



County of Los Angeles
**CHIEF EXECUTIVE OFFICE
OPERATIONS CLUSTER**

SACHI A. HAMAI
Chief Executive Officer

DATE: March 10, 2016
TIME: 1:00 p.m.
LOCATION: Kenneth Hahn Hall of Administration, Room 830

AGENDA

Members of the Public may address the Operations Cluster on any agenda item by submitting a written request prior to the meeting.
Three (3) minutes are allowed for each item.

1. Call to order – James Blunt / Gevork Simdjian
 - A) **Board Letter – RETROACTIVE SOLE SOURCE CONTRACT WITH PALANTIR TECHNOLOGIES FOR SOFTWARE MAINTENANCE AND SUPPORT SERVICES OF THE JOINT REGIONAL INTELLIGENCE CENTER (JRIC)**
LASD – Jim McDonnell, Sheriff or designee
 - B) **Board Letter – APPROVAL FOR EXECUTION OF A WORK ORDER UNDER THE EMC MASTER SERVICES AGREEMENT (EMC MSA) FOR DEVELOPMENT OF A CASE MANAGEMENT SYSTEM**
APD – Janice Y. Fukai or designee
 - C) **Board Letter – DELEGATION OF AUTHORITY TO INVEST AND ANNUAL ADOPTION OF THE TREASURER AND TAX COLLECTOR INVESTMENT POLICY**
TTC – Joseph Kelly or Designee
 - D) **Board Letter – FIRST DISTRICT SAN GABRIEL FIELD OFFICE REFURBISHMENT PROJECT APPROVE PROJECT AND BUDGET APPROVE APPROPRIATION ADJUSTMENT CAPITAL PROJECT NO. 87311**
ISD – Dave Chittenden or designee
2. Public Comment
3. Adjournment

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

Dear Supervisors:

APPROVE A RETROACTIVE SOLE SOURCE CONTRACT WITH PALANTIR TECHNOLOGIES, INC. TO PROVIDE SOFTWARE MAINTENANCE AND SUPPORT SERVICES FOR THE JOINT REGIONAL INTELLIGENCE CENTER (ALL DISTRICTS) (3 VOTES)

**CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION ()
DISAPPROVE ()**

SUBJECT

The Los Angeles County (County) Sheriff's Department (Department) is requesting authorization from the Board to execute a Sole Source Contract (Contract) with Palantir Technologies, Inc. (Palantir) for continued Software Maintenance and Support Services (Services) for Palantir's proprietary Gotham™ business intelligence software tools, and previously developed applications using such tools, for the Joint Regional Intelligence Center (JRIC).

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and instruct the Chair of the Board to authorize the Sheriff to finalize and execute a Contract, substantially similar to the attached Contract, with Palantir Technologies, Inc., for an initial Contract term which shall expire May 31, 2017, with an option to extend for one year thereafter, through May 31, 2018, plus an additional 12-month option term, in any increment, through May 31, 2019. The Maximum Contract Sum shall not exceed \$9,324,643 for the entire term of the Contract.
2. Delegate authority to the Sheriff, or his designee, to execute change notices and amendments to the Contract in order to: (1) add and/or update standard County contract provisions as required by the Board or the County's Chief Executive Office (CEO); and (2) exercise the extension options if it is in the best interest of the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to provide for past and ongoing software Services for the existing proprietary Palantir Gotham software toolset used by JRIC, as well as Services for 29 applications built by Palantir using such tools, including scripts, queries, interfaces, etc.

Palantir uniquely allows network-wide collaboration supported by Palantir's security model; analysts to share data, and analyze products and briefs that are finished or in progress including the underlying data, be alerted as other analysts add to relevant knowledge, discover subject matter experts, discover analysts working on the same information or targets, and discover the analysts contributing to a body of knowledge or intelligence product. Because of this security model, agencies that use Palantir can seamlessly and securely share/exchange information.

The proposed Palantir maintenance Contract will leverage the significant cost and engineering efforts to build the existing Palantir infrastructure. The system is also unmatched in access speed, data visualization, and substantial analytic tools that are not available in any other software toolset.

Prior Purchases

In 2009, JRIC embarked upon a ten-month Sole Source pilot project with Palantir at a cost of \$250,000. The purpose of the project was to evaluate the Palantir informational toolset to potentially replace the intelligence tools that were in use at the time. The pilot, along with subsequent Sole Source purchases from Palantir, were approved and funded by grants from the Homeland Security Grant program, distributed through the California Governor's Office of Emergency Services.

To date, the Department has purchased a total of 115 Palantir "Cores." The Palantir Core, best described by Palantir as an all-inclusive pricing model, includes hardware, software licenses (Gotham), integration services, and one year of Services for the software and custom built applications. The integration services component, known to the County as "consulting services," provides Palantir engineers to JRIC for the purpose of building and maintaining applications used by JRIC to fulfill its primary mission.

Proposed Contract

The scope of the proposed Contract is limited exclusively to the maintenance of the Palantir Gotham toolset and 29 applications built to-date. The Contract explicitly excludes consideration of any kind for new application development or enhancements to the existing 29 applications.

Future Strategy for Maintenance and Consulting Services

Palantir's bundled business pricing model has included the Palantir toolset software, hardware, maintenance and support, and consulting services; all as part of the Core purchases.

The Department has developed an approach, in consultation with the CIO, to itemize any and all future products and services purchased by the County. Palantir has agreed to negotiate this approach as part of any future procurement. This approach, as recommended in the Auditor-Controller's report dated August 28, 2015, will better facilitate accountability for all commodities and services delivered by Palantir in the future.

1. Hardware

JRIC has consistently described, to the Department's administration and other County staff, all hardware (computer servers) delivered by Palantir as part of the Core purchases were integral to, integrated with, and therefore specifically customized by Palantir to operate the Gotham software environment. The Department's understanding was that only Palantir could provide continuous Sole Source maintenance support of the hardware. In late December 2015, for the first time, the Department learned that all hardware delivered by Palantir to date is in fact comprised of standard, off-the-shelf, high-performance computer servers. Upon expiration of the warranties for these servers, Palantir confirmed that it would be the Department's responsibility to maintain the servers. The Department will seek hardware maintenance service from the Internal Services Department through existing master agreements established with the County for such services.

2. Palantir Toolset Software

Each of the 115 Cores were delivered to the Department with a license for Palantir's Gotham business intelligence software toolset. The Gotham toolset is proprietary to Palantir. The toolsets are used to develop highly-specialized applications, including scripts, interfaces, queries, and algorithms, among other things, intended for use by JRIC. Palantir has agreed to provide per-license pricing for ongoing future maintenance.

3. Palantir Toolset Software, Additional Purchases

The Department has requested that Palantir provide quantifiable metrics to justify all future JRIC requests for licenses of Gotham software beyond those currently maintained under item two. The justification and metrics will be reviewed by the CIO prior to acquisition of such licenses. To date, Palantir has not provided the required metrics.

4. Custom Application Development, Consulting Services

All future JRIC requests for consulting services for the purpose of creating new applications or enhancing current applications will be executed in accordance with

customary, approved, contracting practices. Each JRIC-specific sole source application development or enhancement request will require a detailed description and justification, followed by review and concurrence from the CIO and County Counsel. Requests to develop applications which do not fall under the JRIC mission to provide intelligence analysis services, will be released under a competitive solicitation. As required for all County information technology agreements, any future contract of this nature will require the review and approval of the CIO and County Counsel.

5. System Performance and Architectural Review

In collaboration with the CIO, the Department may seek to obtain the services of an independent consulting firm to undertake a review of the implemented Palantir architecture, establish baseline performance standards, and advise the Department on fiscally prudent methods for maintaining system performance as part of any future procurement.

Implementation of Strategic Plan Goals

The services provided under this Contract support the County's Strategic Plan Goal 3, Integrated Services Delivery maximizing the opportunities to measurably improve client and community outcomes, and leverage resources through the continuous integration of public safety services.

FISCAL IMPACT/FINANCING

The Maximum Contract Sum of the Contract is \$9,324,643. There is no net County cost for this Contract. The initial Contract term for this initiative will be one hundred percent subvented with funds from the Urban Area Security Initiative (UASI) sub-recipient grant funds administered by the City of Los Angeles (City).

The cost for retroactive software maintenance for the period August 1, 2015, through May 31, 2016, amounting to \$2,027,096, will be 100 percent subvented with funds from the 2013-14, UASI grant. Additionally, the Department has confirmed that the City is in receipt of the 2014-15 UASI grant funds from the State of California. Upon receipt of sub-recipient funding from the City, it is anticipated that the \$2,432,516 cost for continued maintenance through May 31, 2017, will be 100 percent subvented with funds from the 2014-15 UASI grant.

The annual cost for continued maintenance through May 31, 2019, is \$2,432,516.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Department is the fiduciary authority for JRIC. The Los Angeles JRIC area of responsibility includes the counties of Los Angeles, Orange, Riverside, San Bernardino, San Luis Obispo, Santa Barbara, and Ventura. Responsibility for the overall policy and direction of the JRIC rests with an Assistant Special Agent in Charge, or Program

Manager, of the Federal Bureau of Investigation. The Program Manager closely coordinates with the Sheriff of Los Angeles County, the Chief of the Los Angeles Police Department, the United States Attorney for the Central District of California, and the Chief of the California Department of Justice Criminal Intelligence Bureau or their designees, on all matters of mutual concern relating to such policy and direction. It was the decision of the JRIC Board to use the Palantir platform to achieve the information sharing goals of the JRIC.

The Palantir toolset and the custom built applications are essential in order to carry on JRIC's vital information and intelligence sharing mission, which support both the Homeland Security Presidential Directive, as well as the Presidential Policy Directive-8, addressing national preparedness.

CONTRACTING PROCESS

On February 9, 2016, the Department submitted to the Board an Advance Notification of Intent to Enter into Negotiations for a Sole Source Contract with Palantir. Palantir uniquely allows network-wide collaboration supported by Palantir's security model; analysts to share data, and analyze products and briefs that are finished or in progress including the underlying data, be alerted as other analysts add to relevant knowledge, discover subject matter experts, discover analysts working on the same information or targets, and discover the analysts contributing to a body of knowledge or intelligence product. Because of this security model, agencies that use Palantir can seamlessly and securely share/exchange information.

The proposed Contract will leverage the significant cost and engineering efforts to build the existing Palantir infrastructure.

The Gotham software toolset is proprietary to Palantir. Palantir does not train, certify, license, or otherwise endorse any third party to provide support, maintenance, and/or upgrade services to the toolset.

The County's Chief Information Office (CIO) recommends approval of the Contract (CIO analysis attached).

The Contract has been reviewed and approved as to form by County Counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Palantir platform allows the JRIC to effectively coordinate and analyze various facts and statistics from multiple sources. This allows us to more effectively provide for the County's security and public safety.

CONCLUSION

Upon approval by the Board, please return two adopted copies of this Board letter to the Department's Administrative Services Division, attention Glen Joe at 213-229-3281.

Sincerely,

JIM McDONNELL
Sheriff

JM:GJ:AF:af
(Fiscal Administration – Contracts Unit)

Enclosures

c: Board of Supervisors, Justice Deputies
Lori Glasgow, Executive Officer, Board of Supervisors
Sachi A. Hamai, Chief Executive Officer
Sheila Williams, Senior Manager, Chief Executive Office (CEO)
Jocelyn Ventilacion, Lead Analyst, CEO
Aileen Yu, Senior Analyst, CEO
Mary C. Wickham, County Counsel
Michele Jackson, Principal Deputy County Counsel
Elizabeth D. Miller, Chief Legal Advisor, Legal Advisory Unit
Neal B. Tyler, Executive Officer
Richard J. Barrantes, Assistant Sheriff
Jacques A. La Berge, Acting Assistant Sheriff
Terri McDonald, Assistant Sheriff
Todd S. Rogers, Assistant Sheriff
Thomas P. Angel, Chief of Staff, Office of the Sheriff
Glen Dragovich, Division Director, Administrative Services Division (ASD)
Scott D. Edson, Chief, Special Operations Division (SOD)
Georgia Mattera, Division Director, Office of the Sheriff
Conrad Meredith, Assistant Division Director, ASD
John C. Stedman, Commander, SOD
Glen Joe, Director, Fiscal Administration
Susie Cousins, Assistant Director, Fiscal Administration, Contracts Unit
Angelo Faiella, Manager, Contracts Unit
Andrew M. Dahring, Sergeant, ASD
Samuel J. Gomez, Deputy, ASD
Stacey Kirk, Contract Analyst, Contracts Unit
Chrono File



Law Offices of the Los Angeles County Alternate Public Defender

35 Hall of Records, 320 W. Temple Street
Los Angeles, CA 90012
Telephone No. (213) 974-6626
Fax No. (213) 626-3171

Janice Y. Fukai
Alternate Public Defender

April 5, 2016

The Honorable Board of Supervisors
County of Los Angeles
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZE THE CHIEF INFORMATION OFFICER TO EXECUTE A WORK ORDER
AND CHANGE ORDERS WITH EMC CORPORATION, INC., FOR SOFTWARE
DEVELOPMENT AND IMPLEMENTATION SERVICES FOR THE ALTERNATE PUBLIC
DEFENDER'S ELECTRONIC CASE MANAGEMENT SYSTEM
(ALL DISTRICTS) (3 VOTES)**

CIO RECOMMENDATION: APPROVE (X)

SUBJECT

Authorize execution of a series of work orders with EMC Corporation, Inc., for the development and implementation of the Alternate Public Defender's Case Management System (CMS). The CMS will replace the department's existing legacy system and provide case management, document management, and workflow management to better meet the department's needs.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and direct the Chief Information Officer (CIO), at the request of the Director, Department of the Alternate Public Defender (APD), to execute a work order and change orders for a maximum contract price of \$1,825,222 under the County Master Services Agreement (MSA) with EMC Corporation, Inc., to support the development and implementation of a Case Management System (CMS). This amount represents the contract amount of \$1,659,293 for services, a contingency of \$165,929 (10%) and the first year of software maintenance.
2. Delegate authority to the Chief Information Officer (CIO), at the request of the Director, Department of the Alternate Public Defender to amend the Work Order

to allow Change Orders increasing the amount of work provided under such Work Order.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The APD's current Case Management System is 18 years old and relies on outdated technology which limits its functionality and ability to share data with its justice partner's newer systems already in place or soon to be brought online. APD has developed a detailed plan for the development and implementation of a comprehensive Case Management System using EMC Work Orders.

Approval of this recommended action will enable the APD to implement its CMS, providing functionality for the tracking and statistical information of all cases where APD is appointed by the Court, comprehensive document management of all APD case files, and an electronic workflow management of all case related preparation.

Implementation of Strategic Plan Goals

The recommended action is consistent with the principles of the Countywide Strategic Plan Goal #1, Operational Effectiveness/Fiscal Responsibility, (Strategic Initiative 5: Legacy System Replacement), to improve the County's long term capacity to sustain critical County services within available resources through cost efficiency savings, leveraging IT resources, improved fiscal forecasting, and diligent monitoring.

FISCAL IMPACT/FINANCING

The total estimated one-time cost for this project is \$2,081,229 for services, software licenses and the first year of software maintenance. This sum includes the Work Order and contingency noted previously, and one-time software costs of \$256,007 covered by a separate County Software License Agreement with EMC. One-time funding has been set aside in the amount of \$1,500,000 in the County's Legacy Replacement Fund and \$250,000 in the Provisional Financing and Uses Budget for a total amount of \$1,750,000 that will be transferred to APD budget during the 2016-17 Budget process. Alternate Public Defender is responsible for the remaining \$331,229 of one-time cost and any ongoing cost associated with this project and will be funded within their existing budget.

The Department will pay all the ongoing costs for maintenance of the newly implemented system, including software maintenance and ISD infrastructure costs from existing Department resources. Ongoing costs will be offset by elimination of the ongoing costs for the current legacy system.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS

On July 7, 2009 your Board approved the CIO's Master Service Agreement enabling County departments to utilize MSA work orders for various professional and consulting services related to the implementation and support of Enterprise Content Management technologies (ECM). EMC Corporation is one of the vendors under the CIO's MSA. All MSA work orders greater than \$300,000 require Board approval.

The MSA limitation of liability is \$20 million, far exceeding the value of this Work Order, thus addressing one key aspect of risk management.

The Chief Information Officer concurs with the Alternate Public Defender's recommendation and the CIO Analysis is attached (Attachment A).

CONTRACTING PROCESS

On July 7, 2009 your Board approved the CIO's Master Service Agreement (MSA) enabling County departments to utilize MSA work orders for various professional and consulting services related to the implementation and support of Enterprise Content Management technologies (ECM).

On June 26, 2012, the Agreement was amended pursuant to that certain Amendment Number One to extend the term of the Agreement for two (2) years through July 6, 2014 and to decrease the Maximum contract Sum allocated for each calendar year of the Agreement from \$5,000,000 to \$3,500,000.

On December 3, 2013, the Agreement was further amended pursuant to that certain Amendment Number Two to increase the Maximum Contract Sum for calendar years 2013 and 2014 of the Agreement to \$3,800,000 and \$5,000,000 and to delegate County's CIO authority to exercise the second and remaining Extended Term option to extend the Agreement for two (2) additional years through July 6, 2016.

On June 24, 2014, the Agreement, by the exercise of the second and remaining Extended Term option, was extended for two (2) years through July 6, 2016.

APD has worked with the CIO for many years to identify a solution to replace its legacy CMS. The CIO facilitated discussions between APD and EMC, based on the CIO's knowledge of EMC's experience in successfully developing Case Management Systems for other County departments.

The Statement of Work (SOW) sets forth the business parameters and other matters regarding services that APD has engaged EMC to provide hereunder (Services). The SOW

is subject to the terms and conditions set forth in the Master Service Agreement by and between Los Angeles County and EMC Corporation for Enterprise Content Management Software Related Services.

IMPACT ON CURRENT SERVICES OR PROJECTS

Approval of this request will allow the Department to develop and implement a CMS and comply with the County's requirement to replace its existing legacy system. The new CMS will provide improved security and better meet the Department's case management needs. It is anticipated that the project schedule is approximately 15 months, following Board approval.

CONCLUSION

Your Board's approval to utilize EMC Corporation for software development and implementation services for Alternate Public Defender Case Management System will enable the Department to replace its existing legacy system and provide case management, document management, and workflow management to better meet the department's needs.

On approval by your Board, please return two adopted copies of the Board Letter to:

Robert Meneses, Administrative Deputy
Department of the Alternate Public Defender
320 West Temple St., Room G-35
Los Angeles, CA 90012

Respectfully submitted,

Reviewed by:

Janice Y Fukai
Alternate Public Defender

Richard Sanchez
Chief Information Officer

Enclosures (2)

c: Chief Executive Office
Executive Office, Board of Supervisors
County Counsel



RICHARD SANCHEZ
CHIEF INFORMATION OFFICER

DRAFT

Office of the CIO CIO Analysis

NUMBER:

CA 16-04

DATE:

3/2/2016

SUBJECT:

AUTHORIZE THE CHIEF INFORMATION OFFICER TO EXECUTE A WORK ORDER AND CHANGE ORDERS WITH EMC CORPORATION, INC., FOR SOFTWARE DEVELOPMENT AND IMPLEMENTATION SERVICES FOR THE ALTERNATE PUBLIC DEFENDER'S ELECTRONIC CASE MANAGEMENT SYSTEM

RECOMMENDATION:

Approve Approve with Modification Disapprove

CONTRACT TYPE:

New Contract Sole Source
 Amendment to Contract #: Enter contract # Other: MSA Work Order

CONTRACT COMPONENTS:

Software Hardware
 Telecommunications Professional Services

SUMMARY:

Department Executive Sponsor: Janice Fukai, Alternate Public Defender

Description: Authorization for the Chief Information Officer (CIO) to execute one Work Order (WO) and necessary Change Orders under the County of Los Angeles (County) EMC Master Services Agreement (MSA) Number 77036 to develop a Case Management System (CMS) for the Alternate Public Defender.

Contract Amount: \$1,825,222

Funding Source: Legacy Application Replacement Fund (\$1.8M); Alternate Public Defender budget.

Legislative or Regulatory Mandate Subvened/Grant Funded: Enter %

Strategic and Business Analysis

PROJECT GOALS AND OBJECTIVES:

This WO will provide the replacement of the APD's 18 year old legacy case management system with a modern system that will include integrated case management, workflow and document management functionality. It will also enable improved information sharing with other county justice agency case management and information systems. The scope includes requirements definition, system development, testing, training and deployment. The CMS will operate on the County's Electronic Content Management (ECM) shared infrastructure operated by ISD.

BUSINESS DRIVERS:

The purpose of the CMS is to replace three legacy case management systems with significantly greater functionality, including document management and workflow. Replacement of the legacy case management

system was recommended in an ISAB-funded study performed in 2006. Due to budget constraints the replacement project was put on hold until recently. The system that will be deployed as a result of this WO will increase the effectiveness and efficiency of attorneys and management to carry out the mission and objectives of the department. It is also consistent with the County’s strategic direction to replace outdated legacy systems.

PROJECT ORGANIZATION:

The project sponsor is the Alternate Public Defender. The project team includes the department CIO, end users, EMC, Internal Services Department (ISD), and Office of the CIO.

PERFORMANCE METRICS:

The WO has been reviewed and approved by APD, CIO and ISD. The WO includes APD approval checkpoints, requirements definition, detail design, functionality and performance testing, user training and support. Also included are software licenses for use in the County’s ECM shared infrastructure. The CIO will work with APD to ensure the vendor performance associated with all payment milestones is completed prior to vendor payments.

STRATEGIC AND BUSINESS ALIGNMENT:

This project is APD’s primary IT initiative. It is consistent with County Strategic Directions, using EMC Documentum, and the associated MSA, for case management, document management and workflow. It is also in alignment with the County’s strategic direction to replace legacy applications. The majority of funding for the one-time project costs is being provided via the County’s Legacy Application Replacement Fund.

PROJECT APPROACH:

The project utilizes EMC Documentum software as the framework for developing a customized application. It follows CIO best practices for managing Documentum development projects.

ALTERNATIVES ANALYZED:

In 2006 a DocuLabs study analyzed alternative approaches for a CMS for APD including Commercial Off the Shelf (COTS) solutions and custom development. At that time it was determined that available COTS solutions could meet some, but definitely not all, of APD’s requirements. APD also conducted due diligence of leading defense case management vendors and more recently reviewed the Tyler Technologies Odyssey software following the Superior Court selection of that system. APD again found gaps between their requirements and the capabilities of the COTS vendors including Tyler. APD then spent several months working with EMC, facilitated by the CIO, to share their requirements and establish an informed basis for the WO.

<p>Technical Analysis</p>	<p>ANALYSIS OF PROPOSED IT SOLUTION:</p> <p>The proposal is consistent with the County’s EMC development approach, and is in alignment with APD’s business objectives and the County’s information technology directions. CMS will be hosted by ISD as part of the ECM shared infrastructure.</p>
<p>Financial Analysis</p>	<p>BUDGET:</p> <p>Contract costs:</p> <p> One-time costs:</p> <p> Services \$ 1,659,293</p> <p> Contingency (10%) \$ 165,929</p> <p> Sub-total Contract Costs: \$ 1,825,222</p> <p>Other County costs:</p> <p> One-time costs:</p> <p> Software \$ 256,007</p> <p> Sub-total one-time County Costs: \$ 2,081,229</p> <p>Ongoing annual costs:</p> <p> Software maintenance.... \$ 33,473</p> <p> ISD operating costs \$ 200,000</p> <p> Sub-total annual County Costs: \$ 233,473</p> <p>Total one-time costs: \$ 2,081,229</p> <p>Total ongoing annual costs: \$ 233,473</p> <p>One-time contract services costs include the first year of software maintenance. The software license costs represent additional licenses needed to support the APD CMS. Software licenses are acquired via existing ISD Software License Agreement MA-IS-4393.</p> <p>Funding of \$1.8 million for one-time costs is provided by the Legacy Application Replacement Fund. Remaining one-time costs, as well as ongoing annual costs, will be provided by the Alternate Public Defender’s operating budget.</p>

<p><i>Risk Analysis</i></p>	<p>RISK MITIGATION:</p> <ol style="list-style-type: none"> 1. The proposed approach is consistent with the development and implementation methodology used by the CIO and EMC to successfully design and implement Documentum solutions for multiple County departments. 2. APD is not planning to initially include backup servers in the production environment due to the added cost of \$55,000 per year. APD believes that its business operations will be able to continue in the event of a server failure that disables the CMS. APD will also consider adding the backup servers if it determines it can fund the cost from its operating budget. 3. The CIO conducts weekly project status reviews with EMC to ensure adherence to scope, schedule, and budget. 4. The Chief Information Security Officer (CISO) reviewed the WO and did not identify any IT security or privacy related issues.
<p><i>CIO Approval</i></p>	<p>PREPARED BY:</p> <p>_____ February 23 2016 John Arnstein, Sr. Associate CIO Date</p> <hr/> <p>APPROVED:</p> <p>_____ _____ Richard Sanchez, County Chief Information Officer Date</p>

Please contact the Office of the CIO (213.253.5600 or info@cio.lacounty.gov) for questions concerning this CIO Analysis. This document is also available online at <http://ciointranet.lacounty.gov/>

March 29, 2016

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

Dear Supervisors:

**DELEGATION OF AUTHORITY TO INVEST AND
ANNUAL ADOPTION OF THE TREASURER AND TAX COLLECTOR
INVESTMENT POLICY
(ALL DISTRICTS) (3-VOTES)**

SUBJECT

Delegation of authority to invest and annual adoption of the Treasurer and Tax Collector Investment Policy.

IT IS RECOMMENDED THAT YOUR BOARD:

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

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

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

The proposed revisions included in the attached Investment Policy are as follows:

We added a new section titled "Business Continuity Plan." The Treasurer's Business Continuity Plan (BCP) serves to sustain the performance of mission-critical Treasury functions in the event of a local widespread disaster. The Treasurer's Office implemented the BCP in 2007, and has conducted quarterly exercises since that time. The update to the Investment Policy will formalize the inclusion of the BCP in the Investment Policy and will require that Treasury staff continue to conduct BCP exercises on a regular basis.

We updated Attachment I a. Minimum Credit Rating-Domestic Issuers, Attachment 1 b. Minimum Credit Rating-Foreign Issuers, and Attachment I d. Minimum Credit Rating-Commercial Paper Issuers to include Standard & Poor's, Moody's, and Fitch Ratings (Fitch) for all asset types. Standard & Poor's, Moody's, and Fitch are Nationally Recognized Statistical Rating Organizations (NRSRO). Including all three rating agencies expands the pool of eligible issuers as some issuers may be rated by some, but not all, of the rating agencies. Securities must attain the required minimum credit rating from at least two of the three NRSROs to be considered a permissible investment.

We removed the delineation between foreign and domestic issuers of commercial paper. All eligible commercial paper issuers must be a corporation organized, operating, and have commercial paper issued with the highest short term credit ratings of "A-1" or equivalent by the NRSROs, in the United States. The commercial paper maximum issuer limit of \$1.5 billion remains well below the 10% portfolio limit established by the Government Code.

We also removed the short-term maturity limitations within each rating category for commercial paper, and reverted to the maximum maturity of 270 days, as allowed by the Government Code 53601 (h). This change offers more flexibility to purchase investments that will maximize the return while maintaining sufficient liquidity. Attachment I d. Minimum Credit Ratings-Commercial Paper Issuers is a new chart that reflects the above mentioned changes.

In addition, Attachment II, Limitation Calculation for Intermediate-Term, Medium-Term and Long-Term Holdings was updated to reflect the latest three calendar year balances.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This Investment Policy is in accordance with the Countywide Strategic Plan Goal #1: Operational Effectiveness/Fiscal Sustainability with regard to investing County funds and funds of other depositors in the County Treasury.

FISCAL IMPACT/FINANCING

There is no fiscal impact from this action.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

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

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

Honorable Board of Supervisors
March 29, 2016
Page 2

IMPACT ON CURRENT SERVICES

There is no impact on current services.

Respectfully submitted,

JOSEPH KELLY
Treasurer and Tax Collector

JK:NI:rkl

Attachment

c: Chief Executive Officer
Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller
Los Angeles County Office of Education

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

Authority to Invest

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

Fundamental Investment Policy

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

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

Pooled Surplus Investment Portfolio

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

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

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

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

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

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

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

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

The weighted average maturity target of the PSI portfolio is a range between 1.0 and 2.0 years. For purposes of maturity classification, the maturity date SHALL be the nominal maturity date or the unconditional put option date, if one exists.

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

Business Continuity Plan

The Treasurer's Business Continuity Plan serves to sustain the performance of mission-critical Treasury functions in the event of a local or widespread disaster. The Plan includes written guidelines to perform critical Treasury functions, contact information for key personnel, authorized banks and broker/dealers. The plan provides for an offsite location in the event our offices are uninhabitable. The Treasurer's Office implemented its Business Continuity Plan in 2007.

The Treasurer shall perform regularly scheduled BCP exercises at the offsite location. To prepare Treasury staff for emergency processing, staff shall participate in the BCP exercises on a rotating basis.

Liquidity of PSI Investments

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

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

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

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

Specific Purpose Investment Portfolio

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

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

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

Execution, Delivery, and Monitoring of Investments

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

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

The Treasurer or his authorized designees, in purchasing or obtaining any securities in a negotiable, bearer, registered, or nonregistered format, requires delivery of the securities to the Treasurer or designated custodial institution, by book entry, physical delivery, or by third party custodial agreement.

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

Reporting Requirements

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

- All investments detailing each by type, issuer, date of maturity, par value, historical cost, market value and the source of the market valuation.
- Month-end bank balances for accounts under the control of the Treasurer.
- A description of funds, investments, or programs that are under the management of contracted parties, including lending programs for the Treasurer.
- A description of all investment exceptions, if any, to the Investment Policy.
- A statement denoting the ability of the PSI portfolio to meet the anticipated cash requirements for the participants for the next six months.

Discretionary Treasury Deposits and Withdrawal of Funds

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

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

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

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

Broker/Dealers Section

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

- A. Broker/Dealers with minimum capitalization of \$500 million and who meet all five of the below listed criteria:

1. Be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code, or a member of a Federally regulated securities exchange and;
 2. Be a member of the Financial Industry Regulatory Authority and;
 3. Be registered with the Securities and Exchange Commission and;
 4. Have been in operation for more than five years; and
 5. Have a minimum annual trading volume of \$100 billion in money market instruments or \$500 billion in United States (U.S.) Treasuries and Agencies.
- B. Emerging firms that meet all of the following:
1. Be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code, or a member of a Federally regulated securities exchange and;
 2. Maintain office(s) in California and;
 3. Maintain a minimum capitalization of \$250,000 and, at the time of application, have a maximum capitalization of no more than \$10 million.

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

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

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

Honoraria, Gifts, and Gratuities Limitations

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

Investment Limitations

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

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

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

Proceeds from the sale of notes or funds set aside for the repayment of notes SHALL NOT be invested for a term that exceeds the term of the notes. Funds from bond proceeds may be invested in accordance with Government Code Section 53601(m), which permits investment according to the statutory provisions governing the issuance of those bonds, or in lieu of any statutory provisions to the contrary, in accordance with the approved financing documents for the issuance.

Permitted Investments

Permitted Investments SHALL be limited to the following:

- A. Obligations of the U.S. Government, its agencies and instrumentalities.**
 1. Maximum maturity: None.
 2. Maximum total par value: None.
 3. Maximum par value per issuer: None.
 4. Federal agencies: Additional limits in Section G apply if investments are Floating Rate Instruments.
- B. Municipal Obligations from the approved list of municipalities (Attachment III)**
 1. Maximum maturity: As limited in Attachment III.
 2. Maximum total par value: 10% of the PSI portfolio.
- C. Asset-Backed Securities**
 1. Maximum maturity: Five years.
 2. Maximum total par value: 20% of the PSI portfolio.
 3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.
 4. All Asset-Backed securities must be rated at least "AA" and the issuer's corporate debt rating must be at least "A".

D. Bankers' Acceptance Domestic and Foreign

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

E. Negotiable Certificates of Deposit (CD)

1. Maximum maturity: Three years and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: Aggregate total of Domestic and Euro CD's are limited to 30% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Must be issued by:
 - a) National or State-chartered bank, or
 - b) Savings association or Federal association, or
 - c) Federal or State credit union, or
 - d) Federally licensed or State-licensed branch of a foreign bank.
5. Euro CD's:
 - a) Maximum maturity: One year and limits outlined in Attachment I for issuer's current credit rating.
 - b) Maximum total par value: 10% of the PSI portfolio.
 - c) Maximum par value per issuer: Per limits outlined in Attachment I for issuer's

current credit rating.

d) Limited to London branch of National or State-chartered banks.

6. The aggregate total of Bankers Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:

a) The total shareholders' equity of depository bank.

b) The total net worth of the depository bank.

F. Corporate and Depository Notes

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

2. Maximum total par value: 30% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.

4. Notes MUST be issued by:

a) Corporations organized and operating within the U.S.

b) Depository institutions licensed by the U.S or any State and operating within the U.S.

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

G. Floating Rate Notes

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

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

(2) Maximum total par value: 10% of the PSI portfolio.

(3) Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.

(4) Benchmarks SHALL be limited to commercially available U.S. dollar denominated indexes.

5. The Investment Office SHALL obtain the prospectus or the issuer term sheet prior to purchase for all Floating Rate Notes and SHALL include the following on the trade ticket:
 - a) Specific basis for the benchmark rate.
 - b) Specific computation for the benchmark rate.
 - c) Specific reset period.
 - d) Notation of any put or call provisions.

H. Commercial Paper

1. Maximum maturity: 270 days and limits outlined in Attachment I for the issuer's current credit rating.
2. Maximum total par value: 40% of the PSI portfolio.
3. Maximum par value per issuer: The lesser of 10% of the PSI portfolio or the limits outlined in Attachment I for the issuer's current credit rating.
4. Credit: Issuing Corporation - Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):
 - (a) The entity meets the following criteria:
 - 1) Is organized and operating in the U.S. as a general corporation.
 - 2) Has total assets in excess of \$500 million.
 - 3) Has debt other than commercial paper, if any, that is rated "A" or higher by NRSRO.
 - (b) The entity meets the following criteria:
 - 1) Is organized in the U.S. as a Limited Liability Company or Special Purpose Corporation.
 - 2) Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.

- 3) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

I. Shares of Beneficial Interest

1. Money Market Fund (MMF) - Shares of beneficial interest issued by diversified management companies known as money market mutual funds, registered with the Securities and Exchange Commission in accordance with Section 270.2a-7 of Title 17 of the Code of Federal Regulation. The company SHALL have met either of the following criteria:
 - a) Attained the highest possible rating by not less than two NRSROs.
 - b) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience investing in the securities and obligations authorized in Government Code Section 53601 and with assets under management in excess of five hundred million dollars (\$500,000,000).

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

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

J. Repurchase Agreement

1. Maximum maturity: 30 days.
2. Maximum total par value: \$1 billion.

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

K. Reverse Repurchase Agreement

1. Maximum term: One year.
2. Maximum total par value: \$500 million.
3. Maximum par value per broker: \$250 million.
4. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined in Government Code Section 53601(j)(4)(B) approved specifically by the Treasurer.
5. Agreements SHALL only be made for the purpose of enhancing investment revenue.
6. Agreements must be in accordance with approved written master repurchase agreement.
7. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the U.S. Government and its agencies and instrumentalities.
8. The security to be sold on a reverse repurchase agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.
9. The proceeds of the reverse repurchase agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.
10. The proceeds of the reverse repurchase agreement SHALL be invested in

instruments with maturities occurring at or before the maturity of the reverse repurchase agreement.

11. In no instance SHALL the investment from the proceeds of a reverse repurchase agreement be sold as part of a subsequent reverse repurchase agreement.

L. Forwards, Futures and Options

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

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

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

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

M. Interest Rate Swaps

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

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

N. Securities Lending Agreement

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

1. Maximum term: 180 days.
2. Maximum par value: Maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.
3. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined in Government Code Section 53601(j)(4)(B) approved specifically by the Treasurer.
4. Agreements SHALL only be made for the purpose of enhancing investment revenue.
5. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the U.S. Government and its agencies and instrumentalities.
6. The security to be sold on securities lending agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.
7. The proceeds of the securities lending agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.

8. In no instance SHALL the investment from the proceeds of a securities lending agreement be sold as part of a subsequent reverse repurchase agreement or securities lending agreement.

O. Supranationals

U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by any of the supranational institutions identified in Government Code Section 53601(q), with a maximum remaining maturity of five years or less, and which are eligible for purchase and sale within the U.S. Supranational investments shall be rated "AA" or better by an NRSRO and shall not exceed 30% of the PSI portfolio.

1. Maximum maturity: Five years and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: 30% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.

**MINIMUM CREDIT RATING
DOMESTIC ISSUERS**

Investment Type	Maximum Maturity	S&P	Moody's	Fitch	Investment Limit
Bankers' Acceptance	180 days	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM
		A-1/AA	P-1/Aa	F1/AA	\$600MM
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days
Certificates of Deposit	3 years	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM, of which 50% may be over 180 days
		A-1/AA	P-1/Aa	F1/AA	\$600MM, of which 50% may be over 180 days
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days
Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN)	Corporate: 3 years ABS: 5 years FRN: 5 years (1)	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM, of which 50% may be over 180 days
		A-1/AA	P-1/Aa	F1/AA	\$600MM, of which 50% may be over 180 days
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days

Note: All domestic issuer limits require ratings from at least two of the three nationally recognized statistical-rating organizations (S&P, Moody's, and Fitch).

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

**MINIMUM CREDIT RATING
FOREIGN ISSUERS**

Investment Type	Maximum Maturity	S&P	Moody's	Fitch	Investment Limit
Bankers' Acceptance (1)	180 days	A-1/AAA	P-1/Aaa	aaa	\$600MM
		A-1/AAA	P-1/Aaa	aa-	\$500MM
		A-1/AA	P-1/Aa	a	\$450MM
		A-1/AA	P-1/Aa	a-	\$350MM, of which 50% may be over 90 days to a maximum of 180 days.
		A-1/A	P-1/A	bbb	\$300MM, of which 50% may be over 90 days to a maximum of 180 days.
Certificates of Deposit (1)	3 years	A-1/AAA	P-1/Aaa	aaa	\$600MM, of which 50% may be over 180 days
		A-1/AAA	P-1/Aaa	aa-	\$500MM, of which 50% may be over 180 days
		A-1/AA	P-1/Aa	a	\$450MM, of which 50% may be over 180 days
		A-1/AA	P-1/Aa	a-	\$350MM, of which 50% may be over 90 days to a maximum of 180 days
		A-1/A	P-1/A	bbb	\$300MM, of which 50% may be over 90 days to a maximum of 180 days
Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN) (2)	Corporate: 3 years ABS: 5 years FRN: 5 years (3)	A-1/AAA	P-1/Aaa	F1/AAA	\$600MM, of which 50% may be over 180 days
		A-1/AA	P-1/Aa	F1/AA	\$450MM, of which 50% may be over 180 days
		A-1/A	P-1/A	F1/A	\$300MM, of which 50% may be over 90 days to a maximum of 180 days

- (1) Banker's Acceptance and Certificates of Deposit issuers must attain the required rating from at least two of the three nationally recognized statistical-rating organizations (S&P, Moody's, and Fitch), one of which must be Fitch's Viability Rating.
- (2) Corporate Notes, ABS and FRN issuers must attain the required rating from at least two of the three nationally recognized statistical-rating organizations (S&P, Moody's, and Fitch).
- (3) Seven years, if Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 MM (million) par value may be greater than five years to maturity.

**MINIMUM CREDIT RATING
 SUPRANATIONAL ISSUERS**

Issuer Rating (1)			Limit (2)
S&P	Moody's	Fitch	
AAA	Aaa	aaa	30% of PSI Portfolio, of which 20% of the PSI Portfolio may be between 2 and 5 years.
AA	Aa	aa	20% of PSI Portfolio, of which 10% of the PSI Portfolio may be between 2 and 5 years.

(1) Requires the issuer to attain the required rating from at least two of the three nationally recognized statistical-rating organizations (S&P, Moody's and Fitch).

(2) Maximum combined par value for all issuers is limited to 30% of the PSI portfolio.

**MINIMUM CREDIT RATING
COMMERCIAL PAPER**

Maximum Maturity	S&P	Moody's	Fitch	Investment Limit
270 days	A-1/AAA	P-1/Aaa	F1/AAA	\$1.5 Billion
	A-1/AA	P-1/Aa	F1/AA	\$1 Billion
	A-1/A	P-1/A	F1/A	\$750 MM

Note: Issuer limits require ratings from at least two of the three nationally recognized statistical-rating organizations (S&P, Moody's and Fitch).

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

	2015	2014	2013
Minimum Investment Balance and Available Cash	\$21,537,941,275	\$20,475,769,982	\$22,466,113,765
Less:			
▪ Discretionary Deposits	(1,806,071,553)	(1,956,658,573)	(1,874,746,587)
Minimum Available Balance	\$19,731,869,722	\$18,519,111,409	\$20,591,367,178
Average Minimum Available Balance			\$19,614,116,103
Multiplied by the Percent Available for Investment Over One Year			75%
Equals the Available Balance for Investment Over One Year			\$14,710,587,077
Intermediate-Term (From 1 to 3 Years)			\$4,903,529,026
▪ One-third of the Available Balance for Investment			
Medium-Term and Long-Term (Greater Than 3 Years)			\$9,807,058,051
▪ Two-thirds of Available Balance for Investment (1)			

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

APPROVED LIST OF MUNICIPAL OBLIGATIONS

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



JIM JONES
Director

County of Los Angeles INTERNAL SERVICES DEPARTMENT

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"To enrich lives through effective and caring service"

March 29, 2016

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

Dear Supervisors:

**FIRST DISTRICT SAN GABRIEL
FIELD OFFICE REFURBISHMENT PROJECT
APPROVE PROJECT AND BUDGET
APPROVE APPROPRIATION ADJUSTMENT
CAPITAL PROJECT NO. 87311
FIRST DISTRICT
(3 VOTES)**

SUBJECT

Approval of the recommended actions will establish the subject Project, approve the scope and budget, find that the Project is exempt from the California Environmental Quality Act, approve an Appropriation Adjustment to fully fund the project and authorize the Internal Services Department to carry out the Project.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed Project is exempt from the California Environmental Quality Act.
2. Approve and establish the proposed First District San Gabriel Field Office Refurbishment Project, Capital Project No. 87311, and approve the total Project budget of \$1,092,321.
3. Approve the attached Appropriation Adjustment in the amount of \$1,093,000, including the transfer of \$1,048,000 in net County cost from the Board of

Supervisors – Executive Office Fiscal Year 2015-16 Operating Budget to the First District San Gabriel Field Office Refurbishment Project, Capital Project No. 87311, to fully fund the Refurbishment Project and; the transfer of \$45,000 in net County cost to the Internal Services Department’s operating budget to fund the purchase and installation of new office furniture.

4. Authorize the Internal Services Department to manage and deliver the project.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

First District would like to relocate from its office at 3400 Aerojet Avenue, El Monte, to 1441 North Santa Anita Avenue, South El Monte. The First District Field Office Refurbishment, Capital Project No. 87311, will refurbish the unoccupied space at 1441 North Santa Ana Avenue to provide better accessibility of services to constituents and a more functional working space for staff. This refurbished office space will allow the First District to better service its community.

The proposed Project consists of the refurbishment of unoccupied space within the facility to provide a new, functional and efficient office space. The Chief Executive Office (CEO) Real Estate Division provided the Internal Services Department (ISD) with a conceptual layout for utilization of the identified space. ISD, at the request of the CEO, completed a feasibility study for the proposed use and the overall recommendation was that the vacant space was suitable for the new field office. The proposed project will consist of refurbishment and reconfiguration of 1,720 square feet of office space and will include a reception area, Field Deputy and Case worker offices plus a conference room. The project scope also includes removal of hazardous materials, seismic upgrades, new heating, ventilating and air conditioning equipment, updating of the interior finishes, and new security and network systems. New office furniture will be purchased and installed. In addition, the project budget includes a contingency to cover the potential cost of upgrading the staff restrooms to meet requirements of the Americans with Disabilities Act, which will be determined after the design is completed and submitted to Public Works Building and Safety for plan check approval. The project will be coordinated through the Executive Office of the Board, acting as the representative for the Board office.

The proposed Project is scheduled to be completed within twelve (12) months following adoption of this Board Letter.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The proposed Project will support the Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1), by providing employees with safe and efficient work space, Community Support and Responsiveness (Goal 2) and Integrated Services Delivery (Goal 3) by providing enhanced service and response as well as integration of community and public safety services.

FISCAL IMPACT/FINANCING

The total estimated proposed Project cost is \$1,092,321 which includes construction costs of \$1,047,321 and the office furniture purchase and installation cost of \$45,000. The complete proposed Project Schedule and Budget Summary are detailed in Attachment A.

The Boards approval of the attached Appropriation Adjustment, in the amount of \$1,093,000, will authorize the transfer of \$1,048,000 in net County cost from the BOS- Executive Office Fiscal Year 2015-16 operating budget to the First District San Gabriel Field Office Refurbishment Project, Capital Project No. 87311, and \$45,000 to ISD's operating budget to fund the purchase and installation of office furniture.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to the Board's Civic Art Policy, adopted on December 7, 2004, and amended on December 15, 2009, the budget for the Project is over \$500,000, and is not an underground project, portable trailer or technical equipment or structure acquired at a set price through a purchase order, and therefore a 1 percent allocation of the design and construction costs for the Civic Art Fund is included in the total budget.

ENVIRONMENTAL DOCUMENTATION

The proposed general improvement Project is categorically exempt from CEQA. The Project will include refurbishment of various office space is within certain classes of projects that have been determined not to have a significant effect on the environment in that it meets the criteria set forth in Section 15301 of the State CEQA Guidelines, as the Project consists of a minor alteration to an existing public facility based on the project records and does not involve expansion of an existing use. These actions are also exempt under Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. In addition, there are not cumulative impacts, unusual circumstance or other limiting factors that would make the exemption inapplicable based on the Project records.

Upon the Board's approval of the Projects, Internal Services Department will file Notices of Exemption as applicable with the County Clerk in accordance with Section 15062 of the State CEQA Guidelines.

CONTRACTING PROCESS

ISD will deliver this project through previously approved Board contracts and/or in-house services.

The contracts contain terms and conditions supporting the Board's ordinances and policies, including, but not limited to: County Code Chapter 2.200, Child Support Compliance Program; County Code Chapter 2.202, Contractor Responsibility and Debarment; County Code Chapter 2.203, Contractor Employee Jury Service Program; County Code Chapter 2.206, Defaulted Property Tax Reduction Program; Board Policy 5.050, County's Greater Avenues for Independence (GAIN) and General Relief Opportunities for Work (GROW) Programs; Board Policy 5.060, Reporting of Improper Solicitations; Board Policy 5.110, Contract Language to Assist in Placement of Displaced County Workers; and Board Policy 5.135, Notice to Contract Employees of Newborn Abandonment Law (Safely Surrendered Baby Law). As required by the Board, language has been incorporated into the Project specifications stating that the contractor shall notify its employees, and shall require each subcontractor to notify its employees that they may be eligible for the Federal Earned Income Credit under the Federal income tax law (Federal Income Tax Law, Internal Revenue Service Notice 1015).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will have no impact on current services or projects.

The Honorable Board of Supervisors
March 29, 2016
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CONCLUSION

Please return one adopted copy of this Board letter to the Internal Service Department, Facilities Operations Services, one adopted copy to the Chief Executive Office, Capital Projects Division and one adopted copy to the Executive Office of the Board.

Respectfully submitted,

Jim Jones
Internal Services Department
Director

Attachments

c: Chief Executive Officer
County Counsel
Executive Office of the Board

ATTACHMENT A

PROJECT SCHEDULE AND BUDGET SUMMARY

**FIRST DISTRICT SAN GABRIEL
FIELD OFFICE REFURBISHMENT PROJECT
APPROVE PROJECT AND BUDGET
APPROVE APPROPRIATION ADJUSTMENT
CAPITAL PROJECT NO. 87311**

I. PROJECT SCHEDULE

Project Activity	Scheduled Completion Date
Complete Construction Documents	3 months following Board approval
Jurisdictional Approval	5 months following Board approval
Award Construction Contract	7 months following Board approval
Substantial Completion	11 months following Board approval
Project Acceptance	12 months following Board approval

II. BUDGET SUMMARY

Budget Category	Proposed Budget
Design	\$ 105,210
Construction	\$ 576,000
Change Order Allowance	\$ 50,100
Inspection/Testing	\$ 50,100
Civic Art Fee	\$ 6,800
Furniture, Fixtures and Equipment	\$ 45,000
County Services	\$ 259,111
Total	\$ 1,092,321