

**BOARD OF DIRECTORS
PUENTE HILLS HABITAT PRESERVATION AUTHORITY
Endowment Provided by the Puente Hills Landfill**

To be held at the Joint Administration Office of the
County Sanitation Districts of Los Angeles County
1955 Workman Mill Road, Whittier, California

Special Location: Public Information Conference Room 105

Agency	Director	Alternate
County of Los Angeles	SIMMONS	AVILA
City of Whittier	HENDERSON	NEWCOMER
Hacienda Heights Improvement Association	HUGHES	NATOLI
Sanitation Districts of Los Angeles County	MAGUIN	CHAN

The Puente Hills Habitat Preservation Authority is a public entity established pursuant to the Joint Exercise of Powers Act by agreement with the City of Whittier, County of Los Angeles and Los Angeles County Sanitation Districts. Questions about any agenda items can be directed to Andrea Gullo, Executive Director, at 562.945.9003.

Pursuant to Section 54954 of the Government Code the Puente Hills Habitat Preservation Authority, a Regular Meeting of the Board of Directors of the Authority will be held at the call of the Chairperson of the Authority at the above time and place for the purpose of:

1. Election of Officers.
2. Receipt of Public Comments.
3. Report from Authority's Citizens Technical Advisory Committee (CTAC) liaison.
4. Consent Calendar:
 - a) Consideration of approval of Meeting Minutes for January 12, 2012.
 - b) Receive and file November and December 2011 and Second Quarterly 2011-2012 Ranger Reports.
 - c) Receive and file Receipts and Disbursements for the Authority for the quarter ending December 31, 2011 as submitted by the Los Angeles County Department of Auditor-Controller.
 - d) Consideration to approve the Authority's draft comment letter for the Southern California Association of Governments' Draft Program Environmental Impact Report for the 2012-2035 Regional Transportation Plan and Sustainable Communities Strategy.
5. Consideration to adopt Los Angeles County Investment Policy Statement, and authorization for Executive Director to send a letter to the County with instructions for creating a structured portfolio designed to increase return rate of Authority funds.

6. Discussion and possible action regarding a draft comment letter on the Draft Los Angeles County General Plan 2035 and Preliminary Draft Significant Ecological Area Ordinance.
7. Discussion and possible action regarding encroachments on properties owned or managed by the Authority, including that involving La Habra Heights County Water District property.
8. Discussion and possible action regarding draft plan of action regarding implementing implications of SB 1595 regarding local agency responsibility in conducting brush clearance.
9. Presentation to Steve Maguin in appreciation for his dedicated service on the Authority Board of Directors.
10. Receive and file half year update reports regarding Authority's Operations budget, Capital budget, Deposits, and Interpretation budget.
11. Receive and file half year update regarding Authority's annual work plan, including Interpretation Outreach Report and Restoration work plan.
12. Review, receive and file results of 2011 Bat Surveys Conducted by Stephanie Remington for the Whittier Main Oil Field Development Project. This contract was managed by the Authority.
13. Review, receive and file results of a report entitled Evaluation of Functional Connectivity for Medium-to Large-bodied Carnivores and Mule Deer across Colima Road in the Puente Hills Preserve, City of Whittier, California prepared by SWCA Environmental Consultants for the City of Whittier. This contract was managed by the Authority.
14. Executive Director's comments, and Board Members' statements, responses, questions or directions to staff.
15. Adjournment and announcement of next meeting.

NOTE: Members of the public may address the Board of Directors on any item shown on the agenda.
NOTE: 72 hours prior to Board of Directors meetings, the entire Board of Directors agenda package is available for review, along with any meeting-related writings or documents provided to a majority of the Board members after distribution of the agenda package, in the office of the Puente Hills Habitat Preservation Authority, 7702 Washington Avenue #C, in Whittier.

In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call Melissa Miller at 562.945.9003 at least 48 hours prior to meeting.

DRAFT Special Meeting – January 12, 2012
BOARD OF DIRECTORS
PUEENTE HILLS HABITAT PRESERVATION AUTHORITY

Held at the Joint Administration Office of the
County Sanitation Districts of Los Angeles County
1955 Workman Mill Road, Whittier, California

The Chairman, Bob Henderson, called the special meeting to order and a roll call was taken at approximately 3:05 p.m.

From City of Whittier:

Present: Bob Henderson, Chairman

From Hacienda Heights Improvement Association:

Present: Michael Hughes, Director

From County of Los Angeles

Present: Dickie Simmons, Vice Chair

From Sanitation Districts of Los Angeles County:

Present: Grace Chan, Alternate Director

Also present: Andrea Gullo, Authority Executive Director
Melissa Miller, Authority Board Secretary
Laurie Collins, Legal Counsel
Richard Lacy, CTAC member
Judy Hathaway-Francis, La Habra Heights resident
John Joyce, Authority Volunteer, unincorporated Los Angeles County resident
Tony Mason, Investment Officer, Los Angeles County Treasurer & Tax Collector

1. RECEIPT OF PUBLIC COMMENTS.

John Joyce asked what the procedure is for closed sessions. (Counsel Collins responded that after closed sessions end, the meetings are reopened with statements of what type of discussion took place with what result, if any.) Judy Hathaway-Francis emphasized that these reports are not held until the end of the meeting.

2. CONSIDERATION OF APPROVAL OF MEETING MINUTES FOR DECEMBER 8, 2011.

Alternate Director Chan motioned to approve these minutes as drafted, and Director Hughes seconded this motion, which passed unanimously.

DRAFT Special Meeting – January 12, 2012
BOARD OF DIRECTORS
PUENTE HILLS HABITAT PRESERVATION AUTHORITY

3. DISCUSSION AND POSSIBLE ACTION REGARDING ALTERING THE AUTHORITY'S INVESTMENT STRATEGY APPROACH FOR MAXIMIZING RETURN ON ITS FUNDS THROUGH EXPLORATION OF VARIOUS STRUCTURED INVESTMENT PORTFOLIOS AND DIRECTING STAFF ON HOW TO PROCEED WITH IMPLEMENTATION.

Executive Director Gullo introduced this item, and distributed copies of a fifth sample investment scenario as developed by Tony Mason. Tony Mason then distributed copies of two lists of various investment possibilities. (A copy of each of these 3 distributions is included in this public record.) Executive Director Gullo added that the fifth sample scenario was developed in response to comments received from Tom Mueller, Chief Accountant for the Sanitation Districts of Los Angeles County. She noted that, given Tony's data, the Authority could readily adjust its future budgeting to accommodate these new investment capabilities. Tony Mason stated that proceeds from the County's investments are paid out every 6 months. He stated that the structured portfolios in the samples do not require the level of management work and risk that trading accounts do, and that the Authority would not be bound by the same time-frame restrictions that the County is, so the step-up instruments recommended by Tom Mueller are feasible but would yield less in the short-term. He added that investments in increments of approximately \$5 million or greater are easier to place than are smaller amounts. Director Hughes asked how much management activity would be required from the Authority's Board, and Tony Mason responded that the Board would only have to make investment decisions when they want to sell an investment or when one of the Authority's investments is discontinued by the issuer. The Board agreed to make a formal decision about the Authority's investments at the next scheduled meeting, and Tony Mason recommended that his office's staff be consulted right away regarding the correct procedure for this formalization.

4. DISCUSSION AND POSSIBLE ACTION REGARDING CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION. (This item can be heard in closed session pursuant to Government Code Section 54946.9[a] regarding real estate negotiations.) Open Space Legal Defense Fund v. City of Whittier, City Council of City of Whittier, Community Conservancy International, Esther Feldman, The County of Los Angeles, et al.

This item was handled together with the next item 5.

5. DISCUSSION AND POSSIBLE ACTION REGARDING CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION. (This item can be heard in closed session pursuant to Government Code Section 54946.9[a] regarding real estate negotiations.) Open Space Legal Defense Fund v. City of Whittier, City Council of City of Whittier, et al.

Executive Director Gullo briefly introduced this item. Counsel Collins clarified that these 2 litigations are seeking nothing from the Authority, and that they do not require closed sessions.

6. DISCUSSION AND POSSIBLE ACTION REGARDING CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION, SIGNIFICANT EXPOSURE TO LITIGATION RE: HELLMAN PARK INCIDENT. ONE CASE. (This item can be heard in

DRAFT Special Meeting – January 12, 2012
BOARD OF DIRECTORS
PUENTE HILLS HABITAT PRESERVATION AUTHORITY

closed session pursuant to Government Code Section 54946.9[b] regarding real estate negotiations.)

Executive Director Gullo briefly introduced this item, and Counsel Collins noted that the current circumstances of this case are public information and no closed session is needed at this time: not only does the Tort Claims Act limit the actionable time frame to 6 months from the date of an incident, but the only possible filing extension allowed by the California Government Code is also limited to 1 year from the incident date, so the Board is not even allowed to consider this possible case, even if the litigant's attorney had submitted any written communication, which he has not yet done. In addition to the immunity provided by this Code, it has been found that owners of recreational properties cannot be held liable for any hazardous activity that could conceivably occur on those properties. Chairman Henderson advised that the Authority's insurance company should be notified right away about this attorney's inquiry, so that they can be fully prepared in the event of any further development in this case.

7. EXECUTIVE DIRECTOR'S COMMENTS, AND BOARD MEMBERS' STATEMENTS, RESPONSES, QUESTIONS, OR DIRECTIONS TO STAFF.

Chairman Henderson reported that although a lawsuit has been filed against the oil project regarding its CEQA requirements, the project's progress is not delayed since a restraining order requires a bond in the amount of 10% of the project's expected proceeds, which would be a prohibitively sized amount. The test drillings should begin late this year. Vice Chair Simmons advised that CalTrans will be meeting on January 26 regarding the breach in the fence along the 60 Freeway, through which deer have been creating occasional traffic hazards. Chairman Henderson added that he is still trying to work with the City of La Habra Heights regarding the new fence on the property opposite the Powder Canyon entrance, since the height of that fence is great enough to have caused the deaths of three adult deer already. Executive Director Gullo stated that the new step-over in La Habra Heights has just passed the City's inspection; one of the Authority's docents is updating the La Habra Heights City Council at their meeting tonight; trailwatch bicycle training is being arranged with expert assistance; road drainage work by the MRCA is progressing; and there is a public meeting on January 23 regarding Matrix Oil, Inc., reactivating the Sempra oil field in La Habra Heights.

8. ADJOURNMENT AND ANNOUNCEMENT OF NEXT MEETING.

There being no further comments, or business to be discussed, Chairman Henderson adjourned the meeting at 4:15 p.m. The next meeting is expected to occur on Thursday, January 26, 2012.

Approved:

Bob Henderson, Board Chairman

Melissa Miller, Board Secretary



MOUNTAINS RECREATION & CONSERVATION AUTHORITY
Franklin Canyon Park
2600 Franklin Canyon Drive
Beverly Hills, California 90210
Phone (310) 858-7272 Fax (310) 858-7212

December 31, 2011

**Puente Hills Habitat Preservation Authority
Ranger Services Activities for November and December 2011**

In addition to our standard maintenance, interpretive and patrol duties, during the last sixty-one days MRCA Rangers:

- Completed a Jr. Ranger program for 120 students from La Colima Elementary School in Whittier. 10 parents participated in the hike. The Habitat Authority Docents assisted with the tracts activity and the nature hike.
- Completed a Jr. Ranger program for 25 students from Valencia Elementary School in Pico Rivera. 15 parents participated in the hike. The Habitat Authority Docents assisted with the tracts activity and the nature hike.
- Completed a Jr. Ranger program to 100 students from Wilkerson Elementary School in El Monte.
- Greeted the Boy Scouts as they hiked their semi-annual Skyline hike from Rio Hondo College to Powder Canyon.
- Attended the Puente Hills Habitat Preservation Authority Board meeting and the Citizens Technical Advisory meeting.
- Attended the annual Don Knabe Public Safety Appreciation Lunch.
- Attended the Habitat Authority annual appreciation dinner.
- Attended the Habitat Authority annual Volunteer appreciation lunch.
- Attended the Highland Riders Award Banquet in La Habra Heights.
- Attended the La Habra Heights Fire Watch meeting.
- Participated in the Whittier Holiday Parade.
- Met with the Habitat Authority staff for our monthly management meetings.
- Assisted with a tour of the Whittier property regarding the proposed oil drilling

- Working with the Long Beach Conservation Corp on the Trails Restoration grant. This month they completed the plant installation, seeding and netting along the Hellman Park Switchback trail.
- Attended our annual "Use of Force" training.
- Completed our annual pesticide re-certification training.
- Provided a safety briefing to the new Habitat Authority docents.
- Continue to hike the Turnbull Canyon and Hacienda Hills trails and remove any returning bicycle jumps.
- Continue to respond to the Trailwatch volunteer log sheets.
- Utilized the Habitat Authority volunteers to assist with the preparation of materials for outreach programs.
- Installed a new outhouse in the new outhouse enclosure at Sycamore Canyon.
- Relocation of the fire gate at the end of Skyline Drive in La Habra Heights.
- Installed additional "No Bikes" signs at Sycamore Canyon, Hellman Park and Arroyo Pescadero, and "No Dogs" signs at Arroyo San Miguel.
- Utilized the L.A. County Fire Camp Crews for trail maintenance along the Sycamore Canyon road.
- Discovered the problem with the Ford property guzzler. Located a separate line that was tied into the existing line. The line was buried and went down the hill for 200 yards. The end of the line was capped, we suspect there were plans for a marijuana grove. The whole canyon was searched and no other evidence was found.
- Continue to patrol Broadmore Street in Whittier. Continue to make contact with the surrounding residents. The area has been fairly quiet and the residents have expressed their gratitude and the effectiveness of the fence. due to concerns from the local residents.
- Responded to a homicide investigation in the Hacienda Hills on the Ahwingna trail. Assisted the Sheriff department by closing the surrounding trails during the investigation. It was determined to be a suicide.
- Provided additional nighttime patrol of all parks on December 31st. No unusual activity to report.

- Providing extra patrol at Hellman Park and the Turnbull Canyon turnout due to evidence of vehicle burglaries and the added concern from the residents regarding the increased activity of mountain bikes and hikers. All the contacts have been very positive and we have seen very little illegal or disruptive activity. Started closing the chain to the Hellman Park parking lot every evening from sunset to sunrise. Met with the City of Whittier and Habitat Authority Staff to discuss additional parking options.
- Dealt with various violations including:
 - In the park after hours at Turnbull Canyon, Arroyo Pescadero, Hellman Park, Powder Canyon and Ford.
 - Parking violations at Powder Canyon, Arroyo Pescadero, Turnbull Canyon, Orleartz, Hacienda Heights, Hellman Park and Ford.
 - Bicycles at Hellman Park and Sycamore Canyon.
 - Bicycles in Turnbull Canyon after sunset.
 - Smoking at Powder Canyon and Ford property.
 - Dogs at Sycamore Canyon.
 - Off trail at Sycamore Canyon and Turnbull Canyon.
 - Commercial photography at Arroyo Pescadero.
 - Commercial filming at Powder Canyon.
 - Dogs off leash at Hellman Park, Arroyo Pescadero and Turnbull Canyon.
- Received several calls for service including:
 - Dog fight at Hellman Park.
 - Lost hiker at Hellman Park. Hiker escorted to their car.
 - Parking availability for non equestrians at Powder Canyon.
 - Student film request.
 - Inquire to where dogs are allowed.
 - Injured deer on Oak Canyon Drive below the Ford property.
 - Subjects in closed area at the end of Hadley Street. Unable to locate.
 - Loose dogs in Highland Park. Referred to proper agency.
 - Call from L. A. Co. Sheriff regarding information for coyotes in Hacienda Heights.
 - Gate closed on Colima. Arroyo Pescadero was closed due to rain.
- Continue to rake the ADA entrance and walkway at the Hacienda Hills trailhead to meet the County requirements. Cleaned the culverts in preparation for the rain.
- Picked up new dumpings including:
 - Branches at Powder Canyon.
 - Trash bags along Turnbull Canyon.
 - Cardboard boxes along Colima Road.
- The parks were closed for five days in November due to rain and none in December.

- Worked with contractors to remove several eucalyptus trees leaning towards a house on Altmark Street in Whittier.
- Continue to contact the Los Angeles County Department of Street Maintenance regarding the graffiti along Turnbull Canyon Road.
- Continue to monitor all unsuccessful animal road crossings that are observed at or near Habitat Authority property. During the months of November and December the following animals were observed:
 - 1 Coyote on Harbor Bl.
 - 1 Coyote on Colima Road.
 - 1 Striped Skunk on Colima Road.
 - 1 Deer on Harbor Bl.
 - 1 Deer on Fullerton Road.
 - 1 Raccoon on MarVista Street.
 - 1 Raccoon on Colima Road.
 - 1 Opossum on Colima Road.
- Continue to monitor the Harbor underpass with no illegal activity to report.
- Continue to conduct perimeter patrols of all property for fence damage, illegal access points, and encroachments.
- Received several hours of volunteer service from the Whittier Union High School Career Transition Program. This is a group of students that help us with various light duty projects. In November and December they helped us pick up trash and clean graffiti at Hellman Park, and fill bags with plaster for the Jr. Ranger programs.
- Continue to receive several hours each month from our trail patrol volunteers and our Mounted Assisted Unit volunteers.
- Continue to work closely with Executive Director Andrea Gullo on various projects and assignments as requested.

If you have any questions, or would like any additional information, please feel free to contact me anytime. Thank you.

Sincerely,



Kenn Hughes
Deputy Chief Ranger



MOUNTAINS RECREATION & CONSERVATION AUTHORITY
 Franklin Canyon Park
 2600 Franklin Canyon Drive
 Beverly Hills, California 90210
 Phone (310) 858-7272 Fax (310) 858-7212

December 31, 2011

Puente Hills Habitat Preservation Authority

2011-2012 Second Quarter Ranger contacts for October, Nov. and Dec.

The following list is the number of people that the rangers have contacted for illegal activity at the various locations.

Quarters :	Hacienda Heights				** La Habra Heights				*** Whittier				TOTAL			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Parking Violations	24	12			12	6			62	22			98	40	0	0
Bicycle Activity	0	5			0	0			2	5			2	10	0	0
Dogs Off Leash	2	5			1	0			2	5			5	10	0	0
In park after hour	25	12			12	5			24	38			61	55	0	0
Vehicles off-road	0	0			0	0			0	2			0	2	0	0
Alcohol	0	0			0	0			2	2			2	2	0	0
Marijuana	0	0			0	0			0	2			0	2	0	0
Smoking / Fire	0	5			0	2			3	0			3	7	0	0
Vehicle code violations	0	0			0	0			0	0			0	0	0	0
Trespass / Off Trail	2	5			0	0			16	6			18	11	0	0
Other	0	3			0	2			0	3			0	8	0	0
TOTAL :	53	47	0	0	25	15	0	0	111	85	0	0	189	147	0	0

* **Hacienda Heights Property includes** : Ford property, Canyons 6, 7 & 8, Mallas property, and the Turnbull Canyon properties.

** **La Habra Heights Property includes** : All properties from Harbor Blvd. in the East to the Davies property in the West at the Whittier property line and the end of Punta Del Este.

*** **Whittier Property includes** : Arroyo Pescadero, Arroyo San Miguel, Worsham Canyon, Sycamore Canyon, Hellman Park, McFarland, Bowen, Childs/Hall, Canlas, and the Orlaertz property.

First quarter: July, August, September; **Second quarter:** October, November, December;
Third quarter: January, February, March; **Fourth quarter:** April, May, June.

All violators contacted are either issued citations, or warned and advised.

"Other" category can include: drugs, paintball guns, bow and arrows, littering, off trail, defacing property, and curfew.

The following list is the number of people that the rangers have contacted through outreach programs.

QUARTERS	NUMBER OF PEOPLE				TOTAL
	1	2	3	4	
Jr. Ranger program	0	245			245
Presentations	48	15			63
Events	200	200			400
Organized work programs	372	131			503
Juveniles from community service	0	0			0
Hikes	0	25			25
TOTAL	620	616	0	0	1236

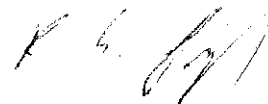
The Jr. Ranger programs are typically presented to students at: La Colima Elementary School in Whittier, Meller Elementary School in Pico Rivera, El Portal Elementary School in La Habra, Los Robles Academy Elementary School in Hacienda Heights, Hoover Elementary School in Whittier, and Macy Elementary School in La Habra, and several Girl Scout Troops from the surrounding areas.

Events typically include: Hacienda Heights 4th of July parade, Whittier Uptown Holiday Parade, La Habra Heights Avocado Festival, Whittier Founders Day, Earth Day, the City of Whittier SKILLS Foundation Event, and the Los Angeles County Fair.

Organized work programs include: Los Angeles County Fire Camp Crews and the Long Beach Conservation Corp.

If you have any questions, or would like any additional information, please feel free to contact me anytime. Thank you.

Sincerely,



Kenn Hughes
Deputy Chief Ranger



WENDY L. WATANABE
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

ADDRESS ALL CORRESPONDENCE TO:
ACCOUNTING DIVISION
500 W. TEMPLE ST., ROOM 603
LOS ANGELES, CA 90012-2713

January 6, 2012

Mr. Thomas J. Mueller
County Sanitation Districts of Los Angeles County
P. O. Box 4998
Whittier, CA 90607-4998

Dear Mr. Mueller:

Enclosed is the Statement of Receipts and Disbursements for the Puente Hills Landfill Native Habitat Preservation Authority for the quarter ending December 31, 2011.

If you have any questions, please contact Rachelle Anema at (213) 974-8327 or Rachel Rosario at (213) 974-8345.

Very truly yours,

Wendy L. Watanabe
Auditor-Controller


Connie Yee, Division Chief
Accounting Division

WLW:JN:CY:RA:rr

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Enclosure

c: Lori Rising, Los Angeles County Sanitation District
Andrea Gullo, Executive Director, Habitat Authority

**LOS ANGELES COUNTY - PUENTE HILLS LANDFILL NATIVE
HABITAT PRESERVATION AUTHORITY
STATEMENT OF RECEIPTS AND DISBURSEMENTS
OCTOBER 1, 2011 THROUGH DECEMBER 31, 2011**

Fund PS5

Cash Balance, October 1, 2011		\$	28,850,665.10	
Receipts:		\$	85,041.58	
Interest				
Deposit Permit #CKSD0100311	10/03/11		4,654.49	Oil Revenue
Deposit Permit #CASD0100411	10/04/11		77.00	uniform
Deposit Permit #CKSD0100411	10/04/11		23,992.29	Reimburse-Bio Consult
Deposit Permit #CASD0101711	10/17/11		130.00	Uniform
Deposit Permit #CKSD0101711	10/17/11		52.00	uniform
Deposit Permit #CKSD0102811	10/28/11		90,000.00	prop A maintenance
Deposit Permit #CKSD0111011	11/10/11		24,000.00	License-Matrix Oil
Deposit Permit #CKSD0120811	12/08/11		17,300.47	Oil Rev. Reimb-Bio Con.
Deposit Permit #CKSD0122311	12/23/11		34,385.00	Citation Rev.
				Reimburse-Bio Consult
Total Balance and Receipts		\$	29,130,297.93	
Disbursements:		\$		
Friendly Hills Estates Homeowners Assoc.	10/11/11		1,800.00	HOA
Phillips and Jordan Inc.	10/11/11		5,400.00	fuel modification
City of Whittier	10/11/11		32,923.07	Personnel Exp.
City of Whittier	10/31/11		1,811.68	Rent
Nakae & Associates	10/31/11		351.00	long-term landscape
Nakae & Associates	10/31/11		315.00	OCWR mitigation
Nakae & Associates	10/31/11		398.65	long term landscape
Laurie Collins	10/31/11		1,312.50	Legal fee
Newfields Companies LLC	10/31/11		4,582.75	ecological-Ridgewood
Mountains Recreation & Conservation Authy.	12/08/11		82,441.65	Park Management
Nakae & Associates	12/08/11		21,120.30	OCWR Mitigation
Nakae & Associates	12/08/11		2,595.60	long term landscape
Laurie Collins	12/08/11		2,537.50	Legal fee
Newfields Companies LLC	12/08/11		4,073.03	ecological-OCWR
Newfields Companies LLC	12/08/11		1,454.25	ecological-Ridgewood
City of Whittier	12/11/11		93,252.92	Personnel Exp.
Total Disbursements		\$	256,369.90	
Adjusted Cash Balance, December 31, 2011		\$	28,873,928.03	

Prepared by
Los Angeles County
Department of Auditor-Controller
Accounting Division
RRR 1/6/12

Puente Hills
Habitat Preservation Authority
Endowment Provided by the Puente Hills Landfill

MEMORANDUM

Date: January 26, 2012

To: Board Members

From:  for
Andrea Gullo, Executive Director

Subject: Agenda Item No. 4d) Consideration to approve the Authority's draft comment letter for the Southern California Association of Governments' Draft Program Environmental Impact Report for the 2012-2035 Regional Transportation Plan and Sustainable Communities Strategy.

Recommendation:

That the Board review and approve the attached comment letter.

Background:

The Regional Transportation Plan (RTP) is a long-range transportation plan that is developed and updated by SCAG every four years. The RTP provides a vision for transportation investments throughout the region. The Sustainable Communities Strategy (SCS) is a newly required element of the Regional Transportation Plan (RTP). The SCS will integrate land use and transportation strategies that will achieve Air Resources Board (ARB) emissions reduction targets. A Draft Program Environmental Impact Report (DPEIR) was prepared for the RTP and SCS. All of these documents are available at the following web address: <http://rtpscs.scag.ca.gov>. Comments on all of these documents are due by February 14, 2012.

The DPEIR for the RTP and SCS analyses potential impacts from these plans and prescribes mitigation measures for significant impacts. The Authority reviewed the Biological Resources and Open Space section of the DEIR and had few comments. The majority of comments involve clarifying the location and type of sensitive resources and land use designations on the Preserve, and bringing to SCAG's attention the potential mitigation opportunities that exist with the Authority for when RTP projects are implemented that require mitigation.



**Puente Hills
Habitat Preservation Authority**

Endowment Provided by the Puente Hills Landfill

January 26, 2012

DRAFT

Jacob Lieb
Southern California Association of Governments
818 West Seventh Street, 12th Floor
Los Angeles, CA 90017-3435

Re: Draft Program Environmental Impact Report for the 2012-2035 Regional
Transportation Plan and Sustainable Communities Strategy

Dear Mr. Lieb:

The Puente Hills Habitat Preservation Authority (Habitat Authority) is a joint powers authority established pursuant to California Government Code Section 6500 *et seq.* with a Board of Directors consisting of the City of Whittier, County of Los Angeles, Sanitation Districts of Los Angeles County, and the Hacienda Heights Improvement Association. According to our mission, the Habitat Authority is dedicated to the acquisition, restoration, and management of open space in the Puente Hills for preservation of the land in perpetuity, with the primary purpose to protect the biological diversity. The Habitat Authority's jurisdiction extends within eastern Los Angeles County approximately from the intersection of the 605 and 60 Freeways in the west to Harbor Boulevard in the east.

The Habitat Authority appreciates the opportunity to comment on the Draft Environmental Impact Report (DEIR) for the 2012-2035 Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS). We have a few comments to offer on Section 3.3 of the document regarding Biological Resources and Open Space, as presented below.

On page 3.3-6 it notes that the California Department of Fish and Game considers three oak woodland plant communities as sensitive: valley oak woodland, Engelmann oak woodland, and California walnut woodland. However, any oak woodland may be considered protected under California State Statute Section 21083.4. In addition, on page 3.3-9, it notes that the CNDDDB lists three sensitive coastal scrub communities: coastal bluff scrub, maritime succulent scrub, and Riversidian alluvial fan sage scrub. However, according to California Department of Fish and Game's Natural Communities List, Diegan and Venturan Coastal Sage Scrub are also considered sensitive plant



communities. These plant communities are mentioned specifically since coast live oak woodlands and coastal sage scrub occur on the Puente Hills Preserve and we believe that impacts to these habitat types should be mitigated at a 3:1 ratio as required for sensitive plant communities in Mitigation Measure BIO/OS 11.

Mitigation Measure BIO/OS 35 on page 3.3-54 states that active bird nests can be “re-located” if found during pre-construction surveys. It is the Habitat Authority’s understanding that relocating nests is not permitted by regulatory agencies. Please consider revising the language to avoid any disturbance to active nests.

Mitigation Measures BIO/OS 36 and 45 discuss utilizing mitigation banking or off-site land conservation as ways to mitigate for impacts to habitat linkages/corridors and open space resources. The Habitat Authority regularly accepts off-site mitigation for projects and welcomes inclusion of the Puente Hills Preserve in SCAG’s forthcoming regional conservation planning policy, which will include such conservation opportunity areas. The Puente Hill Preserve is an integral part of the larger Puente-Chino Hills Wildlife Corridor, which has many opportunities to further preserve and expand this corridor. On a related note, although it is unclear what constitutes a “large-scale protected area in the SCAG region” as listed in Appendix C, please consider adding the Puente Hills Preserve in Los Angeles County as managed by the Habitat Authority to that list.

Map 3.3-1 shows listed and sensitive species habitat within the SCAG region; however, habitat for the federally-listed coastal California gnatcatcher (*Poliopitila californica californica*) is not shown as occurring in the Puente Hills Preserve. Occurrences of this species are documented in the CNDDDB, and the Habitat Authority is available to provide any relevant GIS shapefiles. In addition, Map 3.3-2 shows open space land uses in the SCAG region; however, the land use types shown for the Puente Hills Preserve are difficult to discern. In addition, it appears that some of the Preserve is designated as “open space” and some as “plant and animal habitat”, but no definitions of these land use types could be found in Section 3.3 of the DEIR. Please include a definition of each land use type consider classifying the entire Preserve as one type, most likely “plant and animal habitat”.

The Habitat Authority is available to provide any information or data necessary during preparation of the Final EIR as well as the regional conservation planning policy. Please do not hesitate to contact me or Shannon Lucas, Ecologist for discussion at (562) 945-9003.

Sincerely,

DRAFT

Bob Henderson
Chairman

C: Board of Directors and Advisory Committee



www.scaag.org/transportation

2012 Regional Transportation Plan (RTP) & Sustainable Communities Strategy (SCS)

JOIN US AS WE DEVELOP THE 2012 REGIONAL
TRANSPORTATION PLAN!

The Southern California Association of Governments (SCAG) has been committed to integrated transportation and land use planning. Now with Senate Bill 375 (SB 375), a law that calls for the reduction of greenhouse gas emissions from automobiles and light trucks through the integrated planning of transportation, land use and housing, SCAG will incorporate a Sustainable Communities Strategy as a part of the 2012 Regional Transportation Plan.

WHAT IS THE REGIONAL TRANSPORTATION PLAN?

The RTP is a long-range transportation plan that provides a vision for regional transportation investments over a 20-year period. Using growth forecasts and economic trends, the RTP considers the role of transportation in a more holistic light, including economic factors, environmental issues and quality-of-life goals. The RTP provides an opportunity to identify transportation strategies today that address our mobility needs for the future.

The RTP is updated every four years to reflect changes in economic trends, State and Federal requirements, progress made on projects, and adjustments for population and jobs. Transportation projects must be included in the RTP in order to qualify for Federal and State funding. The last RTP was adopted by SCAG's Regional Council in 2008, and the Draft 2012 RTP is scheduled for release in December 2011 and for adoption in April 2012.

WHAT IS THE SUSTAINABLE COMMUNITIES STRATEGY?

The SCS is a new element of the RTP that will demonstrate the integration of land use, transportation strategies, and transportation investments within the Plan. This new requirement was put in place by the passage of SB 375, with the goal of ensuring that the SCAG region can meet its regional greenhouse gas reduction targets set by the California Air Resources Board (ARB).

In September 2010, ARB issued an 8% reduction target to the SCAG region for the planning year 2020 and a 13% reduction target by 2035. The targets apply to the SCAG region as a whole.

January 2011

Hold RTP/SCS Data Gathering Workshops/Meetings

February 2011

ARB Sets Final Target for SCAG Region

Spring 2011

Hold RTP/SCS Subregional Workshops, Policy Committee Workshops and PEIR Scoping Meeting

September 2011

State HCD Issues Regional Housing Needs Assessment (RHNA) Determination for SCAG Region

December 2011

Release Draft 2012 RTP/SCS

December 2011 –
January 2012

Hold Public Hearings

January 2012

Hold Workshops with Elected Officials

April 2012

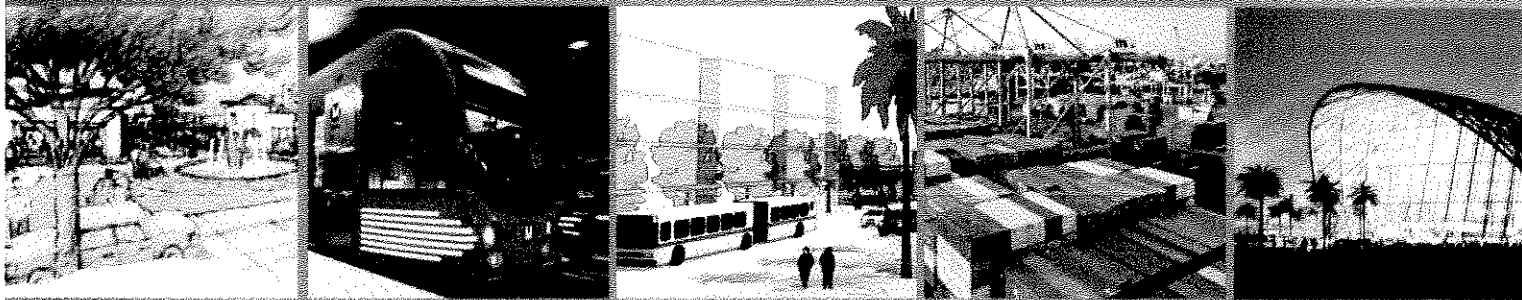
Adopt Final 2012 RTP/SCS

October 2012

Adopt Final RHNA

October 2013

Housing Element Due Date



SUSTAINABLE COMMUNITIES STRATEGY DEVELOPMENT

Developing the SCS requires meaningful collaboration with local governments and stakeholders to identify land-use opportunities around the region to address the needs of our growing population and ensure compliance with State and Federal requirements.

The SCS will be a comprehensive regional vision built and implemented from the local level. Some of the key land-use policies and strategies that cities are considering in order to achieve the goals of SB 375 include:

- Focusing growth in existing and emerging centers and along major transportation corridors
- Creating significant areas of mixed-use development and walkable communities
- Targeting growth around existing and planned transit stations
- Preserving existing open space and stable residential areas

WHAT IS SCAG'S ROLE IN DEVELOPING THE RTP/SCS?

As the Regional Transportation Planning Agency (RTPA) and Metropolitan Planning Organization (MPO), SCAG is the lead agency to facilitate the development of the RTP and the SCS. In a region of six counties (Imperial, Los Angeles, Orange, Riverside, San Bernardino and Ventura) and 191 cities, SCAG understands the importance of input and consensus and utilizes a collaborative process to develop the RTP. SCAG seeks the opinion and feedback of interested parties, including county transportation commissions, subregions, local governments as well as several state and federal agencies, environmental and business communities, tribal governments, non-profit organizations and the general public. The goal of this collaborative process is an RTP that reflects public consideration and addresses the region's needs.

FOR MORE INFORMATION

Please visit the SCAG website at www.scag.ca.gov/rtp2012 or contact Ryan Kuo at (213) 236-1813 or via email at kuo@scag.ca.gov or Christopher Tzeng at (213) 236-1913 or via email at tzeng@scag.ca.gov.

SCAG'S ANTI-CRISIS PLAN

- Aviation
- Environmental Mitigation
- Goods Movement
- Growth Forecast
- High-Speed Regional Transport
- Highways and Arterials
- Land Use
- Non-Motorized Transportation
- Transit
- Transportation Demand Management
- Transportation Finance
- Transportation Safety and Security

NOTICE OF AVAILABILITY

PUBLIC NOTICE OF AVAILABILITY OF A DRAFT PROGRAM ENVIRONMENTAL IMPACT REPORT FOR THE 2012-2035 REGIONAL TRANSPORTATION PLAN AND SUSTAINABLE COMMUNITIES STRATEGY

DATE: December 30, 2011

Southern California Association of Governments (SCAG)
818 West Seventh Street, 12th Floor
Los Angeles, CA 90017-3435

The Southern California Association of Governments has prepared a Draft Program Environmental Impact Report (PEIR), SCH# 2011051018, in accordance with the California Environmental Quality Act for the 2012-2035 Regional Transportation Plan and Sustainable Communities Strategy (2012-2035 RTP/SCS, Plan or Project). The 2012-2035 RTP/SCS is a long-range regional transportation plan that provides a blueprint to help achieve a coordinated and balanced regional transportation system in the SCAG region. The SCAG region is comprised of six counties: Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura.

The **Proposed 2012-2035 RTP/SCS** provides land use and transportation recommendations to help achieve a coordinated balance of land uses and transportation improvements such that vehicle trips and vehicle trip lengths are reduced and land is used efficiently and sustainably, thereby minimizing energy and water consumption. The 2012-2035 RTP/SCS contains transportation and urban form strategies that encourage compact growth, increased jobs/housing balance and transit-oriented development, where feasible, in all parts of the region. The following alternatives are addressed:

1. The **No Project Alternative** includes only those transportation projects that are included in the first year of the previously conforming transportation plan and/or TIP, or have completed environmental review by December 2010. The No Project Alternative also includes projects undergoing right-of-way acquisition or under construction. These reasonably foreseeable projects fulfill the definition of the mandated CEQA No Project Alternative (CEQA Guidelines Section 15126.6(e)).
2. The **2008 Modified RTP Alternative** is an update of the adopted 2008 RTP to reflect the most recent growth estimates and transportation planning decisions and assumptions. This alternative does not include the urban form strategies included within the RTP/SCS.
3. The **Envision 2 Alternative** builds on the enhanced density and transit orientation of the SCS and goes further. It includes more aggressive densities than the 2012-2035 RTP/SCS and limits the single-family housing that would be built in the region.

The Program EIR finds that implementation of the 2012-2035 RTP/SCS could result in significant impacts to the following issue areas: Aesthetics; Air Quality; Biological Resources and Open Space; Cultural Resources; Geology, Soils and Mineral Resources; Greenhouse Gases; Hazardous Materials; Land Use and Agricultural Resources; Noise; Population, Housing and Employment; Public Services and Utilities; and Water Resources.

The Draft PEIR is available on SCAG's website at www.scag.ca.gov/peir. Hard copies are available for review at SCAG's office in downtown Los Angeles (at the address above) and at major public libraries in the region (contact SCAG for specific locations). The review period for the Draft 2012-2035 RTP/SCS begins on **December 30, 2011. Written comments will be accepted until 5:00 p.m. on February 14, 2012.**

Please direct written comments to Jacob Lieb at lieb@scag.ca.gov or at the address shown above or visit our website at <http://www.scag.ca.gov>. Please include a return address and the name of a contact person in your agency, if appropriate.

Puente Hills
Habitat Preservation Authority
Endowment Provided by the Puente Hills Landfill

MEMORANDUM

Date: January 26, 2012

To: Board Members

From: 
Andrea Gullo, Executive Director

Subject: Agenda Item No. 5) Consideration to adopt Los Angeles County Investment Policy Statement, and authorization for Executive Director to send a letter to the County with instructions for creating a structured portfolio designed to increase return rate of Authority funds.

Recommendation:

That the Board adopt the Los Angeles County Investment Policy, and authorize Executive Director to direct the County to invest its funds.

Background:

At the last Board meeting of January 12, 2012 the Board discussed the option of creating an investment structured portfolio. Acting in its capacity as Authority Treasurer, the County of Los Angeles retains the Authority's funds in the County's general investment pool which has an interest rate of 1.18% as of January 2012. It is currently estimated that the Authority can generate up to approximately \$928,000 or more if \$24 million of its funds are invested in a structured portfolio with the County, which would be an increase of approximately 150% from last year's return on interest earned (\$367,700). Obviously, the additional revenue would be beneficial to the agency's long-term budget and operating needs. The intent of the Authority has historically been to generate enough interest from the endowment to sustain operations. Given that the Puente Hills Landfill, the Authority's main revenue source, will be closing in 2013, changing the agency's current investment strategy will bring it closer to that objective. In order to move forward with this approach, the Authority needs to take two steps of adopting the County's Investment Policy and authorizing that investments be executed in an ongoing nature.

The Authority's Memorandum of Understanding (MOU) with the County, executed in May 2011, enables investing using a structured portfolio that is within the guidelines of the County's Investment Policy Statement. In accordance with the MOU, the Authority could create its own Investment Policy Statement consistent with the County's or adopt that of the County to proceed with a structured portfolio investment strategy. It is recommended that the Authority adopt that of the County which is attached for your review, for the time being.

Also attached is a sample memo that has been provided by the County in order to execute investments. It indicates the amount, type of investments, maturity date, and can also indicate any limitations. Staff has been advised that several memos of this nature will be necessary to achieve the Authority's investment goals as discussed at the last Board meeting. Under consultation with the Sanitation Districts and the County, staff would complete the memos with instructions for the County dependent on the most recent market conditions. As discussed at the last Board meeting, portfolio sample #5 (attached) seemed to be the preferred approach by the Board. If the Board chooses, investments can be modeled under this approach as much as possible. These investments have maturities that extend beyond five years, which are permitted in the County's Investment Policy Statement, and the adoption of this Policy will make the investments in compliance with the CA Government Code. The extensions are in the best interest of the Authority because it does not need these funds in the short-term.

As of December 31, 2011, the Authority had \$28,873,928 of funds. Retaining liquid funds of at least \$2.5 million for current contract obligations, operations, and emergencies is recommended. The Authority is expecting a deposit possibly in an amount of approximately \$1.5 million by early March 2012. An investment of \$27 million would leave approximately \$1.87 million liquid and about \$3.37 liquid after the tipping fee revenue is received. Staff recommends capping the initial investments at approximately \$27 million, should the Board find no other additional reasons for maintaining liquid funds.

MEMORANDUM

PUENTE HILLS
HABITAT PRESERVATION AUTHORITY
Endowment Provided by the Puente Hills Landfill

January 26, 2012

TO: Elizabeth Ginsberg, Operations Chief
Los Angeles County Internal Controls Branch of the Treasurer and Tax Collector
Department

FROM: Andrea Gullo, Executive Director
Puente Hills Habitat Preservation Authority

SUBJECT: Specific Purpose Investments

Per our prior agreement, we request that you invest part of our fund balance not to exceed \$27 million from account number **PS5** in US Treasury Notes, US Agency Securities, AA Corporate or Municipal Securities at maximum yields available, all in accordance with the Habitat Authority's Investment Policy.

Specific details of securities to be purchased are as follows:

Description	Par	Maturity	Cusip
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Puente Habitat Authority
Investment Holdings by Maturity Date
2/1/2012

Description	Maturity	Settle	Term	Par	Principal	Accrued	Total Cost	Yield	CUSIP	Ratings
General Electric Cap Corp 5.90%	05/13/14	01/03/12	832	3,000,000	3,282,900.00	24,583.33	3,307,483.33	1.801%	36962G4R2	AA+/Aa+
FHLB 3.59% [Callable] ytc 3.59%	12/30/26	12/30/11	5,446	8,200,000	8,200,000.00	-	8,200,000.00	3.590%	313376QK4	AA/Aa
FFCB 3.55% [Callable] ytc 3.35%	07/11/25	01/11/12	4,909	5,000,000	5,000,000.00	-	5,000,000.00	3.350%	31331K5V8	AA/Aa
LAUSD GO Muni Bond	07/01/32	01/03/12	7,456	2,800,000	2,947,392.00	777.78	2,948,169.78	4.600%	544646JQ6	AA/AA-
FHLMC StepUp[Callable] ytc 3.00%	02/01/27	02/01/12	5,479	5,000,000	5,000,000.00	-	5,000,000.00	3.474%	313463KQ2	AA/Aa

Totals and Weighted Averages 4,961 \$ 24,000,000 \$ 24,430,292.00 \$ 25,361.11 \$ 24,455,653.11 3.397%

Notes:

- CD - Certificate of Deposit
- CP - Commercial Paper
- FFCB - Federal Farm Credit Banks
- FHLB - Federal Home Loan Banks
- FHLMC - Freddie Mac

Weighted average yield and weighted average term are calculated using total cost as the weighting factor.
'Term' is the number of days to maturity.

Cashflow equals \$928,880.00 per year for 3 years*

Sample Structured Bond Portfolio 5

* Called Bonds would be replaced with similar securities to maintain approximate cash flows

#5

Puente Habitat Authority
Investment Holdings by Security Type
2/1/2012

Description	Maturity	Settle	Term	Par	Principal	Accrued	Total Cost	Yield	CUSIP	Ratings
Commercial Paper										
Total Commercial Paper			#DIV/0!	-	-	-	-	#DIV/0!		
									Percent of Total Holdings:	0.0%
Certificates of Deposit										
Total Certificates of Deposit			#DIV/0!	-	-	-	-	#DIV/0!		
									Percent of Total Holdings:	0.0%
Corporate & Bank Notes										
General Electric Cap Corp 5.90%	05/13/14	01/03/12	832	3,000,000	3,282,900.00	24,583.33	3,307,483.33	1.801%	36962G4R2	AA+/Aa+
Total Corporate & Bank Notes			832	3,000,000	3,282,900.00	24,583	3,307,483.33	1.801%		10.7%
									Percent of Total Holdings:	
Federal Agencies										
FHLB 3.59% [Callable] ytc 3.59%	12/30/26	12/30/11	5,446	8,200,000	8,200,000.00	-	8,200,000.00	3.590%	31337GQK4	AA/Aa
FFCB 3.55% [Callable] ytc 3.35%	07/11/25	01/11/12	4,909	5,000,000	5,000,000.00	-	5,000,000.00	3.350%	31331K5V8	AA/Aa
FHLMC StepUp[Callable]ytc3.00%	02/01/27	02/01/12	5,479	5,000,000	5,000,000.00	-	5,000,000.00	3.474%	3134G3KQ2	AA/Aa
Total Federal Agencies			5,308	18,200,000	18,200,000.00	-	18,200,000.00	3.492%		
									Percent of Total Holdings:	65.0%
California Municipal Bonds										
LAUSD GO Muni Bond	07/01/32	01/03/12	7,456	2,800,000	2,947,392.00	777.78	2,948,169.78	4.600%	544646JQ6	AA/AA-
									Percent of Total Holdings:	10.0%
U. S. Treasuries										
			#DIV/0!	-	-	-	-	#DIV/0!		
									Percent of Total Holdings:	0.0%
Totals and Weighted Averages										
			4,961	24,000,000.00	24,430,292.00	25,361.11	24,455,653.11	3.397%		85.7%
Fund Balance per ECAPS (Remaining in Pool)				4,000,000						
Total Assets Under Management				28,000,000						

Notes:

CD - Certificate of Deposit

CP - Commercial Paper

FFCB - Federal Farm Credit Banks

FHLB - Federal Home Loan Banks

Weighted average yield and weighted average term are calculated using total cost as the weighting factor.

'Term' is the number of days from settlement date to maturity.

Sample Structured Bond Portfolio 5

Puente Habitat Authority
 Schedule of Investment Purchases
 2/1/2012

Description	Maturity	Settle	Term	Par	Principal	Accrued	Total Cost	Yield	CUSIP	Ratings
General Electric Cap Corp 5.90%	05/13/14	01/03/12	832	3,000,000	3,282,900.00	24,583.33	3,307,483.33	1.801%	36962G4R2	AA+/Aa+
FHLB 3.59% [Callable] ytc 3.59%	12/30/26	12/30/11	5,446	8,200,000	8,200,000.00	-	8,200,000.00	3.590%	313376QK4	AA/Aa
FFCB 3.55% [Callable] ytc 3.35%	07/11/25	01/11/12	4,909	5,000,000	5,000,000.00	-	5,000,000.00	3.350%	31331K5V8	AA/Aa
LAUSD GO Muni Bond	07/01/32	01/03/12	7,456	2,800,000	2,947,392.00	777.78	2,948,169.78	4.600%	544646JQ6	AA/AA-
FHLMC StepUp[Callable]ytc3.00%	02/01/27	02/01/12	5,479	5,000,000	5,000,000.00	-	5,000,000.00	3.474%	3134G3KQ2	AA/Aa
	4,961	\$	24,000,000	\$	24,430,292	\$	25,361	\$	24,455,653	3.397%

Sample Structured Bond Portfolio 5

Puente Habitat Authority
Investments
Cash Flow Schedule
As of 2/01/12

Date	Description	CUSIP	Transaction	Amount
07/11/12	FFCB 3.55% [Callable]	31331K5V8	Coupon	83,750.00 *
01/11/13	FFCB 3.55% [Callable]	31331K5V8	Coupon	83,750.00
thru 1/25	FFCB 3.55% [Callable]	31331K5V8	Coupon	2,010,000.00
07/22/15	FFCB 3.55% [Callable]	31331K5V8	Maturity	5,063,750.00
			Total	\$ 7,261,250.00
				Callible on 4/11/12
				83,750/6 months x 12 years =
				2,010,000.00
05/13/12	General Electric Cap Corp 5.90%	36962G4C5	Coupon	88,500.00
11/13/12	General Electric Cap Corp 5.90%	36962G4C5	Coupon	88,500.00
05/13/13	General Electric Cap Corp 5.90%	36962G4C5	Coupon	88,500.00
11/13/13	General Electric Cap Corp 5.90%	36962G4C5	Coupon	88,500.00
05/13/14	General Electric Cap Corp 5.90%	36962G4C5	Maturity	3,088,500.00
			Total	\$ 3,442,500.00
06/30/12	FHLB 3.59% [Callable] ytc 3.59%	313376QK4	Coupon	147,190.00 *
12/30/12	FHLB 3.59% [Callable] ytc 3.59%	313376QK4	Coupon	147,190.00
thru 6/26	FHLB 3.59% [Callable] ytc 3.59%	313376QK4	Coupon	3,679,750.00
12/30/26	FHLB 3.59% [Callable] ytc 3.59%	313376QK4	Maturity	8,347,190.00
			Total	\$ 12,221,320.00
				Callible on 3/30/12
				\$147,190/6 months x 12.5 years
				3,679,750.00
07/01/12	LAUSD GO Muni Bond	544646JQ6	Coupon	70,000.00
01/01/13	LAUSD GO Muni Bond	544646JQ6	Coupon	70,000.00
thru 7/1/28	LAUSD GO Muni Bond	544646JQ6	Coupon	2,240,000.00
07/01/32	LAUSD GO Muni Bond	544646JQ6	Maturity	\$ 3,093,627.66
			Total	\$ 5,473,627.66
				\$70,000/6 months x 16 years
				Prin Pay Down \$2,800,000+Cpns \$293,627.66
08/01/12	FHLMC StepUp[Callable]ytc3.00%	3134G3KQ2	Coupon	75,000.00 *
02/01/13	FHLMC StepUp[Callable]ytc3.00%	3134G3KQ2	Coupon	75,000.00
thru 2/1/17	FHLMC StepUp[Callable]ytc3.00%	3134G3KQ2	Coupon	600,000.00
thru 2/1/22	FHLMC StepUp[Callable]ytc3.00%	3134G3KQ2	Coupon	781,250.00
thru 2/1/23	FHLMC StepUp[Callable]ytc3.00%	3134G3KQ2	Coupon	175,000.00
thru 2/1/24	FHLMC StepUp[Callable]ytc3.00%	3134G3KQ2	Coupon	200,000.00
thru 2/1/25	FHLMC StepUp[Callable]ytc3.00%	3134G3KQ2	Coupon	225,000.00
thru 2/1/26	FHLMC StepUp[Callable]ytc3.00%	3134G3KQ2	Coupon	250,000.00
thru 2/1/27	FHLMC StepUp[Callable]ytc3.00%	3134G3KQ2	Maturity	5,300,000.00
			Total	\$ 7,681,250.00
				Callible on 2/1/13
				\$75,000/6 months x 4.0 years
				\$78,125/6 months x 5.0 years
				\$87,500/6 months x 1.0 year
				\$100,000/6 months x 1.0 year
				\$112,500/6 months x 1.0 years
				\$125,000/6 months x 1.0 years
				\$150,000/6 months x 1.0 years
				600,000.00
				781,250.00
				175,000.00
				200,000.00
				225,000.00
				250,000.00
				300,000.00
			Grand Total Cash Flow	\$ 36,179,947.66

*Coupons are contingent with non-call - if called, proceeds should be reinvested in similar securities

Sample Structured Bond Portfolio 5

Yearly Cash Flow
for 3 years

\$928,880.00 *



COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012



MARK J. SALADINO

TREASURER AND TAX COLLECTOR

March 15, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

28 March 15, 2011

Dear Supervisors:

DEPARTMENT OF TREASURER AND TAX COLLECTOR
DELEGATION OF AUTHORITY TO INVEST

SUBJECT

ANNUAL ADOPTION OF THE TREASURER AND TAX COLLECTOR
INVESTMENT POLICY

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate the authority to invest and reinvest County funds and funds of other depositors in the County Treasury, to the Treasurer.
2. Adopt the attached Treasurer and Tax Collector Investment Policy (Investment Policy).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The requested actions are required by the California Government Code (Government Code) to permit the Treasurer to invest County funds and funds of other depositors in the County Treasury (Treasury Pool) pursuant to the Investment Policy. Government Code Section 53646 permits your Board to approve annually the Investment Policy.

We have revised the Investment Policy approved by your Board on March 30, 2010 as follows:

The limit in the Trading partition of the Treasury Pool was increased from \$150 million to \$500 million. The former limit was in place prior to 2002, when the Treasury Pool was less than half of its

current size. The revised limit is less than 2% of the Treasury Pool's approximate \$27 billion in assets.

We updated the Minimum Credit Ratings of Foreign Issuers to better align the issuer limits with the issuer ratings, and to ensure consistency of the limits based on the issuer's ratings. In addition, we updated the rating agency name of IBCA to Fitch IBCA, to properly reflect the rating agency name of the merged entities.

The Limitation Calculation for Intermediate-Term, Medium-Term and Long-Term Holdings was refined to reflect the cash-flow needs of the Treasury Pool's participants, and the growth in the Treasury Pool's balance in recent years.

We have revised the Approved List of Municipal Obligations for obligations issued by the State of California or a California local agency to include reference to Standard and Poor's rating.

Implementation of Strategic Plan Goals

This Investment Policy is in accordance with the Countywide Strategic Plan Goal #4: Fiscal Responsibility in investing County funds and funds of other depositors in the County Treasury.

FISCAL IMPACT/FINANCING

There is no fiscal impact from this action.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Government Code Section 27000.1 provides that your Board may annually delegate the authority to invest and reinvest funds of the County and funds of other depositors in the County Treasury to the Treasurer.

Government Code Section 53646 permits the Treasurer to render annually to your Board a statement of Investment Policy, to be reviewed and approved at a public meeting. This Code Section also requires that any change in the Investment Policy also be submitted to your Board for review and approval at a public hearing.

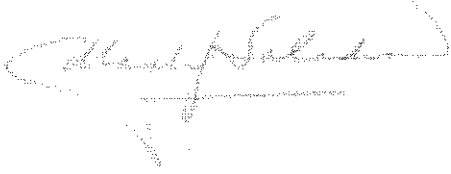
IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services.

CONCLUSION

Upon approval, please return the adopted, stamped Board Letter to my office for further processing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark J. Saladino", with a horizontal line underneath it.

MARK J. SALADINO
Treasurer and Tax Collector

MJS:NI:cr

Enclosures

c: Chief Executive Officer
County Counsel
Auditor-Controller

**COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR
INVESTMENT POLICY**

Authority to Invest

Pursuant to Government Code Section 27000.1 and Los Angeles County Code 2.52.025, the Los Angeles County Board of Supervisors has delegated to the Treasurer the authority to invest and reinvest the funds of the County and the funds of the depositors in the County Treasury.

Fundamental Investment Policy

The Treasurer, a trustee, is inherently a fiduciary and subject to the prudent investor standard. Accordingly, when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing investments, the investment decisions SHALL be made with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity would use with like aims.

All investments SHALL be governed by the Government Code and comply with the specific limitations set forth within this Investment Policy. Periodically, it may be necessary and prudent to make investment decisions beyond the limitations set forth in the Investment Policy that are otherwise permissible by California Government Code. In these special circumstances, ONLY the Treasurer is permitted to give written approval to operate outside the limitations set forth within this Investment Policy.

Pooled Surplus Investment Portfolio

The Treasurer SHALL establish and maintain a Pooled Surplus Investment (PSI) portfolio. The PSI portfolio SHALL be used to provide safe, liquid investment opportunities for pooled surplus funds deposited into the County Treasury.

The investment policies of the PSI portfolio SHALL be directed by and based on three prioritized objectives. The primary objective SHALL be to ensure the safety of principal. The secondary objective SHALL be to meet the liquidity needs of the PSI participants, which might be reasonably anticipated. The third objective SHALL be to achieve a return on funds invested, without undue compromise of the first two objectives.

PSI revenue/loss distribution SHALL be shared on a pro-rata basis with the PSI participants. PSI revenue/loss distribution will be performed monthly, net of administrative costs authorized by Government Code Section 27013 which includes employee salaries and benefits and services and supplies, for investing, depositing or handling funds, and the distribution of interest income, based on the PSI participants' average daily fund balance as recorded on the Auditor-Controller's accounting records. Administrative costs SHALL be deducted from the monthly PSI revenue/loss distribution on the basis of one-twelfth of the budgeted costs and adjusted to actual costs.

Investments purchased with the intent to be held to maturity SHALL be accounted for in the Non-Trading partition of the PSI portfolio. Investments purchased with the intent to be sold prior to maturity SHALL be accounted for in the Trading partition of the PSI portfolio. The investments in the Trading partition SHALL NOT exceed \$500 million without specific written approval of the Treasurer.

In the event that a decision is made to transfer a given security from one partition to another, it MAY be transferred at cost; however, the difference between the market value, exclusive of interest, at the time of transfer and the purchase price, exclusive of interest, SHALL be computed and disclosed as unrealized profit or loss.

All PSI investments SHALL be categorized according to the period of time from settlement date to maturity date as follows:

- SHORT-TERM investments are for periods of up to ONE YEAR.
- INTERMEDIATE-TERM investments are for periods of ONE YEAR to THREE YEARS.
- MEDIUM-TERM investments are for periods of over THREE YEARS to FIVE YEARS.
- LONG-TERM investments are for periods of over FIVE YEARS.

PSI investments SHALL be limited to the short-term category except that the Investment Office of the Treasurer's Office MAY make PSI investments in accordance with the limitations imposed in Attachments I, II, and III (all of which are attached hereto and incorporated by this reference.)

The weighted average maturity target of the PSI portfolio is 1.5 years. For purposes of maturity classification, the maturity date SHALL be the nominal maturity date or the unconditional put option date, if one exists.

The total PSI portfolio investments with maturities in excess of one year SHALL NOT exceed 75% of the last three years' average minimum total cash and investments, after adjustments, as indicated in Attachment II.

Liquidity of PSI Investments

Short-term liquidity SHALL further be maintained and adjusted monthly so that sufficient anticipated cash is available to fully meet unanticipated withdrawals of discretionary deposits, adjusted for longer-term commitments, within ninety days.

Such liquidity SHALL be monitored where, at the beginning of each month, the par value for maturities in the next ninety days plus projected PSI deposits for ninety days, divided by the projected PSI withdrawals for ninety days plus discretionary PSI deposits, is equal to or greater than one.

The liquidation of investments is not required solely because the discretionary liquidity withdrawal ratio is less than one; however, investments SHALL be limited to a maximum maturity of thirty days until such time as the discretionary liquidity withdrawal ratio is equal to or greater than one.

The sale of any PSI instrument purchased in accordance with established policies is not required

solely because an institution's credit rating is lowered after the purchase of the instrument.

Specific Purpose Investment Portfolio

The Treasurer SHALL maintain a Specific Purpose Investment (SPI) portfolio to manage specific investment objectives of the SPI participants. Specific investments may be made with the approval of the requesting entity's governing body and the approval of the Treasurer. Revenue/loss distribution of the SPI portfolio SHALL be credited to the specific entity for which the investment was made. The Treasurer reserves the right to establish and charge the requesting entity fees for maintaining the entity's SPI portfolio.

Investments SHALL be limited to the short-term category, as defined above in the previous section for PSI investments, except when requested by a depositing entity and with the approval of the Treasurer, a longer term investment MAY be specifically made and held in the SPI portfolio.

The sale of any SPI instrument purchased in accordance with established policies is not required solely because an institution's credit rating is lowered after the purchase of the instrument.

Execution, Delivery, and Monitoring of Investments

The Treasurer SHALL designate, in writing, personnel authorized to execute investment transactions.

All transactions SHALL be executed on a delivery versus payment basis.

The Treasurer or financial advisor, consultant or manager acting on behalf of the Treasurer, in purchasing or obtaining any securities in a negotiable, bearer, registered, or nonregistered format, requires delivery of the securities to the Treasurer or designated custodial institution, by book entry, physical delivery, or by third party custodial agreement.

All investment transactions made by the Investment Office SHALL be reviewed by the Internal Controls Office to assure compliance with this Investment Policy.

Reporting Requirements

The Treasurer SHALL provide the Board of Supervisors with a monthly report consisting of, but not limited to, the following:

- All investments detailing each by type, issuer, date of maturity, par value, historical cost, market value and the source of the market valuation.
- Month-end bank balances for accounts under the control of the Treasurer.
- A description of funds, investments, or programs that are under the management of contracted parties, including lending programs for the Treasurer.

- A description of all investment exceptions, if any, to the Investment Policy.
- A statement denoting the ability of the PSI portfolio to meet the anticipated cash requirements for the participants for the next six months.

Discretionary Treasury Deposits and Withdrawal of Funds

At the sole direction of the Treasurer, PSI deposits may be accepted from local agencies not required to deposit their funds with the Los Angeles County Treasurer, pursuant to Government Code Section 53684.

At the time such deposits are made, the Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Such projections may be adjusted periodically as prescribed by the Treasurer but in no event less than semi-annually.

In accordance with Government Code Section 27136, all requests for withdrawal of such funds, for the purpose of investing or depositing these funds elsewhere SHALL be evaluated, prior to approving or disapproving the request, to ensure that the proposed withdrawal will not adversely affect the principal deposits of the other PSI participants.

If it is determined that the proposed withdrawal will negatively impact the principal deposits of the other PSI participants, the Treasurer may delay such withdrawals until the impact can be mitigated.

Broker/Dealer Section

Broker/Dealer SHALL be limited to primary government dealers as designated by the Federal Reserve Bank or institutions meeting one of the following:

- A. Broker/Dealer with minimum capitalization of \$500 million and who meets all five of the below listed criteria;
 1. Be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code or a member of a Federally regulated securities exchange and;
 2. Be a member of the National Association of securities Dealers and;
 3. Be registered with the Securities and Exchange Commission and;
 4. Have been in operation for more than five years; and
 5. Have a minimum annual trading volume of \$100 billion in money market instruments or \$500 billion in U.S. Treasuries and Agencies.
- B. Emerging firms with office(s) in California licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code or a member of a Federally regulated exchange with a minimum capitalization of \$200,000 to a maximum capitalization of \$5 million and have met the quality criteria of the Treasurer.

Commercial Paper and Negotiable Certificates of Deposit may be purchased directly from issuers approved by the Treasurer.

An approved Treasurer Broker/Dealer list SHALL be maintained. Firms SHALL be removed from the approved Broker/Dealer list and trading suspended with firms failing to accurately and timely provide the following information:

- A. Confirmation of daily trade transactions and all open trades in effect at month-end.
- B. Response to auditor requests for confirmation of investment transactions.
- C. Response to the Internal Controls Office requests for needed information.

Honoraria, Gifts, and Gratuities Limitations

The Treasurer, Chief Deputy Treasurer and Tax Collector and designated Treasurer and Tax Collector employees SHALL be governed by the provision of the State's Political Reform Act, the Los Angeles County Code relating to Lobbyists, and the Los Angeles County Code relating to postgovernment employment of County officials.

Investment Limitations

The Investment Office SHALL NOT invest in inverse floating rate notes, range notes, or interest only strips that are derived from a pool of mortgages.

The Investment Office SHALL NOT invest in any security that could result in zero interest if held to maturity.

For investment transactions in the PSI portfolio, the Investment Office SHALL obtain approval of the Treasurer before recognizing any loss exceeding \$100,000 per transaction, calculated using amortized cost.

Proceeds from the sale of notes or funds set aside for the repayment of notes SHALL NOT be invested for a term that exceeds the term of the notes.

Permitted Investments

Permitted Investments SHALL be limited to the following:

- A. Obligations of the United States Government, its agencies and instrumentalities.**
 - 1. Maximum maturity: None.
 - 2. Maximum total par value: None.

3. Maximum par value per issuer: None.
4. Federal agencies: Additional limits in Section G apply if investments are Floating Rate Instruments.

B. Municipal Obligations from the approved list of municipalities (Attachment III)

1. Maximum maturity: As limited in Attachment III.
2. Maximum total par value: 10% of the PSI portfolio.

C. Asset-Backed Securities

1. Maximum maturity: Five years.
2. Maximum total par value: 20% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.
4. All Asset-Backed securities must be rated at least "AA" and the issuer's corporate debt rating must be at least "A".

D. Bankers' Acceptance Domestic and Foreign

1. Maximum maturity: 180 days and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: 40% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. The aggregate total of Bankers' Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:
 - a) The total shareholders' equity of depository bank.
 - b) The total net worth of depository bank.

E. Negotiable Certificates of Deposit (CD)

1. Maximum maturity: Three years and limits outlined in Attachment I for issuer's current credit rating.

2. Maximum total par value: Aggregate total of Domestic and Euro CD's are limited to 30% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Must be issued by:
 - a) National or State-chartered bank, or
 - b) State-licensed branch of a foreign bank.
5. Euro CD's:
 - a) Maximum maturity: One year and limits outlined in Attachment I for issuer's current credit rating.
 - b) Maximum total par value: 10% of the PSI portfolio.
 - c) Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.
 - d) Limited to London branch of National or State-chartered banks.
6. The aggregate total of Bankers Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:
 - a) The total shareholders' equity of depository bank.
 - b) The total net worth of the depository bank.

F. Corporate and Depository Notes

1. Maximum maturity: Three years and limits outlined in Attachment I for the issuer's current credit rating.
2. Maximum total par value: 30% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Notes MUST be issued by:
 - a) Corporations organized and operating within the United States.

- b) Depository institutions licensed by the United States or any State and operating within the United States

5. Additional limits in Section G apply if note is a Floating Rate Note Instrument.

G. Floating Rate Notes

Floating Rate Notes included in this category are defined as any instrument that has a coupon or interest rate that is adjusted periodically due to changes in a base or benchmark rate.

1. Maximum maturity: Seven years, provided that Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 million par value may be greater than five years to maturity.
2. Maximum total par value: 10% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Benchmarks SHALL be limited to commercially available U.S. Dollar denominated indexes.
5. The Investment Office SHALL obtain the prospectus or the issuer term sheet prior to purchase for all Floating Rate Notes and SHALL include the following on the trade ticket:
 - a) Specific basis for the benchmark rate.
 - b) Specific computation for the benchmark rate.
 - c) Specific reset period.
 - d) Notation of any put or call provisions.

H. Commercial Paper

1. Maximum maturity: 270 days and limits outlined in Attachment I for the issuer's current credit rating.
2. Maximum total par value: 40% of the PSI portfolio.
3. Maximum par value per issuer: The lesser of 10% of the PSI portfolio or the limits outlined in Attachment I for the issuer's current credit rating.

4. Credit: Issuing Corporation - Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):

(a) The entity meets the following criteria:

- 1) Is organized and operating in the United States as a general corporation.
- 2) Has total assets in excess of \$500 million.
- 3) Has debt other than commercial paper, if any, that is rated "A" or higher by NRSRO.

(b) The entity meets the following criteria:

- 1) Is organized in the United States as a Limited Liability Company or Special Purpose Corporation.
- 2) Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
- 3) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

I. Shares of Beneficial Interest

1. Money Market Fund (MMF) - Shares of beneficial interest issued by diversified management companies known as money market mutual funds, registered with the Securities and Exchange Commission in accordance with Section 270.2a-7 of Title 17 of the Code of Federal Regulation. The company SHALL have met either of the following criteria:

- a) Attained the highest possible rating by not less than two NRSROs.
- b) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience investing in the securities and obligations authorized in Government Code Section 53601 and with assets under management in excess of five hundred million dollars (\$500,000,000).

Maximum total par value: 15% of the PSI portfolio. However, no more than 10% of the PSI may be invested in any one fund.

2. State of California's Local Agency Investment Fund (LAIF) pursuant to Government Code Section 16429.1.
3. Trust Investments – Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in securities and obligations authorized in Section 53601 (a) to (o) of the Government Code. To be eligible, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:
 - a) The adviser is registered or exempt from registration with the Securities and Exchange Commission.
 - b) The adviser has not less than five years of experience investing in the securities and obligations authorized in Section 53601 (a) to (o) of the Government Code.
 - c) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

J. Repurchase Agreement

1. Maximum maturity: 30 days.
2. Maximum total par value: \$1 billion.
3. Maximum par value per dealer: \$500 million.
4. Agreements must be in accordance with approved written master repurchase agreement.
5. Agreements must be fully secured by obligations of the United States Government, its agencies and instrumentalities. The market value of these obligations that underlay a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities and the value shall be adjusted no less than monthly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. If a repurchase agreement matures the next business day after purchase, the repurchase agreement is not out of compliance with this collateralization requirement if the value of the collateral falls below the 102% requirement at the close of business on settlement date.

K. Reverse Repurchase Agreement

1. Maximum term: One year.

2. Maximum total par value: \$500 million.
3. Maximum par value per broker: \$250 million.
4. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined in Government Code Section 53601(j)(4)(B) approved specifically by the Treasurer.
5. Agreements SHALL only be made for the purpose of enhancing investment revenue.
6. Agreements must be in accordance with approved written master repurchase agreement.
7. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the United States Government and its agencies and instrumentalities.
8. The security to be sold on reverse repurchase agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.
9. The proceeds of the reverse repurchase agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.
10. The proceeds of the reverse repurchase agreement SHALL be invested in instruments with maturities occurring at or before the maturity of the reverse repurchase agreement.
11. In no instance SHALL the investment from the proceeds of a reverse repurchase agreement be sold as part of a subsequent reverse repurchase agreement.

L. Forwards, Futures and Options

Forward contracts are customized contracts traded in the Over The Counter Market where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Future contracts are standardized contracts traded on recognized exchanges where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Option contracts are those traded in either the Over The Counter Market or recognized exchanges where the purchaser has the RIGHT but not the obligation to buy or sell a specific amount of an underlying asset at a specific price within a specific time period.

1. Maximum maturity: 90 days.
2. Maximum aggregate par value: \$100 million.
3. Maximum par value per counterparty: \$50 million. Counterparties for Forward and Option Contracts limited to those on the approved Treasurer and Tax Collector list and must be rated "A" or better from at least one nationally recognized rating agency.
4. The underlying securities SHALL be an obligation of the United States Government and its agencies and instrumentalities.
5. Premiums paid to an option seller SHALL be recognized as an option loss at the time the premium is paid and SHALL not exceed \$100,000 for each occurrence or exceed a total of \$250,000 in any one quarter. Premiums received from an option purchase SHALL be recognized as an option gain at the time the premium is received.
6. Complex or hybrid forwards, futures or options defined as agreements combining two or more categories are prohibited unless specific written approval of the Treasurer is obtained PRIOR to entering into the agreement.
7. Open forward, future, and option contracts SHALL be marked to market weekly and a report SHALL be prepared by the Internal Controls Office.
8. In conjunction with the sale of bonds, the Treasurer MAY authorize exceptions to maturity and par value limits for forwards, futures and options.

M. Interest Rate Swaps

Interest Rate Swaps SHALL be used only in conjunction with the sale of bonds approved by the Board of Supervisors. In accordance with Government Code Section 53534, these agreements SHALL be made only if all bonds are rated in one of the three highest rating categories by two nationally recognized rating agencies and only upon receipt, from any rating agency rating the bonds, of written evidence that the agreement will not adversely affect the rating.

Further, the counterparty to such an agreement SHALL be rated "A" or better from at least one nationally recognized rating agency selected by the Treasurer, or the counterparty SHALL provide an irrevocable letter of credit from an institution rated "A" or better from at least one nationally recognized rating agency acceptable to the Treasurer.

N. Securities Lending Agreement

Securities lending agreements are agreements under which the Treasurer agrees to transfer securities to a borrower who, in turn agrees to provide collateral to the Treasurer. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the Treasurer in return for the collateral.

1. Maximum term: 180 days.
2. Maximum par value: Maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.
3. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined in Government Code Section 53601(j)(4)(B) approved specifically by the Treasurer.
4. Agreements SHALL only be made for the purpose of enhancing investment revenue.
5. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the United States Government and its agencies and instrumentalities.
6. The security to be sold on securities lending agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.
7. The proceeds of the securities lending agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.
8. In no instance SHALL the investment from the proceeds of a securities lending agreement be sold as part of a subsequent reverse repurchase agreement or securities lending agreement.

O. Investment of Bond Proceeds

Funds from bond proceeds may be invested in accordance with Government Code Section 53601(m), which permits investment according to the statutory provisions governing the issuance of those bonds, or in lieu of any statutory provisions to the contrary, in accordance with the approved financing documents for the issuance.

**MINIMUM CREDIT RATING
 DOMESTIC ISSUERS**

Bankers' Acceptance	Certificates of Deposit	Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN)	Limit	Commercial Paper	Limit
Maximum maturity 180 days	Maximum maturity 3 years	Corporate: 3 years ABS: 5 years FRN: 5 years (1)		Maximum maturity 270 days	
Moody's	Moody's	S&P		S&P	Moody's
P-1/Aaa	P-1/Aaa	A-1/AAA	\$500MM maximum, of which \$300MM may be over 180 days.	A-1/AAA	P-1/Aaa
P-1/Aa	P-1/Aa	A-1/AA	\$375MM maximum, of which \$175MM may be over 180 days.	A-1/AA	P-1/Aa
P-1/A	P-1A	A-1/A	\$250MM maximum, of which \$125MM may be over 90 days to a maximum of 180 days.	A-1/A	P-1/A
					\$750MM maximum, of which \$450MM may be over 180 days.
					\$575MM maximum, of which \$250MM may be over 180 days.
					\$375MM maximum, of which \$175MM may be over 180 days.

(1) Seven years, if Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 MM (million) par value may be greater than five years to maturity.

**MINIMUM CREDIT RATING
 FOREIGN ISSUERS**

Bankers' Acceptance		Commercial Paper		Certificates of Deposit		Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN)		Limit
Maximum maturity 180 days	Maximum maturity 270 days	Maximum maturity 3 years	Corporate: 3 years ABS: 5 years FRN: 5 years (1)					
Fitch IBCA	S&P	Fitch IBCA	Moody's	S&P	Moody's			
2-A	A-1/AAA	2-A	P-1/Aaa	A-1/AAA	P-1/Aaa			\$425MM maximum, of which \$175MM may be over 180 days.
2-A/B		2-A/B						\$375MM maximum, of which \$175MM may be over 180 days.
2-B	A-1/AA	2-B	P-1/Aa	A-1/AA	P-1/Aa			\$300MM maximum, of which \$150MM may be over 180 days.
2-B/C		2-B/C						\$250MM maximum, of which \$125MM may be over 90 days to a maximum of 180 days.
2-C	A-1/A	2-C	P-1/A	A-1/A	P-1/A			\$175MM maximum, of which \$75MM may be over 90 days to a maximum of 180 days.

(1) Seven years, if Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 MM (million) par value may be greater than five years to maturity.

**LIMITATION CALCULATION FOR
 INTERMEDIATE-TERM, MEDIUM-TERM AND LONG-TERM HOLDINGS
 (Actual \$)**

	2010	2009	2008
Minimum invested balance and available cash	\$21,608,038,081	\$19,263,927,434	\$18,170,362,473
Less:			
▪ Discretionary deposits	(2,152,440,974)	(2,307,116,848)	(2,310,142,058)
Minimum available balance	\$19,455,597,107	\$16,956,810,586	\$15,860,220,415
Average minimum available balance			\$17,424,209,369
Multiplied by the percent available for investment over one year			75%
Equals the available balance for investment over one year			\$13,068,157,027
Intermediate-Term (from one to three years)			\$4,356,052,342
▪ One-third of the available balance for investment			
Medium-Term and Long-Term (greater than three years)			\$8,712,104,685
▪ Two-thirds of available balance for investment (1)			

(1) Any unused portion of the Medium-Term and Long-Term available balance may be used for Intermediate-Term investments.

APPROVED LIST OF MUNICIPAL OBLIGATIONS

1. Any obligation issued or caused to be issued by the County of Los Angeles on its behalf or on behalf of other Los Angeles County affiliates. If on behalf of other Los Angeles County affiliates, the affiliate must have a minimum rating of "A3" (Moody's) or "A-" (Standard and Poor's or Fitch). The maximum maturity is limited to 30 years.
2. Any short- or medium-term obligation issued by the State of California or a California local agency with a minimum Moody's rating of "MIG-1" or "A2" or a minimum Standard and Poor's rating of "SP-1" or "A." Maximum maturity limited to five years.