbank market. LIBOR

serves as a benchmark for various interest rates. Obligations of parties to such transactions are typically expressed as a spread to LIBOR.

LIQUIDITY: The measure of the ability to convert an instrument to cash on a given date at full face or par value.

LIQUIDITY RISK: The risk that a security, sold prior to maturity, will be sold at a loss of value. For a local agency, the liquidity risk of an individual investment may not be as critical as how the overall liquidity of the portfolio allows the agency to meet its cash needs.

LOCAL AGENCY INVESTMENT FUND (LAIF): A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

MARKET RISK: The chance that the value of a security will decline as interest rates rise. In general, as interest rates fall, prices of fixed income securities rise. Similarly, as interest rates rise, prices fall. Market risk also is referred to as systematic risk or risk that affects all securities within an asset class similarly.

MARKET VALUE: The price at which a security is trading and presumably could be purchased or sold at a particular point in time.

MATURITY: The date on which the principal or stated value of an investment becomes due and payable.

MEDIUM-TERM NOTE: Corporate or depository institution debt securities meeting certain minimum quality standards (as specified in California Government Code) with a remaining maturity of five years or less.

MONEY MARKET MUTUAL FUNDS (MMFs): Mutual funds that invest exclusively in short-term money market instruments. MMFs seek the preservation of capital as a primary goal while maintaining a high degree of liquidity and providing income representative of the market for short term investments.

MORTGAGE-BACKED SECURITIES (MBS): Securities created when a mortgagee or a purchaser of residential real estate mortgages creates a pool of mortgages and markets undivided interests or participations in the pool. MBS owners receive a pro-rata share of the interest and principal cash flows (net of fees) that are “passed through” from the pool of mortgages. MBS are complex securities whose cash flow is determined by the characteristics of the mortgages that are pooled together. Investors in MBS face prepayment risk associated with the option of the underlying mortgagors to pre-pay or payoff their mortgage. Most MBS are issued and/or guaranteed by federal agencies and instrumentalities (e.g., Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC)).

MORTGAGE PASS-THROUGH OBLIGATIONS: Securities that are created when residential mortgages (or other mortgages) are pooled together and undivided interests or participations in the stream of revenues associated with the mortgages are sold.

MUNICIPAL ADVISOR RULE: Regulations for non-dealer "municipal advisors" such as financial advisors, swap advisors, GIC brokers, etc. In addition, the rule pertains to banks and broker dealers acting as municipal advisors. Municipal advisors have a fiduciary responsibility to the government agency receiving their services and they must register with the Securities Exchange Commission (SEC). Municipal finance professionals that do not have a fiduciary duty to issuers cannot provide advice to governments unless certain exemptions are met. The SEC has published a list of frequently asked questions: www.sec.gov/info/municipal/mun-advisors-faqs.pdf.

MUNICIPAL NOTES, BONDS, AND OTHER OBLIGATIONS: Obligations issued by state and local governments to finance capital and operating expenses.

MUTUAL FUNDS: An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments.

NEW ISSUE: Securities sold during the initial distribution of an issue in a primary offering by the underwriter or underwriting syndicate.

NET ASSET VALUE (NAV): A determination of the average price per share of a pool or mutual fund. How this measure varies over time provides information on whether the pool is stable or variable. NAV is the market value of all securities in a

mutual fund, less the value of the fund’s liabilities, divided by the number of shares in the fund outstanding. Shares of mutual funds are purchased at the fund’s NAV.

NET PRESENT VALUE: An amount that equates future cash flows with their value in present terms.

NOTE: A written promise to pay a specified amount to a certain entity on demand or on a specified date. Usually bearing a short-term maturity of a year or less (though longer maturities are issued—see “Medium-Term Note”).

OPTIONS: A contract that gives the buyer the right to buy or sell an obligation at a specified price for a specified time. Exchange Traded Options are standardized option contracts that are actively traded on the Chicago Board of Exchange on a daily basis whereas Over-the-Counter Options are traded directly between the buyer and seller at agreed upon prices and conditions (the former type of option is therefore more liquid than the latter).

PAR AMOUNT OR PAR VALUE: The principal amount of a note or bond which must be paid at maturity. Par, also referred to as the “face amount” of a security, is the principal value stated on the face of the security. A par bond is one sold at a price of 100 percent of its principal amount.

PASSBOOK SAVINGS DEMAND DEPOSITS: An interest-bearing bank deposit that unlike time deposits which have a specified term, is typically considered readily available funds and can be withdrawn without advance notice.

PLACEMENT SERVICE DEPOSIT: Deposits at depository institutions placed by a private sector placement service entity.

PLACEMENT SERVICE CERTIFICATES OF DEPOSIT: Certificates of deposit placed with a private sector entity that assists in the placement of certificates of deposit with eligible financial institutions located in the United States.

PORTFOLIO: Combined holding of more than one stock, bond, commodity, real estate investment, cash equivalent, or other asset. The purpose of a portfolio is to reduce risk by diversification.

PREMIUM: The difference between the par value of a security and the cost of the security, when the cost is above par. Investors pay a premium to purchase a security

when the return to the investor (yield) is lower than the stated coupon (interest rate) on the investment.

PRICE: The amount of monetary consideration required by a willing seller and a willing buyer to sell an investment on a particular date.

PRINCIPAL: The face value or par value of a debt instrument, or the amount of capital invested in a given security.

PROSPECTUS: A disclosure document that must be provided to any prospective purchaser of a new securities offering registered with the SEC that typically includes information on the issuer, the issuer’s business, the proposed use of proceeds, the experience of the issuer’s management, and certain certified financial statements (also known as an “official statement”).

PRUDENT INVESTOR STANDARD: A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. The test of whether the standard is being met is if a prudent person acting in such a situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

REINVESTMENT RISK: The risk that interest rates may be lower than the yield on a fixed income security when the investor seeks to reinvest interest income or repaid principal from the security.

REPURCHASE AGREEMENTS: An agreement of one party (for example, a financial institution) to sell securities to a second party (such as a local agency) and simultaneous agreement by the first party to repurchase the securities at a specified price from the second party on demand or at a specified date.

RISK: The uncertainty of maintaining the principal or interest associated with an investment due to a variety of factors.

RULE G-37 OF THE MUNICIPAL SECURITIES RULEMAKING BOARD: Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

SAFEKEEPING SERVICE: Offers storage and protection of assets provided by an institution serving as an agent.

SAFETY: In the context of investing public funds, safety relates to preserving the principal of an investment in an investment portfolio; local agencies address the concerns of safety by controlling exposure to risks.

SECURITIES AND EXCHANGE COMMISSION (SEC): The federal agency responsible for supervising and regulating the securities industry.

SECURITIES LENDING AGREEMENT: An agreement of one party (for example, a local agency) to borrow securities at a specified price from a second party (for example, another local agency) with a simultaneous agreement by the first party to return the security at a specified price to the second party on demand or at a specified date. These agreements generally are collateralized and involve a third party custodian to hold the securities and collateral. Economically similar to reverse repurchase agreement.

TAX AND REVENUE ANTICIPATION NOTES (TRANS): Notes issued in anticipation of receiving tax proceeds or other revenues at a future date.

TOTAL RETURN: Interest, realized gains and losses, and unrealized gains and losses over a given period of time.

TRUSTEE, TRUST COMPANY OR TRUST DEPARTMENT OF A BANK: A financial institution with powers to act in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

UNDERWRITER: A dealer that purchases a new issue of municipal securities for resale.

UNITED STATES AGENCY OBLIGATIONS: Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises, including federal agency mortgage-backed securities. Types of instruments may include mortgage-backed securities from the Federal National Mortgage Association (FNMA) including Fannie Mae and Freddie Mac securities.

UNITED STATES TREASURY OBLIGATIONS: Debt obligations of the United States government sold by the Treasury Department in the forms of bills, notes, and bonds. Bills are short-term obligations that mature in one year or less and are sold at

a discount. Notes are obligations that mature between one year and ten years. Bonds are long-term obligations that generally mature in 10 years or more.

WEIGHTED AVERAGE MATURITY (WAM): The average maturity of all the securities that comprise a portfolio, typically expressed in days or years.

YIELD: The current rate of return on an investment security generally expressed as a percentage of the securities current price.

YIELD CURVE: A graphic representation that shows the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity.

YIELD-TO-CALL: The rate of return to the investor earned from payments of principal and interest, with interest compounded semi-annually at the stated yield when the security is redeemed on a specified call date. In addition, if the security is redeemed at a premium call price, the amount of the premium is also reflected in the yield.

YIELD-TO-MATURITY: The rate of return to the investor earned from payments of principal and interest, with interest compounded semi-annually at the stated yield as long as the security remains outstanding until the maturity date.

YIELD-TO-WORST: For a given dollar price on a municipal security, the lowest of the yield calculated to the pricing call, par option or maturity.

ZERO-COUPON BOND: A bond on which interest is not payable until maturity (or earlier redemption), but compounds periodically to accumulate to a stated maturity amount. Zero-interest bonds are typically issued at a discount and repaid at par upon maturity.

Attachment B, “California Municipal Treasurers Association Investment Policy Certification”

The City’s Investment of Financial Assets policy, as adopted by the City Council on November 16, 2016, received certification from the California Municipal Treasurers Association (CMTA) on January 17, 2017. Since receiving certification, the City’s modifications of the Investment of Financial Assets policy have been limited to addressing recommendations made by CMTA evaluators.



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ORANGE COUNTY INVESTMENT POOL

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City of Laguna Woods Agenda Report

TO: Honorable Mayor and City Councilmembers
FROM: Christopher Macon, City Manager
FOR: April 19, 2017 Regular Meeting
SUBJECT: Orange County Investment Pool

Recommendation

Approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AUTHORIZING THE DEPOSIT AND INVESTMENT OF EXCESS FUNDS WITH THE TREASURER-TAX COLLECTOR OF THE COUNTY OF ORANGE, CALIFORNIA

Background

The City's investment policy authorizes the investment of up to 90% of the overall investment portfolio in local government investment pools. Historically, the City has invested in the State of California's Local Agency Investment Fund (LAIF), which is one such local government investment pool. Local government investment pools allow the City to maintain high levels of liquidity and safety for monies that are not required to meet immediate cash flow needs.

The Orange County Investment Pool (OCIP) is managed by the County of Orange Treasurer's Office with oversight by the County of Orange Auditor-Controller's Office and a Treasury Oversight Committee consisting of the Auditor-Controller, County Executive Officer, County Superintendent of Schools, and four members of the public appointed by the Orange County Board of Supervisors. Current voluntary pool participants in OCIP include the cities of Laguna Niguel, Lake Forest, Tustin and Villa Park, as well as the Local Agency Formation Commission

(LAFCO), Municipal Water District of Orange County (MWDOC), Orange County Mosquito and Vector Control District, and Foothill/Eastern and San Joaquin Hills transportation corridor agencies (The Toll Roads).

Discussion

The City Treasurer has performed her required due diligence, including a thorough investigation consistent with all applicable requirements of the City's investment policy, regarding the potential investment of City monies in OCIP. The proposed resolution (Attachment A) would authorize the City Treasurer to make such investments in accordance with the City's investment policy. The OCIP Investment Policy Statement referred to in Attachment A is included as Attachment B.

At a meeting on April 4, 2017, the Investment Policy Review Committee received a presentation from the Orange County Treasurer-Tax Collector on OCIP and expressed no concern or reservation regarding the potential future investment of City monies therein. That presentation occurred as part of the City Treasurer's due diligence in considering this recommendation.

Participation in OCIP would provide an additional local government investment pool option and would not preclude continued or future investments in LAIF.

Fiscal Impact

Funds to support this project are included in the City's budget.

Report Prepared With: Margaret Cady, CPA, Administrative Services Director/City Treasurer

Attachments: A – Proposed Resolution
 Exhibit A – Proposed OCIP Agreement
 B – OCIP Investment Policy Statement (November 22, 2016)

RESOLUTION NO. 17-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AUTHORIZING THE DEPOSIT AND INVESTMENT OF EXCESS FUNDS WITH THE TREASURER-TAX COLLECTOR OF THE COUNTY OF ORANGE, CALIFORNIA

WHEREAS, Government Code Section 53684 allows the City of Laguna Woods, California (“City”) to deposit excess funds into the Orange County Treasury for purposes of investment by the Orange County Treasurer-Tax Collector; and

WHEREAS, the City’s investment policy authorizes the City Treasurer to invest financial assets in local government investment pools; and

WHEREAS, the Orange County Investment Pool is a local government investment pool managed by the Orange County Treasurer’s Office; and

WHEREAS, at a duly noticed public meeting on April 4, 2017, the Investment Policy Review Committee (Mayor Horne and Mayor Pro Tem Moore) received a presentation from the Orange County Treasurer-Tax Collector on the Orange County Investment Pool and expressed no concern or reservation regarding the potential future investment of City monies therein; and

WHEREAS, the City Treasurer has performed her required due diligence, including a thorough investigation consistent with all applicable requirements of the City’s investment policy, prior to recommending that the City Council approve this resolution authorizing investment in the Orange County Investment Pool.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The City Council hereby finds that it may, from time to time, be advantageous to make deposits for purposes of investment in the Orange County Investment Pool.

SECTION 2. The City Council has received and carefully reviewed the Orange County Treasurer-Tax Collector’s Investment Policy Statement (“IPS”), and understands its contents, including the Net Asset Value (“NAV”) risk that is

described in Section V of the IPS. Having considered and weighed the risks of investing (including, but not limited to, the risks of loss of interest and principal), the City Council finds and determines that it is appropriate and legal to invest monies of the City in the Orange County Investment Pool as permitted by the City’s investment policy. The City Council understands and agrees that the IPS may be amended at any time by the Orange County Board of Supervisors.

SECTION 3. The City Council hereby finds and determines that excess funds of the City are not required for immediate use and that the investment of such funds in the Orange County Investment Pool is an appropriate investment of its monies.

SECTION 4. The City Council hereby authorizes the deposit of monies of the City into the Orange County Investment Pool for purposes of investment by the Orange County Treasurer-Tax Collector in accordance with the provisions of Government Code Section 53684 and the “Agreement for the Deposit and Investment of Excess Funds into the County Treasury” (“Agreement”) attached hereto as Exhibit A. The City Council approves the Agreement and authorizes the Mayor to execute the Agreement on behalf of the City, subject to approval as to form by the City Attorney.

SECTION 5. The City Council hereby authorizes the City Manager and the Administrative Services Director/City Treasurer to make deposits or request withdrawals of monies for the City from the Orange County Investment Pool.

SECTION 6. The Deputy City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED on this XX day of XX 2017.

SHARI L. HORNE, Mayor

ATTEST:

YOLIE TRIPPY, Deputy City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF LAGUNA WOODS)

I, YOLIE TRIPPY, Deputy City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Resolution No. 17-XX** was duly adopted by the City Council of the City of Laguna Woods at a regular meeting thereof, held on the XX day of XX 2017, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

YOLIE TRIPPY, Deputy City Clerk

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ITEM 6.6 – Exhibit A to Attachment A

**AGREEMENT
FOR
THE DEPOSIT AND INVESTMENT OF EXCESS FUNDS
INTO THE COUNTY TREASURY**

THIS AGREEMENT is made and entered into as of the date fully executed by and between the City of Laguna Woods hereinafter referred to as “Local Agency,” and the County of Orange, California a political subdivision of the State of California, hereinafter referred to as “County.”

RECITALS

WHEREAS, Section 53684 of the California Government Code allows local agencies to deposit excess funds into the County Treasury for purposes of investment by the County Treasurer-Tax Collector (“Treasurer”); and

WHEREAS, the Local Agency has found that it may, from time to time, be advantageous to make such deposits for purposes of investment with the Treasurer; and

WHEREAS, the Local Agency has added the Orange County Investment Pool in its Investment Policy Statement; and

WHEREAS, the treasurer or other official responsible for the funds of the Local Agency has determined, and may determine from time to time, that excess funds of the Local Agency exist which are not required for immediate use; and

WHEREAS, the governing body of Local Agency has authorized the deposit of moneys of Local Agency for purposes of investment with the County Treasury in accordance with the provisions of Section 53684 of the California Government Code; and

WHEREAS, with the consent of the Treasurer, the Treasurer may accept for investment deposits of Local Agency, provided that Local Agency is located within Orange County , or a Joint Powers Authority (“JPA”) consisting of at least one public agency from within Orange County.

NOW, THEREFORE, in consideration of the mutual promise herein, the parties agree as follows:

ARTICLES

1. ACKNOWLEDGMENT

The parties acknowledge that the Recitals are true and correct.

SCOPE OF AGREEMENT

This Agreement specifies the contractual terms and conditions by which County will manage and invest Local Agency’s excess funds which have been deposited for investment with the

ITEM 6.6 – Exhibit A to Attachment A

Treasurer. Pursuant to various provisions of the Government Code and Revenue and Taxation Code, the Treasurer shall provide central depository and investment services for Local Agency.

3. **COMMINGLED INVESTMENT POOL/INVESTMENT POLICY STATEMENT**

Local Agency understands that the funds it deposits for investment will be held in the Orange County Investment Pool (“OCIP”) and shall be invested by the Treasurer in accordance with the policies contained in the Orange County Treasurer Investment Policy Statement (“IPS”), as now in effect and as may be revised from time to time.

4. **LOCAL AGENCY ACKNOWLEDGMENTS**

Local Agency acknowledges that it has received and carefully reviewed the IPS, and, is familiar with its contents. Having considered and weighed the risks of investing (including, but not limited to, the risks of loss of interest and principal) the Local Agency has determined that it is appropriate and legal to invest its moneys in the Orange County Treasury as permitted by the Local Agency’s Investment Policy Statement. The Local Agency has been advised by the Treasurer and understands that the IPS may be amended by the Treasurer without the review or consent of Local Agency.

The Local Agency further acknowledges that it has reviewed and understands Net Asset Value (“NAV”) risk that is discussed in Section V of the IPS. The Local Agency finds and determines that investment of any of its moneys in the OCIP is an appropriate investment of its moneys.

5. **TERM OF AGREEMENT**

This Agreement shall become effective on the date fully executed and shall continue indefinitely, unless this Agreement is terminated earlier by either party in accordance with Article 8.

6. **DEDUCTION OF ADMINISTRATIVE FEES**

Local Agency agrees that the Treasurer shall deduct administrative charges from its gross interest income pursuant to California Government Code Sections 53684(b) and 27013.

7. **AMENDMENT**

Neither party shall make any change to this Agreement without the others written consent. Such changes shall be incorporated into an Agreement Amendment, which shall not become effective until signed by the parties. The Treasurer may make amendments if the changes are ministerial.

ITEM 6.6 – Exhibit A to Attachment A

8. **TERMINATION**

Either party in accordance with this Article may terminate the provision of services under this Agreement, in whole or in part, whenever either party shall determine that such termination is its best interest. Any such termination shall be effected by delivery to the other party of a Notice of Termination specifying the extent to which services under the Agreement are terminated, and the date upon which such termination will become effective.

After receipt of a Notice of Termination, and except as otherwise agreed:

- (a) The County shall stop performing under this Agreement on the date specified and to the extent specified in the Notice of Termination.
- (b) Local Agency shall request no further services requiring work to be performed after the termination date as specified in the Notice of Termination.

Upon termination, Local Agency agrees to pay the County for all services performed prior to termination.

9. **DEPOSITS AND WITHDRAWALS**

The City's Finance Director/Treasurer will provide an Authorized Signature List to the Treasurer of those positions and names authorized to deposit and request withdrawals of moneys of Local Agency in the County Treasury. When the Local Agency requests withdrawal of funds from the County Treasury, Local Agency and County shall comply with all applicable withdrawal provisions pursuant to California law, as now in effect and as may be subsequently added, including, but not limited to Government Code Section 27136.

10. **NOTICES**

Where required to be given under this Agreement, notice shall be in writing and shall be deemed given when delivered personally or deposited in the United States mail, postage prepaid, certified, addressed as follows:

Local Agency: City of Laguna Woods
Attention: City Manager
24264 El Toro Road
Laguna Woods, CA 92637

County: Orange County Treasurer-Tax Collector
Attention: Shari L. Freidenrich
P.O Box 4515
Santa Ana, CA 92702-4515

11. **MERGER/NO CONTINUING WAIVER**

This Agreement contains the entire and complete understanding of the parties and supersedes any and all other prior agreements, oral or written, and discussions of the parties with respect to the provision of services under this Agreement. No waiver of any term or condition of this Agreement shall be deemed a continuing waiver thereof.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

ITEM 6.6 – Exhibit A to Attachment A

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date(s) written below.

DATED _____

LOCAL AGENCY

By _____

Shari L. Horne
Mayor

By _____

DATED _____

COUNTY OF ORANGE, CALIFORNIA,
a political subdivision of the State of
California

By _____

Shari L. Freidenrich
Orange County Treasurer-Tax Collector

APPROVED AS TO FORM:

CITY OF LAGUNA WOODS

By _____
David B. Cosgrove, City Attorney

DATED: _____

COUNTY OF ORANGE

By _____
Ronnie Magsaysay, Deputy County Counsel
Office of the County Counsel

DATED: _____

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6.7
CITY ATTORNEY SERVICES

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March 29, 2017

Honorable Mayor and Members of the City
Council
City of Laguna Woods
24264 El Toro Road
Laguna Woods, CA 92637

Re: Legal Representation Letter

Dear Council:

The existing term of our agreement for providing legal services to the City of Laguna Woods expires on June 30, 2017. This letter sets forth our proposal for the memorialization of basic terms to extend the engagement, and the arrangement for fees and costs that will apply to the engagement.

1. *Client; Scope of Representation.* Our client in this matter will be City of Laguna Woods (sometimes collectively referred to as “you” below.) We will be engaged to provide general City Attorney legal services and advice through June 30, 2019. We propose to continue the existing staffing of David B. Cosgrove as city Attorney, and Alisha Patterson as Assistant City Attorney. You may limit or expand the scope of our representation from time to time, provided that we must agree to any substantial expansion or limitation of the representation. The firm will perform these services, will take reasonable steps to keep you informed of progress, respond to your inquiries, and will consult with you as necessary.

2. *Duties of Client.* You agree to timely provide us such information, assistance and cooperation as is necessary for us to effectively perform our services and to timely pay our bills for fees, costs and expenses as further described herein.

3. *General Terms; Fees and Expenses.* To assist you in understanding our billing practices and other general terms, I enclose a copy of our current Policy on Professional Fees and General Terms of Engagement (the “General Terms”). The General Terms are incorporated in this letter. The General Terms describe the ranges of hourly rates for our attorneys and paraprofessionals and our policies regarding reimbursement of costs and expenses. Please specifically note that the hourly rate for all of the services we will be providing through June 30, 2018 shall be \$225.00 per hour. Litigation and special projects are \$275.00 per hour and third party reimbursable matters are \$300.00 per hour. Bond financing will be based upon an hourly rate, as may be negotiated. On or before May 31, 2018, you and Rutan & Tucker will meet and

Honorable Mayor and Members of the City
Council
March 29, 2017
Page 2

confer regarding potential adjustment to billable hour rates to be in effect from July 1, 2018, until the end of the term of this agreement. In the absence of agreement regarding an adjustment, the rates specified herein shall continue in effect.

4. *Term of Engagement.* In accordance with the General Terms, either of us may terminate the engagement at any time for any reason by written notice, subject on our part to applicable Rules of Professional Conduct.

5. *Binding Arbitration.* We appreciate the opportunity to serve as your attorneys and anticipate a productive, harmonious relationship. If you become dissatisfied for any reason with the services we have performed, the fees charged, or any other aspect of the attorney-client relationship, we encourage you to bring that to our attention immediately. Similarly, if we perceive a problem with the representation, we will discuss it with you. Most such problems can be rectified by communication and discussion. Although in our experience disputes of any type are rare, a dispute conceivably could arise between us which cannot be resolved by discussion or negotiation. We believe such attorney-client disputes are most satisfactorily resolved through binding arbitration rather than by litigation in court.

Arbitration is, as you know, a process by which both parties to a dispute agree to submit the matter to a retired judge or other arbitrator who has expertise in the area and to abide by the arbitrator's decision, instead of litigating in court. In arbitration, there is no right to a trial by jury and the arbitrator's legal and factual determinations are generally not subject to appellate review. Arbitration rules of evidence and procedure are often less formal and rigid than in a court trial. Arbitration often results in a decision much more quickly than proceedings in court, and the attorneys' fees and other costs incurred by both sides are often substantially less.

Both the United States and California Supreme Courts have endorsed arbitration as an accepted and favored method of resolving disputes, because it is economical and expeditious. Arbitration is also less acrimonious and more confidential than traditional litigation and is, therefore, particularly suited to resolution of disputes between attorneys and their clients.

Your agreement to arbitrate disputes is not a condition of our agreeing to represent you, and if you do not wish to agree to arbitrate, then you should advise me before signing the copy of this letter, so we can delete this section of the agreement. You are free to discuss the advisability of arbitration with us or independent counsel.

By signing this agreement, you agree that if any dispute arises out of or relating to this agreement, our relationship, or the services performed by us (including but not limited to any disputes regarding our fees and expenses and any failure by you to pay such fees and expenses in accordance with this agreement, claims of professional negligence, breach of contract or fiduciary

Honorable Mayor and Members of the City
Council
March 29, 2017
Page 3

duty, fraud or any claim based upon a statute), such dispute shall be resolved by submission to final and binding arbitration in Orange County, California, before a retired judge or justice of the California Superior Court or a higher court. Please be advised that by agreeing to binding arbitration, you are waiving any right to a jury trial on any such dispute. If you and we are unable to agree on a retired judge or justice, each party will name one retired judge or justice and the two named persons will select a neutral judge or justice who will act as the sole arbitrator. Should you elect to have any fee dispute arbitrated pursuant to non-binding arbitration under statutory or case law, (including your rights to request mandatory fee arbitration under the rules of the Orange County Bar Association) then such non-binding arbitration shall determine only the issue of the amount of fees properly chargeable to you. Any other claims or disputes between us, including claims for professional negligence, shall remain subject to binding arbitration pursuant to this agreement. In the event of such an arbitration, the parties shall be entitled to take discovery in accordance with the provisions of the California Code of Civil Procedure, but either party may request that the arbitrator limit the amount or scope of such discovery, and in determining whether to do so, the arbitrator shall balance the need for the discovery against the parties' mutual desire to resolve disputes expeditiously and inexpensively.

6. *Conflicts in this Matter.* We cannot, without appropriate consents, represent any party if there is a conflict of interest with any of our other clients. In order to avoid conflicts of interest among our clients, we maintain an index of relevant names. We have not discovered any conflict which requires further action before extending our existing arrangement for the provision of City Attorney services. Please inform us at once if you learn in the future of persons or entities who may be involved in actions adverse to the City so we can make a conflict of interest search with respect to them.

7. *Conflicts Waiver.* In undertaking this representation, our objective is to represent you to the best of our ability without forfeiting the continuing representation of our other clients. Rutan & Tucker LLP is a large law firm which has represented, and continues to represent, many different corporate and individual clients with various interests in numerous industries. It is possible that, during the time we are representing your interests in this matter, you may become involved in transactions and/or disputes in which your interests are adverse to those of one of the firm's present or future clients. Therefore, as a specific condition to our undertaking your representation, you understand and agree that this firm may continue to represent or may undertake in the future to represent existing or new clients in any matter that is not substantially related to our work for you even if the interests of such clients in those other matters are directly adverse to your interests. We agree, however, that your prospective consent to conflicting representation contained in the preceding sentence shall not apply in any instance where, as a result of our representation of you, we have obtained proprietary or other confidential information of a

Honorable Mayor and Members of the City
Council
March 29, 2017
Page 4

nonpublic nature, that, if known to such other client, could be used in any such other matter by such client to your material disadvantage.

Please be aware that you have the right to obtain the advice of independent counsel regarding the terms of this agreement, and you should feel free to do so.

This letter and the attached General Terms constitute the entire agreement between you and Rutan & Tucker, LLP with respect to our engagement. No prior oral or written understanding shall be of any force or effect with respect to these matters. This agreement may not be modified, except by a document in writing executed by both parties. A waiver of any party of any breach of any of the conditions, terms or time requirements under this letter shall not be construed as a waiver of any succeeding breach. This letter may be executed in multiple counterparts, each of which shall be deemed an original.

Please review this letter and the General Terms attached hereto carefully. If the terms and conditions of our representation and the billing arrangements under this agreement meet with your approval, please sign the enclosed copy of this letter and return it to me. Please call if you have any questions.

Once again, thank you for the opportunity to continue to work with you, and with the City.

Very truly yours,

RUTAN & TUCKER, LLP



David B. Cosgrove

Enclosure

ACCEPTED AND AGREED:

Shari Horne
Mayor
City of Laguna Woods

**POLICY ON PROFESSIONAL FEES
AND
GENERAL TERMS OF ENGAGEMENT**

Professional Fees and Billing Procedures.

Experience has shown that the attorney-client relationship works best when there is a mutual understanding about fees and payment terms. The following is intended to explain briefly our present billing policies and procedures. These policies and procedures are subject to change. We encourage you to discuss with us at any time any questions you might have concerning these policies and procedures.

Our professional fees will be based on our agreed hourly rates of the attorneys and paraprofessionals working on your matter(s). Our hourly rates for attorneys and paraprofessionals are adjusted from time to time and generally as of January 1st of each year, but as stated above, no adjustments to rates will be made on this account through June 30, 2018. Any authorized adjustments in billing rates will be reflected in the invoice for legal services which constitutes our written notice to you.

Rutan & Tucker, LLP bills its clients for costs advanced on a client's behalf, such as filing fees, transcript and deposition fees, reasonable travel expenses, and expert witness fees. The firm also charges for certain costs and expenses incurred on behalf of clients such as long-distance telephone calls, facsimile and telecopier transmissions, copying, scanning, printing, postage, mileage, messengers, and computerized research. Notwithstanding the foregoing, we may forward to you large disbursement invoices for your direct payment to the supplier.

We make every effort to include disbursements in the statement for the month in which the disbursements are incurred. Some disbursements, however, may not be available to us until the following months, in which case a subsequent statement may be rendered to you for these additional charges, or an estimated amount may be included in the initial billing and an adjustment made when the actual disbursement information is available.

In the absence of other arrangements, our billing statements ordinarily will be rendered to you on a monthly basis.

Our billing statements are due and payable upon receipt. We ask payment of our statements on a current basis, as delayed payment adds to our overall costs of providing services. Unless you notify us of any objection to any such billing statement (specifically describing the basis for such objection), within thirty (30) days after the date we send the billing statement to you, we will presume that you have no objection to the amounts set forth in the billing statement. If any statement remains unpaid for more than 30 days after the date the statement is sent by this firm, interest may be added at the rate of 10% per annum on the unpaid balance.

Unless specifically agreed in writing, we cannot make any guarantee as to the amount which you will incur for attorneys' fees and costs in any matter, as those figures will wholly depend on the time and effort required to be devoted to such matter. Any estimates of anticipated fees and costs, whether for budgeting purposes or otherwise, are, due to the uncertainties involved, necessarily only an approximation of potential fees and costs. Unless specifically agreed in

writing, such estimates are not a maximum or minimum quotation and are not binding. The actual fees and costs will be determined in accordance with the policies described above.

General Terms.

We have been engaged to represent the City of Laguna Woods. Unless agreed to in writing, we are not representing any of its respective officials, affiliates, subsidiaries, officers, directors, principals, or employees. Accordingly, we can take on matters that may be adverse to these related parties or their legal interests, unless precluded by reason of the Rules of Professional Conduct.

Either of us may terminate the engagement at any time for any reason by written notice, subject on our part to applicable Rules of Professional Conduct. If we terminate the engagement, we will take such steps as are reasonably practicable to protect your interests in the matter(s) for which we have been engaged. If you so request, we will use reasonable efforts to suggest to you possible successor counsel and provide it with whatever documents you have provided to us, but will retain materials that we have generated, as noted below.

Unless previously terminated, our representation of you in any matter will terminate upon our sending to you our final invoice for services rendered for such matter. Upon the termination of such representation, our own lawyer work product documents, notes and files (the "Work Product Files") pertaining to your matter will be retained by the firm. Your documents, property and files that are not Work Product Files (the "Client Files") will be, at your request, returned to you upon the termination of such representation. Both the Client Files (unless otherwise returned to you at your request) and the Work Product Files will be transferred to the person responsible for administering our records retention program. For various reasons, including the minimization of unnecessary storage expenses, and consistent with applicable Public Records Act requirements and records retention policies of the City, we reserve the right to destroy or otherwise dispose of any such documents, property, files or other materials retained by us within a reasonable time after the termination of the engagement. Specifically, it is our current policy to store your Client Files for a period of five (5) years and at the conclusion of such five (5) year period we will make an attempt to contact you as to the disposition of your Client Files, but if we are unable to locate you, we reserve the right to destroy such Client Files.

We have made no representations, promises or guarantees to you regarding any outcome of any matter. Any comments about the outcome of your matter at any time during the performance of services do not constitute promises, guarantees, or assurances, as to the outcome of your matter.

Unless otherwise agreed in a signed writing, the firm shall have no responsibility to investigate or evaluate whether insurance is available for any matter covered by this engagement or to tender any matter covered by this engagement to any insurance carrier.

If we are required to respond to a subpoena of our records relating to services we have performed for you, or testify by deposition or otherwise concerning such services, then we will take reasonable steps to consult with you as to whether you wish to supply the information demanded or assert objections to the extent you may properly do so. You agree to pay us for our time and costs incurred in responding to any such demand, in accordance with the provisions of

this letter, including, but not limited to, time and expense incurred in search and photocopying costs, reviewing documents, appearing at depositions or hearings, and otherwise litigating issues raised by the request.

In order to maximize efficiency, please be advised that attorneys and paraprofessionals at this firm routinely use the following communications methods to the fullest extent possible: e-mail, document transfer by computer, mobile telephones, and facsimile transfers.

Although not required in California, some states require that a law firm disclose the existence of errors and omissions insurance coverage applicable to the services to be rendered. Rutan & Tucker, LLP hereby confirms the existence of such insurance coverage for the purposes of complying with such a requirement.

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6.8
AS NEEDED PLANNING SERVICES

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**EXTENSION OF THE
AGREEMENT FOR CONSULTANT SERVICES
BETWEEN THE
CITY OF LAGUNA WOODS
AND
MICHAEL BAKER INTERNATIONAL, INC.
FOR AS NEEDED PLANNING SERVICES**

This EXTENSION of the AGREEMENT FOR CONSULTANT SERVICES ("AGREEMENT") that was approved by the City Council on October 16, 2013 by and among the City of Laguna Woods, a California municipal corporation ("CITY") and Michael Baker International, Inc. (formerly "PMC") ("CONSULTANT"), is made and entered into this 19th day of April 2017 by and among CITY and CONSULTANT.

WHEREAS, the initial term of the AGREEMENT was for the period between October 16, 2013 and 11:59 p.m. on June 30, 2016; and

WHEREAS, the AGREEMENT allows for the term of the AGREEMENT to be extended upon written agreement of both parties to the AGREEMENT a maximum of two times for no more than one fiscal year at a time; and

WHEREAS, the term of the AGREEMENT was previously extended for the period between July 1, 2016 and 11:59 p.m. on June 30, 2017.

NOW THEREFORE, the parties amend the AGREEMENT as follows:

1. CITY and CONSULTANT hereby agree to an EXTENSION of the AGREEMENT for a period beginning on July 1, 2017 and ending at 11:59 p.m. on June 30, 2018 with no changes to the terms and conditions of the AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this EXTENSION to be executed the day and year first above written.

CITY OF LAGUNA WOODS:

By _____
Christopher Macon, City Manager

CONSULTANT:

By _____
Al Warot, Associate Vice President

APPROVED AS TO FORM:

David B. Cosgrove, City Attorney

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6.9
WATER QUALITY SERVICES

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**EXTENSION OF THE
AGREEMENT FOR CONSULTANT SERVICES
BETWEEN THE
CITY OF LAGUNA WOODS
AND
CHARLES ABBOTT ASSOCIATES, INC.
FOR WATER QUALITY SERVICES**

This EXTENSION of the AGREEMENT FOR CONSULTANT SERVICES ("AGREEMENT") that was approved by the City Council on May 28, 2014 by and among the City of Laguna Woods, a California municipal corporation ("CITY") and Charles Abbott Associates, Inc. ("CONSULTANT"), is made and entered into this 19th day of April 2017 by and among CITY and CONSULTANT.

WHEREAS, the initial term of the AGREEMENT was for the period between June 13, 2014 and 11:59 p.m. on June 30, 2016; and

WHEREAS, the AGREEMENT allows for the term of the AGREEMENT to be extended upon written agreement of both parties to the AGREEMENT for any applicable mutually agreeable period through a maximum of 11:59 p.m. on June 30, 2019; and

WHEREAS, the term of the AGREEMENT was previously extended for the period between July 1, 2016 and 11:59 p.m. on June 30, 2017.

NOW THEREFORE, the parties amend the AGREEMENT as follows:

1. CITY and CONSULTANT hereby agree to an EXTENSION of the AGREEMENT for a period beginning on July 1, 2017 and ending at 11:59 p.m. on June 30, 2018 with no changes to the terms and conditions of the AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this EXTENSION to be executed the day and year first above written.

CITY OF LAGUNA WOODS:

By _____
Christopher Macon, City Manager

CONSULTANT:

By _____
Rusty R. Reed, President

APPROVED AS TO FORM:

David B. Cosgrove, City Attorney

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6.10
BUILDING INSPECTION, PERMIT COUNTER,
AND BUILDING OFFICIAL SERVICES

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**EXTENSION OF THE
AGREEMENT FOR CONSULTANT SERVICES
BETWEEN THE
CITY OF LAGUNA WOODS
AND
CIVILSOURCE, INC.
FOR BUILDING INSPECTION, PERMIT COUNTER,
AND BUILDING OFFICIAL SERVICES**

This EXTENSION of the AGREEMENT FOR CONSULTANT SERVICES ("AGREEMENT") that was approved by the City Council on September 17, 2014 by and among the City of Laguna Woods, a California municipal corporation ("CITY") and CivilSource, Inc. ("CONSULTANT"), is made and entered into this 19th day of April 2017 by and among CITY and CONSULTANT.

WHEREAS, the initial term of the AGREEMENT was for the period between June 13, 2014 and 11:59 p.m. on June 30, 2016; and

WHEREAS, the AGREEMENT allows for the term of the AGREEMENT to be extended upon written agreement of both parties to the AGREEMENT for any applicable mutually agreeable period through a maximum of 11:59 p.m. on June 30, 2020; and

WHEREAS, the term of the AGREEMENT was previously extended for the period between July 1, 2016 and 11:59 p.m. on June 30, 2017.

NOW THEREFORE, the parties amend the AGREEMENT as follows:

1. CITY and CONSULTANT hereby agree to an EXTENSION of the AGREEMENT for a period beginning on July 1, 2017 and ending at 11:59 p.m. on June 30, 2018 with no changes to the terms and conditions of the AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this EXTENSION to be executed the day and year first above written.

CITY OF LAGUNA WOODS:

By _____
Christopher Macon, City Manager

CONSULTANT:

By _____
Amy Amirani, Vice President

APPROVED AS TO FORM:

David B. Cosgrove, City Attorney

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6.11
CITY ENGINEERING AND TRAFFIC
OPERATIONS SERVICES

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**EXTENSION OF THE
AGREEMENT FOR CONSULTANT SERVICES
BETWEEN THE
CITY OF LAGUNA WOODS
AND
CIVILSOURCE, INC.
FOR CITY ENGINEERING AND TRAFFIC OPERATIONS SERVICES**

This EXTENSION of the AGREEMENT FOR CONSULTANT SERVICES ("AGREEMENT") that was approved by the City Council on June 17, 2015 by and among the City of Laguna Woods, a California municipal corporation ("CITY") and CivilSource, Inc. ("CONSULTANT"), is made and entered into this 19th day of April 2017 by and among CITY and CONSULTANT.

WHEREAS, the initial term of the AGREEMENT was for the period between July 1, 2015 and 11:59 p.m. on June 30, 2017; and

WHEREAS, the AGREEMENT allows for the term of the AGREEMENT to be extended upon written agreement of both parties to the AGREEMENT for any applicable mutually agreeable period through a maximum of 11:59 p.m. on June 30, 2020.

NOW THEREFORE, the parties amend the AGREEMENT as follows:

1. CITY and CONSULTANT hereby agree to an EXTENSION of the AGREEMENT for a period beginning on July 1, 2017 and ending at 11:59 p.m. on June 30, 2018 with no changes to the terms and conditions of the AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this EXTENSION to be executed the day and year first above written.

CITY OF LAGUNA WOODS:

By _____
Christopher Macon, City Manager

CONSULTANT:

By _____
Amy Amirani, Vice President

APPROVED AS TO FORM:

David B. Cosgrove, City Attorney

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6.12
BUILDING OFFICIAL SERVICES

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**6.13
CERTIFIED ACCESS SPECIALIST (CASp) AND
BUILDING PLAN REVIEW SERVICES**

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**EXTENSION OF THE
AGREEMENT FOR CONSULTANT SERVICES
BETWEEN THE
CITY OF LAGUNA WOODS
AND
CSG CONSULTANTS, INC.
FOR CERTIFIED ACCESS SPECIALIST (CASp)
AND BUILDING PLAN REVIEW SERVICES**

This EXTENSION of the AGREEMENT FOR CONSULTANT SERVICES ("AGREEMENT") that was approved by the City Council on September 17, 2014 by and among the City of Laguna Woods, a California municipal corporation ("CITY") and CSG Consultants, Inc. ("CONSULTANT"), is made and entered into this 19th day of April 2017 by and among CITY and CONSULTANT.

WHEREAS, the initial term of the AGREEMENT was for the period between September 19, 2014 and 11:59 p.m. on June 30, 2016; and

WHEREAS, the AGREEMENT allows for the term of the AGREEMENT to be extended upon written agreement of both parties to the AGREEMENT for any applicable mutually agreeable period through a maximum of 11:59 p.m. on June 30, 2020; and

WHEREAS, the term of the AGREEMENT was previously extended for the period between July 1, 2016 and 11:59 p.m. on June 30, 2017.

NOW THEREFORE, the parties amend the AGREEMENT as follows:

1. CITY and CONSULTANT hereby agree to an EXTENSION of the AGREEMENT for a period beginning on July 1, 2017 and ending at 11:59 p.m. on June 30, 2018 with no changes to the terms and conditions of the AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this EXTENSION to be executed the day and year first above written.

CITY OF LAGUNA WOODS:

By _____
Christopher Macon, City Manager

_____ Date

CONSULTANT:

By _____
Cyrus Kianpour, President

_____ Date

APPROVED AS TO FORM:

_____ Date
David B. Cosgrove, City Attorney

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