

CITY of LAGUNA WOODS CITY COUNCIL AGENDA

Regular Meeting
Wednesday, November 16, 2016
2:00 p.m.

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

Noel Hatch
Mayor

Shari L. Horne
Mayor Pro Tem

Cynthia Conners
Councilmember



Bert Hack
Councilmember

Carol Moore
Councilmember

Welcome to a meeting of the Laguna Woods City Council!

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

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

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

REGULAR MEETING SCHEDULE

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

AGENDA POSTING AND AVAILABILITY

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

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FOR ADDITIONAL INFORMATION

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

AFFIDAVIT OF POSTING

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

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



YOLIE TRIPPY, Deputy City Clerk

11-10-16

Date

I. CALL TO ORDER

II. ROLL CALL

III. PLEDGE OF ALLEGIANCE

IV. PRESENTATIONS AND CEREMONIAL MATTERS

- 4.1 2016 Heroes with Heart Award Presentation to Deputy Carrington – Trauma Intervention Programs, Inc.

Recommendation: Receive and file.

- 4.2 World Pancreatic Cancer Day – November 17, 2016

Recommendation: Approve and present the proclamation.

- 4.3 Human Rights Day – December 10, 2016

Recommendation: Approve and present the proclamation.

V. PUBLIC COMMENTS

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

VI. CONSENT CALENDAR

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

- 6.1 City Council Minutes

Recommendation: Approve the City Council meeting minutes for the regular meeting on September 21, 2016.

6.2 City Treasurer's Report

Recommendation: Receive and file the City Treasurer's Report for the months of September and October 2016.

6.3 Warrant Register

Recommendation: Approve the warrant register dated November 16, 2016 in the amount of \$1,076,547.18.

6.4 Investment of Financial Assets Policy

Recommendation: Approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, REVIEWING AND ADOPTING AN ANNUAL STATEMENT OF THE INVESTMENT POLICY, ADOPTING AN INVESTMENT POLICY, AND RENEWING ITS DELEGATION OF INVESTMENT AUTHORITY PURSUANT TO GOVERNMENT CODE SECTION 53607 TO THE CITY TREASURER

6.5 Conflict of Interest Code

Recommendation: Approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, RESCINDING RESOLUTION NO. 14-26 AND ADOPTING AN AMENDED CONFLICT OF INTEREST CODE

6.6 Solid Waste Handling Services Franchise Agreement

Recommendation: Approve the first amendment to the agreement between City of Laguna Woods and Waste Management Collection and Recycling, Inc. for solid waste handling services and authorize the Mayor to execute the amendment, subject to approval as to form by the City Attorney.

6.7 Community Grants Oversight Committee

Recommendation: Approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, TEMPORARILY DISBANDING AND CANCELLING MEETINGS OF THE COMMUNITY GRANTS OVERSIGHT COMMITTEE

VII. PUBLIC HEARINGS

7.1 2016 California Building Standards Code and Local Amendments

Recommendation:

1. Receive staff report.

AND

2. Open public hearing.

AND

3. Receive public testimony.

AND

4. Close public hearing.

AND

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

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING TITLE 10 OF THE LAGUNA WOODS MUNICIPAL CODE (BUILDINGS AND CONSTRUCTION) AND ADOPTING BY REFERENCE THE 2016 EDITION OF THE CALIFORNIA

BUILDING STANDARDS CODE (CALIFORNIA CODE OF REGULATIONS, TITLE 24), CONSISTING OF THE 2016 CALIFORNIA BUILDING CODE; THE 2016 CALIFORNIA MECHANICAL CODE; THE 2016 CALIFORNIA ELECTRICAL CODE; THE 2016 CALIFORNIA PLUMBING CODE; THE 2016 CALIFORNIA RESIDENTIAL CODE; THE 2016 CALIFORNIA GREEN BUILDING STANDARDS CODE; THE 2016 CALIFORNIA ENERGY CODE; THE 2016 CALIFORNIA EXISTING BUILDING CODE; AND THE 2016 CALIFORNIA REFERENCED STANDARDS CODE, TOGETHER WITH CERTAIN AMENDMENTS, ADDITIONS, AND DELETIONS THERETO

AND

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

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING CHAPTER 10-12 (FIRE CODE) OF TITLE 10 (BUILDINGS AND CONSTRUCTION) OF THE LAGUNA WOODS MUNICIPAL CODE AND ADOPTING BY REFERENCE THE 2016 EDITION OF THE CALIFORNIA FIRE CODE INCLUDING APPENDICES B, BB, C, CC, AND H, TOGETHER WITH CERTAIN AMENDMENTS, ADDITIONS, AND DELETIONS THERETO

7.2 Commercial Zoning Code Amendments and Zone Changes Project

Recommendation:

1. Receive staff report.

AND

2. Open public hearing.

AND

3. Receive public testimony.

AND

4. Close public hearing.

AND

5. Approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, ADOPTING A NEGATIVE DECLARATION FOR THE CITY'S COMMERCIAL ZONING CODE AMENDMENTS AND ZONE CHANGES PROJECT

AND

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

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING CHAPTERS 13.06 AND 13.10 OF THE LAGUNA WOODS MUNICIPAL CODE RELATED TO DEFINITIONS, PURPOSE AND INTENT, AND PERMITTED USES WITHIN COMMERCIAL ZONING DISTRICTS AND ADOPTING ZONE CHANGES RELATED TO THE CITY'S COMMERCIAL ZONING CODE AMENDMENTS AND ZONE CHANGES PROJECT

7.3 Water Efficient Landscape Regulations

Recommendation:

1. Receive staff report.

AND

2. Open public hearing.

AND

3. Receive public testimony.

AND

4. Close public hearing.

AND

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

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, REPEALING CHAPTER 4.28 OF THE LAGUNA WOODS MUNICIPAL CODE AND ADOPTING A CODE AMENDMENT TO ADD A NEW CHAPTER 10.03 TO THE LAGUNA WOODS MUNICIPAL CODE RELATED TO WATER EFFICIENT LANDSCAPES

AND

6. Approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, REPEALING RESOLUTION NO. 09-30 AND APPROVING GUIDELINES FOR IMPLEMENTATION OF THE CITY OF LAGUNA WOODS WATER EFFICIENT LANDSCAPE ORDINANCE

VIII. CITY COUNCIL BUSINESS

8.1 Escheatment Policy for Unclaimed Money

Recommendation: Approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY

OF LAGUNA WOODS, CALIFORNIA, ADOPTING AN
ESCHEATMENT POLICY FOR UNCLAIMED MONEY

8.2 City Hall High Density Filing Storage System

Recommendation: Approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF LAGUNA WOODS, CALIFORNIA, INCREASING THE
ADOPTED FISCAL YEAR 2016-17 BUDGET FOR THE
GENERAL FUND FOR PURPOSES RELATED TO THE
INSTALLATION OF A HIGH DENSITY FILING STORAGE
SYSTEM AT CITY HALL

8.3 Moulton Parkway Water Efficient Median Project

Recommendation: Approve the planting and material palette for
the Moulton Parkway Water Efficient Median Project.

IX. CITY COUNCIL REPORTS AND COMMENTS

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

9.1 Coastal Greenbelt Authority
Councilmember Conners; Alternate: Mayor Pro Tem Horne

9.2 Orange County Fire Authority
Mayor Hatch

9.3 Orange County Library Advisory Board
Councilmember Moore; Alternate: Mayor Pro Tem Horne

9.4 Orange County Mosquito and Vector Control District
Mayor Pro Tem Horne

9.5 San Joaquin Hills Transportation Corridor Agency
Councilmember Hack; Alternate: Councilmember Conners

9.6 South Orange County Watershed Management Area
Councilmember Moore; Alternate: Mayor Hatch

9.7 Other Comments and Reports

- League of California Cities' Annual Conference
Mayor Hatch, Mayor Pro Tem Horne, Councilmember Moore
- California Joint Powers Insurance Authority's
Risk Management Educational Forum
Mayor Hatch, Mayor Pro Tem Horne, Councilmembers Connors and Moore
- Other Comments and Report

X. CLOSED SESSION

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

XI. CLOSED SESSION REPORT

XII. ADJOURNMENT

Next Regular Meeting: Wednesday, December 21, 2016 at 2 p.m.
Laguna Woods City Hall
24264 El Toro Road, Laguna Woods, California 92637

4.1

**2016 HEROES WITH HEART AWARD
PRESENTATION TO DEPUTY CARRINGTON –
TRAUMA INTERVENTION PROGRAMS, INC.
(NO REPORT)**

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4.2
**PROCLAMATION –
WORLD PANCREATIC CANCER DAY –
NOVEMBER 17, 2016**

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Proclamation
City of Laguna Woods
World Pancreatic Cancer Day
November 17, 2016

WHEREAS, in 2016, an estimated 53,070 people will be diagnosed with pancreatic cancer in the United States and 41,780 will die from the disease; and

WHEREAS, pancreatic cancer is currently the third leading cause of cancer death in the United States and is projected to become the second by 2020; and

WHEREAS, there are currently no early detection methods such that when symptoms of pancreatic cancer present themselves, it is often late stage with 71 percent of patients dying within the first year of their diagnosis; and

WHEREAS, even with surgery, pancreatic cancer recurs in approximately 80 percent of patients, who die within five years of recurrence; and

WHEREAS, there are a variety of supportive resources available to those affected by pancreatic cancer, including the Pancreatic Cancer Action Network; and

WHEREAS, the well-being of the residents of Laguna Woods is enhanced as a direct result of increased awareness and research of pancreatic cancer.

NOW, THEREFORE, BE IT RESOLVED that the Laguna Woods City Council does hereby proclaim November 17, 2016 as “World Pancreatic Cancer Day” in Laguna Woods and encourages the support of pancreatic cancer research.

Dated this 16th day of November, 2016

Noel Hatch
Mayor

Attest: Yolie Trippy
Deputy City Clerk

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**4.3
PROCLAMATION –
HUMAN RIGHTS DAY –
DECEMBER 10, 2016**

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**Proclamation
City of Laguna Woods
Human Rights Day
December 10, 2016**

WHEREAS, on December 10, 1948, the United Nations General Assembly adopted the Universal Declaration of Human Rights, the first dedicated statement of human rights at the international level; and

WHEREAS, the Universal Declaration of Human Rights reads, in part: *“All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.”*; and

WHEREAS, human rights are a foundational quality of our nation as expressed in the Declaration of Independence, the Constitution, and the Bill of Rights; and

WHEREAS, recognition of the inherent dignity and of the equal and inalienable rights of all people is the foundation of freedom, justice, and peace in the world; and

WHEREAS, the City of Laguna Woods reaffirms its belief in the principles of fairness and equity as set forth in the Universal Declaration of Human Rights, and states, unequivocally, its opposition to discrimination in all forms.

NOW, THEREFORE, BE IT RESOLVED that the Laguna Woods City Council does hereby proclaim December 10, 2016 as “Human Rights Day” in Laguna Woods and encourages individuals to fight prejudice and discrimination in their own lives, and to treat others with dignity and respect.

Dated this 16th day of November, 2016

Noel Hatch
Mayor

Attest: Yolie Trippy
Deputy City Clerk

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6.1-6.7
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: November 16, 2016 Regular Meeting
SUBJECT: Consent Calendar Summary

Recommendation

Approve all proposed actions on the November 16, 2016 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 November 16, 2016 Consent Calendar contains the following items:

- 6.1 Approval of the City Council meeting minutes for the regular meeting on September 21, 2016.
- 6.2 Approval of a motion to receive and file the City Treasurer's Report for the months of September and October 2016.
- 6.3 Approval of the warrant register dated November 16, 2016 in the amount of \$1,076,547.18. A list of warrants is included in the agenda packet; detailed information about individual warrants is available at City Hall.

- 6.4 Approval of a resolution reviewing and adopting an annual statement of the investment policy, adopting an investment policy, and renewing the City Council’s delegation of investment authority pursuant to Government Code Section 53607 to the City Treasurer. An agenda report is included.
- 6.5 Approval of a resolution rescinding Resolution No. 14-26 and adopting an amended conflict of interest code. An agenda report is included.
- 6.6 Approval of the first amendment to the agreement between City of Laguna Woods and Waste Management Collection and Recycling, Inc. for solid waste handling services and authorization for the Mayor to execute the amendment, subject to approval as to form by the City Attorney. The proposed amendment would modify the existing franchise agreement to (1) add remedial actions for customers who habitually set out excessively contaminated recycling, organics, or green waste containers, including fees; (2) add a requirement that Waste Management provide document shredding services at four City-sponsored events per year, and additional events as mutually agreed; (3) add green waste pricing for customers who elect such service; and, (4) modify organics pricing to correct a typographical error related to the size of bins and add pricing for bag collection, extra bin and cart pickups, and extra bin cleanings and exchanges. The document shredding service is expected to save the City approximately \$3,200 per year.
- 6.7 Approval of a resolution temporarily disbanding and cancelling meetings of the Community Grants Oversight Committee (“Committee”). The Committee was established by Administrative Policy 1.4 to provide citizen advice and oversight of the Community Services Grant Program. As the Community Services Grant Program is not currently funded due to budget constraints and limitations, and as all previous funding cycles of the Community Services Grant Program have ended and all associated grants have been closed, staff recommends that the Committee be temporarily disbanded and upcoming meetings cancelled. The Committee would be re-established at such time as funding for the Community Services Grant Program is re-established.

6.1
CITY COUNCIL MINUTES

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**CITY OF LAGUNA WOODS CALIFORNIA
CITY COUNCIL MINUTES
REGULAR MEETING
September 21, 2016
2:00 P.M.
Laguna Woods City Hall
24264 El Toro Road
Laguna Woods, California 92637**

I. CALL TO ORDER

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

II. ROLL CALL

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

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

III. PLEDGE OF ALLEGIANCE

Division Chief Adams, Orange County Fire Authority, led the pledge of allegiance.

IV. PRESENTATIONS AND CEREMONIAL MATTERS

4.1 Citizenship Day & Constitution Week – September 16-23, 2016

Councilmembers made comments.

Moved by Councilmember Conners, seconded by Mayor Pro Tem Horne, and carried unanimously on a 5-0 vote, to approve and present the proclamation.

4.2 National Adult Day Services Week – September 18-24, 2016

Mayor Pro Tem Horne made comments.

Jim McAleer, Alzheimer’s Orange County, made comments.

Moved by Mayor Pro Tem Horne, seconded by Councilmember Moore, and carried unanimously on a 5-0 vote, to approve and present the proclamation.

4.3 Fall Prevention Awareness Day – September 22, 2016

Nick Mannering, Mission Hospital, made comments.

Councilmembers responded to Mr. Mannering’s comments.

Division Chief Adams, Orange County Fire Authority, responded to questions from Mayor Hatch and introduced his new Administrative Captain, Steve Dohman.

Moved by Councilmember Moore, seconded by Councilmember Hack, and carried unanimously on a 5-0 vote, to approve and present the proclamation.

4.4 Amateur Radio Appreciation Month – October 2016

Ernie Senser and Jim Riedel, Laguna Woods Amateur Radio Club and Radio Amateur Civil Emergency Service, provided comments.

Mr. Senser and Mr. Riedel responded to questions from the City Council.

Moved by Councilmember Hack, seconded by Mayor Pro Tem Horne, and carried unanimously on a 5-0 vote, to approve and present the proclamation.

The City Council took a brief recess and then reconvened.

V. PUBLIC COMMENT

Mayor Hatch noted that the following public comment was submitted in writing before the City Council meeting: Stephen Wontrobski, member of the public, expressed the need for a legal opinion to be given of potential liability of cities if the Orange County Fire Authority were to go bankrupt, and related issues.

Mayor Hatch briefly responded to Mr. Wontrobski’s comments.

Mark Monin, resident, commended the work of the Orange County Mosquito and Vector Control District and commented on matters concerning the El Toro Water District.

Councilmember Hack briefly responded to Mr. Monin’s comments.

VI. CONSENT CALENDAR

Mayor Pro Tem Horne expressed her gratitude to staff for moving forward with implementation of the City’s investment policy.

Moved by Councilmember Hack, seconded by Councilmember Moore, and carried unanimously on a 5-0 vote, to approve Consent Calendar items 6.1 – 6.4.

6.1 City Council Minutes

Approved the City Council meeting minutes for the regular meeting on August 17, 2016 and the special meeting on August 22, 2016.

6.2 City Treasurer's Report

Received and filed the City Treasurer's Report for the month of August 2016.

6.3 Warrant Register

Approved the warrant register dated September 21, 2016 in the amount of \$622,713.33.

6.4 Countywide Public Mass Notification System

Approved a memorandum of understanding with the County of Orange and other participant entities and agencies for use of countywide mass notification system and authorized the City Manager to execute the memorandum of understanding, subject to approval as to form by the City Attorney.

VII. PUBLIC HEARINGS

7.1 Conditional Use Permit CUP-1128 to allow for the sale of alcoholic beverages for on-site and off-site consumption at 24165 Paseo de Valencia, Laguna Woods, CA 92637

City Manager Macon made a presentation.

Mayor Hatch opened the public hearing.

Daniel Kramer, counsel for Mother's Market & Kitchen, described the types of alcoholic beverages that Mother's Market & Kitchen is proposing to sell and the area where on-site consumption is proposed.

Councilmembers briefly responded to Mr. Kramer's comments.

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

Moved by Councilmember Hack, seconded by Councilmember Moore, and carried unanimously on a 5-0 vote, to adopt a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, APPROVING A CONDITIONAL USE PERMIT CUP-1128 TO ALLOW FOR THE SALE OF ALCOHOLIC BEVERAGES FOR ON-SITE AND OFF-SITE CONSUMPTION AT 24165 PASEO DE VALENCIA, LAGUNA WOODS, CA 92637

- 7.2 Sign Program SP-1124 to allow for various signage at 24380 Moulton Parkway, Laguna Woods, CA 92637

City Manager Macon made a presentation.

Mayor Hatch opened the public hearing.

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

Councilmembers discussed the item and staff answered related questions.

Moved by Councilmember Moore, seconded by Mayor Pro Tem Horne, and carried on a 4-0 vote with Councilmember Hack abstaining due to his belief that a broader review of the City's sign regulations is necessary, to adopt a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, APPROVING SIGN PROGRAM SP-1124 TO ALLOW FOR VARIOUS SIGNAGE AT 24380 MOULTON PARKWAY, LAGUNA WOODS, CA 92637

VIII. CITY COUNCIL BUSINESS

- 8.1 League of California Cities 2016 Annual Conference Resolution

Mayor Hatch introduced the item.

City Manager Macon made a presentation.

Councilmembers discussed the item and staff answered related questions.

Moved by Councilmember Hack, seconded by Councilmember Moore, and carried unanimously on a 5-0 vote, to defer to Mayor Pro Tem Horne's judgment when voting on the League of California Cities 2016 Annual Conference Resolution.

- 8.2 Orange County Strategic Plan for Aging

Mayor Pro Tem Horne summarized the agenda report.

Councilmembers discussed the item and staff answered related questions.

Moved by Councilmember Hack, seconded by Councilmember Moore, and carried unanimously on a 5-0 vote, to:

1. Approve the City's participation in the development of the Orange County Strategic Plan for Aging, including a financial contribution of \$1,000 to be expended from the Fiscal Year 2016-17 General Fund City Council Contingency Fund budget.

AND

2. Designate Mayor Pro Tem Horne and Councilmember Connors to serve on subcommittees and otherwise participate in the Orange County Strategic Plan for Aging development process.

IX. CITY COUNCIL REPORTS AND COMMENTS

9.1 Coastal Greenbelt Authority

Councilmember Connors provided a report.

9.2 Orange County Fire Authority

Mayor Hatch provided a report.

9.3 Orange County Library Advisory Board

Councilmember Moore stated that there had been no meeting since the last meeting.

9.4 Orange County Mosquito and Vector Control District

Mayor Pro Tem Horne provided a report.

Councilmembers commented on the report.

9.5 San Joaquin Hills Transportation Corridor Agency

Councilmember Hack did not provide a report.

9.6 South Orange County Watershed Management Area

Councilmember Moore did not provide a report.

9.7 Other Comments and Reports

Mayor Pro Tem Horne noted that she has been appointed by the Orange County Office on Aging to fill a one-year term on the California Senior Legislature.

Councilmember Connors commented on the upcoming California Joint Powers Insurance Authority's annual conference.

X. CLOSED SESSION – None

XI. CLOSED SESSION REPORT – None

XII. ADJOURNMENT

The meeting was adjourned at 3:56 p.m. The next regular meeting will be at 2:00 p.m. on Wednesday, November 16, 2016 at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, CA 92637.

YOLIE TRIPPY, Deputy City Clerk

Adopted: November 16, 2016

NOEL HATCH, Mayor

6.2
CITY TREASURER'S REPORT

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City of Laguna Woods
City Treasurer's Report
For the Two Month Period of September and October, 2016

ITEM 6.2

CASH AND INVESTMENTS

| | Beginning Balances As of 8/31/16 | Earnings & Receipts | Disbursements | Other Adjustments | Ending Balances As of 10/31/16 | % of Total Cash & Investment Balances | Maximum % Allowed per Investment Policy |
|--|--|------------------------|----------------|----------------------|--------------------------------------|--|--|
| Cash and Cash Equivalents | | | | | | | |
| Analyzed Checking Account | \$ 128,326 | \$ 2,370,414 | \$ (2,002,286) | \$ - | \$ 496,454 | | |
| Petty Cash | 825 | - | (163) | - | 662 | | |
| Total Cash and Cash Equivalents | \$ 129,151 | \$ 2,370,414 | \$ (2,002,449) | \$ - | \$ 497,116 | 4.83% | 100.00% |
| Investments - Interest and Income Bearing | | | | | | | |
| Local Agency Investment Fund (LAIF) (Notes 1 and 2) | \$ 10,328,199 | \$ 15,709 | \$ (1,530,000) | \$ - | \$ 8,813,908 | 85.65% | 90.00% |
| Certificates of Deposit | - | 980,000 | - | - | 980,000 | 9.52% | 20.00% |
| Total Investments | \$ 10,328,199 | \$ 995,709 | \$ (1,530,000) | \$ - | \$ 9,793,908 | | |
| <hr/> | | | | | | | |
| TOTAL CASH, CASH EQUIVALENTS, AND INVESTMENTS | \$ 10,457,350 | \$ 3,366,123 | \$ (3,532,449) | \$ - | \$ 10,291,024 | | |

Summary of Total Cash, Cash Equivalents, and Investments:

| | General Fund | Special Revenue Funds | Totals |
|-------------------------|--------------|-----------------------------|---------------|
| Analyzed Checking | \$ (385,779) | \$ 882,233 | \$ 496,454 |
| Petty Cash | \$ 662 | \$ - | \$ 662 |
| LAIF | \$ 8,365,649 | \$ 448,259 | \$ 8,813,908 |
| Certificates of Deposit | \$ 980,000 | \$ - | \$ 980,000 |
| Totals | \$ 8,960,532 | \$ 1,330,492 | \$ 10,291,024 |

Notes:

Note 1 - LAIF / During this period there were transfers totaling \$1,530,000 from the LAIF account to the City's checking account.

Note 2 - LAIF / LAIF reports interest earnings quarterly. \$15,709.25 in interest earnings for the quarter ended September 30, 2016 were paid in October 2016.

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



City of Laguna Woods
City Treasurer's Report
For the Two Month Period of September and October, 2016

INVESTMENT PORTFOLIO DETAIL

| CUSIP | Investment # | Issuer | Term | Purchase Date | Settlement Date | Par Value | Market Value | Book Value | Stated Rate (Note 1) | Coupon Type | 1st Coupon Date | Rating or Rank (Note 2) | Yield to Maturity 365 Days | Maturity Date |
|--|--------------|-------------------------------------|-----------|---------------|-----------------|---------------------|---------------------|---------------------|----------------------|-------------|-----------------|-------------------------|----------------------------|---------------|
| Certificate of Deposits (CDs, Federal Deposit Insurance Corporation [FDIC] Insured) | | | | | | | | | | | | | | |
| 02006LM59 | 2016-1 | ALLY BK MIDVALE UTAH | 24 months | 09/12/16 | 09/15/16 | 245,000.00 | 245,122.50 | 245,000.00 | 1.150 | Semi-Annual | 03/15/17 | 300 | 1.150 | 09/17/18 |
| 2366+LAM8 | 2016-2 | CITY BANK | 12 months | 09/12/16 | 09/20/16 | 245,000.00 | 245,009.80 | 245,000.00 | 0.800 | Annual | 09/20/17 | 247 | 0.800 | 09/20/17 |
| 949763BJ4 | 2016-3 | WELLS FARGO BANK | 18 months | 09/13/16 | 09/28/16 | 245,000.00 | 244,997.55 | 245,000.00 | 1.000 | Monthly | 10/28/16 | 295 | 1.000 | 03/28/18 |
| 140420F47 | 2016-4 | CAPITAL ONE BANK USA | 18 months | 09/13/16 | 09/21/16 | 245,000.00 | 245,019.60 | 245,000.00 | 1.000 | Semi-Annual | 03/21/17 | 300 | 1.000 | 03/21/18 |
| Total CDs | | | | | | 980,000.00 | 980,149.45 | 980,000.00 | | | | | | |
| Pooled Money Investment Accounts (PIMA) | | | | | | | | | | | | | | |
| N/A | N/A | Local Agency Investment Fund (LAIF) | N/A | Various | Various | 8,813,908.25 | 8,813,908.25 | 8,813,908.25 | 0.634 | N/A | N/A | N/A | N/A | N/A |
| Total PIMA | | | | | | 8,813,908.25 | 8,813,908.25 | 8,813,908.25 | | | | | | |

Notes:

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

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

LAIF monthly investment yield rates in 2016 to date were:

Jan. 0.445%, Feb. 0.467%, Mar. 0.506%, Apr. 0.525%, May 0.552%, Jun. 0.576%, Jul. 0.588%, Aug. 0.614%, Sept. 0.634%, and Oct. 0.654%

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

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

Note 3 - Wells Fargo made a first coupon interest payment of \$201.37 for the month of September 2016, which was deposited in the City's checking account in October 2016.



City of Laguna Woods
City Treasurer's Report
 For the Two Month Period of September and October, 2016

ITEM 6.2

OTHER FUNDS - HELD IN TRUST

| | Beginning Balances As of 8/31/16 | Contributions / (Withdrawals) | Administrative Fees & Investment Expense | Unrealized Gain / (Loss) | Ending Balances As of 10/31/16 |
|--|--|----------------------------------|---|-----------------------------|-----------------------------------|
| Other Post-Employment Benefits (OPEB) Trust | | | | | |
| Held in and administered by the CalPERS California Employers' Retiree Benefit Trust (CERBT) | \$ 66,014 | \$ - | \$ (9) | \$ (914) | \$ 65,091 |
| Total Other Funds - Held in Trust | \$ 66,014 | \$ - | \$ (9) | \$ (914) | \$ 65,091 |

City Treasurer's Certification

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

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

Margaret A Cady

 Margaret A. Cady, City Treasurer

11/5/16

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6.3
WARRANT REGISTER

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**CITY OF LAGUNA WOODS
WARRANT REGISTER
11/16/2016**

ITEM 6.3

| Number | Date | Vendor Name | Description | Amount |
|------------------------------|------------|------------------------------------|---|-------------|
| Automatic Bank Debits | | | | |
| Debit | 09/21/2016 | ADP PAYROLL SERVICES | Payroll / Pay Period Ended 9/16/2016 | \$35,540.91 |
| Debit | 09/23/2016 | CALPERS - RETIREMENT | Retirement Contributions / Pay Period Ended 9/16/2016 | 2,429.48 |
| Debit | 09/30/2016 | ADP PAYROLL SERVICES | Payroll Processing Fees / Pay Period Ended 9/16/2016 | 158.58 |
| Debit | 10/05/2016 | ADP PAYROLL SERVICES | Payroll / Pay Period Ended 9/30/2016 | 30,191.03 |
| Debit | 10/07/2016 | CALPERS - RETIREMENT | Retirement Contributions / Pay Period Ended 9/30/2016 | 2,429.48 |
| Debit | 10/14/2016 | ADP PAYROLL SERVICES | Payroll Processing Fees / Pay Period Ended 9/30/2016 | 158.58 |
| Debit | 10/19/2016 | ADP PAYROLL SERVICES | Payroll / Pay Period Ended 10/14/2016 | 36,501.41 |
| Debit | 10/21/2016 | CALPERS - RETIREMENT | Retirement Contributions / Pay Period Ended 10/14/2016 | 2,427.64 |
| Debit | 10/28/2016 | ADP PAYROLL SERVICES | Payroll Processing Fees / Pay Period Ended 10/14/2016 | 158.58 |
| Debit | 11/02/2016 | ADP PAYROLL SERVICES | Payroll / Pay Period Ended 10/28/2016 | 30,812.24 |
| Debit | 11/04/2016 | CALPERS - RETIREMENT | Retirement Contributions / Pay Period Ended 10/28/2016 | 2,429.48 |
| Debit | 11/11/2016 | ADP PAYROLL SERVICES | Payroll Processing Fees / Pay Period Ended 10/28/2016 | 158.58 |
| Debit | 09/23/2016 | ADP PAYROLL SERVICES | Amended Payroll Tax Returns, Quarters Ended 3/31/2016 and 6/30/2016 | 780.00 |
| Debit | 09/30/2016 | BANK OF AMERICA | Bank Fees - September 2016 | 10.95 |
| Debit | 10/31/2016 | BANK OF AMERICA | Bank Fees - October 2016 | 15.00 |
| Debit | 10/01/2016 | CALPERS - HEALTH | Employee Benefit Program / October 2016 | 3,044.48 |
| Debit | 11/01/2016 | CALPERS - HEALTH | Employee Benefit Program / November 2016 | 3,044.48 |
| Debit | 10/01/2016 | COUNTY OF ORANGE | Law Enforcement Services / October 2016 | 215,469.98 |
| Debit | 11/01/2016 | COUNTY OF ORANGE | Law Enforcement Services / November 2016 | 215,469.98 |
| Warrants: | | | | |
| 118483 | 09/14/2016 | AT&T | White Pages / September 2016 | 4.53 |
| 118484 | 09/14/2016 | IRWIN B BORNSTEIN, CPA | Financial Consulting Services / August 2016 | 3,240.00 |
| 118485 | 09/14/2016 | CAPTIONING UNLIMITED | Closed Captioning / City Council Meetings | 300.00 |
| 118486 | 09/14/2016 | COUNTY OF ORANGE | Automated Fingerprint ID System / September 2016 | 455.67 |
| 118487 | 09/14/2016 | COX COMMUNICATIONS | Refund Duplicated Permit Payment | 841.35 |
| 118488 | 09/14/2016 | EL TORO WATER DISTRICT | Ridge Route Dog Park Irrigation / August 2016 | 19.24 |
| 118489 | 09/14/2016 | EL TORO WATER DISTRICT | Fire Code Requirement - Backflow - City Hall / August 2016 | 30.68 |
| 118490 | 09/14/2016 | EL TORO WATER DISTRICT | City Hall Water & Sewer Services / August 2016 | 148.84 |
| 118491 | 09/14/2016 | JULIENNE GODVIN | Taxi Voucher Refund | 22.00 |
| 118492 | 09/14/2016 | INSTANT INFORMATION TECHNOLOGY | Cable Installation - City Hall Network Infrastructure | 6,072.43 |
| 118493 | 09/14/2016 | KONICA MINOLTA | Copier Lease / September 2016 | 483.84 |
| 118494 | 09/14/2016 | CHRISTOPHER MACON | Reimbursement - Framing Costs, City Art Preservation | 504.47 |
| 118495 | 09/14/2016 | ORANGE COUNTY REGISTER-NOTICES | Public Notices / August 2016 | 1,185.90 |
| 118496 | 09/14/2016 | SOUTHERN CALIFORNIA EDISON | Right of Way / August 2016 | 2,059.05 |
| 118497 | 09/14/2016 | SOUTHERN CALIFORNIA EDISON | Traffic Signal Control / August 2016 | 223.41 |
| 118498 | 09/14/2016 | TALIMAR SYSTEMS, INC. | Cubicle Workstations, City Hall | 944.68 |
| 118499 | 09/14/2016 | TEAM ONE MANAGEMENT | Shredding Event Support / August 21, 2016 | 995.00 |
| 118500 | 09/14/2016 | THE GAS COMPANY | City Hall Utilities / August 2016 | 18.57 |
| 118501 | 09/14/2016 | TRAUMA INTERVENTION PROGRAMS, INC. | Annual Contract / FY 2016-17 | 1,998.24 |
| 118502 | 09/14/2016 | WM CURBSIDE, LLC | HHW, Medicine, and Sharps Collection Program / August 2016 | 3,200.27 |
| 118503 | 09/21/2016 | 360 BUSINESS CONSULTING | Website Hosting Services / September 2016 | 200.00 |
| 118504 | 09/21/2016 | ALLIED MECHANICAL AIR SYS, INC. | City Hall HVAC Maintenance Services / August 2016 | 2,988.00 |

**CITY OF LAGUNA WOODS
WARRANT REGISTER
11/16/2016**

ITEM 6.3

| Number | Date | Vendor Name | Description | Amount |
|---------------|-------------|-----------------------------------|--|---------------|
| 118505 | 09/21/2016 | ANDERSONPENNA PARTNERS, INC. | Landscape Inspection Services / August 2016 | 4,572.75 |
| 118506 | 09/21/2016 | AT&T | Telephone / 581-3974 / September 2016 | 96.21 |
| 118507 | 09/21/2016 | AT&T | Telephone / 583-1105 / September 2016 | 20.74 |
| 118508 | 09/21/2016 | PARI BAHRAMI | Waste Diversion Deposit Refund | 250.00 |
| 118509 | 09/21/2016 | CALIFORNIA JPIA | Property Insurance Annual Policy Renewal / FY 2016-17 | 14,857.00 |
| 118510 | 09/21/2016 | CALIFORNIA YELLOW CAB | Taxi Voucher Services / August 2016 | 15,182.00 |
| 118511 | 09/21/2016 | CITY OF LAGUNA BEACH | Animal Control & Shelter Services / September 2016 | 8,043.00 |
| 118512 | 09/21/2016 | COASTAL CURRENT ELECTRIC | Cancelled Permit Refund | 122.00 |
| 118513 | 09/21/2016 | BRETT DARNELL | Waste Diversion Deposit Refund | 250.00 |
| 118514 | 09/21/2016 | DONNA'S RADIUS MAPS | Public Notice Mailing, Notice of Intent to Adopt - Commercial Zoning Code Update Project | 2,000.00 |
| 118515 | 09/21/2016 | DOUGLAS CHARLES REILLY ESTATE | Reimbursement - Payroll Reconciliation Project, Amended Tax Preparation Fees | 283.00 |
| 118516 | 09/21/2016 | CONNIE GOODWIN | Waste Diversion Deposit Refund | 250.00 |
| 118517 | 09/21/2016 | HEIDARI CONSTRUCTION, INC. | Waste Diversion Deposit Refund | 250.00 |
| 118518 | 09/21/2016 | INSTANT INFORMATION TECHNOLOGY | Cable Installation - City Hall Network Infrastructure | 300.00 |
| 118519 | 09/21/2016 | KONE, INC. | City Hall Elevator Maintenance / September 2016 | 246.98 |
| 118520 | 09/21/2016 | LANGDON DEVELOPMENT LLC | Waste Diversion Deposit Refund | 250.00 |
| 118521 | 09/21/2016 | LEGION CONSTRUCTION GROUP, INC. | Waste Diversion Deposit Refund | 250.00 |
| 118522 | 09/21/2016 | NADINE LEVIER | Waste Diversion Deposit Refund | 250.00 |
| 118523 | 09/21/2016 | CECLIA MCLAUGHLIN | Taxi Voucher Refund | 36.00 |
| 118524 | 09/21/2016 | OBR ARCHITECTURE, INC. | Design Services, City Hall Restroom Repair and Improvement Project | 6,250.00 |
| 118525 | 09/21/2016 | ONISKO & SCHOLZ, LLP | Accounting Services / September 2016 | 1,881.00 |
| 118526 | 09/21/2016 | PEAK LIGHTING & ELECTRIC, INC. | Residential Street Light Maintenance / September 2016 | 682.89 |
| 118527 | 09/21/2016 | CONCETTA PINELLI | Taxi Voucher Refund | 25.00 |
| 118528 | 09/21/2016 | JEFFREY SAGERT | Waste Diversion Deposit Refund | 250.00 |
| 118529 | 09/21/2016 | JENNIFER SELBERT | Cancelled Permit Refund | 164.50 |
| 118530 | 09/21/2016 | STAPLES | Office Supplies | 63.73 |
| 118531 | 09/21/2016 | SUN TAMERS WINDOW TINTING | Window Tinting Services, City Hall | 441.84 |
| 118532 | 09/21/2016 | THE GVILI TRUST | Waste Diversion Deposit Refund | 250.00 |
| 118533 | 09/21/2016 | UNITED STATES TREASURY | Landscape Inspection Services / August 2016 | 62.11 |
| 118534 | 09/21/2016 | WL MCFADDEN CONSTRUCTION, INC. | Waste Diversion Deposit Refund | 2,300.00 |
| 118535 | 09/28/2016 | ALZHEIMER'S ORANGE COUNTY | City Participation, Orange County Strategic Plan for Aging | 1,000.00 |
| 118536 | 09/28/2016 | COASTAL CURRENT ELECTRIC | Cancelled Permit Refund | 61.00 |
| 118537 | 09/28/2016 | DELTA DENTAL OF CALIFORNIA | Employee Benefits Program / October 2016 | 293.37 |
| 118538 | 09/28/2016 | NIEVES LANDSCAPE, INC. | Landscape Maintenance Services | 745.00 |
| 118539 | 09/28/2016 | PRINCIPAL FINANCIAL GROUP | Long-Term Disability Insurance / October 2016 | 357.55 |
| 118540 | 09/28/2016 | PV MAINTENANCE, INC. | City Hall, Street & Property Maintenance Services / August 2016 | 21,180.22 |
| 118541 | 09/28/2016 | ROSALIE ROSEN | Cancelled Permit Refund | 162.00 |
| 118542 | 09/28/2016 | SOCAL SENIOR SERVICES, LLC | Cancelled Permit Refund | 410.50 |
| 118543 | 09/28/2016 | SOUTHERN CALIFORNIA WATER | Southern California Water Committee Quarterly Meeting / Hack | 200.00 |
| 118544 | 09/28/2016 | WAGE WORKS | 125 Cafeteria Plan / August 2016 | 100.00 |
| 118545 | 09/28/2016 | EMPLOYMENT DEVELOPMENT DEPARTMENT | Amended Payroll Tax Return / DE 9ADJ / 2013 Q1 | 7.50 |
| 118546 | 09/28/2016 | EMPLOYMENT DEVELOPMENT DEPARTMENT | Amended Payroll Tax Return / DE 9ADJ / 2013 Q2 | 12.15 |
| 118547 | 09/28/2016 | EMPLOYMENT DEVELOPMENT DEPARTMENT | Amended Payroll Tax Return / DE 9ADJ / 2013 Q3 | 14.56 |
| 118548 | 09/28/2016 | WL MCFADDEN CONSTRUCTION, INC. | Waste Diversion Deposit Refund | 250.00 |

**CITY OF LAGUNA WOODS
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| Number | Date | Vendor Name | Description | Amount |
|---------------|-------------|--|--|---------------|
| 118549 | 10/12/2016 | 360 BUSINESS CONSULTING | Website Hosting and Technical Support / October 2016 | 250.00 |
| 118550 | 10/12/2016 | ANDERSONPENNA PARTNERS, INC. | Code Enforcement Services / August 2016 | 2,668.00 |
| 118551 | 10/12/2016 | AT&T | Telephone / 639-0500 / September 2016 | 208.52 |
| 118552 | 10/12/2016 | AT&T | Telephone / 458-3487 / September 2016 | 37.77 |
| 118553 | 10/12/2016 | AT&T | Telephone / 452-0600 / September 2016 | 927.23 |
| 118554 | 10/12/2016 | AT&T | Telephone / 770-9359 / September 2016 | 20.36 |
| 118555 | 10/12/2016 | IRWIN B BORNSTEIN, CPA | Financial Consulting Services / September 2016 | 1,192.50 |
| 118556 | 10/12/2016 | ELEANORE BROWN | Taxi Voucher Refund | 16.50 |
| 118557 | 10/12/2016 | CAA | Water Quality Consulting Services / August 2016 | 4,188.00 |
| 118558 | 10/12/2016 | CALIFORNIA YELLOW CAB | NEMT Taxi Voucher Services / August 2016 | 11,888.00 |
| 118559 | 10/12/2016 | CAPTIONING UNLIMITED | Closed Captioning / City Council Meeting 9-21-2016 | 200.00 |
| 118560 | 10/12/2016 | CIVIL SOURCE | Traffic & Engineering Services / August 2016 | 10,232.50 |
| 118560 | 10/12/2016 | CIVIL SOURCE | Building Inspection and Counter Services / August 2016 | 40,075.00 |
| 118561 | 10/12/2016 | COASTAL CURRENT ELECTRIC | Cancelled Permit Refund | 244.00 |
| 118562 | 10/12/2016 | CYNTHIA CONNERS | Auto Allowance / October 2016 | 300.00 |
| 118563 | 10/12/2016 | COUNTY OF ORANGE | Automated Fingerprint ID System / October 2016 | 455.67 |
| 118564 | 10/12/2016 | COUNTY OF ORANGE | 800 MHz CCCS Annual Partnership Cost / FY 2016-17 | 3,547.00 |
| 118565 | 10/12/2016 | CSG CONSULTANTS INC | Plan Check Services / July-August 2016 | 3,612.50 |
| 118566 | 10/12/2016 | CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS | Regular Meeting / Administrative Services Director/City Treasurer | 30.00 |
| 118567 | 10/12/2016 | EL TORO WATER DISTRICT | Landscape Irrigation / September 2016 | 4,020.17 |
| 118568 | 10/12/2016 | EL TORO WATER DISTRICT | Ridge Route Dog Park Irrigation / September 2016 | 22.03 |
| 118569 | 10/12/2016 | EL TORO WATER DISTRICT | Fire Code Requirement - Backflow - City Hall / September 2016 | 30.68 |
| 118570 | 10/12/2016 | EL TORO WATER DISTRICT | City Hall Water & Sewer Services / September 2016 | 120.10 |
| 118571 | 10/12/2016 | PATRICK FOLEY | Reimbursement - Payroll Reconciliation Project, Amended Tax Preparation Fees | 1,200.00 |
| 118572 | 10/12/2016 | HACK, BERT | Auto Allowance / October 2016 | 300.00 |
| 118573 | 10/12/2016 | ROBERT NOEL HATCH | Auto Allowance / October 2016 | 300.00 |
| 118574 | 10/12/2016 | HEIDARI CONSTRUCTION, INC. | Waste Diversion Deposit Refund | 250.00 |
| 118575 | 10/12/2016 | SHARI HORNE | Auto Allowance / October 2016 | 300.00 |
| 118576 | 10/12/2016 | LILLEY PLANNING GROUP | Building Official Services / August 2016 | 2,271.00 |
| 118577 | 10/12/2016 | TOSHIKO LYNN | Taxi Voucher Refund | 27.50 |
| 118578 | 10/12/2016 | MANAGED HEALTH NETWORK | Employee Benefits Program / October 2016 | 16.72 |
| 118579 | 10/12/2016 | ZIA MIRAHMAD | Waste Diversion Deposit Refund | 250.00 |
| 118580 | 10/12/2016 | NIEVES LANDSCAPE, INC. | City Hall Landscape Maintenance / August-September 2016 | 812.50 |
| 118580 | 10/12/2016 | NIEVES LANDSCAPE, INC. | Right of Way Landscape Maintenance / September 2016 | 11,800.00 |
| 118581 | 10/12/2016 | OFFICE DEPOT | Office Furniture, City Hall | 4,524.66 |
| 118582 | 10/12/2016 | ORKIN | Pest Control Services / September 2016 | 108.16 |
| 118583 | 10/12/2016 | PROTEL COMMUNICATIONS, INC | Telephone System Maintenance / September 2016 | 429.00 |
| 118584 | 10/12/2016 | PV MAINTENANCE INC | Catch Basin Cleaning / September 2016 | 2,244.00 |
| 118585 | 10/12/2016 | AUGUSTIN RUSU | Waste Diversion Deposit Refund | 250.00 |
| 118586 | 10/12/2016 | RUTAN & TUCKER, LLP | Legal Services / August 2016 | 10,513.79 |
| 118587 | 10/12/2016 | SADDLEBACK WINDOWS AND DOORS | CDBG Energy Efficiency Improvement Program / FY 2015-16 | 18,447.00 |
| 118588 | 10/12/2016 | SIEMENS INDUSTRY, INC. | Traffic Signal Maintenance / August 2016 | 1,526.00 |
| 118589 | 10/12/2016 | SIGNS BY CREATIONS UNLIMITED | Right of Way Signage | 1,079.64 |
| 118590 | 10/12/2016 | SONITROL | City Hall Fire Monitoring / October 2016 | 64.38 |

**CITY OF LAGUNA WOODS
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11/16/2016**

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| Number | Date | Vendor Name | Description | Amount |
|---------------|-------------|--|---|---------------|
| 118591 | 10/12/2016 | SOUTHERN CALIFORNIA EDISON | Right of Way / September 2016 | 2,081.96 |
| 118592 | 10/12/2016 | SOUTHERN CALIFORNIA EDISON | Irrigation Controllers / September 2016 | 98.65 |
| 118593 | 10/12/2016 | SOUTHERN CALIFORNIA EDISON | Irrigation Controller / September 2016 | 26.26 |
| 118594 | 10/12/2016 | SOUTHERN CALIFORNIA EDISON | Irrigation Controller / September 2016 | 24.86 |
| 118595 | 10/12/2016 | SOUTHERN CALIFORNIA EDISON | Irrigation Controller / September 2016 | 27.06 |
| 118596 | 10/12/2016 | SOUTHERN CALIFORNIA EDISON | Residential Streetlights / September 2016 | 1,632.44 |
| 118597 | 10/12/2016 | SOUTHERN CALIFORNIA EDISON | City Hall Utilities / September 2016 | 2,080.31 |
| 118598 | 10/12/2016 | SOUTHERN CALIFORNIA EDISON | Traffic Signal Control / September 2016 | 961.42 |
| 118599 | 10/12/2016 | SOUTHERN CALIFORNIA EDISON | Ridge Route Dog Park / September 2016 | 24.73 |
| 118600 | 10/12/2016 | STAPLES | Office Supplies | 195.30 |
| 118601 | 10/12/2016 | SUN TAMERS WINDOW TINTING | Window Tinting Services, City Hall | 858.56 |
| 118602 | 10/12/2016 | TALIMAR SYSTEMS, INC | Office Furniture, City Hall | 189.00 |
| 118603 | 10/12/2016 | TEAM ONE MANAGEMENT | Janitorial Services / September 2016 | 570.00 |
| 118604 | 10/12/2016 | THALES CONSULTING INC. | Preparation of Annual Streets Report / FY 2015-16 | 600.00 |
| 118605 | 10/12/2016 | THE GAS COMPANY | City Hall Utilities / September 2016 | 24.39 |
| 118606 | 10/12/2016 | TYLER TECHNOLOGIES, INC. | Financial Software Conversion | 2,650.00 |
| 118607 | 10/12/2016 | VECTUS | City Hall Internet Service / October 2016 | 499.00 |
| 118608 | 10/12/2016 | VISION SERVICE PLAN OF AMERICA | Employee Benefits Program / October 2016 | 120.18 |
| 118609 | 10/19/2016 | ANDERSONPENNA PARTNERS, INC. | Code Enforcement Services / September 2016 | 3,016.00 |
| 118609 | 10/19/2016 | ANDERSONPENNA PARTNERS, INC. | Landscape Inspection Services / September 2016 | 3,417.00 |
| 118610 | 10/19/2016 | BALLIET, MICHAEL | Waste & Recycling Consulting Services / June - August 2016 | 5,631.25 |
| 118611 | 10/19/2016 | MARGARET CADY | Travel Reimbursement / CJPIA Risk Management Educational Forum | 277.64 |
| 118612 | 10/19/2016 | ANNE CECIL | NEMT Voucher Refund | 12.00 |
| 118613 | 10/19/2016 | CYNTHIA CONNERS | Travel Reimbursement / CJPIA Risk Management Educational Forum | 277.64 |
| 118614 | 10/19/2016 | ROBERT NOEL HATCH | Travel Reimbursement / CJPIA Risk Management Educational Forum | 277.64 |
| 118615 | 10/19/2016 | SHARI HORNE | Travel Reimbursement / CJPIA Risk Management Educational Forum | 334.72 |
| 118616 | 10/19/2016 | ICMA RETIREMENT CORPORATION | Quarterly Plan Fee / October - December 2016 | 125.00 |
| 118617 | 10/19/2016 | KONICA MINOLTA | Copier Lease / October 2016 | 483.84 |
| 118618 | 10/19/2016 | KONICA MINOLTA BUSINESS | Copier Services / 3rd Quarter 2016 | 760.16 |
| 118619 | 10/19/2016 | LILLEY PLANNING GROUP | Building Official Services / September 2016 | 858.00 |
| 118620 | 10/19/2016 | ALI MANSOURI | Waste Diversion Deposit Refund | 250.00 |
| 118621 | 10/19/2016 | MICHAEL BAKER INTERNATIONAL | Planning Services / May, June & September 2016 | 14,838.75 |
| 118621 | 10/19/2016 | MICHAEL BAKER INTERNATIONAL | General Plan Comprehensive Update Project / July - September 2016 | 14,867.93 |
| 118622 | 10/19/2016 | ONE WAY CONSTRUCTION | Waste Diversion Deposit Refund | 250.00 |
| 118623 | 10/19/2016 | ORANGE COUNTY REGISTER-NOTICES | Public Notices / September 2016 | 420.00 |
| 118624 | 10/19/2016 | QUIKSHIP | Office Supplies | 204.28 |
| 118625 | 10/19/2016 | SIERRA INSTALLATIONS, INC | Transfer of Street Banners to Storage Facility | 600.00 |
| 118626 | 10/19/2016 | SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS | Membership Dues / FY 2016-17 | 1,721.00 |
| 118627 | 10/19/2016 | STAPLES | Office Supplies | 159.29 |
| 118628 | 10/26/2016 | AT&T | Telephone / 581-3974 / October 2016 | 91.61 |
| 118629 | 10/26/2016 | AT&T | Telephone / 583-1105 / October 2016 | 19.82 |
| 118630 | 10/26/2016 | AT&T | White Pages / October 2016 | 4.53 |
| 118631 | 10/26/2016 | CITY OF LAGUNA BEACH | Animal Control & Shelter Services / October 2016 | 8,043.00 |
| 118632 | 10/26/2016 | COUNTY OF ORANGE | 800MHz Communication Charges / July - December 2016 | 550.00 |

**CITY OF LAGUNA WOODS
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11/16/2016**

ITEM 6.3

| Number | Date | Vendor Name | Description | Amount |
|---------------|-------------|--------------------------------|--|---------------|
| 118633 | 10/26/2016 | J G CONSTRUCTION | Waste Diversion Deposit Refund | 10,000.00 |
| 118634 | 10/26/2016 | KONE, INC. | City Hall Elevator Maintenance / October 2016 | 246.98 |
| 118635 | 10/26/2016 | MICHAEL BAKER INTERNATIONAL | Planning Services / July - August 2016 | 21,566.25 |
| 118636 | 10/26/2016 | NIEVES LANDSCAPE, INC. | Right of Way Landscape Maintenance / October 2016 | 11,800.00 |
| 118636 | 10/26/2016 | NIEVES LANDSCAPE, INC. | City Hall Landscape Maintenance / October 2016 | 406.25 |
| 118637 | 10/26/2016 | OBR ARCHITECTURE, INC. | Design Services, City Hall Restroom Repair and Improvement Project | 8,930.44 |
| 118638 | 10/26/2016 | PRINCIPAL FINANCIAL GROUP | Long-Term Disability Insurance / November 2016 | 340.57 |
| 118639 | 10/26/2016 | PV MAINTENANCE, INC. | City Hall, Street & Property Maintenance Services / September 2016 | 12,137.30 |
| 118640 | 10/26/2016 | SIEMENS INDUSTRY, INC. | Traffic Signal Maintenance / September 2016 | 2,293.50 |
| 118641 | 10/26/2016 | SOUTHERN CALIFORNIA EDISON | Traffic Signal Control / September 2016 | 223.41 |
| 118642 | 10/26/2016 | STAPLES | Office Supplies | 212.36 |
| 118643 | 10/26/2016 | STL LANDSCAPE, INC. | Construction / Santa Maria Avenue Bioswale Project | 5,250.00 |
| 118644 | 10/26/2016 | WAGE WORKS | 125 Cafeteria Plan / September 2016 | 100.00 |
| 118645 | 10/26/2016 | WM CURBSIDE, LLC | HHW, Medicine, and Sharps Collection Program / September 2016 | 5,008.55 |
| 118646 | 11/02/2016 | ACCELA, INC. | Subscription - Code Enforcement, Water Quality Software / FY 2016-17 | 3,000.00 |
| 118647 | 11/02/2016 | ANAHEIM COMMUNITY PUBLISHING | Graphic Design & Printing Services | 683.77 |
| 118648 | 11/02/2016 | BALLIET, MICHAEL | Waste & Recycling Consulting Services / September 2016 | 1,870.00 |
| 118649 | 11/02/2016 | CAA | Water Quality Consulting Services / September 2016 | 3,690.00 |
| 118650 | 11/02/2016 | VOIDED CHECK | Printing Error | 0.00 |
| 118651 | 11/02/2016 | CALIFORNIA YELLOW CAB | NEMT Voucher Services / September 2016 | 11,947.00 |
| 118651 | 11/02/2016 | CALIFORNIA YELLOW CAB | Taxi Voucher Services / September 2016 | 13,153.00 |
| 118652 | 11/02/2016 | CIVIL SOURCE | Building Inspection and Counter Services / September 2016 | 40,862.50 |
| 118653 | 11/02/2016 | CYNTHIA CONNERS | Auto Allowance / November 2016 | 300.00 |
| 118654 | 11/02/2016 | COUNTY OF ORANGE | Aliso Creek Watershed Water Quality Cost-Share / FY 2016-17 | 4,359.76 |
| 118655 | 11/02/2016 | CSG CONSULTANTS, INC. | Plan Check Services / September 2016 | 1,147.50 |
| 118656 | 11/02/2016 | DELTA DENTAL OF CALIFORNIA | Employee Benefits Program / November 2016 | 293.37 |
| 118657 | 11/02/2016 | MARC DONOHUE | Administrative Services / September 2016 | 200.00 |
| 118658 | 11/02/2016 | EL TORO WATER DISTRICT | Fire Code Requirement - Backflow - City Hall / October 2016 | 30.68 |
| 118659 | 11/02/2016 | EL TORO WATER DISTRICT | City Hall Water & Sewer Services / October 2016 | 122.89 |
| 118660 | 11/02/2016 | ANGELQUE FLANAGAN | Mileage Reimbursement | 83.16 |
| 118661 | 11/02/2016 | GARY GATES | Reimbursement - Payroll Reconciliation Project, Amended Tax Preparation Fees | 378.54 |
| 118662 | 11/02/2016 | HACK, BERT | Auto Allowance / November 2016 | 300.00 |
| 118663 | 11/02/2016 | ROBERT NOEL HATCH | Auto Allowance / November 2016 | 300.00 |
| 118664 | 11/02/2016 | SHARI HORNE | Auto Allowance / November 2016 | 300.00 |
| 118665 | 11/02/2016 | HSW RR, INC. | Video Inspection Services / Moulton Parkway Drainage Improvement | 412.50 |
| 118666 | 11/02/2016 | MITCHELL KAUDERER | Taxi Voucher Refund | 19.00 |
| 118667 | 11/02/2016 | KONE, INC. | City Hall Elevator Maintenance | 180.99 |
| 118668 | 11/02/2016 | MANAGED HEALTH NETWORK | Employee Benefits Program / November 2016 | 16.72 |
| 118669 | 11/02/2016 | MICHAEL BAKER INTERNATIONAL | Medical Marijuana Dispensary Parking Analysis / August 2016 | 1,425.00 |
| 118670 | 11/02/2016 | ORKIN | Pest Control Services / October 2016 | 108.16 |
| 118671 | 11/02/2016 | PEAK LIGHTING & ELECTRIC, INC. | Residential Street Light Maintenance / October 2016 | 682.89 |
| 118672 | 11/02/2016 | RUTAN & TUCKER, LLP | Legal Services / September 2016 | 3,953.50 |
| 118673 | 11/02/2016 | CORNELIA SAVENYE | Taxi Voucher Refund | 25.00 |

**CITY OF LAGUNA WOODS
WARRANT REGISTER
11/16/2016**

ITEM 6.3

| Number | Date | Vendor Name | Description | Amount |
|---|-------------|--------------------------------|--|------------------------------|
| 118674 | 11/02/2016 | SOCAL SENIOR SERVICES, LLC | Administration Charge Refund, Cancelled Permit | 25.00 |
| 118675 | 11/02/2016 | SONITROL | City Hall Fire Monitoring / November 2016 | 64.38 |
| 118676 | 11/02/2016 | SOUTHERN CALIFORNIA EDISON | Irrigation Controllers / October 2016 | 104.92 |
| 118677 | 11/02/2016 | SOUTHERN CALIFORNIA EDISON | Irrigation Controller / October 2016 | 27.47 |
| 118678 | 11/02/2016 | SOUTHERN CALIFORNIA EDISON | Irrigation Controller / October 2016 | 26.65 |
| 118679 | 11/02/2016 | TALIMAR SYSTEMS, INC. | Office Furniture, City Hall | 2,296.61 |
| 118680 | 11/02/2016 | TONY'S LOCKSMITH | Locksmith Services, City Hall | 397.80 |
| 118681 | 11/02/2016 | VISION SERVICE PLAN OF AMERICA | Employee Benefits Program / November 2016 | 120.18 |
| 118682 | 11/02/2016 | YONG YIM | Taxi Voucher Refund | 48.00 |
| Total Bank Debits and Warrants: | | | | <u>\$1,074,470.28</u> |
| Credit Card Statement Detail / August 6 - September 5, 2016 | | | | |
| | | The Home Depot | Window Blinds, City Hall | 1,110.63 |
| | | FedEx Office | Courier Services | 38.71 |
| | | Office Depot | Office Supplies | 52.68 |
| | | Wayfair.com | Office Furniture, City Hall | 328.28 |
| Total Credit Cards: | | | | <u>1,530.30</u> |
| Credit Card Statement Detail / September 6 - October 5, 2016 | | | | |
| | | CSMFO | 2016-17 CSMFO Budget Awards Program - Operating Budget Application | 150.00 |
| | | Aaron Brothers | Framing Costs, City Art Preservation | 190.58 |
| | | Bank of America | Credit Card Annual Fee | 25.00 |
| Total Credit Cards: | | | | <u>365.58</u> |
| Petty Cash Expenditure Detail | | | | |
| | | The Home Depot | Office Supplies, City Hall | 9.02 |
| | | Orange County Clerk - Recorder | Filing Notice of Exemption / CUP-1128 | 50.00 |
| | | Orange County Clerk - Recorder | Filing Notice of Exemption / CUP-1124 | 50.00 |
| | | Rebecca Pennington | Mileage Reimbursement | 21.06 |
| | | Michaels' | Sign Supplies for City Hall Events | 27.54 |
| | | The Home Depot | City Hall Flag Pole Repair Supplies | 5.61 |
| | | Stater Bros | Water & Ice for Shredding Event | 17.79 |
| Total Petty Cash: | | | | <u>181.02</u> |
| TOTAL | | | | <u>\$1,076,547.18</u> |

6.4

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: November 16, 2016 Regular Meeting

SUBJECT: Investment of Financial Assets Policy

Recommendation

Approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, REVIEWING AND ADOPTING AN ANNUAL STATEMENT OF THE INVESTMENT POLICY, ADOPTING AN INVESTMENT POLICY, AND RENEWING ITS DELEGATION OF INVESTMENT AUTHORITY PURSUANT TO GOVERNMENT CODE SECTION 53607 TO THE CITY TREASURER

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.

Government Code Section 53607 requires that the City Council review the City's investment policy, as it relates to any delegation of investment authority, at least annually. Separately, Government Code Section 53646 speaks to the advisability of regular investment policy reviews.

The existing investment policy (Attachment A) was last reviewed and adopted by the City Council at the regular meeting on November 18, 2015. The adopted policy included significant changes from previous policies, but maintained a conservative

approach to investment activity. At that same meeting, the City Council also voted to renew its delegation of investment authority to the City Treasurer.

At the regular meeting on December 16, 2015, the City Council appointed Mayor Pro Tem Horne and Councilmember Moore to a standing Investment Policy Review Committee meeting, as called for in the investment policy.

Discussion

The Investment Policy Review Committee, City Manager, and City Treasurer recommend no change to the existing investment policy. With the adoption of significant changes to the investment policy occurring only one year ago, and full implementation of those changes delayed by the selection of a broker/dealer and the establishment of a fiduciary account, staff believes that it would be prudent to continue the investment policy in its current form for at least another year, before additional changes are considered. Staff is also in the process of preparing for a transition in “day-to-day” banking services, including the evaluation of proposals based, in part, on each bank’s understanding of the existing investment policy.

The Investment Policy Review Committee and City Manager recommend that the City Council renew its delegation of investment authority to the City Treasurer. Doing so would be consistent with best practices related to internal control, as well as the investment process outlined in the existing investment policy. The current City Treasurer is a Certified Public Accountant (CPA) and member of several professional organizations, including the California Municipal Treasurers Association, the Government Finance Officers Association, and the California Society of Municipal Finance Officers.

Fiscal Impact

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

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

Attachment: A – Proposed Resolution
Exhibit A – Proposed Investment Policy

RESOLUTION NO. 16-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, REVIEWING AND ADOPTING AN ANNUAL STATEMENT OF THE INVESTMENT POLICY, ADOPTING AN INVESTMENT POLICY, AND RENEWING ITS DELEGATION OF INVESTMENT AUTHORITY PURSUANT TO GOVERNMENT CODE SECTION 53607 TO THE CITY TREASURER

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

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

WHEREAS, the City's investment policy is contained in Administrative Policy 2.2 and was last adopted by the City Council on November 18, 2015; and

WHEREAS, the City Council's practice is to review the City's investment policy, annually, and consider any changes thereto at a public meeting; and

WHEREAS, on December 16, 2015, the City Council appointed Mayor Pro Tem Horne and Councilmember Moore to a standing Investment Policy Review Committee in accordance with the City's investment policy; and

WHEREAS, the Investment Policy Review Committee has worked with the City Treasurer and staff to review the adequacy and effectiveness of the City's investment policy as adopted on November 18, 2015, and recommends that the City Council adopt the policy in its existing form with no changes at this time; and

WHEREAS, Government Code Section 53607 provides that the authority of City Council to invest or to reinvest City funds, or to sell or exchange securities so purchased, may be delegated for a one-year period by the City Council to the City Treasurer, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires. Subject to review, the City Council may renew the delegation of authority annually.

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

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

SECTION 2. After independent review and consideration, the City Council renews its delegation of investment authority to the City Treasurer, as described in the administrative policy attached hereto as Exhibit A, in accordance with applicable Government Code and Laguna Woods Municipal Code provisions.

SECTION 3. The Deputy City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED on this XX day of XX 2016.

NOEL HATCH, Mayor

ATTEST:

YOLIE TRIPPY, Deputy City Clerk

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

I, YOLIE TRIPPY, Deputy City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Resolution No. 16-XX** was duly adopted by the City Council of the City of Laguna Woods at a regular meeting thereof, held on the XX day of XX 2016, by the following vote:

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

YOLIE TRIPPY, Deputy City Clerk

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**CITY OF LAGUNA WOODS
ADMINISTRATIVE POLICY 2.2**

INVESTMENT OF FINANCIAL ASSETS

2.2.01. Statement of Purpose.

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

2.2.02. Scope.

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

2.2.03. Objectives.

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

1. Safety – Safety of principal shall be the foremost objective. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall investment portfolio and the mitigation of credit risk and interest rate risk. Diversification is required with the goal of ensuring that potential losses on individual investments do not exceed the overall income generated from the balance of the portfolio. In a diversified portfolio, it is acknowledged and understood that occasional measurement losses may occur. Such losses shall be considered within the overall portfolio’s investment return.
2. Liquidity – The investment portfolio shall remain sufficiently liquid (i.e., capable of being converted to cash quickly) in order to enable the City to meet all reasonably anticipated cash demands and operational requirements and to maintain compliance with all applicable indenture agreements. Since unusual or unanticipated cash demands and operational requirements may occur from

time-to-time, the portfolio shall primarily consist of investments in securities with active secondary and resale markets.

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

2.2.04. Delegation of Authority.

City Treasurer

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

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

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

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

Investment Policy Review Committee of the City Council

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

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

2.2.05. Public Trust.

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

2.2.06. Prudence.

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

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

2.2.07. Ethics and Conflicts of Interest.

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

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

2.2.08. Internal Controls and Routine External Review.

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

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

2.2.09. Authorized Financial Dealers, Depositories, and Institutions.

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

The selection of financial dealers, depositories, and institutions shall follow a periodic competitive procurement process (e.g., requests for proposals or requests

for qualifications) and be subject to ultimate approval of the City Council or City Manager in accordance with established purchasing regulations and policies. The nature of the competitive procurement process, frequency thereof, and submittals required, shall be designed and determined by the City Treasurer.

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

2.2.10. Authorized Investments.

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

A. Monies required to meet immediate cash flow needs:

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

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

- *Bankers' Acceptances*
Minimum Standard & Poor's Rating: A1, Minimum Moody's Rating: P1
- *Commercial Paper*
Minimum Standard & Poor's Rating: A1, Minimum Moody's Rating: P1
- *Local Government Investment Pools*
- *Money Market Mutual Funds*
Minimum Standard & Poor's Rating: AAA, Minimum Moody's Rating: Aaa
- *Non-Negotiable Certificates of Deposit*
Fully insured by FDIC or collateralized with a minimum Standard & Poor's Rating: AA, Minimum Moody's Rating: Aa
- *Passbook Savings Demand Deposits*
Fully insured by FDIC or collateralized
- *Repurchase Agreements*
Minimum Standard & Poor's Rating: AA, Minimum Moody's Rating: Aa

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

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

- *United States Treasury Obligations (notes, bonds, bills, or other certificates or coupons)*
Explicit full faith and credit guarantee of the United States Government with a minimum Standard & Poor's Rating: A1, Minimum Moody's Rating: P1
- *United States Agency Obligations*
Implied full faith and credit guarantee of the United States Government with a minimum Standard & Poor's Rating: A1, Minimum Moody's Rating: P1
- *State of California and Others States-issued Obligations (notes, bonds, or warrants)*
Minimum Standard & Poor's Rating: AA, Minimum Moody's Rating: Aa
- *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, Minimum Moody's Rating: Aa
- *Negotiable Certificates of Deposit*
Minimum Standard & Poor's Rating: A1, Minimum Moody's Rating: P1
- *All investments authorized under sections 2.2.10(A) and (B).*

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.

2.2.12. Prohibited Investments.

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

2.2.13. Monthly Internal Compliance Review of Investment Portfolio.

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

2.2.14. Safekeeping and Custody.

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

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

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

2.2.15. Collateralization.

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

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

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

2.2.16. Diversification and Maximum Maturities.

The overall investment portfolio shall be diversified to avoid incurring unreasonable and avoidable risks associated with concentrating investments in specific investment types, maturity segments, or individual financial institutions.

Authorized investments shall be invested subject to the following:

Table 2.2-1: Diversification and Maximum Maturities Table

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

| Type of Investment | Maximum Amount of Portfolio Investment | Maximum Maturity |
|--|--|------------------|
| United States Treasury Obligations | 30% of overall portfolio for any one investment type (no more than 20% of a single issuer) | 3 years |
| United States Agency Obligations | | 3 years |
| State of California and Other States-issued Obligations | 20% of overall portfolio for any one investment type (no more than 20% of a single issuer) | 3 years |
| California Local Government-issued Municipal Obligations | | 3 years |
| Negotiable Certificates of Deposit | 30% (no more than 5% with one bank or single issuer) | 3 years |

2.2.17. Reporting.

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

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

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

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

2.2.19. Relationship to Federal and State Laws.

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

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

2.2.20. Attachments.

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

City Council Adoption: November XX, 2016

Attachment A, “Glossary of Terms and Acronyms”

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CREDIT RATING: Various alphabetical and numerical designations used by institutional investors, Wall Street underwriters, and commercial rating companies to give relative indications of bond and note creditworthiness. Standard & Poor’s and Fitch Ratings use the same system, starting with their highest rating, of AAA, AA, A, BBB, BB, B, CCC, CC, C, and D for default. Moody’s Investors Service uses AAA, AA, A, BAA, BA, B, CAA, CA, and D. Each of the services use pluses (+), minuses (-), or numerical modifiers to indicate steps within each category. The top four letter categories are considered investment grade ratings.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OPTIONS: A contract that gives the buyer the right to buy or sell an obligation at a specified price for a specified time. Exchange Traded Options are standardized

option contracts that are actively traded on the Chicago Board of Exchange on a daily basis whereas Over-the-Counter Options are traded directly between the buyer and seller at agreed upon prices and conditions (the former type of option is therefore more liquid than the latter).

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

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

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

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

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

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

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

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

PROSPECTUS: A disclosure document that must be provided to any prospective purchaser of a new securities offering registered with the SEC that typically includes information on the issuer, the issuer’s business, the proposed use of proceeds, the

experience of the issuer’s management, and certain certified financial statements (also known as an “official statement”).

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

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

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

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

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

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

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

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

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

custodian to hold the securities and collateral. Economically similar to reverse repurchase agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

6.5
CONFLICT OF INTEREST CODE

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City of Laguna Woods

Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager

FOR: November 16, 2016 Regular Meeting

SUBJECT: Conflict of Interest Code

Recommendation

Approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, RESCINDING RESOLUTION NO. 14-26 AND ADOPTING AN AMENDED CONFLICT OF INTEREST CODE

Background

The Political Reform Act requires the City to adopt a conflict of interest code for the filing of Statements of Economic Interests (Form 700) by designated employee and consultant positions. Designated positions generally include the members of the City Council, the City Manager, the City Attorney, the City Treasurer, positions that manage public investments, and positions that make or participate in making decisions that may foreseeably have a material effect on any financial interest.

The City's conflict of interest code was last updated in December 2014 to reflect changes in the City's organizational structure and California Fair Political Practices Commission (FPPC) gift limit regulations.

Discussion

Staff has reviewed the City's existing conflict of interest code and is proposing an amended code (Attachment A) that includes the following modifications to the list of designated positions in order to reflect current organizational structure:

- Modification of the title “Deputy City Attorney” to “Assistant City Attorney,” in order to accurately reflect that consultant position’s title
- Deletion of the Assistant City Manager, Community Services Manager, and Planning Manager positions, which no longer exist.

Fiscal Impact

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

Attachment: A – Proposed Resolution

Exhibit A – Proposed Conflict of Interest Code

Exhibit B – Proposed Consultants

Exhibit C – Proposed Designated Employees and Disclosure Categories

Exhibit D – Proposed Categories of Reportable Economic Interests

Exhibit E – Proposed Definitions under the Political Reform Act

RESOLUTION NO. 16-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, RESCINDING RESOLUTION NO. 14-26 AND ADOPTING AN AMENDED CONFLICT OF INTEREST CODE

WHEREAS, the Political Reform Act of 1974 and Government Code Sections 81000 *et seq.* (“Act”), require local governmental agencies to adopt a conflict of interest code pursuant to the Act; and

WHEREAS, the City Council adopted Resolution No. 02-31 on September 18, 2002, establishing a conflict of interest code; and

WHEREAS, the City Council adopted Resolution No. 14-26 on December 17, 2014, adopting an amended conflict of interest code; and

WHEREAS, subsequent changes to the City’s organizational structure make it appropriate to amend the conflict of interest code.

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

SECTION 1. Resolution No. 14-26 is hereby repealed.

SECTION 2. The terms of 2 California Code of Regulations, Section 18730, a copy of which is attached hereto as Exhibit A, and any amendments to it duly adopted by the Fair Political Practices Commission (FPPC), are hereby adopted and incorporated by reference as the conflict of interest code for the City. That regulation together with Exhibits B, C, D, and E to this resolution, in which members and employees are designated and disclosure categories are set forth and explained, shall constitute the conflict of interest code of the City.

SECTION 3. Employees designated in Exhibit C hereto shall file Statements of Economic Interests (Form 700) with the City Clerk pursuant to this resolution. The Mayor, Members of the City Council, City Manager, City Attorney, City Treasurer, and officials who manage public investments shall file a Form 700 statement pursuant to state law (Gov. Code § 87200 *et seq.*) with the City Clerk who shall forward a copy of the statement to the Fair Political Practices Commission (FPPC). The City Clerk shall retain a copy of all statements of

economic interests and make them available for public inspection and reproduction (Gov. Code § 81008).

SECTION 4. The Deputy City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED on this XX day of XX 2016.

NOEL HATCH, Mayor

ATTEST:

YOLIE TRIPPY, Deputy City Clerk

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

I, YOLIE TRIPPY, Deputy City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Resolution No. 16-XX** was duly adopted by the City Council of the City of Laguna Woods at a regular meeting thereof, held on the XX day of XX 2016, by the following vote:

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

YOLIE TRIPPY, Deputy City Clerk

EXHIBIT A

**CONFLICT OF INTEREST CODE
CITY OF LAGUNA WOODS**

**TITLE 2. ADMINISTRATION
DIVISION 6. FAIR POLITICAL PRACTICES COMMISSION
CHAPTER 7. CONFLICTS OF INTEREST**

ARTICLE 2. DISCLOSURE

2 CCR 18730 (1998)

18730. Provisions of Conflict of Interest Codes

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Government Code section 87300 or the amendment of a conflict of interest code within the meaning of Government Code section 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Government Code sections 81000, et seq. The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Government Code section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (2 Cal. Code of Regs. sections 18100, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) Section 2. Designated Employees.

The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on financial interests.

ITEM 6.5 – Exhibit A to Attachment A

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Government Code section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their financial interests pursuant to article 2 of chapter 7 of the Political Reform Act, Government Code sections 87200, et seq.

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

- (A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;
- (B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Government Code section 87200; and
- (C) The filing officer is the same for both agencies.¹

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of financial interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those financial interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that the financial interests set forth in a designated employee's disclosure categories are the kinds of financial interests which he or she foreseeably can affect materially through the conduct of his or her office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.²

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

ITEM 6.5 – Exhibit A to Attachment A

(C) Annual Statements. All designated employees shall file statements no later than April 1.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later.

ITEM 6.5 – Exhibit A to Attachment A

(D) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure.

When an investment or an interest in real property³ is required to be reported⁴ the statement shall contain the following:

1. A statement of the nature of the investment or interest;
2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
3. The address or other precise location of the real property;
4. A statement whether the fair market value of the investment or interest in real property exceeds two thousand dollars (\$2,000), exceeds ten thousand dollars (\$10,000), exceeds one hundred thousand dollars (\$100,000), or exceeds one million dollars (\$1,000,000).

(B) Personal Income Disclosure. When personal income is required to be reported⁵ the statement shall contain:

1. The name and address of each source of income aggregating five hundred dollars (\$500) or more in value, or fifty dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source;
2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was one thousand dollars (\$1,000) or less, greater than one thousand dollars (\$1,000), greater than ten thousand dollars (\$10,000), or greater than one hundred thousand dollars (\$100,000);
3. A description of the consideration, if any, for which the income was received;
4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;

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5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported⁶ the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;
2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than ten thousand dollars (\$10,000).

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (a), (b), and (c) of Government Code Section 89501 shall apply to the prohibitions in this section.

This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code section 89506.

(8.1) Section 8.1. Prohibition on Receipt of Gifts in Excess of \$440.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$440 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This

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section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (e), (f), and (g) of Government Code section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2. Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

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1. Loans made to the campaign committee of an elected officer or candidate for elective office.
2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
3. Loans from a person which, in the aggregate, do not exceed five hundred dollars (\$500) at any given time.
4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan of five hundred dollars (\$500) or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.
2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

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1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.
2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:
 - a. The date the loan was made.
 - b. The date the last payment of one hundred dollars (\$100) or more was made on the loan.
 - c. The date upon which the debtor has made payments on the loan aggregating to less than two hundred fifty dollars (\$250) during the previous 12 months.

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.
2. A loan that would otherwise not be a gift as defined in this title.
3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.
4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.
5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth two thousand dollars (\$2,000) or more;

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(B) Any real property in which the designated employee has a direct or indirect interest worth two thousand dollars (\$2,000) or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating five hundred dollars (\$500) or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$440 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

(9.5) Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services or 18705.2(c) totaling in value one thousand dollars (\$1,000) or more.

(10) Section 10. Disclosure of Disqualifying Interest.

When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

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Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Government Code section 83114 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Government Code sections 81000-91015. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Government Code section 87100 or 87450 has occurred may be set aside as void pursuant to Government Code section 91003.

AUTHORITY:

NOTE: Authority cited: Section 83112, Government Code. Reference: Section 87302, Government Code.

HISTORY:

1. New section filed 4-2-80 as an emergency; effective upon filing (Register 80, No. 14). Certificate of Compliance included.
2. Editorial correction (Register 80, No. 29).
3. Amendment of subsection (b) filed 1-9-81; effective thirtieth day thereafter (Register 81, No. 2).
4. Amendment of subsection (b)(7)(B)1. filed 1-26-83; effective thirtieth day thereafter (Register 83, No. 5).
5. Amendment of subsection (b)(7)(A) filed 11-10-83; effective thirtieth day thereafter (Register 83, No. 46).
6. Amendment filed 4-13-87; operative 5-13-87 (Register 87, No. 16).
7. Amendment of subsection (b) filed 10-21-88; operative 11-20-88 (Register 88, No. 46).
8. Amendment of subsections (b)(8)(A) and (b)(8)(B) and numerous editorial changes filed 8-28-90; operative 9-27-90 (Reg. 90, No. 42).
9. Amendment of subsections (b)(3), (b)(8) and renumbering of following subsections and amendment of Note filed 8-7-92; operative 9-7-92 (Register 92, No. 32).

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10. Amendment of subsection (b)(5.5) and new subsections (b)(5.5)(A)-(A)(2) filed 2-4-93; operative 2-4-93 (Register 93, No. 6).
11. Change without regulatory effect adopting Conflict of Interest Code for California Mental Health Planning Council filed 11-22-93 pursuant to title 1, section 100, California Code of Regulations (Register 93, No. 48). Approved by Fair Political Practices Commission 9-21-93.
12. Change without regulatory effect redesignating Conflict of Interest Code for California Mental Health Planning Council as chapter 62, section 55100 filed 1-4-94 pursuant to title 1, section 100, California Code of Regulations (Register 94, No. 1).
13. Editorial correction adding History 11 and 12 and deleting duplicate section number (Register 94, No. 17).
14. Amendment of subsection (b)(8), designation of subsection (b)(8)(A), new subsection (b)(8)(B), and amendment of subsections (b)(8.1)-(b)(8.1)(B), (b)(9)(E) and Note filed 3-14-95; operative 3-14-95 pursuant to Government Code section 11343.4(d) (Register 95, No. 11).
15. Editorial correction inserting inadvertently omitted language in footnote 4 (Register 96, No. 13).
16. Amendment of subsections (b)(8)(A)-(B) and (b)(8.1)(A), repealer of subsection (b)(8.1)(B), and amendment of subsection (b)(12) filed 10-23-96; operative 10-23-96 pursuant to Government Code section 11343.4(d) (Register 96, No. 43).
17. Amendment of subsections (b)(8.1) and (9)(E) filed 4-9-97; operative 4-9-97 pursuant to Government Code section 11343.4(d) (Register 97, No. 15).
18. Amendment of subsections (b)(7)(B)5., new subsections (b)(8.2)-(b)(8.4)(C) and amendment of Note filed 8-24-98; operative 8-24-98 pursuant to Government Code section 11343.4(d) (Register 98, No. 35).
19. Editorial correction of subsection (a) (Register 98, No. 47).
20. Amendment of subsections (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 5-11-99; operative 5-11-99 pursuant to Government Code section 11343.4(d) (Register 99, No. 20).
21. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 12-6-2000; operative 1-1-2001 pursuant to the 1974 version of Government Code section 11380.2 and Title 2, California Code of Regulations, section 18312(d) and (e) (Register 2000, No. 49).
22. Amendment of subsections (b)(3) and (b)(10) filed 1-10-2001; operative 2-1-2001. Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 2).

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23. Amendment of subsections (b)(7)(A)4., (b)(7)(B)1.-2., (b)(8.2)(E)3., (b)(9)(A)-(C) and footnote 4. filed 2-13-2001. Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 7).

FOOTNOTES:

¹ Designated employees who are required to file statements of economic interests under any other agency's conflict of interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Government Code section 81004.

² See Government Code section 81010 and 2 Cal. Code of Regs. section 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

³ For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

⁴ Investments and interests in real property which have a fair market value of less than \$2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

⁵ A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

⁶ Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

EXHIBIT B

Consultants

Commission Regulation 18701 (a)(2) defines "consultant" as an individual who, pursuant to a contract with a state or local government agency:

- (A) Makes a governmental decision whether to:
 - (i) Approve a rate, rule, or regulation
 - (ii) Adopt or enforce a law;
 - (iii) Issue, deny, suspend, or revoke any permit license, application, certificate, approval, order, or similar authorization or entitlement;
 - (iv) Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract which requires agency approval;
 - (v) Grant agency approval to a contract which requires agency approval and in which the agency is a party or to the specifications for such a contract;
 - (vi) Grant agency approval to a plan, design, report, study, or similar item;
 - (vii) Adopt, or grant agency approval of policies, standards, or guidelines for the agency, or for any subdivision thereof; or
- (B) Serves in a staff capacity with the agency, and in that capacity participates in making a governmental decision (Regulation 18702.2) or performs the same or substantially all the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agency's Conflict of Interest Code.

Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The City Manager may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in the section. Such written determination shall include a description of the consultant's duties and, based upon the description, a statement of the extent of disclosure requirements. The City Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

EXHIBIT C

Designated Employees and Disclosure Categories

The following positions are held by individuals involved in making, or who participate in the making, of decisions which may foreseeably have a material effect on financial interests:

Designated Position Disclosure Categories

| | |
|---|---|
| Administrative Services Director/City Treasurer | 1 |
| Building Official (Consultant) | 1 |
| Chief of Police Services (Consultant)..... | 1 |
| City Clerk..... | 1 |
| Consultant* | 1 |
| Assistant City Attorney (Consultant)..... | 1 |
| Exempt Officials** | 1 |
| Fire Chief (Consultant) | 1 |
| Senior Accountant..... | 1 |

* See Attachment B for explanation of Consultant filing

** The Mayor, City Council, Members of the Planning Commission, City Manager, City Attorney, City Treasurer, and officials who manage public investments are all required to file disclosure statements pursuant to state law and thus are not included herein.

EXHIBIT D

Categories of Reportable Economic Interests

Designated Persons in Category " 1 " Must Report:

All investments, interests in real property, income, and any business entity in which the person is a director, officer, partner, trustee, employee, or holds any position of management. These financial interests are reportable only if located within and subject to the jurisdiction of the City, or if the business entity is doing business or planning to do business in an area subject to the jurisdiction of the City, or has done business within an area subject to the jurisdiction of the City at any time during the two (2) years prior to the filing of the statement.

Designated Persons in Category " 2 " Must Report:

- (a) All investments in real property located within or subject to the jurisdiction of the City.
- (b) Investments in any business entity which within the last two (2) years has contracted or in the future foreseeably may contract with the City.
- (c) Income from any source which within the last two (2) years has contracted or in the future foreseeably may contract with the City.
- (d) His or her status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity which within the last two (2) years has contracted or in the future foreseeably may contract with the City.

Designated Persons in Category " 3 " Must Report:

- (a) Investments and business positions in, and income from business entities located in, doing business in, or planning to do business in the redevelopment project area and all interests in real property located within two (2) miles of the redevelopment project area.

EXHIBIT E

Definitions under the Political Reform Act

Government Code Section 82030

82030. Income.

a) "Income" means, except as provided in subdivision (b), a payment received, including but not limited to any salary, wage, advance, dividend, interest, rent, proceeds from any sale, gift, including any gift of food or beverage, loan, forgiveness or payment of indebtedness received by the filer, reimbursement for expenses, per diem, or contribution to an insurance or pension program paid by any person other than an employer, and including any community property interest in the income of a spouse. Income also includes an outstanding loan. Income of an individual also includes a pro rata share of any income of any business entity or trust in which the individual or spouse owns, directly, indirectly or beneficially, a 10-percent interest or greater. "Income," other than a gift, does not include income received from any source outside the jurisdiction and not doing business within the jurisdiction, not planning to do business within the jurisdiction, or not having done business within the jurisdiction during the two years prior to the time any statement or other action is required under this title.

(b) "Income" also does not include:

- (1) Campaign contributions required to be reported under Chapter 4 (commencing with Section 84100).
- (2) Salary and reimbursement for expenses or per diem received from a state, local, or federal government agency and reimbursement for travel expenses and per diem received from a bona fide nonprofit entity exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.
- (3) Any devise or inheritance.
- (4) Interest, dividends, or premiums on a time or demand deposit in a financial institution, shares in a credit union or any insurance policy, payments received under any insurance policy, or any bond or other debt instrument issued by any government or government agency.
- (5) Dividends, interest, or any other return on a security which is registered with the Securities and Exchange Commission of the United States government or a commodity future registered with the Commodity Futures Trading Commission of the United States government, except proceeds from the sale of these securities and commodities futures.
- (6) Redemption of a mutual fund.

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- (7) Alimony or child support payments.
- (8) Any loan or loans from a commercial lending institution which are made in the lender's regular course of business on terms available to members of the public without regard to official status if:
 - (A) The loan is secured by the principal residence of filer; or
 - (B) The balance owed does not exceed ten thousand dollars (\$10,000).
- (9) Any loan from or payments received on a loan made to an individual's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, uncle, aunt, or first cousin, or the spouse of any such person, provided that a loan or loan payment received from any such person shall be considered income if he or she is acting as an agent or intermediary for any person not covered by this paragraph.
- (10) Any indebtedness created as part of a retail installment or credit card transaction if made in the lender's regular course of business on terms available to members of the public without regard to official status, so long as the balance owed to the creditor does not exceed ten thousand dollars (\$10,000).
- (11) Payments received under a defined benefit pension plan qualified under Internal Revenue Code Section 401(a).
- (12) Proceeds from the sale of securities registered with the Securities and Exchange Commission of the United States government or from the sale of commodities futures registered with the Commodity Futures Trading Commission of the United States government if the filer sells the securities or the commodities futures on a stock or commodities exchange and does not know or have reason to know the identity of the purchaser.

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6.6
SOLID WASTE HANDLING SERVICES
FRANCHISE AGREEMENT

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**FIRST AMENDMENT TO THE AGREEMENT BETWEEN CITY OF
LAGUNA WOODS AND WASTE MANAGEMENT COLLECTION
AND RECYCLING, INC. FOR SOLID WASTE HANDLING SERVICES**

THIS FIRST AMENDMENT TO THE AGREEMENT BETWEEN CITY OF LAGUNA WOODS AND WASTE MANAGEMENT COLLECTION AND RECYCLING, INC. FOR SOLID WASTE HANDLING SERVICES ("Amendment No. 1") is made and entered into as of the 1st day of December, 2016 ("Effective Date"), by and between the CITY OF LAGUNA WOODS ("City"), and WASTE MANAGEMENT COLLECTION AND RECYCLING, INC. ("Contractor").

RECITALS

A. On or about January 1, 2016, City and Contractor entered into that certain Agreement Between City of Laguna Woods and Waste Management Collection and Recycling, Inc. for Solid Waste Handling Services ("Agreement"), pursuant to which City agreed to provide to Contractor an exclusive franchise for Solid Waste Handling Services within the City of Laguna Woods.

B. Pursuant to Section 8.6.10 of the Agreement, City and Contractor have developed remedial actions as to Customers who habitually set out excessively contaminated Recycling, Organics, or Green Waste Containers, including fees.

C. City and Contractor have developed a document shredding service program to be provided four (4) times per year.

D. Exhibit A of the Agreement set forth the maximum rates for Organics Collection, utilizing Bins and Carts. City and Contractor now wish to update Exhibit A to include bags for Organics Collection, and to add certain other services related to Organics Collection.

E. As of the date City and Contractor entered into the Agreement, Contractor was not offering source separated Green Waste Collection service at Commercial Premises, and instead Customers at Commercial Premises were commingling Green Waste with other Solid Waste and disposing of such waste in refuse Containers. Contractor and City now desire for Contractor to offer Green Waste Collection service for those Customers at Commercial Premises who desire such service. City and Contractor have determined a fair and reasonable adjustment to the maximum rates set forth on Exhibit A of the Agreement to compensate Contractor for the source separated Collection and proper handling of Green Waste from Commercial Premises.

F. City and Contractor now desire to amend the Agreement to address the issues described in Recitals B-E above.

AMENDMENT

In consideration of the foregoing Recitals, which are incorporated herein by this reference, and the covenants and promises hereinafter contained, and for good and valuable consideration,

the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree to amend the Agreement as follows:

1. Excessively Contaminated Containers. The Agreement is hereby amended to replace Section 8.6.10, in its entirety, with the following:

8.6.10. Excessively Contaminated Containers

Without limiting Contractor's overall diversion obligations pursuant to this Agreement, Contractor and City agree to work together to identify what materials are appropriate for inclusion in Recycling Containers, Organics Containers, and Green Waste Containers and what materials if placed therein constitute "contamination." Contractor and City agree to utilize the following procedures to assist in minimizing contamination:

(A) If Contractor documents that a particular Recycling Container, Organics Container, or Green Waste Container is excessively contaminated, Contractor shall service the Container, making whatever accommodations are necessary (at no additional cost to the Customer), such as Collecting the Container as Refuse, or removing the contamination prior to Collection. Contractor shall affix a notice to the Container with language intended to inform the Customer that:

- (1) The Container required special Collection services and the contents could not be readily recycled due to the presence of non-Recyclable Material in the Container;
- (2) What materials are and are not to be placed in the Container;
- (3) Warning that future instances of contamination may result in increased rates for Collection or other monetary or civil penalties; and
- (4) A telephone number to contact Contractor to obtain additional information and/or receive responses to any questions the Customer may have.

For Containers in which the Responsible Customer is not the primary Solid Waste generator, a similar notice shall be provided to the Responsible Customer.

(B) In the event the Recycling Container, Organics Container, or Green Waste Container in question continues to be excessively contaminated, Contractor shall provide a second notice substantially similar to the first, and make documented in-person or telephone contact with the Responsible Customer. Thereafter, if the Container in question continues to be excessively contaminated, Contractor may charge the Customer a contamination fee in an amount that does not exceed the maximum rate set forth in Exhibit A. In addition, where there have been three (3) or more instances of excessive contamination in a single Container in any twelve (12) month period, Contractor may (with approval of the City Manager) deliver additional or larger Containers to the Customer, or require

additional weekly Collections as appropriate, and charge the Customer for such increased or additional services at rates that do not exceed the maximum rates set forth in Exhibit A.

2. Reporting Requirements Regarding Contaminated Containers. The Agreement is hereby amended to replace the phrase “warning notices issued for contaminated Recyclable Materials and Green Waste Containers” in the second sentence of Section 23.1 with the phrase “warning notices issued and other actions taken pursuant to Section 8.6.10 of this Agreement for contaminated Recycling Containers, Organics Containers, and Green Waste Containers”

3. Document Shredding Services. The Agreement is hereby amended to add the following as a new Section 8.7.5:

8.7.5. Document Shredding

Contractor shall provide, at no charge, document shredding services at City-sponsored events four (4) times per year for up to four (4) hours per event, as scheduled by City. Additional events and hours may be scheduled as mutually agreed by City and Contractor. This service shall include either directly providing or contracting for the provision of Carts and personnel to Collect and dispose of unwanted documents by residents and businesses at fixed location events. This service shall specifically include furnishing at least four (4) persons to retrieve unwanted documents from resident or business vehicles and placing the same into at least four (4) 95-gallon Carts for disposal. Carts shall then be emptied directly into on-site shredding equipment, which shall be provided in type sufficient to shred at least seventeen thousand (17,000) pounds of paper per event.

4. Recycling Rates. The Agreement is hereby amended to add to Exhibit A the following rates for Recyclable Waste Collection for both Residential and Commercial services:

| Service Category | Rate |
|---|--------------------|
| Excessively Contaminated Recycling Cart beyond two occurrences per year | \$25.00/collection |
| Excessively Contaminated Recycling Bin beyond two occurrences per year | \$50.00/collection |

5. Organics Rates. The Agreement is hereby amended to replace, in its entirety, the Organics Services chart in Exhibit A with the following charts:

Organics Service

| Monthly Bin and Cart Rates | | | | | | | |
|----------------------------|------------------|----------|----------|----------|----------|----------|----------|
| Container Size/Type | Pickups per week | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 yard organics bin | \$69.96 | \$106.68 | \$214.32 | \$285.75 | \$335.76 | \$385.75 | \$453.56 |

ITEM 6.6

| | | | | | | | |
|---|---------|---------|---------|----------|----------|----------|----------|
| 32 or 64 gallon organics cart or bags of any size | \$25.65 | \$39.11 | \$78.58 | \$104.77 | \$123.11 | \$141.44 | \$166.31 |
| Other | | | | | | | |
| Locking Bin Service | \$6.37 | \$7.01 | \$7.33 | \$7.65 | \$7.97 | \$8.29 | \$9.56 |

| Service Category | Rate |
|--|--------------------|
| Extra Organics Cart Pickups | \$19.24/pickup |
| Extra Organics Bin Pickups | \$52.47/pickup |
| Extra Organics Bin Cleanings beyond two per year (requested by City or Customer) | \$40.00/cleaning |
| Extra Organics Bin Exchange beyond two per year (requested by City or Customer) | \$50.00/exchange |
| Excessively Contaminated Organics Cart beyond two occurrences per year | \$25.00/collection |
| Excessively Contaminated Organics Bin beyond two occurrences per year | \$50.00/collection |

6. Green Waste Rates. The Agreement is hereby amended to add to Exhibit A the following rates for Green Waste Collection:

Green Waste Service

| Monthly Bin and Cart Rates | | | | | | | |
|---------------------------------------|------------------|----------|----------|----------|----------|----------|----------|
| Container Size/Type | Pickups per week | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2 or 3 yard green waste bin | \$69.96 | \$106.68 | \$214.32 | \$285.75 | \$335.76 | \$385.75 | \$453.56 |
| 32, 64, or 96 gallon green waste cart | \$25.65 | \$39.11 | \$78.58 | \$104.77 | \$123.11 | \$141.44 | \$166.31 |
| Other | | | | | | | |
| Locking Bin Service | \$6.37 | \$7.01 | \$7.33 | \$7.65 | \$7.97 | \$8.29 | \$9.56 |

| Service Category | Rate |
|--------------------------------|----------------|
| Extra Green Waste Cart Pickups | \$19.24/pickup |

ITEM 6.6

| | |
|---|--------------------|
| Extra Green Waste Bin Pickups | \$52.47/pickup |
| Extra Green Waste Bin Cleanings beyond two per year (requested by City or Customer) | \$40.00/cleaning |
| Extra Green Waste Bin Exchange beyond two per year (requested by City or Customer) | \$50.00/exchange |
| Excessively Contaminated Green Waste Cart beyond two occurrences per year | \$25.00/collection |
| Excessively Contaminated Green Waste Bin beyond two occurrences per year | \$50.00/collection |

7. Effect of Amendment. Except as expressly provided in this Amendment No. 1, all of the terms, conditions, and provisions set forth in the Agreement shall remain in full force and effect.

8. Effective Date. The effective date of this Amendment No. 1 shall be the later of the dates set forth next to the signatures of the parties hereto, after both parties hereto have signed this Amendment No. 1, which date shall be inserted into the preamble to this Amendment No. 1.

9. Representations. The persons executing this Amendment No. 1 on behalf of each party hereto warrant that (a) they are duly authorized to execute this Amendment on behalf of the party for whom they sign, and (b) by so executing this Amendment No. 1, the party for whom they sign is formally bound to the provisions of this Amendment No. 1.

10. Counterparts. This Amendment No. 1 may be executed in counterparts, each of which, when both parties hereto have signed this Amendment No. 1, shall be deemed an original.

[END – SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, City and Contractor have caused this instrument to be executed on their behalf by their respective officers or agents herein duly authorized as of the date first written above.

“City”

CITY OF LAGUNA WOODS

Dated: _____

By: _____
Noel Hatch, Mayor

ATTEST:

By: _____
Yolie Trippy, Deputy City Clerk

APPROVED AS TO FORM:

By: _____
David B. Cosgrove, City Attorney

“Contractor”

WASTE MANAGEMENT COLLECTION
AND RECYCLING, INC.

Dated: _____

By: _____
Larry Metter, President-Southern
California Area

Dated: _____

By: _____
Doug Corcoran, Director of Operations
and Public Sector Solutions

[END OF SIGNATURES]

6.7
COMMUNITY GRANTS OVERSIGHT
COMMITTEE

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RESOLUTION NO. 16-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, TEMPORARILY DISBANDING AND CANCELLING MEETINGS OF THE COMMUNITY GRANTS OVERSIGHT COMMITTEE

WHEREAS, the Community Grants Oversight Committee was established by Administrative Policy 1.4 to provide citizen advice and oversight of the City's Community Services Grant Program; and

WHEREAS, the Community Services Grant Program is not currently funded due to budget constraints and limitations; and

WHEREAS, all previous funding cycles of the Community Services Grant Program have ended and all associated grants have been closed; and

WHEREAS, without an active Community Services Grant Program, the Community Grants Oversight Committee lacks business to attend to.

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

SECTION 1. The Community Grants Oversight Committee is hereby temporarily disbanded until such time as funding for the Community Services Grant Program is re-established. The City Council extends its sincere appreciation to the former chair, vice chair, and committee members for their service.

SECTION 2. All meetings of the Community Grants Oversight Committee are hereby cancelled until such time as funding for the Community Services Grant Program is re-established.

SECTION 3. The Deputy City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED on this XX day of XX 2016.

NOEL HATCH, Mayor

ATTEST:

YOLIE TRIPPY, Deputy City Clerk

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

I, YOLIE TRIPPY, Deputy City Clerk of the City of Laguna Woods, do
HEREBY CERTIFY that the foregoing **Resolution No. 16-XX** was duly adopted
by the City Council of the City of Laguna Woods at a regular meeting thereof, held
on the XX day of XX 2016, by the following vote:

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

YOLIE TRIPPY, Deputy City Clerk

7.1

**2016 CALIFORNIA BUILDING STANDARDS
CODE AND LOCAL AMENDMENTS**

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City of Laguna Woods Agenda Report

TO: Honorable Mayor and City Councilmembers
FROM: Christopher Macon, City Manager
FOR: November 16, 2016 Regular Meeting
SUBJECT: 2016 California Building Standards Code and Local Amendments

Recommendation

1. Receive staff report.

AND
2. Open public hearing.

AND
3. Receive public testimony.

AND
4. Close public hearing.

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

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING TITLE 10 OF THE LAGUNA WOODS MUNICIPAL CODE (BUILDINGS AND CONSTRUCTION) AND ADOPTING BY REFERENCE THE 2016 EDITION OF THE

CALIFORNIA BUILDING STANDARDS CODE (CALIFORNIA CODE OF REGULATIONS, TITLE 24), CONSISTING OF THE 2016 CALIFORNIA BUILDING CODE; THE 2016 CALIFORNIA MECHANICAL CODE; THE 2016 CALIFORNIA ELECTRICAL CODE; THE 2016 CALIFORNIA PLUMBING CODE; THE 2016 CALIFORNIA RESIDENTIAL CODE; THE 2016 CALIFORNIA GREEN BUILDING STANDARDS CODE; THE 2016 CALIFORNIA ENERGY CODE; THE 2016 CALIFORNIA EXISTING BUILDING CODE; AND THE 2016 CALIFORNIA REFERENCED STANDARDS CODE, TOGETHER WITH CERTAIN AMENDMENTS, ADDITIONS, AND DELETIONS THERETO

AND

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

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING CHAPTER 10-12 (FIRE CODE) OF TITLE 10 (BUILDINGS AND CONSTRUCTION) OF THE LAGUNA WOODS MUNICIPAL CODE AND ADOPTING BY REFERENCE THE 2016 EDITION OF THE CALIFORNIA FIRE CODE INCLUDING APPENDICES B, BB, C, CC, AND H, TOGETHER WITH CERTAIN AMENDMENTS, ADDITIONS, AND DELETIONS THERETO

Background

State law requires that the City enforce the California Building Standards Code, which provides uniform, statewide standards for various aspects of building and construction. The California Building Standards Code is developed and approved by the California Building Standards Commission every three years. Supplemental standards are often approved half-way through each three-year code cycle.

The 2016 California Building Standards Code will become effective on January 1, 2017 and includes modifications of the building, mechanical, electrical, plumbing, residential, green building standards, energy, existing building (formerly “existing standards”), and referenced standards codes.

While the City is unable to waive any portion of the California Building Standards Code, local amendments may be adopted if they are deemed reasonably necessary due to local climatic, geological, or topographical conditions.

Discussion

Today's meeting is an opportunity for City Council action, as well as public input, on the proposed adoption of the 2016 California Building Standards Code and local amendments. The local amendments (attachments A and B) were developed by the Orange County Fire Authority and are recommended by both the Orange County Fire Authority and the City's Building Official. For ease of review, strikethrough documents are included as attachments C, D, and E. A representative from the Orange County Fire Authority will also be available to answer questions and provide additional information at the meeting.

The complete text of the 2016 California Building Standards Code, including the hundreds of changes from previous codes, is available for review on the California Building Standards Commission's website (www.bsc.ca.gov) or at City Hall.

If the City Council takes the recommended action at today's meeting, the proposed ordinances would be agendaized for second readings and consideration of adoption at an upcoming meeting. The local amendments contained in the ordinances would take effect 30 days after adoption. Regardless of City action, the 2016 California Building Standards Code will take effect on January 1, 2017.

Environmental Review

This project is not a project under the requirements of the California Environmental Quality Act (CEQA), pursuant to Section 15061(b)(3) of the CEQA Guidelines.

Fiscal Impact

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

Report Prepared With: Rebecca M. Pennington, Development Programs Analyst

Attachments: A – Proposed Ordinance (Various Codes)
B – Proposed Ordinance (Fire Code)
C – Strikethrough of Local Amendments to the 2016 California Building Code
D – Strikethrough of Local Amendments to the 2016 California Residential Code
E – Strikethrough of Local Amendments to the 2016 California Fire Code

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ORDINANCE NO. 16-XX

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING TITLE 10 OF THE LAGUNA WOODS MUNICIPAL CODE (BUILDINGS AND CONSTRUCTION) AND ADOPTING BY REFERENCE THE 2016 EDITION OF THE CALIFORNIA BUILDING STANDARDS CODE (CALIFORNIA CODE OF REGULATIONS, TITLE 24), CONSISTING OF THE 2016 CALIFORNIA BUILDING CODE; THE 2016 CALIFORNIA MECHANICAL CODE; THE 2016 CALIFORNIA ELECTRICAL CODE; THE 2016 CALIFORNIA PLUMBING CODE; THE 2016 CALIFORNIA RESIDENTIAL CODE; THE 2016 CALIFORNIA GREEN BUILDING STANDARDS CODE; THE 2016 CALIFORNIA ENERGY CODE; THE 2016 CALIFORNIA EXISTING BUILDING CODE; AND THE 2016 CALIFORNIA REFERENCED STANDARDS CODE, TOGETHER WITH CERTAIN AMENDMENTS, ADDITIONS, AND DELETIONS THERETO

WHEREAS, pursuant to California Government Code Section 50022.1 *et seq.*, the City may adopt by reference the California Building Standards Code, 2016 Edition, as provided in Title 24 of the California Code of Regulations; and

WHEREAS, the California Building Standards Commission recently adopted new amendments to the California Building Standards Code; and

WHEREAS, California Health & Safety Code Section 17958.5 *et seq.* and 18941.5 authorize cities to modify the California Building Standards Code by adopting more restrictive standards and modifications provided that such standards and modifications are accompanied by express findings that they are reasonably necessary because of local climatic, geological, or topographical conditions; and

WHEREAS, based upon the recommendations of the Building Official and the Orange County Fire Authority, the City Council finds that the amendments to the 2016 California Building Standards Code set forth in this ordinance would decrease the potential incidence of property damage, injury, and death due to fires and earthquakes, and are reasonable and necessary to mitigate local climatic, geological, or topographical conditions; and

WHEREAS, on November 16, 2016 and December XX, 2016, the City Council held duly noticed public hearings on this Ordinance at which it considered all of the information, evidence, and testimony presented, both written and oral.

**THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS,
CALIFORNIA, DOES ORDAIN AS FOLLOWS:**

SECTION 1. The foregoing recitals are true and correct and are incorporated herein as though set forth in full.

SECTION 2. The City Council hereby finds that the amendments to the 2016 California Building Code and 2016 California Residential Code are reasonably necessary because of local climatic, geological, or topographic conditions, and adopts the findings provided below to support the amendments to the 2016 California Building Code and 2016 California Residential Code contained in Section 3 and Section 7 of this Ordinance.

I. Climatic Conditions

- A. Orange County and the City of Laguna Woods are located in a semi-arid Mediterranean type climate. It annually experiences extended periods of high temperatures with little or no precipitation. Hot, dry (Santa Ana) winds, which may reach speeds of 70 M.P.H. or greater, are also common to the area. These climatic conditions cause extreme drying of vegetation and common building materials. Frequent periods of drought and low humidity add to the fire danger. This predisposes the area to large destructive fires (conflagration). In addition to directly damaging or destroying buildings, these fires are also prone to disrupt utility services throughout the County. Obstacles generated by a strong wind, such as fallen trees, street lights and utility poles greatly impact the response time to reach an incident scene.
- B. The climate alternates between extended periods of drought and brief flooding conditions. Flood conditions may affect the Orange County Fire Authority's ability to respond to a fire or emergency condition. Floods also disrupt utility services to buildings and facilities within the County.
- C. Water demand in this densely populated area far exceeds the quantity supplied by natural precipitation; and although the population continues to grow, the already-taxed water supply does not. California is projected to increase in population by nearly 10 million over the next quarter of a century with 50 percent of that growth centered in Southern California. Due to storage capacities and consumption, and a limited amount of rainfall future water allocation is not fully dependable. This necessitates the need for additional and on-site fire protection features.

- D. These dry climatic conditions and winds contribute to the rapid spread of even small fires originating in high-density housing or vegetation. These fires spread very quickly and create a need for increased levels of fire protection. The added protection of fire sprinkler systems and other fire protection features will supplement normal fire department response by providing immediate protection for the building occupants and by containing and controlling the fire spread to the area of origin. Fire sprinkler systems will also reduce the use of water for firefighting by as much as 50 to 75 percent.

II. Topographical Conditions

- A. Natural slopes of 15 percent or greater generally occur throughout the foothills of Orange County. The elevation change caused by the hills creates the geological foundation on which communities within Orange County are built and will continue to build. With much of the populated flatlands already built upon, future growth will occur on steeper slopes and with greater constraints in terrain.
- B. Traffic and circulation congestion is an artificially created, obstructive topographical condition, which is common throughout Orange County.
- C. These topographical conditions combine to create a situation that places fire department response time to fire occurrences at risk, and makes it necessary to provide automatic on-site fire-extinguishing systems and other protection measures to protect occupants and property.

III. Geological Conditions

The Orange County region is a densely populated area that has buildings constructed over and near a vast and complex network of faults that are believed to be capable of producing future earthquakes similar or greater in size than the 1994 Northridge and the 1971 Sylmar earthquakes. Earthquake faults run along the northeast and southwest boundaries of Orange County. The Newport-Inglewood Fault, located within Orange County was the source of the destructive 1933 Long Beach earthquake (6.3 magnitude) which took 120 lives and damaged buildings in an area from Laguna Beach to Marina Del Rey to Whittier. In December 1989, another earthquake occurred in the jurisdiction of Irvine at an unknown fault line. Regional planning for reoccurrence of earthquakes is recommended by the state of California, Department of Conservation.

- A. Previous earthquakes have been accompanied by disruption of traffic flow and fires. A severe seismic event has the potential to negatively impact any rescue or fire suppression activities because it is likely to create obstacles similar to those indicated under the high wind section above. The October 17, 1989, Santa Cruz earthquake resulted in one major fire in the Marina District (San Francisco). When combined with the 34 other fires locally and over 500 responses, the department was taxed to its fullest capabilities. The Marina fire was difficult to contain because mains supplying water to the district burst during the earthquake. This situation creates the need for both additional fire protection and automatic on-site fire protection for building occupants. State Department of Conservation noted in their 1988 report (Planning Scenario on a Major Earthquake on the Newport-Inglewood Fault Zone, page 59), “unfortunately, barely meeting the minimum earthquake standards of building codes places a building on the verge of being legally unsafe.”
- B. Road circulation features located throughout the County also make amendments reasonably necessary. Located through the County are major roadways, highways and flood control channels that create barriers and slow response times. Hills, slopes, street and storm drain design, accompanied by occasional heavy rainfall, causes roadway flooding and landslides and at times may make an emergency access route impassable. There are areas in Orange County that naturally have extended emergency response times that exceed the 5 minute goal.
- C. Soils throughout the County possess corrosive properties that reduce the expected usable life of water services when metallic pipes are in contact with soils.

Due to the topographical conditions of sprawling development separated by waterways and narrow and congested streets and the expected infrastructure damage inherent in seismic zones described above, it is prudent to rely on automatic fire sprinkler systems to mitigate extended fire department response time and keep fires manageable with reduced fire flow (water) resources available for a given structure. Additional fire protection is also justified to match the current resources of firefighting equipment and personnel within the Orange County Fire Authority.

Additional amendments have been made to the 2016 California Building Standards Code. Such amendments are hereby found to be either administrative or procedural in nature or concern themselves with subjects not covered in such

codes. The changes made include provisions making each of said codes compatible with other codes enforced by the City.

The findings above are applicable to amendments to the 2016 California Building Code as follows:

**2016 California Building Code (CBC)
Laguna Woods Local Summary Sheet**

| CBC Chapter or Section | Summary | Findings I,II,III |
|-------------------------------|---|--------------------------|
| 202 | General Definitions | Administrative |
| 701A.3 | Construction Methods Requirements for the Addition and Remodeling Requirements of Building in Wildfire Areas Located Within 100 Feet of a Fuel Modification Zone. | I & II |
| 701A.3.2 | Construction Methods Requirements for the Accessory Structures in Wildfire Areas. | |
| 701A.4 | Construction Material Requirements for the Accessory Structures in Wildfire Areas. | I & II |
| 903.2 | Where Required (Sprinklers) | I, II & III |
| 903.2.8 | Group R (Sprinklers) | I, II & III |
| 903.3.5.3 | Hydraulically Calculated Systems | I & II |
| Chapter 35 | Reference Standards | N/A |
| | 2016 NFPA 13 (Sprinkler Systems) | Administrative, II & III |
| | 2016 NFPA 13-D (Single Family Sprinkler Systems) | I & II |
| | 2013 NFPA 14 (Standpipe Systems) | Administrative |
| | 2016 NFPA 24 (Underground Water Supply Systems) | Administrative & III |

The findings above are applicable to amendments to the 2016 California Residential Code as follows:

**2016 California Residential Code (CRC)
Laguna Woods Local Summary Sheet**

| CBC Chapter or Section | Summary | Findings I,II,III |
|-------------------------------|---|--------------------------|
| 202 | General Definitions | Administrative |
| R301.9 | Construction Methods Requirements for the Addition and Remodeling Requirements of Building in Wildfire Areas Located Within 100 Feet of a Fuel Modification Zone. | I & II |
| R309.6 | Group R-3 Fire Sprinkler Requirements in Attached Garages, Carports With Habitable Spaces in Accordance With CFC Section 903.2.8 | I, II & III |
| R313.1 | Group R-3 Townhome Fire Sprinkler Requirements for Additions and Alterations in Accordance With CFC Section 903.2.8 | I, II & III |
| R313.2 | Group R One- and Two-Family Fire Sprinkler Requirements for Additions and Alterations in Accordance with CFC Section 903.2.8 | I, II & III |
| R313.3.6.2.2 | Hydraulically Calculated Systems | I & II |
| R1001.13 | Fire Pits, Fire Rings, & Outdoor Fireplaces | Administration |
| R1001.13.1 | Gas-Fueled Devices | I & II |
| R1001.13.2 | Devices Using Wood or Fuels Other Than Natural Gas or LPG | I & II |
| R1001.13.3 | Where Prohibited | I & II |
| Chapter 44 | Reference Standards | N/A |
| | 2016 NFPA 13-D (Single Family Sprinkler Systems) | I & II |

SECTION 3. Chapter 10.08 of the Laguna Woods Municipal Code is hereby amended and restated in its entirety to read as follows:

CHAPTER 10.08. - CALIFORNIA BUILDING CODE

Sec. 10.08.010. - Adoption of the California Building Code.

The California Building Code, 2016 Edition, based on the 2015 Edition of the International Building Code as published by the International Code Council, together with the amendments provided in this chapter, is hereby adopted and incorporated by reference, as if set forth at length herein, as the Building Code of the City of Laguna Woods, regulating the construction, alteration, movement,

repair, equipment, use and occupancy, location, maintenance, removal and demolition of every building or structure or any appurtenances connected or attached to such buildings or structures in the City. Not less than one copy of said code has been filed in the office of the City Clerk and shall be made available for public inspection.

Sec. 10.08.020. - Amendments to the California Building Code.

Chapter 2 Definitions.

Section 202 Definitions is hereby revised by adding “Spark Arrester” as follows:

SPARK ARRESTER. A listed device constructed of noncombustible material specifically for the purpose of meeting one of the following conditions:

1. Removing and retaining carbon and other flammable particles/debris from the exhaust flow of an internal combustion engine in accordance with California Vehicle Code Section 38366.
2. Fireplaces that burn solid fuel in accordance with California Building Code Chapter 28.

Chapter 7A Materials and Construction Methods for Exterior Wildfire Exposure.

Section 701A.3 Application is hereby revised to read as follows:

701A.3 Application. New buildings located in any Fire Hazard Severity Zone or any Wildland-Urban Interface Fire Area designated by the enforcing agency constructed after the application date, and additions to and remodel of buildings constructed before 2012 located in areas currently designated as such, shall comply with the provisions of this chapter. The provisions shall also apply to additions, remodels, and accessory structures located within 100 feet of a fuel modification zone, vegetation management area, or similar area containing hazardous combustible vegetation, regardless of whether the property is currently located in a designated Fire Hazard Severity Zone or Wildland-Urban Interface Fire Area, when materials and/or construction methods for exterior wildfire exposure were previously required at the property by the Building or Fire Code Official.

Exceptions:

1. Buildings of an accessory character classified as a Group U occupancy and not exceeding 120 square feet in floor area, when located at least 30 feet from the applicable building.
2. Buildings of an accessory character classified as a Group U occupancy of any size located least 50 feet from an applicable building.
3. Buildings classified as a Group U Agricultural Building, as defined in Section 202 of this code (see also Appendix C – Group U Agricultural Buildings), when located at least 50 feet from an applicable building.

Section 710A.3.2 is hereby revised to read as follows:

710A.3.2 Detached accessory structures within 50 feet of an applicable building shall comply with the requirements of this section.

Section 710A.4 Requirements is hereby revised to read as follows:

710A.4 Requirements. Accessory structures shall be constructed of non-combustible or ignition-resistant materials.

Chapter 9 Fire Protection Systems.

Section 903.2 Where required is hereby revised to read as follows:

903.2 Where required. Approved automatic sprinkler systems in-buildings and structures shall be provided when one of the following conditions exists:

1. **New buildings:** Notwithstanding any applicable provisions of Sections 903.2.1 through 903.2.19, an automatic fire-extinguishing system shall also be installed in all occupancies when the total building area exceeds 5,000 square feet as defined in Section 202, regardless of fire areas or allowable area, or is more than two stories in height.

Exception: Subject to approval by the Fire Code Official, open parking garages in accordance with Section 406.5 of the California Building Code.

2. **Existing Buildings:** Notwithstanding any applicable provisions of this code, an automatic sprinkler system shall be provided in an existing building when an addition occurs and one of the following conditions exists:

- a. When an addition is 33% or more of the existing building area, and the resulting building area exceeds 5000 square feet.
- b. When an addition exceeds 2000 square feet and the resulting building area exceeds 5000 square feet.
- c. An additional story is added above the second floor regardless of fire areas or allowable area.

Exception: Additions to Group R-3 occupancies shall comply with Section 903.2.8 (2).

Section 903.2.8 Group R is hereby revised to read as follows:

903.2.8 Group R. An automatic sprinkler system installed in accordance with Section 903.3 shall be provided throughout all buildings with a Group R fire area as follows:

1. **New Buildings:** An automatic sprinkler system shall be installed throughout all new buildings.
2. **Existing R-3 Buildings:** An automatic sprinkler system shall be installed throughout when one of the following conditions exists:
 - a. When an addition is 33% or more of the existing building area as defined in Section 202, and greater than 1000 square feet within a two year period; or,
 - b. An addition when the existing building is already provided with automatic sprinklers; or,
 - c. When an existing Group R Occupancy is being substantially renovated, and where the scope of the renovation is such that the Building Code Official determines that the complexity of installing a sprinkler system would be similar as in a new building.

Exceptions:

1. Existing Group R-3 occupancies converted to Group R-3.1 occupancies and not housing bedridden clients, not housing nonambulatory clients above the first floor, and not housing clients above the second floor.

2. Existing Group R-3 occupancies converted to Group R-3.1 occupancies housing only one bedridden client and complying with Section 435.8.3.3 of the California Building Code.
3. Pursuant to Health and Safety Code, Section 13113, occupancies housing ambulatory children only, none of whom are mentally ill children or children with intellectual disabilities, and the buildings or portions thereof in which such children are housed are not more than two stories in height, and building or portions thereof housing such children have an automatic fire alarm system activated by approved smoke detectors.
4. Pursuant to Health and Safety Code, Section 13143.6, occupancies licensed for protective social care which house ambulatory clients only, none of whom is a child (under the age of 18 years), or who is elderly (65 years of age or over).

When not used in accordance with Section 504.2 or 506.3 of the California Building Code, an automatic sprinkler system installed in accordance with Section 903.3.1.2 shall be allowed in Group R-2.1 occupancies.

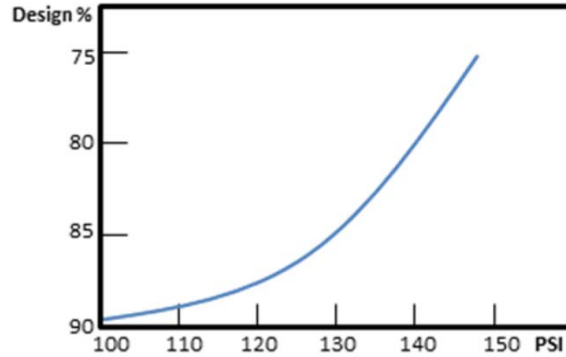
An automatic sprinkler system designed in accordance with Section 903.3.1.3 shall not be utilized in Group R-2.1 or R-4 occupancies.

Section 903.3.5.3 Hydraulically calculated systems is hereby added as follows:

903.3.5.3 Hydraulically calculated systems. The design of hydraulically calculated fire sprinkler systems shall not exceed 90% of the water supply capacity.

Exception: When static pressure exceeds 100 psi, and when required by the fire code official, the fire sprinkler system shall not exceed the water supply capacity specified by Table 903.3.5.3.

TABLE 903.3.5.3
Hydraulically Calculated Systems



Chapter 35 Referenced Standards.

NFPA 13, 2016 Edition, Standard for the Installation of Sprinkler Systems is hereby amended as follows:

Section 6.7.3 is hereby revised to read as follows:

6.7.3 Fire department connections (FDC) shall be of an approved type. The location shall be approved and be no more than 150 feet from a public hydrant. The FDC may be located within 150 feet of a private fire hydrant when approved by the fire code official. The size of piping and the number of 2½” inlets shall be approved by the fire code official. If acceptable to the water authority, it may be installed on the backflow assembly. Fire department inlet connections shall be painted OSHA safety red or as approved. When the fire sprinkler density design requires more than 500 gpm (including inside hose stream demand), or a standpipe system is included, four 2½” inlets shall be provided.

Section 8.3.3.1 is hereby revised to read as follows:

8.3.3.1 When fire sprinkler systems are installed in shell buildings of undetermined use (Spec Buildings) other than warehouses (S occupancies), fire sprinklers of the quick-response type shall be used. Use is considered undetermined if a specific tenant/occupant is not identified at the time the fire sprinkler plan is submitted. Sprinklers in light hazard occupancies shall be one of the following:

1. Quick-response type as defined in 3.6.4.8
2. Residential sprinklers in accordance with the requirements of 8.4.5
3. Quick response CMSA sprinklers

4. ESFR sprinklers
5. Standard-response sprinklers used for modifications or additions to existing light hazard systems equipped with standard-response sprinklers
6. Standard-response sprinklers used where individual standard-response sprinklers are replaced in existing light hazard systems

Section 11.1.1.1 is hereby added as follows:

11.1.1.1 When fire sprinkler systems are required in buildings of undetermined use other than warehouses, they shall be designed and installed to have a fire sprinkler density of not less than that required for an Ordinary Hazard Group 2 use, with no reduction(s) in density or design area. Warehouse fire sprinkler systems shall be designed to Figure 16.2.1.3.2 (d) curve “G”. Use is considered undetermined if a specific tenant/occupant is not identified at the time the sprinkler plan is submitted. Where a subsequent use or occupancy requires a system with greater capability, it shall be the responsibility of the occupant to upgrade the system to the required density for the new use or occupancy.

Section 11.2.3.1.1.1 is hereby added as follows:

11.2.3.1.1.1 The available water supply for fire sprinkler system design shall be determined by one of the following methods, as approved by the fire code official:

1. Subtract the project site elevation from the low water level for the appropriate pressure zone and multiply the result by 0.433;
2. Use a maximum of 40 psi, if available;
3. Utilize the OCFA water-flow test form/directions to document a flow test conducted by the local water agency or an approved third party licensed in the State of California.

NFPA 13D 2016 Edition, Standard for the Installation of Sprinkler Systems in One- and Two-Family Dwellings and Manufactured Homes is hereby amended as follows:

Section 7.1.2 is hereby revised to read as follows:

7.1.2 The sprinkler system piping shall not have separate control valves installed unless supervised by a central station, proprietary, or remote station alarm service.

NFPA 14, 2013 Edition, Installation of Standpipe and Hose Systems is hereby amended as follows:

Section 7.3.1.1 is hereby revised to read as follows:

7.3.1.1 Class I and III Standpipe hose connections shall be unobstructed and shall be located not less than 18 inches or more than 24 inches above the finished floor. Class II Standpipe hose connections shall be unobstructed and shall be located not less than 3 feet or more than 5 feet above the finished floor.

NFPA 24, 2016 Edition, Standard for the Installation of Private Fire Service Mains and Their Appurtenances is hereby amended as follows:

Section 6.2.8.1 is hereby added as follows:

6.2.8.1 All indicating valves controlling fire suppression water supplies shall be painted OSHA red.

Exceptions:

1. Brass or bronze valves on sprinkler risers mounted to the exterior of the building may be left unpainted.
2. Where OS&Y valves on the detector check assembly are the only control valves, at least one OS&Y valve shall be painted red.

Section 6.2.9 is hereby revised to read as follows:

All connections to private fire service mains for fire protection systems shall be arranged in accordance with one of the following so that they can be isolated:

- (1) A post indicator valve installed not less than 40 ft (12 m) from the building
 - (a) For buildings less than 40 ft (12 m) in height, a post indicator valve shall be permitted to be installed closer than 40 ft (12 m) but at least as far from the building as the height of the wall facing the post indicator valve.

- (2) A wall post indicator valve
- (3) An indicating valve in a pit, installed in accordance with Section 6.4
- (4) A backflow preventer with at least one indicating valve not less than 40 ft (12 m) from the building
 - (a) For buildings less than 40 ft (12 m) in height, a backflow preventer with at least one indicating valve shall be permitted to be installed closer than 40 ft (12 m) but at least as far from the building as the height of the wall facing the backflow preventer.
- (5) Control valves installed in a fire-rated room accessible from the exterior
- (6) Control valves in a fire-rated stair enclosure accessible from the exterior

Section 10.1.5 is hereby added as follows:

10.1.5 All ferrous pipe and joints shall be polyethylene encased per AWWA C150, Method A, B, or C. All fittings shall be protected with a loose 8-mil polyethylene tube or sheet. The ends of the tube or sheet shall extend past the joint by a minimum of 12 inches and be sealed with 2 inch wide tape approved for underground use. Galvanizing does not meet the requirements of this section.

Exception: 304 or 316 Stainless Steel pipe and fittings.

Section 10.4.1.1 is hereby revised to read as follows:

10.4.1.1 All bolted joint accessories shall be cleaned and thoroughly coated with asphalt or other corrosion-retarding material after installation.

Exception: Bolted joint accessories made from 304 or 316 stainless steel.

Section 10.4.1.1.1 is hereby added as follows:

10.4.1.1.1 All bolts used in pipe-joint assembly shall be 316 stainless steel.

Section 10.4.3.2 is hereby revised to read as follows:

10.4.3.2 Where fire service mains enter the building adjacent to the foundation, the pipe may run under a building to a maximum of 24 inches, as measured from the interior face of the exterior wall to the center of the vertical pipe. The pipe under the building or building foundation shall be 304 or 316 stainless steel and shall not contain mechanical joints or it shall comply with 10.4.3.2.1 through 10.4.3.2.4.

SECTION 4. Chapter 10.14 of the Laguna Woods Municipal Code is hereby amended and restated in its entirety to read as follows:

CHAPTER 10.14. - CALIFORNIA MECHANICAL CODE

Sec. 10.14.010. - Adoption of the California Mechanical Code.

The California Mechanical Code, 2016 Edition, based on the 2015 Uniform Mechanical Code as published by the International Association of Plumbing and Mechanical Officials, is hereby adopted and incorporated by reference, as if set forth at length herein, as the Mechanical Code of the City of Laguna Woods, regulating and controlling the design, construction, installation, quality of materials, location, operation and maintenance of heating, ventilating, cooling, refrigeration systems, incinerators and other miscellaneous heat producing appliances. Not less than one copy of said code has been filed in the office of the City Clerk and shall be made available for public inspection.

SECTION 5. Chapter 10.10 of the Laguna Woods Municipal Code is hereby amended and restated in its entirety to read as follows:

CHAPTER 10.10. - CALIFORNIA ELECTRICAL CODE

Sec. 10.10.010. - Adoption of the California Electrical Code.

The California Electrical Code, 2016 Edition, based on the 2014 National Electrical Code as published by the National Fire Protection Association, is hereby adopted and incorporated by reference, as if set forth at length herein, as the Electrical Code of the City of Laguna Woods, regulating all installation, arrangement, alteration, repair, use and other operation of electrical wiring, connections, fixtures and other electrical appliances on premises within the City. Not less than one copy of said code has been filed in the office of the City Clerk and shall be made available for public inspection.

SECTION 6. Chapter 10.16 of the Laguna Woods Municipal Code is hereby amended and restated in its entirety to read as follows:

CHAPTER 10.16. - CALIFORNIA PLUMBING CODE

Sec. 10.16.010. - Adoption of the California Plumbing Code.

The California Plumbing Code, 2016 Edition, based on the 2015 Uniform Plumbing Code as published by the International Association of Plumbing and Mechanical Officials, is hereby adopted and incorporated by reference, as if set forth at length herein, as the Plumbing Code of the City of Laguna Woods, regulating erection, installation, alteration, repair, relocation, replacement, maintenance or use of plumbing systems within the City. Not less than one copy of said code has been filed in the office of the City Clerk and shall be made available for public inspection.

SECTION 7. Chapter 10.22 of the Laguna Woods Municipal Code is hereby amended and restated in its entirety to read as follows:

CHAPTER 10.22. - CALIFORNIA RESIDENTIAL CODE

Sec. 10.22.010. - Adoption of the California Residential Code.

The California Residential Code, 2016 Edition, based on the 2015 International Residential Code as published by the International Code Council together with the amendments provided in this chapter, is hereby adopted and incorporated by reference, as if set forth at length herein, as the Residential Code of the City of Laguna Woods regulating the construction, alteration, movement, repair, equipment, use and occupancy, location, maintenance, removal and demolition of every building or structure or any appurtenances connected or attached to such buildings or structures in the City. Not less than one copy of said code has been filed in the office of the City Clerk and shall be made available for public inspection.

Sec. 10.22.020. - Amendments to the California Residential Code.

Chapter 2 Definitions.

Section 202 Definitions is hereby revised by adding “OCFA” and “Spark Arrester” as follows:

OCFA: Orange County Fire Authority, fire authority having jurisdiction.

SPARK ARRESTER. A listed device constructed of noncombustible material specifically for the purpose of meeting one of the following conditions:

1. Removing and retaining carbon and other flammable particles/debris from the exhaust flow of an internal combustion engine in accordance with California Vehicle Code Section 38366.
2. Fireplaces that burn solid fuel in accordance with California Building Code Chapter 28.

Chapter 3 Building Planning.

Section R301.9 Fuel Modification Requirements for New Construction is hereby added as follows:

R301.9 Fuel Modification Requirements for New Construction. All new structures and facilities adjoining land containing hazardous combustible vegetation shall be approved and in accordance with the requirements of OCFA Guideline C-05 “Vegetation Management Guideline – Technical Design for new Construction Fuel Modification Plans and Maintenance Program.”

Section R309.6 Fire sprinkler attached garages, and carports with habitable space above is hereby amended by modifying the exception to read as follows:

Exception: An automatic residential fire sprinkler system shall not be required when additions or alterations are made to existing carports and/or garages that do not have an automatic fire sprinkler system installed unless a sprinkler system is required in accordance with California Fire Code Section 903.2.8.

Section R313.1 Townhouse automatic fire sprinkler systems is hereby amended by modifying the exception to read as follows:

Exception: An automatic residential fire sprinkler system shall not be required when additions or alterations are made to existing townhouses that do not have an automatic fire sprinkler system installed unless a sprinkler system is required in accordance with California Fire Code Section 903.2.8.

Section R313.2 One- and two-family dwellings automatic fire sprinkler systems is hereby amended by modifying the exception to read as follows:

Exception: An automatic residential fire sprinkler system shall not be required for additions or alterations to existing buildings that are not already provided with an automatic sprinkler system unless a sprinkler system is required in accordance with California Fire Code Section 903.2.8.

Section R313.3.6.2.2 Calculation procedure is hereby revised to read as follows:

R313.3.6.2.2 Calculation procedure. Determination of the required size for water distribution piping shall be in accordance with the following procedure and California Fire Code Section 903.3.5.3.

(The remainder of the section is unchanged)

Chapter 10 Chimneys and Fireplaces.

Section R1001.13 Outdoor Fireplaces, Fire Pits, Fire Rings, or similar devices is hereby added as follows:

R1001.13 Outdoor Fireplaces, Fire Pits, Fire Rings, or similar devices. Outdoor fireplaces, fire pits, fire rings, or similar exterior devices shall comply with this section.

Exception: Barbeques, grills, and other portable devices intended solely for cooking.

Section R1001.13.1 Gas-fueled devices is hereby added as follows:

R1001.13.1 Gas-fueled devices. Outdoor fireplaces, fire pits and similar devices fueled by natural gas or liquefied-petroleum gas are allowed when approved by the Building Department and the device is designed to only burn a gas flame and not wood or other solid fuel. At R-3 occupancies, combustible construction shall not be located within three feet of an atmospheric column that extends vertically from the perimeter of the device. Where a permanent Building Department approved hood and vent is installed, combustible construction may encroach upon this column between the bottom of the hood and the vent opening. Where chimneys or vents are installed, they shall have a spark arrester in accordance with Section R1003.9.2.

Section R1001.13.2 Devices using wood or fuels other than natural gas or liquefied-petroleum gas is hereby added as follows:

R1001.13.2 Devices using wood or fuels other than natural gas or liquefied-petroleum gas. Fireplaces burning wood or other solid fuel shall be constructed in accordance with Section R1001. Fires in a fireplace shall be contained within a firebox with an attached chimney. The opening in the face of the firebox shall have an installed and maintained method of arresting sparks. The burning of wood or other solid fuel in a device is not allowed within 15 feet of combustible structures, unless within a permanent or portable fireplace.

Section R1001.13.3 Devices using wood or fuels other than natural gas or liquefied-petroleum gas is hereby added as follows:

R1001.13.3 Where prohibited. The burning of wood and other solid fuels shall not be conducted within a fuel modification zone. Wood and other solid fuel burning fires in devices other than permanent fireplaces are not allowed within Wildfire Risk Areas (WRA) and adopted Fire Hazard Severity Zones (FHSZ) or in locations where conditions could cause the spread of fire to the WRA or FHSZ, unless determined by the Fire Code Official that the location or design of the device should reasonably prevent the start of a wildfire.

Chapter 44 Referenced Standards.

NFPA 13, 2016 Edition, Standard for the Installation of Sprinkler Systems is hereby amended as follows:

Section 6.7.3 is hereby revised to read as follows:

6.7.3 Fire department connections (FDC) shall be of an approved type. The location shall be approved and be no more than 150 feet from a public hydrant. The FDC may be located within 150 feet of a private fire hydrant when approved by the fire code official. The size of piping and the number of 2½” inlets shall be approved by the fire code official. If acceptable to the water authority, it may be installed on the backflow assembly. Fire department inlet connections shall be painted OSHA safety red or as approved. When the fire sprinkler density design requires more than 500 gpm (including inside hose stream demand), or a standpipe system is included, four 2½” inlets shall be provided.

Section 8.3.3.1 is hereby revised to read as follows:

8.3.3.1 When fire sprinkler systems are installed in shell buildings of undetermined use (Spec Buildings) other than warehouses (S occupancies), fire sprinklers of the quick-response type shall be used. Use is considered undetermined if a specific tenant/occupant is not identified at the time the fire sprinkler plan is submitted. Sprinklers in light hazard occupancies shall be one of the following:

1. Quick-response type as defined in 3.6.4.8
2. Residential sprinklers in accordance with the requirements of 8.4.5
3. Quick response CMSA sprinklers
4. ESFR sprinklers
5. Standard-response sprinklers used for modifications or additions to existing light hazard systems equipped with standard-response sprinklers
6. Standard-response sprinklers used where individual standard-response sprinklers are replaced in existing light hazard systems

Section 11.1.1.1 is hereby added as follows:

11.1.1.1 When fire sprinkler systems are required in buildings of undetermined use other than warehouses, they shall be designed and installed to have a fire sprinkler density of not less than that required for an Ordinary Hazard Group 2 use, with no reduction(s) in density or design area. Warehouse fire sprinkler systems shall be designed to Figure 16.2.1.3.2 (d) curve “G”. Use is considered undetermined if a specific tenant/occupant is not identified at the time the sprinkler plan is submitted. Where a subsequent use or occupancy requires a system with greater capability, it shall be the responsibility of the occupant to upgrade the system to the required density for the new use or occupancy.

Section 11.2.3.1.1.1 is hereby added as follows:

11.2.3.1.1.1 The available water supply for fire sprinkler system design shall be determined by one of the following methods, as approved by the fire code official:

1. Subtract the project site elevation from the low water level for the appropriate pressure zone and multiply the result by 0.433;

2. Use a maximum of 40 psi, if available;
3. Utilize the OCFA water-flow test form/directions to document a flow test conducted by the local water agency or an approved third party licensed in the State of California.

NFPA 13D 2016 Edition, Standard for the Installation of Sprinkler Systems in One-and Two-Family Dwellings and Manufactured Homes is hereby amended as follows:

Section 7.1.2 is hereby revised to read as follows:

7.1.2 The sprinkler system piping shall not have separate control valves installed unless supervised by a central station, proprietary, or remote station alarm service.

SECTION 8. Chapter 10.24 of the Laguna Woods Municipal Code is hereby amended and restated in its entirety to read as follows:

CHAPTER 10.24. - CALIFORNIA GREEN BUILDING STANDARDS CODE

Sec. 10.24.010. - Adoption of the California Green Building Standards Code.

The California Green Building Standards Code, 2016 Edition, is hereby adopted and incorporated by reference, as if set forth at length herein, as the green building standards code of the City of Laguna Woods regulating the construction, alteration, movement, repair, equipment, use and occupancy, location, maintenance, removal and demolition of every building or structure or any appurtenances connected or attached to such buildings or structures in the City. Not less than one copy of said code has been filed in the office of the City Clerk and shall be made available for public inspection.

SECTION 9. Chapter 10.28 is hereby added to Title 10 (Buildings and Construction) of the Laguna Woods Municipal Code to read in its entirety as follows:

Chapter 10.28. - CALIFORNIA ENERGY CODE

Sec. 10.28.010. - Adoption of the California Energy Code.

The California Energy Code, 2016 Edition, is hereby adopted and incorporated by reference, as if set forth at length herein, as the energy code of the City of Laguna Woods regulating the construction, alteration, movement, repair, equipment, use and occupancy, location, maintenance, removal and demolition of every building or structure or any appurtenances connected or attached to such buildings or structures in the City. Not less than one copy of said code has been filed in the Office of the City Clerk and shall be made available for public inspection.

SECTION 10. Chapter 10.30 is hereby added to Title 10 (Buildings and Construction) of the Laguna Woods Municipal Code to read in its entirety as follows:

CHAPTER 10.30. - CALIFORNIA EXISTING BUILDING CODE

Sec. 10.30.010. - Adoption of the California Existing Building Code.

The California Existing Building Code, 2016 Edition, based on the 2015 International Existing Building Code as published by the International Code Council is hereby adopted and incorporated by reference, as if set forth at length herein, as the City of Laguna Woods existing building code regulating the construction, alteration, movement, repair, equipment, use and occupancy, location, maintenance, removal and demolition of every building or structure or any appurtenances connected or attached to such buildings or structures in the City. Not less than one copy of said code has been filed in the Office of the City Clerk and shall be made available for public inspection.

SECTION 11. Chapter 10.32 is hereby added to Title 10 (Buildings and Construction) of the Laguna Woods Municipal Code to read in its entirety as follows:

CHAPTER 10.32. - CALIFORNIA REFERENCED STANDARDS CODE

Sec. 10.32.010. - Adoption of the California Referenced Standards Code.

The California Referenced Standards Code, 2016 Edition, is hereby adopted and incorporated by reference, as if set forth at length herein, as the referenced standards code of the City of Laguna Woods regulating the construction, alteration, movement, repair, equipment, use and occupancy, location, maintenance, removal and demolition of every building or structure or any appurtenances connected or attached to such buildings or structures in the City. Not less than one copy of said