

CITY of LAGUNA WOODS CITY COUNCIL AGENDA

Adjourned Regular Meeting
Monday, April 4, 2022
2:00 p.m.

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

Carol Moore
Mayor

Cynthia Conners
Mayor Pro Tem

Noel Hatch
Councilmember



Shari L. Horne
Councilmember

Ed H. Tao
Councilmember

Welcome to a meeting of the Laguna Woods City Council!

This meeting may be recorded, televised, and made publicly 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 meets regularly 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. 17-30, 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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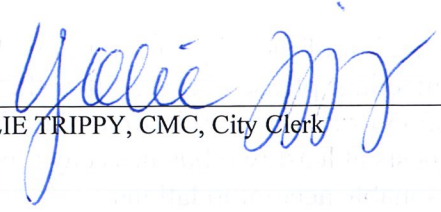
FOR ADDITIONAL INFORMATION

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, 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. 17-30, pursuant to California Government Code Section 54954.2 of the Ralph M. Brown Act.



YOLIE TRIPPY, CMC, City Clerk

4-1-22

Date

NOVEL CORONAVIRUS (COVID-19) NOTICE

Please exercise caution when attending City Council meetings. If you attend this meeting, please abide by all applicable state and local public health orders.

OPTIONS FOR PUBLIC COMMENTS

1. Attend the meeting in-person.

2. Submit public comments in writing. Written public comments may be submitted via email (cityhall@cityoflagunawoods.org) or by mail (Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, CA 92637), provided that they are received by the City prior to 2:00 p.m. on the day of the meeting. Written public comments may be read or summarized to the City Council at the meeting, and parties submitting comments should be aware that their email addresses and any information submitted may be disclosed or become a matter of public record. No party should expect privacy of such information.

3. Make public comments by telephone. Dial (669) 900-6833. When prompted enter the following meeting ID: 812 2107 0127 followed by pound (#) and the following meeting passcode: 249556 followed by pound (#). When an item you wish to comment on is discussed, press *9 on your telephone to raise your hand. When it is your turn, you will be unmuted and able to speak. Please note that your telephone number will be visible to the City. No party should expect privacy of such information.

4. Make public comments by computer.

- Visit www.zoom.us
- Click on “Join a Meeting” toward the top right of the webpage
- Enter the following meeting ID: 812 2107 0127
- Open the Zoom application following the on-screen prompts
- Enter the following meeting password: 249556
- Enter a name and email address as required by Zoom

When an item you wish to comment on is discussed, click on “Raise Hand.” When it is your turn, you will be unmuted and able to speak. Please note that information you enter into Zoom will be visible to the City. No party should expect privacy of such information.

I. CALL TO ORDER

Introductory Note: Members of the public wishing to address the City Council on items appearing on this agenda are advised to indicate their interest in doing so at the time an item is considered by notifying City staff if present in-person, pressing *9 on their telephone if participating by telephone, or clicking on “Raise Hand” if participating by computer via Zoom. Members of the public wishing to address the City Council on items *not* appearing on this agenda may do so during Item V.

II. ROLL CALL

III. PLEDGE OF ALLEGIANCE

IV. PRESENTATIONS AND CEREMONIAL MATTERS

4.1 City Hall/Public Library Project Update

Recommendation: Receive and file.

V. PUBLIC COMMENTS ON NON-AGENDA ITEMS

About Public Comments on Non-Agenda Items: This is the time and place for members of the public to address the City Council on items *not* appearing on this agenda. To indicate interest, please notify City staff if present in-person, press *9 on your telephone if participating by telephone, or click on “Raise Hand” if participating by computer via Zoom. 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 member of the public requests that specific items be removed from the Consent Calendar for separate discussion and consideration of action.

6.1 Teleconferencing for Meetings

Recommendation: Adopt a resolution titled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, ALLOWING FOR THE CONTINUED USE OF TELECONFERENCING FOR MEETINGS DURING THE COVID-19 STATE OF EMERGENCY, PURSUANT TO CALIFORNIA ASSEMBLY

BILL 361 (2021-2022)

6.2 Investment of Financial Assets Policy

Recommendation: Adopt 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

6.3 Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5

Recommendation:

1. Approve the “Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5” design plans and specifications as prepared by the project engineer.

AND

2. Approve a notice of exemption for the “Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5” finding that the project is categorically exempt from the California Environmental Quality Act (CEQA) and authorize the City Manager to cause the notice of exemption to be filed pursuant to applicable law.

AND

3. Award a contract agreement to Kalban, Inc. for the construction of the “Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5”, in the amount of \$279,305, plus authorized change orders not to exceed 5% 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.

6.4 Pavement Management Plan Project (Southbound Moulton Parkway between Via Campo Verde and Calle Cortez)

Recommendation:

1. Approve final record plans and specifications reflecting completion of the “Pavement Management Plan Project (Southbound Moulton Parkway between Via Campo Verde and Calle Cortez)”.

AND

2. Accept project completion of the contract agreement with All American Asphalt for the “Pavement Management Plan Project (Southbound Moulton Parkway between Via Campo Verde and Calle Cortez)”.

AND

3. Release contract retention in the amount of \$7,649.72 withheld per California Government Code 35 days following recordation of the Notice of Completion with the County of Orange, provided no Stop Notices are on file with the City preventing the release of the contract retention.

AND

4. Exonerate project posted bonds 35 days following recordation of the Notice of Completion with the County of Orange.

VII. PUBLIC HEARINGS

VIII. CITY COUNCIL BUSINESS

8.1 Westbound El Toro Road Configuration

Recommendation:

1. Approve the establishment of a right turn pocket for westbound

El Toro Road at Avenida Sevilla, including striping and signage modifications, as recommended by Iteris, Inc., the City's traffic engineering consultant.

AND

2. Approve a notice of exemption for the establishment of a right turn pocket for westbound El Toro Road at Avenida Sevilla, including striping and signage modifications, finding that the work is categorically exempt from the California Environmental Quality Act (CEQA) and authorize the City Manager to cause the notice of exemption to be filed pursuant to applicable law.

IX. CITY COUNCIL REPORTS AND COMMENTS

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

X. CLOSED SESSION

Prior to convening in closed session, the City Council will hear public comments on items appearing on the closed session agenda.

10.1 The City Council will meet in closed session under the authority of California Government Code Section 54956.9(d)(4) to discuss the potential initiation of litigation in one case.

XI. CLOSED SESSION REPORT

XII. ADJOURNMENT

Next Regular Meeting:

Wednesday, April 20, 2022 at 2 p.m.
Laguna Woods City Hall
24264 El Toro Road, Laguna Woods, California 92637

4.1
CITY HALL/PUBLIC LIBRARY PROJECT UPDATE
(NO REPORT)

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6.0 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 4, 2022 Adjourned Regular Meeting
SUBJECT: Consent Calendar Summary

Recommendation

Approve all proposed actions on the April 4, 2022 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 4, 2022 Consent Calendar contains the following items:

- 6.1 Adoption of a resolution allowing for the continued use of teleconferencing for meetings during the COVID-19 State of Emergency, pursuant to California Assembly Bill 361 (2021-2022). The proposed resolution includes the findings required by California Government Code Section 54953(e)(3) for meetings to continue to be held via teleconferencing.
- 6.2 Adoption of a resolution reviewing and adopting a statement of the investment policy, and adopting an investment policy. An agenda report is included with additional information.

- 6.3 [1] Approval of the “Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5” design plans and specifications as prepared by the project engineer.

AND

[2] Approval of a notice of exemption for the “Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5” finding that the project is categorically exempt from the California Environmental Quality Act (CEQA) and authorization for the City Manager to cause the notice of exemption to be filed pursuant to applicable law.

AND

[3] Award of a contract agreement to Kalban, Inc. for the construction of the “Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5”, in the amount of \$279,305, plus authorized change orders not to exceed 5% 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.

An agenda report is included with additional information.

- 6.4 [1] Approval of final record plans and specifications reflecting completion of the “Pavement Management Plan Project (Southbound Moulton Parkway between Via Campo Verde and Calle Cortez)” (available for review at City Hall); [2] acceptance of project completion of the contract agreement with All American Asphalt for the “Pavement Management Plan Project (Southbound Moulton Parkway between Via Campo Verde and Calle Cortez)”; [3] release of contract retention in the amount of \$7,649.72 withheld per California Government Code 35 days following recordation of the Notice of Completion with the County of Orange, provided no Stop Notices are on file with the City preventing the release of the contract retention; and, [4] exoneration of project posted bonds 35 days following recordation of the Notice of Completion with the County of Orange. The “Pavement Management Plan Project (Southbound Moulton Parkway between Via Campo Verde and Calle Cortez)” is included in the Fiscal Years 2021-32 Capital Improvement Program.

6.1 TELECONFERENCING FOR MEETINGS

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RESOLUTION NO. 22-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, ALLOWING FOR THE CONTINUED USE OF TELECONFERENCING FOR MEETINGS DURING THE COVID-19 STATE OF EMERGENCY, PURSUANT TO CALIFORNIA ASSEMBLY BILL 361 (2021-2022)

WHEREAS, on February 26, 2020, the County of Orange Health Officer declared a Local Health Emergency and the Chairwoman of the Board of Supervisors, acting as the Chair of Emergency Management Council, proclaimed a Local Emergency finding that the imminent and proximate threat to public health from the introduction of COVID-19 created conditions of extreme peril to the safety of persons and property within the territorial limits of Orange County; and

WHEREAS, on March 2, 2020, the Orange County Board of Supervisors adopted resolutions No. 20-011 and 20-012 ratifying the Local Health Emergency and Local Emergency, referenced above; and

WHEREAS, on March 4, 2020, the Governor of the State of California proclaimed a State of Emergency in response to COVID-19, pursuant to Section 8625 of the California Emergency Services Act (Article 1 [commencing with Section 8550] of Chapter 7 of Division 1 of Title 2); and

WHEREAS, on March 11, 2020 the World Health Organization publicly characterized COVID-19 as a pandemic; and

WHEREAS, on March 13, 2020, the President of the United States declared a National Emergency due to the spread and the effects of COVID-19; and

WHEREAS, the State of California (California Department of Industrial Relation's Division of Occupational Safety and Health's Revised COVID-19 Prevention Emergency Temporary Standards effective January 14, 2022) and County of Orange Health Officer (Orders and Strong Recommendations revised January 14, 2022) continue to impose or recommend measures to promote social distancing; and

WHEREAS, on March 17, 2020, the Governor of the State of California issued Executive Order N-29-20 that, in an effort to confront and contain COVID-19, suspended certain provisions of the Ralph M. Brown Act providing local

agencies with greater flexibility to hold meetings via teleconferencing; and

WHEREAS, on September 16, 2021, the Governor of the State of California signed Assembly Bill 361 (2020-2022) (“AB 361”) amending the Ralph M. Brown Act providing local agencies with greater flexibility to hold meetings via teleconferencing during a proclaimed state of emergency when: (1) state or local officials have imposed or recommended measures to promote social distancing and/or (2) the legislative body of the local agency has determined, by majority vote, that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees (California Government Code Section 54953(e)(1)); and

WHEREAS, AB 361 was chaptered into law as an urgency statute with its effectiveness waived until October 1, 2021, subject to the Governor of the State of California’s Executive Order N-15-21 dated September 20, 2021; and

WHEREAS, in order to continue holding meetings via teleconferencing, AB 361 requires the legislative body of a local agency to periodically make the findings set forth in California Government Code Section 54953(e)(3).

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

SECTION 1. The above recitals are true and correct.

SECTION 2. The City Council does hereby find the following:

(A) A state of emergency has been proclaimed pursuant to Section 8625 of the California Emergency Services Act (Article 1 [commencing with Section 8550] of Chapter 7 of Division 1 of Title 2); and

(B) The City Council has reconsidered the circumstances of the state of emergency; and

(C) The state of emergency continues to directly impact the ability of the members of the City Council to meet safely in person; and

(D) State and local officials continue to impose or recommend measures to promote social distancing.

SECTION 3. The Mayor shall sign this resolution and the City Clerk shall attest and certify to the passage and adoption thereof.

PASSED, APPROVED AND ADOPTED on this XX day of XX 2022.

CAROL MOORE, Mayor

ATTEST:

YOLIE TRIPPY, CMC, City Clerk

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

I, YOLIE TRIPPY, City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Resolution No. 22-XX** was duly adopted by the City Council of the City of Laguna Woods at an adjourned regular meeting thereof, held on the XX day of XX 2022, by the following vote:

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

YOLIE TRIPPY, CMC, City Clerk

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6.2

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 4, 2022 Adjourned Regular Meeting
SUBJECT: Investment of Financial Assets Policy

Recommendation

Adopt 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 was last reviewed and adopted by the City Council at the regular meeting on October 20, 2021.

At the regular meeting on December 16, 2020, the City Council appointed Councilmembers Horne and Tao to serve on the standing Investment Policy Review Committee for calendar years 2021 and 2022, as called for in the investment policy. The Investment Policy Review Committee is responsible for conducting at least biannual reviews of the adequacy and effectiveness of the investment policy and preparing related recommendations for City Council consideration.

Discussion

Today's meeting is an opportunity for City Council action, as well as public input, on the proposed review and adoption of a statement of the investment policy, and adoption of an investment policy (Attachment A).

The Investment Policy Review Committee, City Manager, and City Treasurer recommend that the City Council adopt a modified investment policy (Exhibit A to Attachment A), in order to ensure its continued adequacy and effectiveness.

Proposed modifications include, but are not limited to:

- Removing limitations on investment types based solely on cash flow needs. The existing policy identifies certain investment types as being permissible for monies required to meet specified cash flow needs (Section 2.2.10). The proposed policy would remove those limitations to provide the City Treasurer with additional flexibility to make investment decisions that further the objectives set forth in Section 2.2.03 (safety, liquidity, and yield). The City Treasurer would continue to be required to certify on a monthly basis that the City is able to meet all cash flow needs which might reasonably be anticipated for the next 12 months (Section 2.2.17).
- Removing Passbook Savings Demand Deposits as authorized investments. This modification would align the policy with the California Debt and Investment Advisory Commission's Local Agency Investment Guidelines, which do not reference Passbook Savings Demand Deposits.
- More explicitly prescribing reporting requirements (Section 2.2.17).

Fiscal Impact

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

Attachments: A – Proposed Resolution
Exhibit A – Proposed Investment Policy
B – Proposed Investment Policy (redline)

RESOLUTION NO. 22-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 California legislature has declared that the deposit and investment of public funds by local officials and agencies is an issue of statewide concern (California 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 California 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 October 20, 2021; and

WHEREAS, on December 16, 2020, the City Council appointed Councilmembers Horne and Tao to serve on the standing Investment Policy Review Committee from January 1, 2021 through December 31, 2022, as called for in the investment policy; and

WHEREAS, the City Manager and Administrative Services Director/City Treasurer have proposed modifications to the existing investment policy, in order to ensure its continued adequacy and effectiveness; and

WHEREAS, at a special meeting on March 21, 2022, the Investment Policy Review Committee considered and voted to recommend that the City Council adopt modifications to the existing investment policy, which are incorporated into the investment policy attached hereto as Exhibit A.

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

SECTION 1. After independent review and consideration, the administrative policy attached hereto as Exhibit A is adopted 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 California 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 Mayor shall sign this resolution and the City Clerk shall attest and certify to the passage and adoption thereof.

PASSED, APPROVED AND ADOPTED on this XX day of XX 2022.

CAROL MOORE, Mayor

ATTEST:

YOLIE TRIPPY, CMC, City Clerk

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

I, YOLIE TRIPPY, City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Resolution No. 22-XX** was duly adopted by the City Council of the City of Laguna Woods at an adjourned regular meeting thereof, held on the XX day of XX 2021, by the following vote:

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

YOLIE TRIPPY, CMC, 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 53600 and 53635 et seq.

2.2.02. Scope.

This Administrative Policy generally applies to all financial assets and investment activities 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 belonging to the Laguna Woods Civic Support Fund and 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 rate of return on the investment portfolio should be designed to attain a market rate 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 investment 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/her/their 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/her/their 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 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 City Council shall appoint two of its members to serve on the Investment Policy Review Committee for terms two calendar years in length, commencing on January 1 of each odd-numbered year. The City Council reserves the right to remove or replace any member of the Investment Policy Review Committee, with or without cause, following a publicly noticed vote of a majority of the quorum of City Councilmembers present at the time.

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 and will avoid any transactions that might impair public confidence.

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, (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 state 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 and shall be invested subject to the limits and requirements set forth herein:

Type of Investment	Maximum Amount of Portfolio Investment	Maximum Amount of Individual Investment	Minimum Credit Quality and Requirements	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)	-	Standard & Poor's: AAA or Moody's: Aaa	270 days
Local Government Investment Pools	90%	-	See Section 2.2.11	N/A

ITEM 6.2 – Exhibit A to Attachment A

Type of Investment	Maximum Amount of Portfolio Investment	Maximum Amount of Individual Investment	Minimum Credit Quality and Requirements	Maximum Maturity
Joint Powers Authority Pools	90%	-	Must retain an investment advisor who is registered with the Securities and Exchange Commission (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Government Code Section 53601, subdivisions (a) to (o)	N/A
Money Market Mutual Funds	10%	-	Standard & Poor's AAA or Moody's Aaa; and Must retain an investment advisor registered with the Securities and Exchange Commission (or exempt from registration) has assets under management in excess of \$500 million, and has at least five years' experience investing in money market instruments	N/A
Certificates of Deposit (Negotiable and Non-Negotiable)	30% (no more than 10% with one bank or issuer)	\$250,000	Issued by a nationally or state-chartered bank, or state or federal savings and loan association, as defined by California Financial Code Section 5102, and fully insured by the FDIC or collateralized in accordance with Section 2.2.15	5 years
Repurchase Agreements	10% (no more than 20% of a single issuer)	-	Collateralized in accordance with Section 2.2.15	30 days

Type of Investment	Maximum Amount of Portfolio Investment	Maximum Amount of Individual Investment	Minimum Credit Quality and Requirements	Maximum Maturity
United States Treasury Obligations	90% of overall portfolio for any one investment type (no more than 20% of a single issuer)	-	Explicit full faith and credit guarantee of the United States Government	5 years
United States Agency Obligations		-	Implied full faith and credit guarantee of the United States Government	5 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
Medium-Term Notes	20%	-	Nationally Recognized Statistical Ratings Organization Rating: “A” rating category or its equivalent	5 years

2.2.11. Local Government Investment Pools.

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, any investment not specifically listed in Section 2.2.10, as well as financial derivatives (e.g., inverse floaters, range notes, interest only strips derived from a pool of mortgages, and securities that could result in a zero-interest accrual if held to maturity) 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, which ensures that securities are deposited with the third-party custodian prior to the release of funds.

2.2.15. Collateralization.

Collateral for bank deposits and certificates of deposit 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.

Collateral for repurchase agreements shall be 102% 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 or master repurchase agreement. Evidence of ownership (safekeeping receipt) must be supplied to the City and retained.

2.2.16. Diversification.

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.

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 preceding month, as required by Government Code Section 53607, as well as similar information that would be required by Government Code Section 53646(b) if the City prepared quarterly investment reports, to the extent that such information is available.

The report shall contain, at a minimum, the following information that is subject to this Administrative Policy: the type of investment, issuer, date of maturity, par value and costs of each investment, market value, and a description of any investments, including loans and security lending programs, that are under the management of contracted parties. For funds in local government investment pools, the report shall also include a current market value as of the date of the report and the source of that same valuation. 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, to ensure its consistency with the objectives set forth in Section 2.2.03 and applicable law. The Administrative Policy shall be adopted 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, 2022

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.

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.

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.

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.

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

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 is 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).

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.

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 NRSROs 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/her/their own account.

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.

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.

GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB): A standard-setting body, associated with the Financial Accounting Foundation, which prescribes

standard accounting practices for governmental units.

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/her/their 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.

JOINT POWERS AUTHORITY POOLS: Investment pools involving the joint exercise of common investment powers between two or more public agencies with shares of beneficial interest issued pursuant to Government Code Section 6509.7.

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

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 POOLS: Investment pools that include the Local Agency Investment Fund (LAIF) and County Pooled Investment Funds. These funds are not subject to the same SEC rules applicable to money market mutual funds. For this Administrative Policy, Joint Powers Authority Pools are not considered "Local Government Investment Pools."

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 NOTES: Corporate or depository institution debt securities meeting certain minimum quality standards (as specified in Government Code Section 53601) with a maximum remaining maturity of five years or less, issued by (a) corporations organized and operating within the United States or (b) depository institutions licensed by the United States or any state and operating within the United

States. Instruments separately defined in, or authorized by, this Administrative Policy are not considered “Medium-Term Notes.”

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)).

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.

NATIONALLY RECOGNIZED STATISTICAL RATINGS ORGANIZATION (NRSRO): A credit rating agency registered as a “Nationally Recognized Statistical Ratings Organization” with the Securities and Exchange Commission, consistent with the Credit Rating Agency Reform Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and other applicable legislation and rulemaking, as may change from time-to-time.

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

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 Notes”).

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.

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.

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.

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.

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.

TRUSTEE OR TRUST COMPANY: 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 10 years. Bonds are long-term obligations that generally mature in 10 years or more.

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.

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

The City’s Investment of Financial Assets policy, as adopted by the City Council on October 16, 2019, was certified by the California Municipal Treasurers Association (CMTA) on December 16, 2019.



Since receiving certification, the City’s modifications of the Investment of Financial Assets policy have been limited to addressing recommendations made by CMTA evaluators (which included clarifying authorized investment, collateralization, and reporting requirements), clarifying requirements for several previously authorized investments, removing limitations on investment types based solely on cash flow needs, newly authorizing investments in Medium-Term Notes, removing Passbook Savings Demand Deposits as authorized investments, more explicitly prescribing reporting requirements, updating the glossary of terms and acronyms, and making various clarifying and non-substantive changes.

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 ~~5921-53600~~ and ~~53600-53635~~ et seq.

2.2.02. Scope.

This Administrative Policy generally applies to all financial assets and investment activities 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 belonging to the Laguna Woods Civic Support Fund and 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)~~ rate of return on the investment portfolio should be designed to attain a market rate 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 investment 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/her/their 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/her/their 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 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 City Council shall appoint two of its members to serve on the Investment Policy Review Committee for terms two calendar years in length, commencing on January 1 of each odd-numbered year. The City Council reserves the right to remove or replace any member of the Investment Policy Review Committee, with or without cause, following a publicly noticed vote of a majority of the quorum of City Councilmembers present at the time.

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 and will avoid any transactions that might impair public confidence.

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~~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 state~~ 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 and shall be invested subject to the limits and requirements set forth herein:

<u>Type of Investment</u>	<u>Maximum Amount of Portfolio Investment</u>	<u>Maximum Amount of Individual Investment</u>	<u>Minimum Credit Quality and Requirements</u>	<u>Maximum Maturity</u>
<u>Federal Deposit Insurance Corporation (FDIC) Insured Accounts</u>	<u>100%</u>	<u>=</u>	<u>=</u>	<u>N/A</u>
<u>Bankers' Acceptances</u>	<u>20% (no more than 5% with one bank)</u>	<u>=</u>	<u>=</u>	<u>180 days</u>
<u>Commercial Paper</u>	<u>15% (no more than 10% of a single issuer)</u>	<u>=</u>	<u>Standard & Poor's: AAA or Moody's: Aaa</u>	<u>270 days</u>

<u>Type of Investment</u>	<u>Maximum Amount of Portfolio Investment</u>	<u>Maximum Amount of Individual Investment</u>	<u>Minimum Credit Quality and Requirements</u>	<u>Maximum Maturity</u>
<u>Local Government Investment Pools</u>	<u>90%</u>	<u>=</u>	<u>See Section 2.2.11</u>	<u>N/A</u>
<u>Joint Powers Authority Pools</u>	<u>90%</u>	<u>=</u>	<u>Must retain an investment advisor who is registered with the Securities and Exchange Commission (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Government Code Section 53601, subdivisions (a) to (o)</u>	<u>N/A</u>
<u>Money Market Mutual Funds</u>	<u>10%</u>	<u>=</u>	<u>Standard & Poor's AAA or Moody's Aaa; and Must retain an investment advisor registered with the Securities and Exchange Commission (or exempt from registration) has assets under management in excess of \$500 million, and has at least five years' experience investing in money market instruments</u>	<u>N/A</u>
<u>Certificates of Deposit (Negotiable and Non-Negotiable)</u>	<u>30% (no more than 10% with one bank or issuer)</u>	<u>\$250,000</u>	<u>Issued by a nationally or state-chartered bank, or state or federal savings and loan association, as defined by California Financial Code Section 5102, and fully insured by the FDIC or collateralized in accordance with Section 2.2.1545</u>	<u>5 years</u>

<u>Type of Investment</u>	<u>Maximum Amount of Portfolio Investment</u>	<u>Maximum Amount of Individual Investment</u>	<u>Minimum Credit Quality and Requirements</u>	<u>Maximum Maturity</u>
<u>Repurchase Agreements</u>	<u>10% (no more than 20% of a single issuer)</u>	=	<u>Collateralized in accordance with Section 2.2.15</u>	<u>30 days</u>
<u>United States Treasury Obligations</u>	<u>90% of overall portfolio for any one investment type (no more than 20% of a single issuer)</u>	=	<u>Explicit full faith and credit guarantee of the United States Government</u>	<u>5 years</u>
<u>United States Agency Obligations</u>		=	<u>Implied full faith and credit guarantee of the United States Government</u>	<u>5 years</u>
<u>State of California and Other States-issued Obligations</u>	<u>20% of overall portfolio for any one investment type (no more than 5% of a single issuer)</u>	=	=	<u>3 years</u>
<u>California Local Government-issued Municipal Obligations</u>		=	=	<u>3 years</u>
<u>Medium-Term Notes</u>	<u>20%</u>	=	<u>Nationally Recognized Statistical Ratings Organization Rating: "A" rating category or its equivalent</u>	<u>5 years</u>

~~A. Monies required to meet immediate cash flow needs:~~

- ~~• *Federal Deposit Insurance Corporation (FDIC) Insured Accounts*
Fully insured by the FDIC or collateralized in accordance with Section 2.2.15~~

~~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 or Minimum Moody's Rating: P-1~~
- ~~• *Commercial Paper*
Minimum Standard & Poor's Rating: A-1 or Minimum Moody's Rating: P-1~~
- ~~• *Local Government Investment Pools*~~

• ~~*Joint Powers Authority Pools*~~

~~Must retain an investment advisor who is registered with the Securities and Exchange Commission (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in the securities and obligations authorized by Government Code Section 53601, subdivisions (a) to (o)~~

~~*Money Market Mutual Funds*~~

~~Minimum Standard & Poor's Rating: AAA, Minimum Moody's Rating: Aaa, or other rating service equivalent~~
~~*Passbook Savings Demand Deposits*~~
~~Fully insured by the FDIC or collateralized in accordance with Section 2.2.15~~

~~*Repurchase Agreements*~~

~~Collateralized in accordance with Section 2.2.15; Minimum Standard & Poor's Rating for Collateralization: AA or Minimum Moody's Rating for Collateralization: Aa~~

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

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

~~*Certificates of Deposit (Negotiable and Non-Negotiable)*~~

~~Issued by a nationally or state-chartered bank, or state or federal savings and loan association, as defined by California Financial Code Section 5102, and fully insured by the FDIC or collateralized in accordance with Section 2.2.15~~

~~*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+, or 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+, or 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+, or 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+, or Minimum Moody's Rating: Aa or P-1~~

~~Medium-Term Notes~~

~~Minimum Nationally Recognized Statistical Ratings Organization Rating: "A" rating category or its equivalent or better~~

~~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, any investment not specifically listed in Section 2.2.10, as well as financial derivatives (e.g., ~~futures, options, and interest rate swaps~~inverse floaters, range notes, interest only strips derived from a pool of mortgages, and securities that could result in a zero-interest accrual if held to maturity) 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, which ensures that securities are deposited with the third-party custodian prior to the release of funds.

2.2.15. Collateralization.

Collateral for bank deposits and certificates of deposit 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.

Collateral for repurchase agreements shall be 102% 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 or master repurchase agreement. Evidence of ownership (safekeeping receipt) must be supplied to the City and retained.

2.2.16. Diversification.

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.

2.2.17. Limits and Maturities.

~~Authorized investments shall be invested subject to the following:~~

Table 2.2-1: Limits and Maturities Table

Type of Investment	Maximum Amount of Portfolio Investment	Maximum Amount of Individual 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
Joint Powers Authority Pools	90%	-		N/A
Money Market Mutual Funds	10%	-		N/A

Type of Investment	Maximum Amount of Portfolio Investment	Maximum Amount of Individual Investment		Maximum Maturity
Certificates of Deposit (Negotiable and Non-Negotiable)	30% (no more than 10% with one bank or issuer)	\$250,000		5 years
Passbook Savings Demand Deposits	100%	-	3 years	
Repurchase Agreements	10% (no more than 20% of a single issuer)	-		30 days
United States Treasury Obligations	90% of overall portfolio for any one investment type (no more than 20% of a single issuer)	-		5 years
United States Agency Obligations		-		5 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
Medium Term Notes	20%	-		5 years

2.2.1817. Reporting.

The City Treasurer shall prepare and submit a monthly investment report to the City Council. The ~~monthly~~ report shall include a summary of all investment transactions for the ~~reporting period~~preceding month, as required by Government Code Section 53607, as well as similar information that would be required by Government Code Section 53646(b) if the City prepared quarterly investment reports, to the extent that such information is available.

The report shall contain, at a minimum, the following information that is subject to this Administrative Policy: the type of investment, issuer, date of maturity, par value

and costs of each investment, market value, and a description of any investments, including loans and security lending programs, that are under the management of contracted parties. For funds in local government investment pools, the report shall also include a current market value as of the date of the report and the source of that same valuation. The ~~monthly~~ 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.

2.2.1918. Annual City Council Review and Adoption of this Administrative Policy.

This Administrative Policy shall be reviewed, modified as necessary, and adopted, at least annually, to ensure its consistency with the objectives set forth in Section 2.2.03 and applicable law. The Administrative Policy shall be adopted 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.

2.2.2019. 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.

2.2.2120. Attachments.

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

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

City Council Adoption: ~~May 19, 2021~~ April XX, 2022

REDLINE

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.

~~**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.

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

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.

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

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 is 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).

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.

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 NRSROs 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/her/their own account.

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.~~

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.

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

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/her/their 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.”~~

JOINT POWERS AUTHORITY POOLS: Investment pools involving the joint exercise of common investment powers between two or more public agencies with shares of beneficial interest issued pursuant to Government Code Section 6509.7.

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 POOLS: Investment pools that include the Local Agency Investment Fund (LAIF) and County Pooled Investment Funds. These funds are not subject to the same SEC rules applicable to money market mutual funds. For this Administrative Policy, Joint Powers Authority Pools are not considered “Local Government Investment Pools.”

~~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 NOTES: Corporate or depository institution debt securities meeting certain minimum quality standards (as specified in Government Code Section 53601) with a maximum remaining maturity of five years or less, issued by (a) corporations organized and operating within the United States or (b) depository institutions licensed by the United States or any state and operating within the United States. Instruments separately defined in, or authorized by, this Administrative Policy are not considered “Medium-Term Notes.”

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)).

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.

NATIONALLY RECOGNIZED STATISTICAL RATINGS ORGANIZATION (NRSRO): A credit rating agency registered as a “Nationally Recognized Statistical Ratings Organization” with the Securities and Exchange Commission, consistent with the Credit Rating Agency Reform Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and other applicable legislation and rulemaking, as may change from time-to-time.

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

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 Notes”).

~~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 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.~~

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.

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.

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.

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.

TRUSTEE ~~OR, 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 10 years. Bonds are long-term obligations that generally mature in 10 years or more.

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.

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

The City’s Investment of Financial Assets policy, as adopted by the City Council on October 16, 2019, was certified by the California Municipal Treasurers Association (CMTA) on December 16, 2019.



Since receiving certification, the City’s modifications of the Investment of Financial Assets policy have been limited to addressing recommendations made by CMTA evaluators (which included clarifying authorized investment, collateralization, and reporting requirements), clarifying requirements for several previously authorized investments, removing limitations on investment types based solely on cash flow needs, newly authorizing investments in Medium-Term Notes, removing Passbook Savings Demand Deposits as authorized investments, more explicitly prescribing reporting requirements, updating the glossary of terms and acronyms, and making various clarifying and non-substantive changes.

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6.3

**AMERICANS WITH DISABILITIES ACT (ADA)
PEDESTRIAN ACCESSIBILITY IMPROVEMENT
PROJECT: PHASE 5**

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City of Laguna Woods Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager

FOR: April 4, 2022 Adjourned Regular Meeting

SUBJECT: Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5

Recommendation

1. Approve the “Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5” design plans and specifications as prepared by the project engineer.

AND

2. Approve a notice of exemption for the “Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5” finding that the project is categorically exempt from the California Environmental Quality Act (CEQA) and authorize the City Manager to cause the notice of exemption to be filed pursuant to applicable law.

AND

3. Award a contract agreement to Kalban, Inc. for the construction of the “Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5”, in the amount of \$279,305, plus authorized change orders not to exceed 5% 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.

Background

The Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5 (“project”) is included in the Fiscal Years 2021-32 Capital Improvement Program. The project generally consists of curb ramp and sidewalk improvements at the following locations:

Curb Ramp Locations

- Intersection of El Toro Road and Calle Corta
- Intersection of El Toro Road and Calle Sonora
- Intersection of El Toro Road and Canyon Wren Lane
- Intersection of Santa Maria Avenue and Avenida Sosiega

Sidewalk Locations

- Westbound Santa Maria Avenue between Santa Vittoria Drive and Avenida Sosiega
- Eastbound Santa Maria Avenue between Avenida Sosiega and Via Vista

The project is based on the findings of an accessibility survey of City sidewalks and curb ramps. The improvements are intended to enhance ease of travel and promote compliance with the federal Americans with Disabilities Act of 1990, Architectural Barriers Act of 1968, and Rehabilitation Act of 1973.

Discussion

Today’s meeting is an opportunity for City Council action, as well as public input, on the Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5. Staff recommends that the City Council take the following actions to allow construction to proceed:

Recommendation 1

Approval of the project design plans and specifications as prepared by the project engineer. The design plans and specifications are available for review via the City Clerk’s Office, Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, CA 92637. Telephone: (949) 639-0500. Email: cityhall@cityoflagunawoods.org.

Recommendation 2

Approval of a notice of exemption for the project finding that the project is categorically exempt from the California Environmental Quality Act (“CEQA”) and authorization for the City Manager to cause the notice of exemption to be filed pursuant to applicable law. The proposed notice of exemption is included as Attachment A.

Recommendation 3

Award of a contract agreement to Kalban, Inc. for the construction of the project, in the amount of \$279,305, plus authorized change orders not to exceed 5% 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.

Bids to construct the project were solicited from March 3 through March 31, 2022. Four bids were received (CT&T Concrete Paving, Gentry General Engineering, Kalban, and Onyx Paving Company). After review, Kalban, Inc. is the lowest cost responsive bidder.

Environmental Review

The project is categorically exempt from CEQA pursuant to California Code of Regulations, Title 14, Section 15301. For additional information, refer to the proposed notice of exemption (Attachment A).

Fiscal Impact

Funding for the project is included in the City’s budget [Community Development Block Grant (CDBG) Fund; \$350,000].

Attachment: A – Proposed Notice of Exemption

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Recording requested by City of Laguna Woods
 When recorded, mail to City of Laguna Woods,
 24264 El Toro Road, Laguna Woods, CA 92637.
 (949) 639-0500

Exemption Code 6103



NOTICE OF EXEMPTION

To: County of Orange Orange County Clerk-Recorder P.O. Box 238 Santa Ana, CA 92701	From: City of Laguna Woods 24264 El Toro Road Laguna Woods, CA 92637 (949) 639-0500
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Project Title: Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5

Project Applicant: City of Laguna Woods
 24264 El Toro Road
 Laguna Woods, CA 92637
 (949) 639-0500

Project Location – Specific: The project is located within the City of Laguna Woods’ public right-of-way in the following locations:

- Intersection of El Toro Road and Calle Corta
- Intersection of El Toro Road and Calle Sonora
- Intersection of El Toro Road and Canyon Wren Lane
- Intersection of Santa Maria Avenue and Avenida Sosiega
- Westbound Santa Maria Avenue between Santa Vittoria Drive and Avenida Sosiega
- Eastbound Santa Maria Avenue between Avenida Sosiega and Via Vista

Project Location – City: Laguna Woods, California **Project Location – County:** Orange

Description of Nature, Purpose, and Beneficiaries of Project: The project involves removing and constructing concrete curb ramps, as well as removing and replacing sidewalks. The project also includes traffic control, adjusting utility manholes and water valves to grade, re-establishing survey monuments, and replacing impacted existing pavement, painted striping, pavement markings, and truncated domes.

The project is based on the findings of an accessibility survey of City sidewalks and curb ramps. The improvements are intended to enhance ease of travel and promote compliance with the federal Americans with Disabilities Act of 1990, Architectural Barriers Act of 1968, and Rehabilitation Act of 1973.

NOTICE OF EXEMPTION**AMERICANS WITH DISABILITIES ACT (ADA) PEDESTRIAN ACCESSIBILITY
IMPROVEMENT PROJECT: PHASE 5
CITY OF LAGUNA WOODS**

Name of Public Agency Approving Project: City of Laguna Woods**Name of Person or Agency Carrying Out Project:** City of Laguna Woods**Exempt Status:**

X	Categorical Exemption (Sec. 15301)
	Declared Emergency (Sec. 21080(b)(3); 15269(a))
	Emergency Project (Sec. 21080(b)(4); 15269(b)(c))
	Ministerial (Sec. 21080(b)(1); 15268)
	Statutory Exemption
	Not Subject to CEQA (Sec. 15061(b)(3))

Reasons Why Project is Exempt: The project is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to California Code of Regulations, Title 14 (the State CEQA Guidelines) Section 15301 (Class 1, Existing Facilities). Section 15301 exempts from environmental review the "the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use." Subsection (c) of Section 15301 provides the following as non-exclusive examples of types of "existing facilities," "Existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities (this includes road grading for the purpose of public safety, and other alterations such as the addition of bicycle facilities, including but not limited to bicycle parking, bicycle-share facilities and bicycle lanes, transit improvements such as bus lanes, pedestrian crossings, street trees, and other similar alterations that do not create additional automobile lanes)."

The project consists only of repair, maintenance, and minor alteration work within the City of Laguna Woods' public right-of-way for existing public streets and arterial highways (El Toro Road and Santa Maria Avenue). The project does not expand the existing or former use of either El Toro Road or Santa Maria Avenue.

Based on the scope of work, the project meets the criteria for Class 1 categorical exemption.

Lead Agency Contact Person:

Signature: _____ Date: _____
 Rebecca M. Pennington
 Development Programs Analyst
 City of Laguna Woods

Date Received for Filing at OPR: _____

Authority cited: Sections 21083 and 21110, Public Resources Code.

Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

6.4

**PAVEMENT MANAGEMENT PLAN PROJECT
(SOUTHBOUND MOULTON PARKWAY
BETWEEN VIA CAMPO VERDE AND
CALLE CORTEZ)
(NO REPORT)**

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8.1 WESTBOUND EL TORO ROAD CONFIGURATION

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City of Laguna Woods

Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager

FOR: April 4, 2022 Adjourned Regular Meeting

SUBJECT: Westbound El Toro Road Configuration

Recommendation

1. Approve the establishment of a right turn pocket for westbound El Toro Road at Avenida Sevilla, including striping and signage modifications, as recommended by Iteris, Inc., the City's traffic engineering consultant.

AND

2. Approve a notice of exemption for the establishment of a right turn pocket for westbound El Toro Road at Avenida Sevilla, including striping and signage modifications, finding that the work is categorically exempt from the California Environmental Quality Act (CEQA) and authorize the City Manager to cause the notice of exemption to be filed pursuant to applicable law.

Background

In early March 2022, Mayor Moore shared with staff a resident concern regarding the lack of delineation for right turns from westbound El Toro Road to Avenida Sevilla (Laguna Woods Village Gate 5). In following up on the concern, staff requested that Iteris, Inc., the City's traffic engineering consultant, analyze the feasibility of establishing a right turn pocket at the subject location.

Westbound Moulton Parkway at Avenida Sevilla presently consists of a dedicated left turn lane (10 feet wide) and three through lanes (11, 11, and 19 feet wide).

Discussion

Today's meeting is an opportunity for City Council action, as well as public input, on the proposed establishment of a right turn pocket for westbound El Toro Road at Avenida Sevilla, including striping and signage modifications, as recommended by Iteris. Staff recommends that the City Council take the recommended action to improve safety for users of El Toro Road.

If approved, a right turn pocket would be established on westbound El Toro Road at Avenida Sevilla. The dedicated left turn lane and adjacent #1 through lane would remain 10 and 11 feet wide, respectively. The #2 and #3 through lanes would be reduced to 10 feet wide to accommodate a new 10 foot wide right turn pocket. All work would occur within existing hardscape; no new hardscape would be created.

A technical memorandum from Iteris is included as Attachment A.

The proposed notice of exemption from the California Environmental Quality Act ("CEQA") is included as Attachment B.

Environmental Review

The project is categorically exempt from CEQA pursuant to California Code of Regulations, Title 14, Section 15301. For additional information, refer to the proposed notice of exemption (Attachment B).

Fiscal Impact

The proposed establishment of a right turn pocket for westbound El Toro Road at Avenida Sevilla, including striping and signage modifications, is estimated to cost \$3,352. Sufficient funding is included in the City's budget [Fuel Tax Fund].

Attachments: A – Iteris, Inc. Technical Memorandum dated March 11, 2022
B – Proposed Notice of Exemption

TECHNICAL MEMORANDUM

To: April Baumgarten City of Laguna Woods 24264 El Toro Road Laguna Woods, CA 92637 Date: March 11, 2022	From: Alex Ingoglia/Bernard Li Iteris Inc. 1700 Carnegie Avenue, Suite 100 Santa Ana, CA 92705
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RE: El Toro Rd @ Avenida Sevilla Westbound Right Turn Pocket Signing and Striping

Iteris Inc. (Iteris) was tasked with determining the feasibility of signing and striping a right turn pocket for westbound El Toro Rd @ Avenida Sevilla, due to a resident concern about the lack of delineation for right turns from westbound El Toro Rd to Avenida Sevilla/Gate 5. A dedicated right turn lane allows traffic to turn right without impeding the traffic behind the turning vehicle and also allows for storage of vehicles wanting to turn right when having to yield to a pedestrian in the crosswalk.

The existing lane configuration for the westbound approach at the project intersection consists of a dedicated left turn lane and 3 through lanes. The current width of the left turn lane is 10' and the widths of the through lanes starting from the #1 through lane are 11', 11', and 19', as shown in **Figure 1** on page 3.

According to the American Association of State Highway and Transportation Officials (AASHTO) Geometric Design of Highways and Street, lanes that are 10' wide are acceptable on low-speed facilities and lanes that are 9' wide is only appropriate on low-volume roads in rural and residential areas. AASHTO considers roads with a speed limit of under 45 MPH to be a low-speed facility. El Toro Rd in this section has a speed limit of 40 MPH so it would be appropriate to use the 10' wide lane. However, El Toro Rd in this section is neither a low-volume road nor in a rural or residential area. Roads in a residential area are low-speed, low-capacity minor streets that provide for circulation within neighborhoods, with direct access to abutting land uses. El Toro Rd is classified as a 6-lane divide Major Arterial in the 2015 Laguna Woods Circulation Element, which adopted the roadway classification from the County of Orange's Master Plan of Arterial Highways (MPAH). The 2015 Laguna Woods Circulation Element states that a Major Arterial is designed to accommodate up to 56,300 vehicle trips per day and typically carry a heavy volume of traffic. Therefore, the use of a 9' wide lane would not be appropriate. Additionally, AASHTO states that for auxiliary lanes, or turning lanes, the width of a lane should be a minimum of 10'. Consequently, the through lanes and any proposed right turn lane at the project intersection would need to be a minimum of 10' wide.

Adding striping for a dedicated right turn lane would not be feasible without adjust the striping for an adjacent lane. If only adding striping to separate the proposed right turn lane and the #3 through lane would cause the lane widths to be too narrow as one of the lanes would be 10' while the other would be 9'. According to the AASHTO guidelines summarized above, both of these lanes need to be 10'. To mitigate the lane width concern, the lane line separating the #2 and #3 through lanes would need to be shifted 1' to the south. This would create the additional width needed to install striping for a right turn lane. The lane widths with this configuration would be 10' for the left turn lane, 11' for the #1 through lane, 10' for the #2 through lane, 10' for the #3 through lane, and 10' for the right turn lane. The shift of the lane line between the #2 and #3 through lane would start approximately 110' before the intersection and end 50' before the intersection. The receiving lanes on the other side of the intersection do not need to be modified as the 1' offset is acceptable. **Figure 2** on page 4 shows this proposed lane configuration.

In addition to striping, a R3-7R, “Right Lane Must Turn Right” sign is required for a dedicated right turn lane. Since this is a multi-lane road, the R3-7R would to be a minimum of 36”x36”. The R3-7R sign needs to be placed at the upstream end of the right turn pocket to not cause interference with the westbound near side signal head at the downstream end of the right turn pocket. One potential concern about adding a sign to this location is the tall hedges near the right curb. To ensure the sign meets the minimum setback of 2’ clearance from the face of the curb to the edge of the sign, the hedges may need to be trimmed to allow a sign and post to be installed and not be blocked by the hedges.

All in all, the addition of signing and striping of a right turn pocket is feasible at El Toro Rd and Avenida Sevilla. Iteris recommends the installation of the signing and striping for the right turn pocket if the minimum lane widths are 10’ and the required sign meets the minimum clearance to the face of the curb as the addition of a dedicated right turn lane would improve safety at this intersection.

Figure 1: Existing Lane Configuration

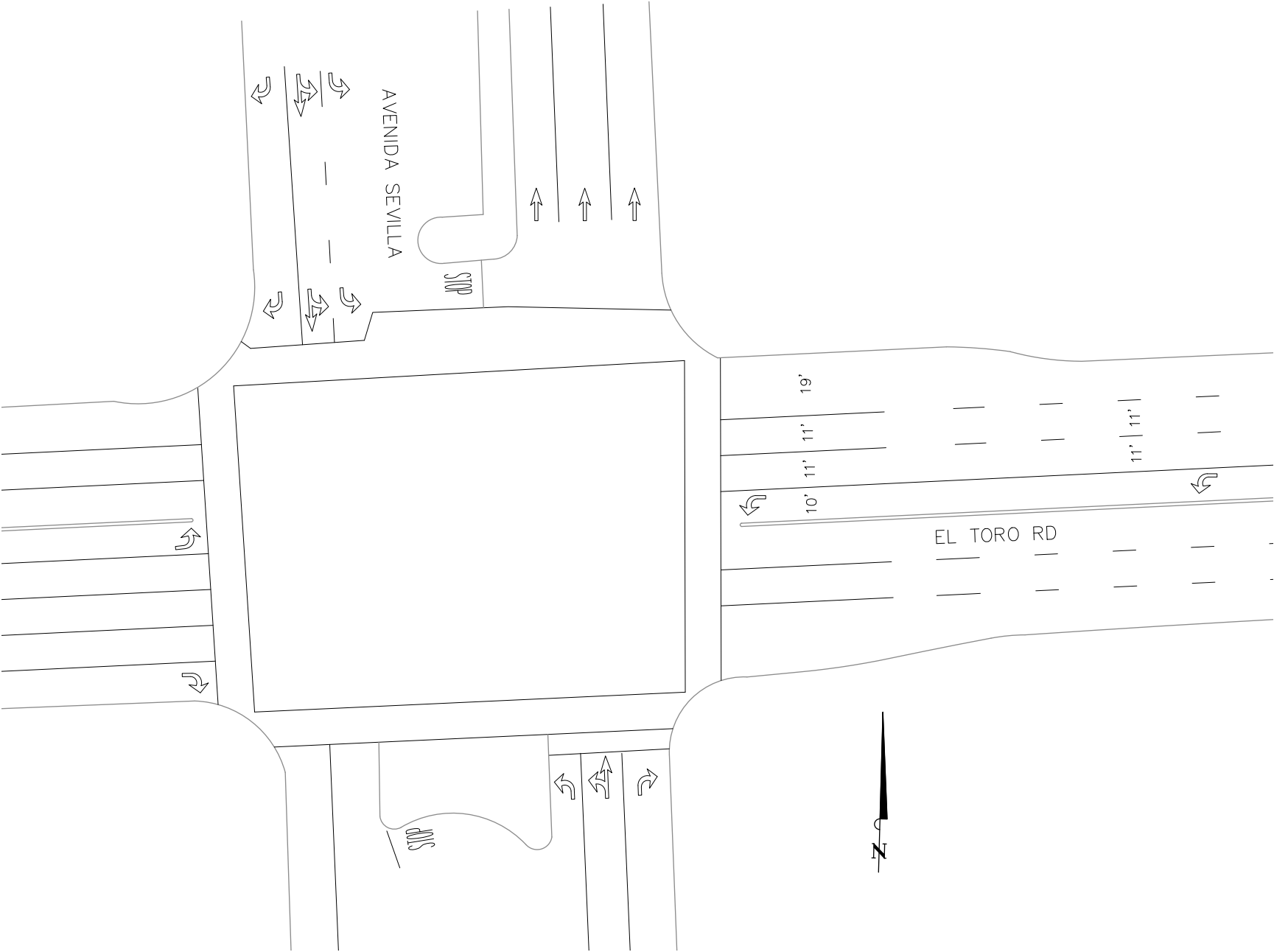
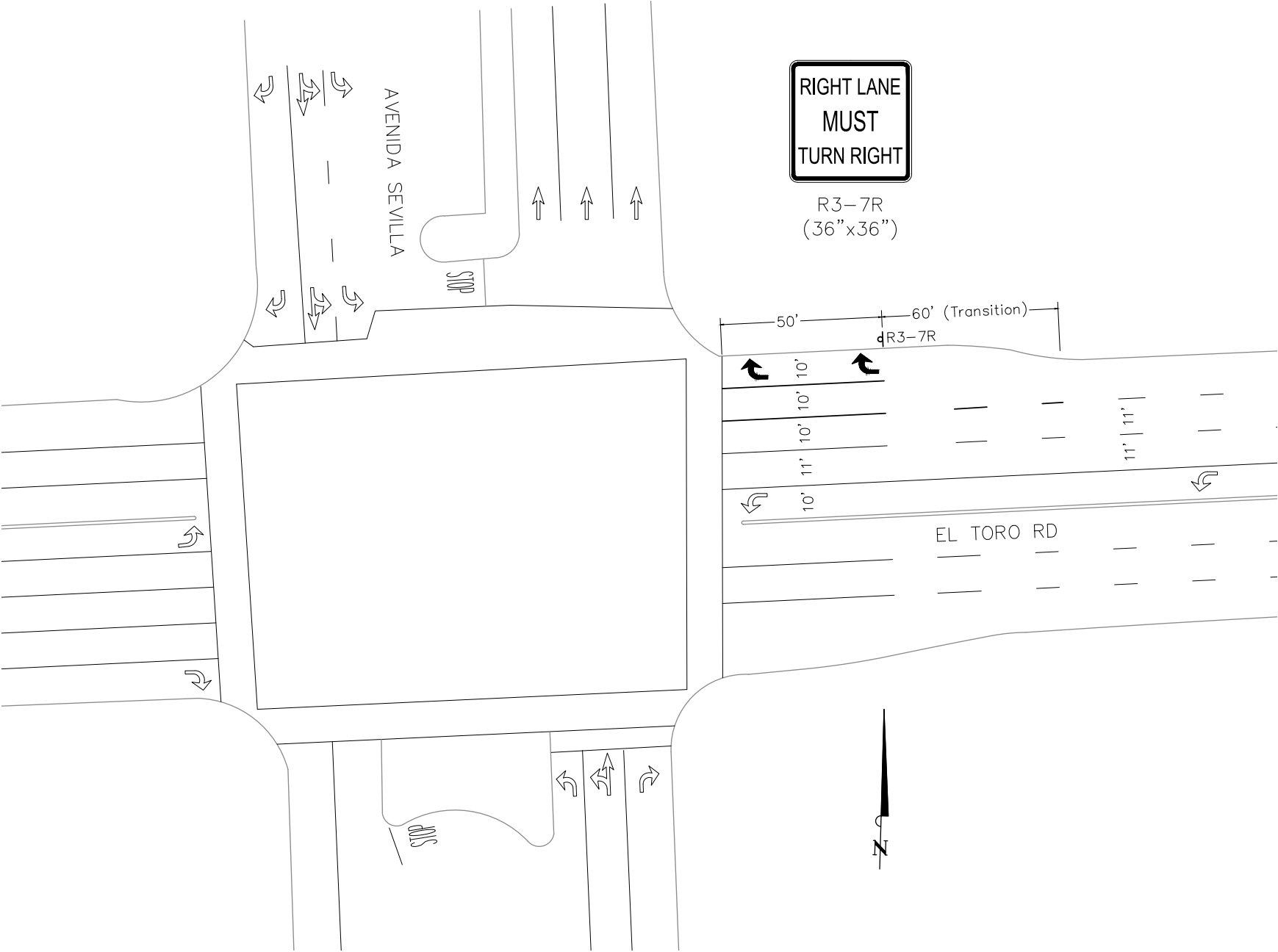


Figure 2: Proposed Lane Configuration



Recording requested by City of Laguna Woods
 When recorded, mail to City of Laguna Woods,
 24264 El Toro Road, Laguna Woods, CA 92637.
 (949) 639-0500

Exemption Code 6103



NOTICE OF EXEMPTION

To: County of Orange Orange County Clerk-Recorder P.O. Box 238 Santa Ana, CA 92701	From: City of Laguna Woods 24264 El Toro Road Laguna Woods, CA 92637 (949) 639-0500
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Project Title: Westbound El Toro Road Configuration

Project Applicant: City of Laguna Woods
 24264 El Toro Road
 Laguna Woods, CA 92637
 (949) 639-0500

Project Location – Specific: The project is located within the City of Laguna Woods’ public right-of-way on westbound El Toro Road at Avenida Sevilla.

Project Location – City: Laguna Woods, California **Project Location – County:** Orange

Description of Nature, Purpose, and Beneficiaries of Project: The project involves establishing a right turn pocket for westbound El Toro Road at Avenida Sevilla, including striping and signage modifications. The purpose of the project is to improve safety for users of El Toro Road (a public street and arterial highway).

Name of Public Agency Approving Project: City of Laguna Woods

Name of Person or Agency Carrying Out Project: City of Laguna Woods

Exempt Status:

X	Categorical Exemption (Sec. 15301)
	Declared Emergency (Sec. 21080(b)(3); 15269(a))
	Emergency Project (Sec. 21080(b)(4); 15269(b)(c))
	Ministerial (Sec. 21080(b)(1); 15268)
	Statutory Exemption
	Not Subject to CEQA (Sec. 15061(b)(3))

**NOTICE OF EXEMPTION
WESTBOUND EL TORO ROAD CONFIGURATION
CITY OF LAGUNA WOODS**

Reasons Why Project is Exempt: The project is categorically exempt from the California Environmental Quality Act (“CEQA”) pursuant to California Code of Regulations, Title 14 (the State CEQA Guidelines) Section 15301 (Class 1, Existing Facilities). Section 15301 exempts from environmental review the “the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use.” Subsection (c) of Section 15301 provides the following as non-exclusive examples of types of “existing facilities,” “Existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities (this includes road grading for the purpose of public safety, and other alterations such as the addition of bicycle facilities, including but not limited to bicycle parking, bicycle-share facilities and bicycle lanes, transit improvements such as bus lanes, pedestrian crossings, street trees, and other similar alterations that do not create additional automobile lanes).”

The project consists only of minor signage and striping-related alteration work within the City of Laguna Woods’ public right-of-way for an existing public street and arterial highway (El Toro Road). The project does not expand the existing or former use of El Toro Road.

Based on the scope of work, the project meets the criteria for Class 1 categorical exemption.

Lead Agency Contact Person:

Signature: _____ Date: _____
Rebecca M. Pennington
Development Programs Analyst
City of Laguna Woods

Date Received for Filing at OPR: _____

Authority cited: Sections 21083 and 21110, Public Resources Code.
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.