



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

SACHI A. HAMAI
Interim Chief Executive

DATE: March 12, 2015
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 – Gevork Simdjian
- A) **Board Letter – REQUEST AUTHORIZATION FOR THE AUDITOR-CONTROLLER TO PLACE PROPERTY ASSESSED CLEAN ENERGY ASSESSMENTS ON COUNTY TAX ROLLS**
Auditor-Controller – John Naimo or designee
- B) **Board Letter – DELEGATION OF AUTHORITY TO INVEST AND ANNUAL ADOPTION OF THE TREASURER AND TAX COLLECTOR INVESTMENT POLICY**
TTC - Joseph Kelly or designee
- C) **Board Letter – APPROVAL OF AMENDMENT NUMBER THREE TO AGREEMENT NUMBER 77676 WITH NETSMART TECHNOLOGIES, INC. FOR AN INTEGRATED BEHAVIORAL HEALTH INFORMATION SYSTEM AND APPROVAL OF AN APPROPRIATION ADJUSTMENT FOR FY 2014-15**
DMH - Marvin J. Southard, D.S.W., Director or designee
- D) **Board Letter – PUBLIC LIBRARY: QUARTZ HILL LIBRARY PROJECT APPROVAL OF FIRST AMENDMENT TO OPTION TO LEASE AND DESIGN AGREEMENT**
CEO – Brad Bolger or designee
- E) **Board Letter – RECOMMENDATION TO AWARD CONTRACTS FOR AS-NEEDED HEARING REPORTER SERVICES**
BOS – Patrick Ogawa or designee
2. Public Comment
3. Adjournment



JOHN NAIMO
AUDITOR-CONTROLLER

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

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

March 31, 2015

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

Dear Supervisors:

**REQUEST AUTHORIZATION FOR THE AUDITOR-CONTROLLER
TO PLACE PROPERTY ASSESSED CLEAN ENERGY
ASSESSMENTS ON COUNTY TAX ROLLS
ALL DISTRICTS (3-VOTES)**

SUBJECT

Pursuant to Assembly Bill (AB) 811 (2008), a city or county can designate an area where property owners can receive financing for energy efficiency upgrades and renewable energy installations on their private properties by entering into voluntary contractual assessments where the costs for the improvement are paid via their property tax bill.

The California Enterprise Development Authority (CEDA) has created the CEDA Figtree Property Assessment Clean Energy (PACE) Program and has requested the Auditor-Controller (A-C) to place their PACE assessments on the County tax rolls for those residents whose cities within the County have enrolled in the CEDA Figtree PACE Program.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the A-C to place residential PACE assessments administered by CEDA on the County tax rolls for cities within the County that have entered into a joint powers agreement with CEDA, in compliance with all applicable laws, to enroll in the CEDA Figtree PACE Program.
2. Authorize the A-C to negotiate an agreement on the fees charged to place the PACE assessments on the County tax rolls pursuant to Streets and Highways Code Section 5898.20(b) and any subsequent annual agreement thereafter.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On May 20, 2014, your Board authorized the A-C to place residential PACE assessments administered by the Western Riverside Council of Governments (WRCOG) on the County tax rolls for cities within the County that have entered into a joint powers agreement with WRCOG, in compliance with all applicable laws, to enroll in the WRCOG residential PACE Program.

CEDA, in partnership with Figtree Financing has created the CEDA Figtree PACE Program within Los Angeles County. Figtree Financing is a private company that offers its Figtree PACE Program to jurisdictions interested in creating PACE Programs. There are currently 13 cities within the County that have opted to join the CEDA Figtree PACE Program. Through the A-C, CEDA has requested the County to execute an agreement governing the placement of PACE assessments for the 13 cities, the collection of the assessments and transmittal of the assessments to CEDA, and reimbursement to the County for expenses to administer the PACE assessments. Under AB 811, the County is authorized to place, collect, and remit these assessments to CEDA.

Streets and Highways Code Section 5898.30 provides that the PACE assessments are collected in the same manner and at the same time as the general taxes of the County on real property. In addition, Streets and Highways Code Section 5898.20(b) authorizes the A-C to negotiate a fee agreement with CEDA for placing the PACE assessments on the County tax rolls. Approval of this request also provides authorization to accept the placement of the PACE assessments on the County tax rolls for the cities in the County that have joined the CEDA Figtree PACE Program.

Implementation of Strategic Plan Goals

This action supports Goal 1, Operational Effectiveness, by providing a program that promotes energy efficiency and conservation, and enhances health and sustainable practices in the County.

FISCAL IMPACT/FINANCING

The County's cost to administer the CEDA PACE assessments will be fully reimbursed under a fee agreement with CEDA.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Potential Federal Housing and Financing Authority (FHFA) Risk

In their March 3, 2015 memo to your Board, the Internal Services Department and the Treasurer and Tax Collector explained concerns raised by the FHFA and provided a status on the County's Judicial Validation proceeding of the PACE program, which may be completed by April 2015. Despite the FHFA concerns, several non-County related PACE

programs, such as the CEDA Figtree Pace Program are moving forward with their programs and requesting the County to place and collect PACE assessments on the County tax rolls.

Streets and Highways Code Section 5898.20 (a)(1) and (2) authorizes a legislative body of any public agency (e.g., county and city) to designate an area which authorizes the public agency officials and property owners to enter into voluntary contractual assessments (i.e., PACE) to finance the installation of distributed generation renewable energy sources or energy or water efficiency improvements that are permanently fixed to real property.

Streets and Highways Code Section 5898.20 (b) further provides that the legislative body must adopt a resolution that includes describing the proposed arrangements for financing the program, including a description of criteria for determining the creditworthiness of a property owner, and holding a public hearing. In addition, the resolution directs the public agency official to negotiate with the County A-C in order to reach an agreement on what additional fees, if any, will be charged to the County for incorporating the PACE assessments. So far, 13 cities within the County have joined the CEDA Figtree PACE Program by adopting the appropriate resolutions.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current County services or projects.

Respectfully submitted,

JOHN NAIMO
Auditor-Controller

JN:AB:SL

c: Sachi A. Hamai, Interim Chief Executive Officer
Mark J. Saladino, County Counsel
Joseph Kelly, Treasurer and Tax Collector
Patrick Ogawa, Acting Executive Officer, Board of Supervisors
Jim Jones, Director, Internal Services Department
Public Information Office

March 31, 2015

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 required 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 reviewed the requirements for a broker/dealer to qualify as an “emerging firm” and increased the maximum capitalization from \$5 million to \$10 million, at the time of application. We also increased the minimum capitalization from \$200,000 to \$250,000, and require that this minimum capitalization be maintained at all times. These criteria were last revised more than a decade ago. These changes should allow additional firms to serve as broker/dealers.

Supranationals were added as a new permitted investment, in accordance with the changes made to Government Code Section 53601(q), effective on January 1, 2015. Supranationals are multilateral lending institutions that provide development financing, advisory services and other financial services to their member countries to promote improved living standards through sustainable economic growth. Three of these supranationals are headquartered in the United

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States and issue highly rated bonds that are denominated in U.S. currency: the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), and the Inter-American Development Bank (IADB). The addition of supranationals as a permitted investment provides us with greater flexibility in the investment of funds.

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

IMPACT ON CURRENT SERVICES

There is no impact on current services.

Respectfully submitted,

JOSEPH KELLY
Treasurer and Tax Collector

JK:NI:rkw

Attachments

c: Interim Chief Executive Officer
Acting Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller

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

Authority to Invest

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

Fundamental Investment Policy

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

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

Pooled Surplus Investment Portfolio

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

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

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

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

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

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

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

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

The weighted average maturity target of the PSI portfolio is 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.

Liquidity of PSI Investments

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

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

than one.

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

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

Specific Purpose Investment Portfolio

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

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

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

Execution, Delivery, and Monitoring of Investments

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

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

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

All investment transactions made by the Investment Office SHALL be reviewed by the Internal Controls 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/Dealer Section

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

- A. Broker/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 National Association of securities Dealers and;
3. Be registered with the Securities and Exchange Commission and;
4. Have been in operation for more than five years; and
5. Have a minimum annual trading volume of \$100 billion in money market instruments or \$500 billion in U.S. Treasuries and Agencies.

B. Emerging firms that meet the quality criteria of the Treasurer and satisfy 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;
- ~~4.3. Maintain a minimum capitalization of \$2500,000 and, at the time of application, have a maximum capitalization of no more than \$105 million with office(s) in California licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code or a member of a Federally regulated exchange with a minimum capitalization of \$200,000 to a maximum capitalization of \$5 million and have met the quality criteria of the Treasurer.~~

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

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

- A. Confirmation of daily trade transactions and all open trades in effect at month-end.
- B. Response to auditor requests for confirmation of investment transactions.
- C. Response to the Internal Controls 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 United States Government, its agencies and instrumentalities.

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

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

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

C. Asset-Backed Securities

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

D. Bankers' Acceptance Domestic and Foreign

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

E. Negotiable Certificates of Deposit (CD)

1. Maximum maturity: Three years and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: Aggregate total of Domestic and Euro CD's are limited to 30% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Must be issued by:
 - a) National or State-chartered bank, or
 - b) 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 United States.
 - b) Depository institutions licensed by the United States or any State and operating within the United States
- 5. Additional limits in Section G apply if note is a Floating Rate Note Instrument.

G. Floating Rate Notes

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

benchmark rate.

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

H. Commercial Paper

1. Maximum maturity: 270 days and limits outlined in Attachment I for the issuer's current credit rating.
2. Maximum total par value: 40% of the PSI portfolio.
3. Maximum par value per issuer: The lesser of 10% of the PSI portfolio or the limits outlined in Attachment I for the issuer's current credit rating.
4. Credit: Issuing Corporation - Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):
 - (a) The entity meets the following criteria:
 - 1) Is organized and operating in the United States as a general corporation.

- 2) Has total assets in excess of \$500 million.
 - 3) Has debt other than commercial paper, if any, that is rated “A” or higher by NRSRO.
- (b) The entity meets the following criteria:
- 1) Is organized in the United States as a Limited Liability Company or Special Purpose Corporation.
 - 2) Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
 - 3) Has commercial paper that is rated “A-1” or higher, or the equivalent, by a NRSRO.

I. Shares of Beneficial Interest

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

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

2. State of California’s Local Agency Investment Fund (LAIF) pursuant to Government Code Section 16429.1.
3. Trust Investments – Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in securities and obligations authorized in Section 53601 (a) to (o) of the Government Code. To be eligible, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

- a) The adviser is registered or exempt from registration with the Securities and Exchange Commission.
- b) The adviser has not less than five years of experience investing in the securities and obligations authorized in Section 53601 (a) to (o) of the Government Code.
- c) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

J. Repurchase Agreement

1. Maximum maturity: 30 days.
2. Maximum total par value: \$1 billion.
3. Maximum par value per dealer: \$500 million.
4. Agreements must be in accordance with approved written master repurchase agreement.
5. Agreements must be fully secured by obligations of the United States Government, its agencies and instrumentalities. The market value of these obligations that 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 United States Government and its agencies and instrumentalities.
8. The security to be sold on reverse repurchase agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.
9. The proceeds of the reverse repurchase agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.
10. The proceeds of the reverse repurchase agreement SHALL be invested in instruments with maturities occurring at or before the maturity of the reverse repurchase agreement.
11. In no instance SHALL the investment from the proceeds of a reverse repurchase agreement be sold as part of a subsequent reverse repurchase agreement.

L. Forwards, Futures and Options

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

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

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

1. Maximum maturity: 90 days.
2. Maximum aggregate par value: \$100 million.
3. Maximum par value per counterparty: \$50 million. Counterparties for Forward and Option Contracts limited to those on the approved Treasurer and Tax Collector list and must be rated "A" or better from at least one nationally recognized rating

agency.

4. The underlying securities SHALL be an obligation of the United States Government and its agencies and instrumentalities.
5. Premiums paid to an option seller SHALL be recognized as an option loss at the time the premium is paid and SHALL not exceed \$100,000 for each occurrence or exceed a total of \$250,000 in any one quarter. Premiums received from an option purchase SHALL be recognized as an option gain at the time the premium is received.
6. Complex or hybrid forwards, futures or options defined as agreements combining two or more categories are prohibited unless specific written approval of the Treasurer is obtained PRIOR to entering into the agreement.
7. Open forward, future, and option contracts SHALL be marked to market weekly and a report SHALL be prepared by the Internal Controls Office.
8. In conjunction with the sale of bonds, the Treasurer MAY authorize exceptions to maturity and par value limits for forwards, futures and options.

M. Interest Rate Swaps

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

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

N. Securities Lending Agreement

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

1. Maximum term: 180 days.

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

~~O. Investment of Bond Proceeds~~

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

O. Supranationals

United States 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 United States. Supranational investments shall be rated "AA" or better by an NRSRO and shall not exceed 30% of the PSI portfolio.

1. Maximum maturity: 5 years and limits outlined in Attachment I for issuer's current

credit rating.

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

~~1~~3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.

**MINIMUM CREDIT RATING
DOMESTIC ISSUERS**

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

Commercial Paper		Limit
Maximum maturity 270 days		
S&P	Moody's	
A-1/AAA	P-1/Aaa	\$1.5 Billion maximum, of which 50% may be over 180 days.
A-1/AA	P-1/Aa	\$1 Billion maximum, of which 50% may be over 180 days.
A-1/A	P-1/A	\$750MM maximum, of which 50% may be over 90 days to a maximum of 180 days.

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

**MINIMUM CREDIT RATING
FOREIGN ISSUERS**

Bankers' Acceptance		Commercial Paper		Certificates of Deposit		Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN)		Limit
Maximum maturity 180 days		Maximum maturity 270 days		Maximum maturity 3 years		Corporate: 3 years ABS: 5 years FRN: 5 years (1)		
Fitch	Moody's	S&P	Moody's	Fitch	Moody's	S&P	Moody's	
aaa	P-1/Aaa	A-1/AAA	P-1/Aaa	aaa	P-1/Aaa	A-1/AAA	P-1/Aaa	\$600MM maximum, of which 50% may be over 180 days.
aa-				aa-				\$500MM maximum, of which 50% may be over 180 days.
a	P-1/Aa	A-1/AA	P-1/Aa	a	P-1/Aa	A-1/AA	P-1/Aa	\$450MM maximum, of which 50% may be over 180 days.
a-				a-				\$350MM maximum, of which 50% may be over 90 days to a maximum of 180 days.
bbb	P-1/A	A-1/A	P-1/A	bbb	P-1/A	A-1/A	P-1/A	\$300MM maximum, of which 50% may be over 90 days to a maximum of 180 days.

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

MINIMUM CREDIT RATING
SUPRANATIONAL ISSUERS

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

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

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

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

	<u>2014</u> <u>2013</u>	<u>2013</u> <u>2</u>	<u>2012</u> <u>4</u>
Minimum <u>I</u> nvestm <u>e</u> nted <u>B</u> alance and <u>A</u> vailable <u>C</u> ash	\$ <u>20,475,769,982</u> <u>22,466,113,765</u>	\$ <u>22,466,113,765</u> <u>1,059,006,042</u>	\$ <u>21,059,006,042</u> <u>2,563,000,277</u>
Less:			
▪ Discretionary <u>D</u> eposits	(<u>1,956,658,573</u> <u>1,874,746,587</u>)	(<u>1,874,746,587</u> <u>1,995,760,144</u>)	(<u>1,995,760,144</u> <u>2,145,967,200</u>)
Minimum <u>A</u> vailable <u>B</u> alance	\$ <u>18,519,111,409</u> <u>20,591,367,177</u>	\$ <u>20,591,367,177</u> <u>19,063,245,898</u>	\$ <u>19,063,245,898</u> <u>20,417,033,077</u>
Average <u>M</u> inimum <u>A</u> vailable <u>B</u> alance			\$ <u>19,391,241,495</u> <u>20,023,882,051</u>
Multiplied by the <u>P</u> ercent <u>A</u> vailable for <u>I</u> nvestment <u>O</u> ver <u>O</u> ne <u>Y</u> ear			75%
Equals the <u>A</u> vailable <u>B</u> alance for <u>I</u> nvestment <u>O</u> ver <u>O</u> ne <u>Y</u> ear			\$ <u>14,543,431,121</u> <u>15,017,911,538</u>
Intermediate-Term (<u>F</u> rom <u>1</u> one to <u>3</u> three <u>Y</u> ears) ▪ One-third of the <u>A</u> vailable <u>B</u> alance for <u>I</u> nvestment			\$ <u>4,847,810,374</u> <u>5,005,970,513</u>
Medium-Term and Long-Term (<u>G</u> reater <u>T</u> han <u>3</u> three <u>Y</u> ears) ▪ Two-thirds of <u>A</u> vailable <u>B</u> alance for <u>I</u> nvestment (1)			\$ <u>9,695,620,747</u> <u>10,011,941,025</u>

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

County of Los Angeles
Treasurer and Tax Collector
Investment Policy
ATTACHMENT III

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.



LOS ANGELES COUNTY DEPARTMENT OF MENTAL HEALTH
550 S. VERMONT AVE., LOS ANGELES, CA 90020 HTTP://DMH.LACOUNTY.GOV



MARVIN J. SOUTHARD, D.S.W.
Director
ROBIN KAY, Ph.D.
Chief Deputy Director
RODERICK SHANER, M.D.
Medical Director

March 31, 2015

DRAFT/VERSION 6 – 03/04/15

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:

**APPROVAL OF AMENDMENT NUMBER THREE TO AGREEMENT NUMBER 77676
WITH NETSMART TECHNOLOGIES, INC., FOR AN
INTEGRATED BEHAVIORAL HEALTH INFORMATION SYSTEM
AND APPROVAL OF AN APPROPRIATION ADJUSTMENT
FOR FISCAL YEAR 2014-15
(ALL SUPERVISORIAL DISTRICTS)
(4 VOTES)**

CIO RECOMMENDATION: APPROVE (X)

SUBJECT

Request approval of Amendment Number Three to Agreement Number 77676 with Netsmart Technologies, Inc., to add \$4,400,000 in Pool Dollars for Fiscal Year 2014-15 for County-requested Other Professional Services/Change Notices to support the Department of Mental Health in its continued implementation and roll-out efforts of the Integrated Behavioral Health Information System and Legal Entity and Fee-for-Service Contract Providers, and approval of a request for appropriation adjustment.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and authorize the Director of Mental Health (DMH or Department), or his designee, to prepare, sign, and execute Amendment Number Three, substantially similar in format to Attachment II, to the existing DMH Integrated Behavioral Health Information System (IBHIS or System), Agreement Number 77676 with Netsmart Technologies, Inc., (Netsmart), effective upon Board approval to provide an additional \$4,400,000 in Pool Dollars for Other Professional Services/Change Notices and increase the Contract Sum by \$4,400,000 to a total of \$103,716,793, fully funded by the Mental Health Services Act (MHSA) Capital Facilities and Sales Tax Realignment revenues.
2. Approve the Request for Appropriation Adjustment (Attachment III) for FY 2014-15 in the amount of \$4,400,000 to increase Services and Supplies (S&S) to provide additional spending authority. The appropriation adjustment is funded with State MHSA revenue budgeted in Designation for Budget Uncertainties.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of this action will allow DMH to increase Pool Dollars from \$9,656,378 to \$14,056,378 for County-requested Other Professional Services/Change Notices needed to support DMH in its continued implementation and roll-out efforts of the IBHIS for Directly Operated clinics, Legal Entity (LE) Contract Providers, and Fee-for-Service (FFS) Contract Providers. IBHIS is the Department's new Electronic Health Record (EHR) System that will enable the Department to meet the Federal and State mandates associated with health care reform and to meet County's Strategic Plan goal of achieving a seamless electronic exchange of selected health and human services data across organizational boundaries. Once IBHIS is fully deployed, both the Integrated System (IS) and the legacy Mental Health Management Information System (MHMIS) will be retired.

The proposed Amendment will provide additional resources, under Other Professional Services, with practical experience and knowledge of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) Electronic Data Interchange (EDI) transactions and healthcare claiming systems to support DMH's Contract Provider preparation and system implementation support efforts through at least October 2015, and possibly until December 31, 2015. Contract Providers have been limited in testing their electronic interfaces to IBHIS in preparation for their transition to claiming via IBHIS. There are changes to IBHIS being developed that are expected to make management of Contract Provider claims more efficient and less labor intensive. DMH is not staffed to handle a surge of Contract Providers testing in May and June in anticipation of the July 1, 2015, go-live date for Contract Providers. Therefore DMH has already planned for Contract Provider roll-out dates through December 31, 2015, and possibly beyond. Additional resources from Netsmart will likely be necessary to manage this extended roll-out.

Contractor resources will assist and support DMH with tasks required to certify claims to prepare 116 LEs and 293 FFS Contract Providers for IBHIS claims processing. Contractor resources will work closely with trained DMH employees to ensure that claims certification follows County procedures and protocols, Contract Providers receive clear information on achieving certification, and to troubleshoot identified issues.

On March 11, 2014, the Board approved 51 ordinance positions necessary for the development of DMH's Central Business Office (CBO) and Provider Services Office (PSO) to support the roll-out of IBHIS and new business requirements mandated under the Affordable Care Act (ACA). Hiring began immediately on the 51 positions with key positions targeted to be filled no later than July 2014. In the interim, County acquired resources under Other Professional Services to bridge this staffing gap and to provide ongoing transitional support to the CBO through calendar year 2014. Acquiring these resources has nearly exhausted the \$6 million in Pool Dollars requested under Board-approved Amendment Number Two, dated December 17, 2013.

Implementation of Strategic Plan Goals

The recommended actions are consistent with County Strategic Plan Goal 3, Integrated Services Delivery.

FISCAL IMPACT/FINANCING

The Amendment will increase the Contract Sum by \$4,400,000 which includes additional Pool Dollars in the amount of \$4,400,000 for Professional Services/Change Notices for a revised total Contract Sum of \$103,716,793. The total cost of the increase is fully funded by MHSAs Capital Facilities and Sales Tax Realignment revenues.

The Request for Appropriation Adjustment (Attachment III) for FY 2014-15 in the amount of \$4,400,000 will increase the S&S to provide additional spending authority for the Pool Dollars in the IBHIS Agreement. The Appropriation Agreement is fully funded with State MHSAs revenue budgeted in Designation for Budget Uncertainties.

There is no increase in net County cost associated with the recommended action.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On October 18, 2011, your Board approved Agreement Number 77676 with Netsmart to provide DMH with an IBHIS, as well as ongoing Maintenance and Support Services, Hosting Services, application management, and other related services for an eleven-year term and a total Contract Sum of \$93,316,793. IBHIS provides clinical, administrative, financial, and data sharing functionality to support the State of California Department of Mental Health (SDMH) Medi-Cal and Federal Medicare programs.

On September 23, 2013, your Board approved Amendment Number One to revise standard County language regarding Contractor's Obligations as a Business Associate under the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

On December 17, 2013, your Board approved Amendment Number Two to add an additional \$6,000,000 in Pool Dollars for Other Professional Services/Change Notices; increase the Contract Sum by \$6,000,000, from \$93,316,793 to \$99,316,793; exclude certain Deliverables from the holdback provision; redistribute \$1,856,750 into a new Deliverable (Pilot 1 Production Use), originally tied to Final System Acceptance; modify Maintenance and Support Services and Hosting Services provisions to reflect that such services shall commence upon Production Use of the System; and add/update certain other County-required provisions of the Agreement.

In recognition of Netsmart's significant progress toward the full implementation of IBHIS, DMH in accordance with its delegated authority, released \$3,044,810 in holdback funds, originally tied to Final Systems Acceptance under the terms of the Agreement, for DMH Directly Operated functionality via Change Notice Number Thirty-Nine, effective December 19, 2014. In consideration of that release, Netsmart agrees to suspend its receipt of Maintenance and Support and Hosting Services fees for a period of eight months or until Netsmart completes two consecutive successful claims cycles for Contract Providers newly in Production Use of IBHIS, whichever is later. DMH believes this will ensure Netsmart's performance and provide protection to the County. County Counsel, in consultation with outside counsel, determined that the substitution of other security for the Holdback Amount, while not free from risk, provides County some consideration and security that can legally support the release of the holdback funds through said Change Notice. Notwithstanding these risks, DMH has accepted the substitution of

the suspended payments for release of the holdback funds as a reasonable business decision to protect the County in the event Netsmart does not fully perform pursuant to the conditions set forth in said Change Notice. DMH's decision is based on its determination that Netsmart has made significant progress and continues to work with DMH to provide necessary modifications to IBHIS to meet the unprecedented scale and complexity of DMH's claims processing. Due to the additional modifications that the IBHIS claiming module requires to achieve full implementation, County and Contractor have mutually agreed to an eight month extension of Final System Acceptance.

The proposed Amendment addresses the need for supplemental resources, in the form of Change Notices, to timely fill gaps in DMH resources to keep the IBHIS project moving forward without further delay and to fund necessary changes to the IBHIS software.

This Amendment also updates and includes new Board policy language, including revising the "Consideration of Hiring Gain/Grow Participants" provision to be consistent with the County's standard contract language. Also, included are the Board-mandated provisions on "Data Destruction" and "Time Off for Voting". Exhibit O (Listing of Contractors Debarred in Los Angeles County), Exhibit P (IRS Notice 1015), Exhibit Q (Determination of Contractor Non-Responsibility and Contractor Debarment), and Exhibit R (Background Resources: California Charities Regulation) were also updated.

The Amendment has been reviewed and approved as to form by County Counsel. The County's Chief Information Officer reviewed this Amendment and determined that no CIO Analysis is required because the scope of services has not changed. The requested Amendment simply provides additional Pool Dollars to allow DMH to continue the implementation of IBHIS.

Except as expressly provided in the Amendment, all other provisions and conditions of the Agreement will remain the same and in full force and effect.

CONTRACTING PROCESS

On November 18, 2009, DMH issued a Request for Proposals (RFP) to solicit proposals from qualified vendors to acquire, install, configure, implement, and maintain the IBHIS, under which Netsmart was the selected vendor. The resultant Agreement Number 77676 was approved by your Board on October 18, 2011, for an eleven-year term to provide an EHR system consistent with the Department's requirements under MHPA that will support multiple simultaneous users and interface with several existing and planned County information systems.

IMPACT ON CURRENT SERVICES

The Board's approval of the recommended Amendment will allow DMH to continue the implementation and roll-out efforts of IBHIS and ensure a smooth transition of DMH's Contract Providers from the IS to IBHIS. Failure to approve this Amendment will mean that IBHIS implementation tasks and roll-out activities for Directly Operated clinics and Contractor Providers will be further and substantially delayed as resource constraints remain a serious issue. It will also not be possible to make necessary software changes essential to assuring successful claiming for Contract Providers within DMH resource constraints.

Respectfully submitted,

Reviewed by:

Marvin J. Southard, D.S.W.
Director of Mental Health

Richard Sanchez
Chief Information Officer

MJS:MM:RK:RG

Attachments (3)

c: Chief Executive Officer
County Counsel
Chief Information Officer
Executive Officer, Board of Supervisors
Chairperson, Mental Health Commission

NTSTAmnd No.3/V6 03/04/15

DRAFT



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

SACHI A. HAMAI
Interim Chief Executive Officer

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

March 31, 2015

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

Dear Supervisors:

**PUBLIC LIBRARY:
QUARTZ HILL LIBRARY PROJECT
APPROVAL OF FIRST AMENDMENT TO OPTION TO LEASE AND DESIGN AGREEMENT
(FIFTH DISTRICT)
(3 VOTES)**

SUBJECT

Approval of the recommended actions will approve a First Amendment to the Option to Lease and Design Agreement dated August 19, 2014 with Griffin|Swinerton for the Quartz Hill Library Project.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and authorize the Chair to execute a First Amendment to the Option to Lease and Design Agreement dated August 19, 2014 with Griffin|Swinerton for the Quartz Hill Library Project, and delegate authority to the Chief Executive Office to extend the option term by an additional month, to June 1, 2015, if necessary and agreed to by both parties.

"To Enrich Lives Through Effective And Caring Service"

***Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only***

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On August 19, 2014 the Board established the Quartz Hill Library Project, found Griffin|Swinerton as the most qualified and best value proposer, and approved the Option to Lease and Design Agreement for the design services and an option to lease the proposed Quartz Hill Library (Project). The approved Option to Lease and Design Agreement (Option Agreement) allowed Griffin|Swinerton to proceed with the design of the new library, while securing for the County of Los Angeles (County) an option to lease the property upon completion of the building design, which option is exercisable by the Board any-time before April 1, 2015. Pursuant to the terms of the Option Agreement, on February 19, 2015, the County provided the notice of intent to exercise its Option to lease the Property.

Upon further discussions, County staff and Griffin|Swinerton have jointly agreed that it is necessary to extend the term of Option Agreement in order to allow for the exercise of the option to lease to occur no later than May 1, 2015. Approval of the Amendment to the Option Agreement (Amendment) will provide Griffin|Swinerton with additional time needed to complete the financing of the proposed Project and complete negotiations of the lease. The economic terms of the lease will be based upon and consistent with the financing and construction costs.

Once the Board approves the Amendment, the term of the County's option to lease the property will be extended to May 1, 2015, with delegated authority to the Chief Executive Office to extend the option term by an additional month, to June 1, 2015, if necessary and agreed to by both parties. It is anticipated that we will return to Board for approval to exercise the option to Lease and adopt the Mitigated Negative Declaration. The proposed extension will not impact the original Project schedule.

Implementation of Strategic Plan Goals

The proposed Project supports the County's Strategic Plan Goals of Operational Effectiveness (Goal 1) and Integrated Services Delivery (Goal 3) by investing in public infrastructure that will enhance cultural, recreational, and lifelong learning opportunities for County residents.

FISCAL IMPACT/FINANCING

There is no fiscal impact as a result of the recommended action.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed First Amendment to the Option to Lease and Design Agreement, if approved by the Board, will allow additional time to Griffin|Swinerton to finalize the financing of the proposed Project and complete negotiations of the lease.

ENVIRONMENTAL DOCUMENTATION

The recommended action is not a project pursuant to the California Environmental Quality Act (CEQA) because it is an activity that is excluded from the definition of a Project by Section 15378(b)(5) of the State CEQA Guidelines. The recommended action, the extension of an option term by up to two months, is an organizational or administrative activity of government which will not result in direct or indirect physical changes in the environment. Appropriate environmental documentation will be prepared by the County and provided for the Board's consideration when we return to the Board to recommend approval of the proposed Project and exercise of the option to lease.

CONTRACTING PROCESS

The attached First Amendment to Option to Lease and Design Agreement has been approved by County Counsel as to form.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current County services or projects as a result of the First Amendment to the Option to Lease and Design Agreement.

The Honorable Board of Supervisors
March 31, 2015
Page 4

CONCLUSION

Please return one adopted copy of this letter to the Chief Executive Office, Capital Projects Division and Public Library.

Respectfully submitted,

Sachi A. Hamai
Interim Chief Executive Officer

SAH:TT:BMB:
MS:AC:rp

Attachment

c: Executive Office, Board of Supervisors
County Counsel

DRAFT

**AMENDMENT NO. 1 TO OPTION TO LEASE AND DESIGN AGREEMENT NO. 78255
PUBLIC LIBRARY
QUARTZ HILL LIBRARY PROJECT**

This Amendment No. 1 to Option to Lease and Design Agreement No. 78255 ("Amendment" or "Amendment No. 1") is made and entered into this _____ day of _____, 2015, by and between Griffin|Swinerton, a joint venture ("Owner"), and the COUNTY OF LOS ANGELES, a body politic and corporate, on the other hand ("County").

WHEREAS, Griffin|Swinerton and County entered into that certain Option to Lease and Design Agreement No. 78255 dated August 19, 2014 ("Agreement") whereby Griffin|Swinerton granted the County the option to lease a library facility in Quartz Hill on Avenue M-2 after Griffin|Swinerton designs and constructs the facility.

WHEREAS, The Option Term commenced on August 19, 2014 and is currently set to expire on April 1, 2015; and

WHEREAS, Owner and County desire to amend the Agreement for the purpose of extending the Option Term; and

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and County hereby covenant and agree to amend the Agreement as follows:

1. Paragraph 1.2. OPTION TERM, is hereby deleted and the following substituted therefor:

Option Term. This Option shall be exercisable by the County during a term commencing on the date of the execution of the Agreement, and terminating on May 1, 2015 (the "Option Term"). The Option Term may be extended by mutual written agreement of the parties, and County's Chief Executive Office ("CEO") shall have authority to negotiate and execute on behalf of the County any such agreement, provided that such CEO authority shall only apply to extensions of the Option Term up to and including June 1, 2015, and thereafter, Board of Supervisors' approval shall be required.

2. Paragraph 3.5. LEASE EXECUTION DATE, is hereby deleted and the following substituted therefor:

Lease Execution Date. For purposes of this Agreement, the "Lease Execution Date" shall be defined as the date of the County's Board of Supervisors' execution of the Lease. The parties agree to cause the Lease Execution Date to occur no later than May 1, 2015. Notwithstanding the foregoing, the parties may mutually agree in writing to extend the Lease Execution Date beyond that date, if such an extension appears to either party to be necessary. The County's CEO shall have the authority to negotiate and execute any such agreement on behalf of the County, provided that such CEO authority shall only apply to extensions of the Lease Execution Date up to and including June 1, 2015, and thereafter, Board of Supervisors' approval shall be required,

3. Notwithstanding anything to the contrary, all other terms and conditions contained in the Agreement shall remain in full force and effect.

4. Each of the undersigned signatories for the Owner personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Amendment upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the County from all damages, costs, and expenses which result from a breach of this mutual representation.

5. In the event of a conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall control.

6. All undefined terms when used herein shall have the same respective meanings as are given under the Agreement, unless expressly provided otherwise in this Amendment.

DRAFT

IN WITNESS WHEREOF, the Owner has executed this Amendment or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Amendment to be executed on its behalf by the Mayor of said Board and attested to by the Clerk thereof the day, month, and year first above written.

OWNER:

Griffin|Swinerton, a joint venture

By: Griffin Structures, Inc., a California Corporation

By: _____
Roger Torriero, CEO/President

By: Swinerton Builders, a California Corporation

By: _____
Gary Rafferty, COO/President

COUNTY OF LOS ANGELES
a body politic and corporate

By: _____
Michael D. Antonovich
Mayor, Board of Supervisors

ATTEST:

Patrick Ogawa
Acting Executive Officer-
Clerk of the Board of
Supervisors

By: _____

APPROVED AS TO FORM:

MARK J. SALADINO
County Counsel

By: _____
Deputy



PATRICK OGAWA
ACTING EXECUTIVE OFFICER

COUNTY OF LOS ANGELES BOARD OF SUPERVISORS

KENNETH HAHN HALL OF ADMINISTRATION
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March 31, 2015

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:

RECOMMENDATION TO AWARD CONTRACTS FOR AS-NEEDED HEARING REPORTER SERVICES (ALL DISTRICTS) (3 VOTES)

SUBJECT

Request approval for the Executive Office, Board of Supervisors to enter into contract with Barbara Demery-Gillam & Associates, Kennedy Court Reporters, Inc., Weinstein Court Reporters, and Dropulic Court Reporters for as-needed stenographic recording and transcript of administrative hearing services.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and authorize the Executive Officer of the Board of Supervisors to execute contracts with Barbara Demery-Gillam & Associates, Kennedy Court Reporters, Inc., Weinstein Court Reporters, and Dropulic Court Reporters in a format substantially similar to the sample Agreement as provided in Attachment I, which has been approved as to form by County Counsel, effective upon Board approval for a term of three (3) years, with three (3) one-year renewal options and two (2) 6-month option periods exercisable by the Executive Officer of the Board of Supervisors.
2. Authorize the Executive Officer of the Board of Supervisors, to encumber \$125,000, representing the estimated combined, aggregate, expected annual cost for these services.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Civil Service Commission, Employee Relations Commission, and other client boards and commissions require the as-needed services of hearing reporters to provide stenographic recording and transcript of administrative hearings. Through the master agreement process, the Executive Office will be able to secure necessary hearing reporter services to be used as the need for these services arises.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This action is consistent with the County's Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability. Contracts will improve internal operations through the utilization of contractors' expertise to effectively provide services in a timely and responsive manner.

FISCAL IMPACT/FINANCING

Rates are standardized for all firms under the contract. Services are used on an as-needed basis and are estimated to cost \$125,000 annually. Funding is available in the Executive Offices' budget and is offset by billing County departments who require this service.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The contracts are intended to be used by the Executive Office to quickly obtain the services of qualified hearing reporter firms to provide stenographic reporters to record administrative hearings. The resulting list of qualified firms will also serve as a resource for departments wishing to hire hearing reporters to record their administrative hearings.

The Agreement contains the required provisions pertaining to compliance with the County's Jury Service Program, Child Support Program, Consideration of GAIN/GROW Participants for Employment, Recycled Bond Paper, The Safety Surrendered Baby Law, termination for non-adherence of County Lobbyist Ordinance, Determination of Contractor Responsibility and Contractor Debarment, and Defaulted Property Tax Reduction Program. This is not a Proposition A agreement therefore, the Living Wage Program (County Code Chapter 2.201) does not apply to the recommended Agreements.

There is no impact to County employees as these services supplement current resources and are intermittent in nature.

CONTRACTING PROCESS

In accordance with County contracting procedures and requirements, a Request for Statement of Qualifications (RFSQ) was issued and the four vendors with an existing contract

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were notified. Additionally, notice of the availability of the RFSQ was placed on the County's bid website. Four Statement of Qualifications (SOQ) proposals were received and reviewed. Based on the qualifications criteria set forth in the RFSQ, all four were reviewed and deemed qualified. These proposals were complete, detailed, and highly responsive to the RFSQ. Community Business Enterprise (CBE) information for each firm is shown in Attachment II. However, vendors were selected without regard to gender, race, creed or color for award of an Agreement.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact to County employees as these services supplement current resources and are intermittent in nature.

CONCLUSION

Instruct the Executive Officer of the Board of Supervisors to prepare and sign contracts with Barbara Demery-Gillam & Associates, Kennedy Court Reporters, Inc., Weinstein Court Reporters, and Dropulic Court Reporters for as-needed stenographic recording and transcript of administrative hearing services.

Respectfully submitted,

PATRICK OGAWA
Acting Executive Officer, Board of Supervisors

PO:cz

Enclosures

c: Executive Officer – Clerk of the Board of Supervisors
Interim Chief Executive Officer
County Counsel