

EXECUTIVE SUMMARY  
of  
JOINT AGREEMENT OF THE COUNTY OF ORANGE,  
THE OFFICIAL INVESTMENT POOL PARTICIPANTS' COMMITTEE,  
AND EACH OPTION A POOL PARTICIPANT  
FOR RESOLUTION OF CLAIMS AGAINST THE COUNTY OF ORANGE  
(THE "JOINT AGREEMENT")

THIS EXECUTIVE SUMMARY IS BEING PROVIDED TO YOU FOR YOUR CONVENIENCE ONLY, AND IS NOT INTENDED TO BE, AND SHOULD NOT BE, RELIED UPON BY YOU IN DETERMINING WHETHER TO ENTER INTO THE JOINT AGREEMENT. YOU SHOULD CAREFULLY REVIEW THE JOINT AGREEMENT IN ITS ENTIRETY WITH YOUR COUNSEL AND OTHER PROFESSIONALS. THIS EXECUTIVE SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE JOINT AGREEMENT. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE JOINT AGREEMENT AND THIS EXECUTIVE SUMMARY, THE TERMS OF THE JOINT AGREEMENT SHALL CONTROL.

THE JOINT AGREEMENT WILL AFFECT THE RIGHTS OF ALL OPTION A POOL PARTICIPANTS WHO SIGN THE JOINT AGREEMENT AS THOSE RIGHTS CURRENTLY EXIST UNDER THE COMPREHENSIVE SETTLEMENT AGREEMENT RE ORANGE COUNTY INVESTMENT POOLS (THE "CSA"). IN MANY CASES, THAT EFFECT MAY BE ADVERSE.

INTRODUCTION

In response to the voters' defeat of the Measure R Sales Tax proposal, the County of Orange (the "County") has engaged in the process of developing an alternative recovery plan which relies, in part, upon the diversion of future tax revenues from other local governmental entities within the County. Included among those from which the County sought reappropriation by the California State Legislature was the Orange County Transportation Authority (the "OCTA"). In order to limit the County's access to the assets and revenues of special districts and cities, most of which suffered substantial losses as a result of the collapse of the Orange County Investment Pools, the Orange County Investment Pool Participants Committee (the "Pool Committee") has negotiated the terms of the accompanying Joint Agreement.

Of particular note to Option A Pool Participants is Paragraph 12 of the Joint Agreement in which the County agrees,

except for the recovery legislation that was passed in September of 1995:

"not to request of the Legislature, nor otherwise support if requested or approved by any entity other than the County, the diversion of revenue allocated to the undersigned Option A Pool Participant for the purpose of financing the repayment of claims in the County's debt adjustment case or the payment of claims under the County's Plan of Adjustment."

This provision is intended to make it politically difficult for the County to seek, and to provide substantial moral suasion against the County seeking, further diversions of revenues from other local governmental entities within the County. However, this provision does not seek to preclude the County from seeking such reappropriations in response to natural disasters or other circumstances beyond the payment of claims against the County in connection with its bankruptcy proceeding.

The Joint Agreement may, in some cases, improve the status of the remaining outstanding claims of an Option A Pool Participant which signs the Joint Agreement (a "Participating Option A Pool Participant"); and, in other cases, it may worsen it. Each Option A Pool Participant should consider carefully the impact of the Joint Agreement upon its rights under the CSA and applicable law and the potential benefits to be derived by such Pool Participant from the provisions of the Joint Agreement.

#### CONSENSUS LEGISLATION

In accordance with the Joint Agreement, the California State Legislature passed on September 15, 1995, and Governor Wilson subsequently signed into law, several bills which will, upon becoming effective:

1. Reallocate to the County \$38 million of sales tax revenue currently allocated to the OCTA or the Orange County Transit District for a period of 15 years beginning July 1, 1996;

2. Reallocate to the OCTA \$23 million of the County's yearly apportionment of Motor Vehicle Fuel Taxes for a 16 year period beginning July 1, 1997;

3. Reallocate to the County \$4 million of property taxes per year for a period of 20 years (plus

increments in such taxes in (a) and (b) below) beginning July 1, 1996 from each of:

- (a) the County Harbors, Beaches and Parks Fund;
- (b) the County Flood Control Fund; and
- (c) the County Development Agency.

The effect of this legislation will be to divert \$15 million per year for 15 years (a total of \$225 million) from the OCTA to the County, along with \$12 million per year for 20 years (\$240 million in total) from County-controlled agencies to the County to fund the issuance of new municipal debt. The proceeds of the new debt issue will be used to pay off the County's pre-bankruptcy note holders and certain other creditors.

Such legislation is to take effect only if a Plan of Adjustment for the County consistent with the Joint Agreement is confirmed in the County's bankruptcy or upon the appointment of a trustee for the County by the Governor as described in the last paragraph of this Executive Summary. Under the recovery legislation, all revenues received by the County pursuant to such legislation must be used for the performance of the County's obligations under its Plan of Adjustment. If any of the diversions from Flood Control, Harbors, Beaches and Parks, or the Redevelopment Agency are successfully challenged, the County is required to make up the shortfall from the County general account.

#### TERMS OF THE PLAN OF ADJUSTMENT

The Joint Agreement requires the County to prepare and file as soon as possible, and by no later than January 1, 1996, a Plan of Adjustment which contains, in substance, the terms and conditions specified in the Joint Agreement. **Under the Joint Agreement, participating Option A Pool Participants waive all rights to object to, and agree to accept, any County Plan of Adjustment which contains provisions incorporating the material terms in the Joint Agreement.** Importantly, under the Joint Agreement, the County's Plan may provide for payment in full of the allowed claims of all County vendors, employees and short term note debt. It also permits the County to restore up to \$15 million in reserve for County Certificates of Participation which have previously been depleted.

Under the CSA, Settlement Secured Claims are "allowed general unsecured claims against the County." Repayment Claims

are defined under the CSA as "allowed . . . claims" against the County as well, but the holder of a Repayment Claim

"shall not be entitled to receive . . . any payment . . . from the County . . . [other than from the proceeds of the litigation of Pool-Related Claims (as defined in the CSA) against third parties] until after the payment in full of all Senior Claims against the County and the payment in full of all interest on such Senior Claims which accrues or matures after the County Petition Date . . . ."

The "Senior Claims" to which Repayment Claims are subordinated under the CSA include the vendor and employee claims and the short term notes which may be paid in full under the County's Plan pursuant to the Joint Agreement, the \$275 million in Recovery Bonds issued by the County, the proceeds of which were paid to Option A Pool Participants in June of this year, and Option A Pool Participants' Settlement Secured Claims. Under the CSA, the County may also restore a portion of the losses suffered by County Administered Accounts in advance of making any payment on Repayment Claims other than from the proceeds of the Pool-Related Claim litigation.

Under the Joint Agreement, both Settlement Secured Claims and Repayment Claims would become non-recourse claims. This means that they would no longer be debts for which the County would be responsible. Rather, holders of Settlement Secured Claims and Repayment Claims could look only to the proceeds of third-party litigation of Pool-Related Claims and to the \$50 million litigation fund to be set up under the Joint Agreement to prosecute those claims.

A five member Orange County Recovery Committee ("OCRA") is to be appointed to evaluate the County's Plan of Adjustment for consistency with the Joint Agreement and the CSA. Its members will be Mr. Hayes, two individuals appointed by the County and two individuals appointed by the Pool Committee, one of whom is to be a city representative. The OCRA would be disbanded once the County's Plan of Adjustment is confirmed.

#### POOL-RELATED CLAIMS LITIGATION

The County's Plan must also provide for the appointment of a Representative under Section 1123(b)(3)(B) of the Bankruptcy Code to "enforce, prosecute and collect upon" all of the County's and Option A Pool Participants' Pool-Related Claims against the brokerage houses, banks and professionals which are, at least in part, responsible for the losses in the Orange County Investment Pools. The Representative is required to keep the Pool Committee and its counsel informed concerning the progress of such litiga-

tion, including in the manner specified in Exhibit 6 to the CSA. However, the Representative would have

"the sole and absolute discretion in all matters concerning the prosecution, collection, settlement and compromise of Pool-Related Claims subject only to such jurisdiction as may be retained by the Bankruptcy Court pursuant to the Plan of Adjustment."

Under the Joint Agreement, the Representative also has "sole and absolute discretion" in determining what portions of the net proceeds from the litigation of such claims are to be distributed and when, although the legislation recently passed by the California State Legislature requires that all interest earned on the Litigation Fund be distributed annually. The Representative will initially be Mr. Tom Hayes.

#### DISTRIBUTION OF LITIGATION PROCEEDS

Under the CSA net proceeds from Pool-Related Claims litigation are to be distributed approximately 62% (rather than 65% had all Pool Participants elected Option A under the CSA) to the holders of Settlement Secured Claims and approximately 38% to the County until all Settlement Secured Claims are paid in full (a total of \$525,457,359). Then, approximately 62% of the net proceeds of such litigation are to be distributed to the holders of Repayment Claims and approximately 38% to the County until the Repayment Claims are paid in full (a total of an additional approximately \$798,367,684). Thereafter, the County is entitled to retain all of the net proceeds of such litigation until it has received at least \$236.7 million.

Under the Joint Agreement, the first \$54.7 million in the net proceeds of such litigation would be paid to satisfy Repayment Claims held by the Option A Pool Participants listed on Exhibit 1 to the CSA (the "Schools"). The next \$325 million of the net proceeds of such Pool-Related Claim litigation would be paid to the holders of Settlement Secured Claims to repay those claims in full. This means that holders of Settlement Secured Claims would fare worse under the Joint Agreement until approximately \$144 million in net litigation proceeds have been collected; then they would fare better until the Settlement Secured Claims are paid in full.

After all Settlement Secured Claims are paid in full, the next \$202.8 million of net litigation proceeds would be distributed solely to the County, \$22 million of which may be used by the County solely to settle the claims of the Option B Pool Participants. Thereafter, the next \$713 million in net litigation proceeds would be distributed 61.59% to the holders of Repayment Claims and approximately 38.41% to the County.

Accordingly, under the Joint Agreement, holders of Repayment Claims, other than the Schools, would be in a worse position than they would be under the CSA until such claims are paid in full. After \$1.295.5 billion in net litigation proceeds has been collected, in order to restore a portion of the funds diverted from the OCTA under the recovery legislation described above, the OCTA would receive approximately 43% of the next \$525 million in net litigation proceeds and the County would retain the balance. Thereafter, net litigation proceeds would be split between Option A Pool Participants and the County 61.59%/38.41%.

Under the Joint Agreement any portion of the \$50 million Litigation Fund which is not used in pursuing Pool-Related Claims would also be available for distribution in accordance with the scheme described above. No such fund is established under the CSA.

Lastly, the Joint Agreement requires the County to apply the first net litigation proceeds it receives under the scheme described above to repay the claims of Option A Pool Participants against certain enumerated County Administered Accounts which the Pool Committee and the County have identified as containing the funds of some Option A Pool Participants. No such provision exists under the CSA.

#### TREATMENT OF CLAIMS AGAINST COUNTY ADMINISTERED ACCOUNTS

Promptly after execution and Bankruptcy Court approval of the Joint Agreement, the County is required to distribute to those Option A Pool Participants that sign the Joint Agreement, to the extent they are lawfully entitled to such amounts under applicable non-bankruptcy law and to the extent of any portion of a claim therefor is not being disputed by the County, all amounts which remain, after allocation of the Orange County Investment Pool losses, and including both pre- and post-petition interest earned on the cash balances therein, in 54 specified County Administered Accounts and such other accounts as the Pool Committee and the County may jointly agree. In return, Participating Option A Pool Participants agree not to object to any other distributions from such accounts to those who are legally entitled to those distributions. Under Paragraph 8(i) of the Joint Agreement, the County's Plan of Adjustment must provide that

"all claims based upon . . . deficiencies in County Administered Accounts resulting from . . . losses in the Orange County Investment Pools . . . held by the County will receive the same treatment" as such claims held by Option A Pool Participants.

However, under the Joint Agreement, the Plan may provide for the payment of such claims to Option A Pool Participants over a period of 20 years without interest. The Joint Agreement calls for all Participating Option A Pool Participants to also waive any post-petition, post-confirmation and post-effective date interest on their claims for recovery of the deficits in the County Administered Accounts.

The County also waives its rights to interest on the deficits in all County Administered Accounts and agrees that the \$13.4 million County Administered Account deficit claims of the Schools with respect to 19 unapportioned tax accounts maintained by the County shall be paid before the County's own claims. Participating Non-School Option A Pool Participants would agree to a similar time of payment priority for the schools.

#### MISCELLANEOUS CONTRACTUAL PROVISIONS

Participating Option A Pool Participants and the Pool Committee agree to suspend and, upon Bankruptcy Court approval of the County's Plan of Adjustment, to dismiss with prejudice all appeals they have pending relating to the Bankruptcy Court's Order of June 27, 1995 approving the County's compromise with its short term note holders regarding the validity of their note debt and approving the roll-over of that debt to June 30, 1996. It is a condition to the effectiveness of the Joint Agreement, which the County has the sole ability to waive, that the Orange County Cities Subcommittee separately agree to do so as well.

The Joint Agreement also confirms the discontinuation of the County's Arterial Highway Financing Program (the "AHFP"). Under that program the County provided funding of over \$3 million per year, administered by the OCTA, for distribution to Orange County cities for the repair and improvement of roads and highways throughout the County. The parties to the Joint Agreement specifically agree that the AHFP will not be funded in the future by either the County or the OCTA.

There are also provisions in the Joint Agreement for the accounts of the Schools Subcommittee and the Orange County Cities Subcommittee in the Professional Fee Reserve established under the CSA to be replenished with a portion the Withheld Proceeds (\$2 million and \$1.2 million, respectively) which would otherwise be distributed under the CSA to Schools and Option A Orange County Cities.

The Joint Agreement would become effective only if:

- a. signed by all Option A Pool Participants (a condition which the County can waive); and

b. the Joint Agreement is approved by the Bankruptcy Court.

**TREATMENT OF POOL PARTICIPANTS WHO DO NOT SIGN JOINT AGREEMENT**

Paragraph 20 of the Joint Agreement provides that there are to be no third party beneficiaries of the Joint Agreement and that the Joint Agreement is not intended to waive any claims against or adversely affect the rights of any person or entity which is not a party to the agreement. Other than that, the Joint Agreement is silent as to the effect of the agreement upon Option A Pool Participants which choose not to sign it or upon Option B Pool Participants (which are not being asked to sign the agreement). This means that Option A Pool Participants holding Settlement Secured Claims would not benefit from the County's agreement to permit net proceeds from Pool-Related Claims litigation to be applied first to such claims, nor would such Pool Participants' Settlement Secured or Repayment Claims be voluntarily made non-recourse or subordinated other than as provided now in the CSA.

However, the bills passed by the State Legislature include a mechanism for the appointment of a trustee by the Governor if the County fails to file a Plan of Adjustment consistent with the Joint Agreement by January 1, 1996 or if the Governor determines that as of May 1, 1996 or at any time thereafter the County, the Committee of Unsecured Creditors and the Pool Committee "have failed to reach substantial agreement on the terms of a plan of adjustment and the timely confirmation of the plan appears unlikely." The trustee would have not only all of the powers of the Board of Supervisors, but also, "solely to the extent necessary to prevent denial of confirmation of the plan of adjustment . . ." the following powers, among others, of Non-County Pool Participants which are governmental entities:

a. to vote to accept or reject the Plan of Adjustment; and

b. to subordinate or otherwise restructure Pool Participants' claims against the County which are based upon investment losses in the Pools.

In other words, if a trustee is appointed for the County, that trustee could, but would not be required to, agree to the treatment of a Pool Participant's claims against the County in the manner specified in the Joint Agreement or in a manner which is better or worse than that specified in the Joint Agreement. The only constraint upon the trustee in exercising such powers on behalf of Pool Participants is that he "not act in a manner inconsistent with the fair treatment of any [such Pool Participants]."



EXECUTION COPY

December 18, 1995

**JOINT AGREEMENT (the "Agreement") OF THE COUNTY OF ORANGE,  
THE OFFICIAL INVESTMENT POOL PARTICIPANTS' COMMITTEE  
AND EACH OPTION A POOL PARTICIPANT FOR RESOLUTION OF  
CLAIMS AGAINST THE COUNTY OF ORANGE**

1. Definitions. Capitalized terms not defined herein shall have the meanings ascribed to such terms in the Comprehensive Settlement Agreement re: Orange County Investment Pools (the "Comprehensive Settlement Agreement"), in the form approved by the United States Bankruptcy Court for the Central District of California ("Bankruptcy Court") in an order entered on May 2, 1995.
2. Reallocation of Bradley-Burns Sales Tax. The California legislature (the "Legislature") has passed and the Governor of the State of California (the "Governor") has signed legislation providing for the reallocation to and/or retention by the County of Orange (the "County") of a portion of the Bradley-Burns Sales Tax currently allocated to the Orange County Transportation Authority ("OCTA") or to the Orange County Transit District ("OCTD") in the sum of \$38 million per year for a term of fifteen (15) years commencing on July 1, 1996. A copy of that legislation is attached to this Agreement as Exhibit "A."
3. Transfer of Motor Vehicle Fuel Taxes. The Legislature has passed and the Governor has signed legislation that allocates to OCTA \$23 million of the County's yearly apportionment of Motor Vehicle Fuel Taxes for a period of sixteen (16) years commencing on July 1, 1997. A copy of that legislation is attached to this Agreement as Exhibit "A." The County agrees to pay, subject to all bankruptcy defenses, limitations and objections, all eligible costs, as determined by the County, for Arterial Highway Financing Program projects originally programmed by OCTA or the County prior to and including June 30, 1995, and OCTA shall not be obligated to pay any of such eligible costs. The Arterial Highway Financing Program shall

terminate upon the completion of the projects originally programmed by OCTA or the County prior to and including June 30, 1995; and neither the County nor OCTA shall fund any projects programmed after June 30, 1995.

4. Reallocation of Property Taxes (Harbors, Beaches & Parks). The Legislature has passed and the Governor has signed legislation providing for the reallocation to the County of property taxes currently allocated and paid to the Orange County fund commonly known as Harbors, Beaches and Parks in an amount equal to \$4 million per year (plus any related allocation to such fund of future years' tax increments) for a period of twenty (20) years commencing on July 1, 1996. A copy of that legislation is attached to this Agreement as Exhibit "A."
5. Reallocation of Property Taxes (Flood Control). The Legislature has passed and the Governor has signed legislation providing for the reallocation to the County of property taxes currently allocated and paid to the Orange County Flood Control District in an amount equal to \$4 million per year (plus any related allocation to that district of future years' tax increments) for a period of twenty (20) years commencing on July 1, 1996. A copy of that legislation is attached to this Agreement as Exhibit "A."
6. Reallocation of Property Taxes (Development Authority). The Legislature has passed and the Governor has signed legislation providing for the transfer from the Orange County Development Agency ("OCDA") to the County's general fund of an amount equal to \$4 million per year for a period of twenty (20) years commencing on July 1, 1996. A copy of that legislation is attached to this Agreement as Exhibit "A."
7. Segregation of Redirected Revenues. All of the revenues to be directed to or received by the County pursuant to legislation enacted in accordance with paragraphs 2 through 6 hereof shall be accounted for and reserved for the performance of the County's obligations pursuant to a confirmed plan of adjustment, including payment of debt service on post-petition indebtedness or Certificates of Participation approved by the Bankruptcy Court. Funds may be released from the restrictions described in the preceding sentence to

the extent that funds from the County's general fund are applied to obligations of the County under such plan.

8. Plan of Adjustment. The County shall, as promptly as practicable, and in any event no later than January 1, 1996, prepare and file with the Bankruptcy Court a plan of adjustment (the "Plan of Adjustment") and by no later than January 19, 1996, prepare and file with the Bankruptcy Court a Disclosure Statement with respect to such Plan of Adjustment. The Plan of Adjustment shall contain, in substance, the following terms and conditions:
- a) The Plan of Adjustment may provide for the payment of the allowed amount of all County vendor allowed claims as of the Petition Date.
  - b) The Plan of Adjustment may provide for the payment of the allowed amount of all allowed claims asserted by County employees.
  - c) The Plan of Adjustment may provide for payment, in full, of all allowed claims under the County's short-term note debt which constitute "Senior Claims" as that term is defined in the Comprehensive Settlement Agreement.
  - d) The Plan of Adjustment may provide for the replenishment of those reserve accounts required to be maintained in accordance with the documentation governing Certificates of Participation issued on behalf of the County to the extent required by such documentation through the payment of past due lease obligations for such Certificates of Participation to cure any default resulting from nonpayment of such lease obligations, in an amount not to exceed \$15 million.
  - e) The Plan of Adjustment shall provide for the appointment of a Representative pursuant to Bankruptcy Code section 1123(b)(3)(B), defined below, to enforce, prosecute and collect upon all Pool-Related Claims, as such term is defined in the Comprehensive Settlement Agreement, and such Representative's authority shall include determining whether, and on what terms, to settle any or all of such Claims.

- f) The Plan of Adjustment shall provide for the establishment of a fund in the amount of \$50 million (the "Litigation Fund") to enable the Representative to prosecute, enforce and collect upon Pool-Related Claims, including without limitation to pay for the services of lawyers, accountants, expert witnesses, consultants, and to the extent the Professional Fee Reserve established pursuant to the Comprehensive Settlement Agreement is insufficient, counsel for the Official Investment Pool Participants' Committee (the "OCIP Committee") and/or his designee and to pay other costs and fees related to the prosecution, enforcement and collection of Pool-Related Claims.
- g) The Plan of Adjustment shall provide that all Settlement Secured Claims allowed pursuant to the Comprehensive Settlement Agreement shall be subordinated to Senior Claims for purposes of determining distributional entitlements under the Plan of Adjustment and, upon the Effective Date of such Plan, have recourse only to net proceeds of Pool-Related Claims and the Litigation Fund in accordance with the terms and conditions described in Paragraph 9. The security interest which collateralizes the Settlement Secured Claims pursuant to the Comprehensive Settlement Agreement shall be modified and released only to the extent necessary to permit all Pool-Related Claims to become fully subject to the control of the Representative and to permit the distributions of net proceeds of Pool-Related Claims and of the Litigation Fund in accordance with Paragraph 9, below.
- h) The Plan of Adjustment shall provide that all Repayment Claims allowed pursuant to the Comprehensive Settlement Agreement shall, upon the Effective Date of such Plan, have recourse only to net proceeds of Pool-Related Claims and the Litigation Fund in accordance with the terms and conditions described in Paragraph 9. The security interest which collateralizes the Repayment Claims pursuant to the Comprehensive Settlement Agreement shall be modified and released only to the extent necessary to permit all Pool-Related Claims to become fully subject to the control of the Representative and to permit the distributions of net

proceeds of Pool-Related Claims and of the Litigation Fund in accordance with Paragraph 9, below.

- i) Except as otherwise provided in this Agreement, the Plan of Adjustment shall provide that all claims based upon or arising out of deficiencies in County-Administered Accounts resulting from investment losses in the Orange County Investment Pools ("County-Administered Account Claims") held by the County will receive the same treatment as County-Administered Account Claims held by the undersigned holders of Settlement Secured Claims and/or Repayment Claims (collectively, the "Option A Pool Participants").
- j) The Plan of Adjustment may provide for payment, without interest in accordance with Paragraph 10(e) below, of County-Administered Account Claims held by Option A Pool Participants over a period of up to twenty years beginning on the Effective Date of such Plan, and it is the intent of the County to pay such County-Administered Account Claims held by Option A Pool Participants, as shown on the cash flow projections attached hereto as Exhibit B.

9. The Representative. Matters relating to the Pool-Related Claims and the Representative:

- a) The Pool-Related Claims of the County and of the Option A Pool Participants shall be enforced, prosecuted and collected upon by the Representative. The net proceeds, if any, of such enforcement, prosecution and collection efforts shall be distributed at such times and in such amounts as may be determined by the Representative in his sole and absolute discretion. Distributions shall be applied as among the holders of Pool-Related Claims as follows:
  - i) The first \$54,707,336.26 shall be distributed, to the holders of Repayment Claims who are School Pool Participants, pro rata, in accordance with the allowed amounts of such claims and shall be applied to reduce the allowed amounts of such claims.

- ii) After the distribution of \$54,707,336.26 in accordance with paragraph (i), the next \$325,188,616.45 shall be distributed, to the holders of Settlement Secured Claims, pro rata, in accordance with the allowed amounts of such Claims and shall be applied to reduce the allowed amounts of such Claims.
- iii) After the distribution of \$379,895,952.71 in accordance with paragraphs (i) and (ii), the next \$202,800,694.23 shall be distributed to the County of Orange.
- iv) After the distribution of \$582,696,646.94 in accordance with paragraphs (i), (ii) and (iii), the next \$712,833,499.25 until aggregate distributions equal \$1,295,530,146.19 shall be distributed as follows:
  - a) The Secured Claim Percentage, for purposes of this Agreement defined to be 61.59%, of such amounts shall be distributed to Option A Pool Participants and shall be applied to the allowed amount of the remaining Repayment Claims, pro rata, in accordance with the allowed amounts of such Claims.
  - b) 100% minus the Secured Claim Percentage of such amounts shall be distributed to the County of Orange.
- v) After the distribution of \$1,295,530,146.19 in accordance with paragraphs (i), (ii), (iii) and (iv), the next \$400,000,000 until aggregate distributions equal \$1,695,530,146.19 shall be distributed as follows:
  - a) 25% of such amounts shall be distributed to OCTA.
  - b) 75% of such amounts shall be distributed to the County of Orange.
- vi) After the distribution of \$1,695,530,146.19 in accordance with paragraphs (i), (ii), (iii), (iv)

and (v), the next \$125,000,000, until aggregate distributions equal \$1,820,530,146.19 shall be distributed to OCTA.

vii) Amounts in excess of \$1,820,530,146.19 shall be distributed as follows:

- a) The Secured Claim Percentage of such amounts shall be distributed to Option A Pool Participants and shall be applied based upon each Option A Pool Participants' Investment Balance on December 6, 1994, as shown on Exhibits 1 and 2, as revised, to the Comprehensive Settlement Agreement.
  - b) 100% minus the Secured Claim Percentage of such amounts shall be distributed to the County of Orange.
- b) Subject to the waiver of certain interest set forth in Paragraph 10(e), the County shall apply the first net litigation proceeds received by the County pursuant to this paragraph to the repayment of allowed County-Administered Account Claims held by Option A Pool Participants arising out of County-Administered Accounts numbered 106, 108, 109, 113, 115, 118, 119, 136, 139, 144, 145, 148, 15G, 158, 180, 207, 264, 265, 280, 296, 299, 300, 318, 327, 367, 380, 386, 405, 459, 460, 466, 506, 648, 664 - 666, 668 - 670, 672 - 680, 684 - 687, 828, 838 and such other County-Administered Accounts as are subsequently identified by agreement of the OCIP Committee and the County, to the extent that such Option A Pool Participant County-Administered Account Claims are not previously paid. The County hereby warrants and represents that there were no interfund borrowings from any County-Administered Account identified above in this Paragraph 9(b) which were not restored prior to determining the correct December 6, 1994 cash balance in such account.
- c) The Representative shall be Thomas W. Hayes. In the event Mr. Hayes is unable or unwilling to continue to serve as the Representative, an individual or entity selected by the County and approved by the OCIP Committee shall be the Representative. The

Representative may contract with Metropolitan West Securities, Inc., or another person or entity, on such terms and conditions as the Representative shall deem appropriate, for the provision of analytical support and asset management services to the Representative. The Representative shall receive reasonable compensation for his services from the Litigation Fund and/or the proceeds of the prosecution, enforcement and collection of Pool-Related Claims. The agreement containing the terms of the Representative's compensation shall be filed under seal with the Bankruptcy Court.

- d) Both the Representative and Metropolitan West Securities, Inc. shall be indemnified by the Litigation Fund and the litigation proceeds from and against any and all claims which may be asserted against them by reason of any action taken by either of them as Representative or the Representative's agent, respectively. The indemnification described in the preceding sentence shall include payment of attorneys' fees and any other costs incurred in defense of any claims asserted against the Representative or the Representative's agent.
- e) The Representative shall keep counsel for the OCIP Committee informed concerning the progress of the Representative's efforts to prosecute, collect and/or settle Pool-Related Claims. In particular, Exhibit 6 to the Comprehensive Settlement Agreement shall be amended to substitute "counsel for the OCIP Committee" for the words "Designated Counsel" wherever such words appear in such Exhibit. Notwithstanding the foregoing, the Representative shall retain the sole and absolute discretion in all matters concerning the prosecution, collection, settlement and compromise of Pool-Related Claims subject only to such jurisdiction as may be retained by the Bankruptcy Court pursuant to the Plan of Adjustment.
- f) The definition of Excluded Claim in Section 1.g. of the Comprehensive Settlement Agreement is hereby modified: (1) by adding at the end of subsection (5) thereof the words "or does not form the basis for a distribution to such Option A Pool Participant under the December 18,



1995 Joint Agreement of the County of Orange, the Official Investment Pool Participants' Committee and Each Option A Pool Participant for Resolution of Claims Against the County of Orange or under any order of the Bankruptcy Court in the County Chapter 9 Case" and (2) by adding at the end of subsection 6 thereof the words "but only to the extent that such collected fees do not form the basis for a distribution to such Option A Pool Participant under the December 18, 1995 Joint Agreement of the County of Orange, the Official Investment Pool Participants' Committee and Each Option A Pool Participant for Resolution of Claims Against the County of Orange or under any order of the Bankruptcy Court in the County Chapter 9 Case".

10. Certain Agreements of the Option A Pool Participants. Each Option A Pool Participant:
- a) In its capacity as a holder of Settlement Secured Claims, Repayment Claims, and/or County-Administered Account Claims, agrees not to reject any Plan of Adjustment containing provisions incorporating the material terms described in this Agreement;
  - b) In its capacity as a holder of Settlement Secured Claims, Repayment Claims, and/or County-Administered Account Claims, agrees that it intends to accept any Plan of Adjustment containing provisions incorporating the material terms described in this Agreement;
  - c) In its capacity as a holder of Settlement Secured Claims, Repayment Claims, and/or County-Administered Account Claims, agrees not to oppose confirmation by the Bankruptcy Court of any Plan of Adjustment containing provisions incorporating the material terms described in this Agreement whether or not such Option A Pool Participant accepts such Plan of Adjustment. Notwithstanding the foregoing, if Bankruptcy Code section 943 is deemed not to be satisfied, such provision is waived by each Option A Pool Participant in its capacity as a holder of Settlement Secured Claims, Repayment Claims, and/or County-Administered Account Claims, to the fullest extent permitted by law;

- d) In its capacity as a holder of Settlement Secured Claims, Repayment Claims, and/or County-Administered Account Claims, agrees that the treatment of Settlement Secured Claims, Repayment Claims, and County-Administered Account Claims described in this Agreement complies in all respects with all applicable requirements of Bankruptcy Code section 943 whether or not any class comprised of holders of Settlement Secured Claims, any class comprised of holders of Repayment Claims, or any class comprised of holders of County-Administered Account Claims accepts the Plan of Adjustment in accordance with Bankruptcy Code section 1126. Notwithstanding the foregoing, if Bankruptcy Code section 943 is deemed not to be satisfied, such provision is waived by each Option A Pool Participant in its capacity as a holder of Settlement Secured Claims, Repayment Claims, and/or County-Administered Account Claims, to the fullest extent permitted by law;
- e) Waives any right to post-petition, post-confirmation or post-effective date interest on any County-Administered Account Claim. Notwithstanding any provision hereof, each Option A Pool Participant does not waive nor intend to waive any claim for any interest that it may have against any third party;
- f) If not a School Pool Participant, agrees that the County-Administered Account Claims of School Pool Participants based upon losses in County-Administered Accounts numbered 664 - 666, 668 - 670, 672 - 680, and 684 - 687 shall be paid by the County prior to the payment of the County-Administered Account Claims of such Non-School Pool Participants (to the extent there are additional funds then available to the County for the payment of the County-Administered Account Claims, such amounts shall be distributed ratably in respect of all County-Administered Account Claims; provided, however, that the County shall not be required to make distributions in respect of County-Administered Account Claims more frequently than annually).
- g) Agrees to suspend, pursuant to a stipulation acceptable to the County, all appeals relating to the Bankruptcy Court's June 27, 1995, Order Approving Compromise Of

Controversy Respecting Validity Of Note Debt or its June 27, 1995, Order Approving Second Amended Note Modification And Extension Agreement, or any order or findings related thereto;

- h) Agrees to dismiss with prejudice, upon entry of an order approving a Plan of Adjustment containing provisions incorporating the material terms described in this Agreement, all appeals relating to the Bankruptcy Court's June 27, 1995, Order Approving Second Amended Note Modification And Extension Agreement, or any order or findings relate thereto; and
- i) If it is a School Pool Participant (i.e., one listed on Exhibit 1 to the Comprehensive Settlement Agreement), agrees that its share of the first \$2 million in Withheld Proceeds turned over to the County which would be distributed to the Option A School Pool Participants shall instead be deposited into the Professional Fees Reserve to be administered in the same manner as the previous deposits into that reserve on behalf of such Option A School Pool Participants. (Such deposits shall made on behalf of such School Pool Participants on a pro rata basis in accordance with the amount of the original deposit made to that reserve by each such School Pool Participant.)
- j) If it is a Non-School Pool Participant listed under the heading "OC Municipalities" on Exhibit 2 to the Comprehensive Settlement Agreement (i.e., an "OC City"), agrees that its share of the first \$1.2 million in Withheld Proceeds turned over to the County which would be distributed to the Option A OC Cities shall instead be deposited into the Professional Fees Reserve to be administered in the same manner as the previous deposits into that reserve on behalf of such Option A OC Cities. (Such deposits shall made on behalf of such OC Cities on a pro rata basis in accordance with the amount of the original deposit made to that reserve by each such OC City.)

11. Certain Agreements of the Pool Committee. The Pool Committee:

- a) In its capacity as a representative of holders of Settlement Secured Claims, Repayment Claims, and/or County-Administered Account Claims, agrees that it shall support the acceptance by all Option A Pool Participants of any Plan of Adjustment containing provisions incorporating the material terms described in this Agreement;
- b) Agrees that it shall urge acceptance by all holders of Settlement Secured Claims, Repayment Claims, and/or County-Administered Account Claims, of any Plan of Adjustment containing provisions incorporating the material terms contained in this Agreement;
- c) In its capacity as a representative of holders of Settlement Secured Claims, Repayment Claims, and/or County-Administered Account Claims who execute this Agreement or who accept the Plan of Adjustment, agrees not to oppose confirmation by the Bankruptcy Court of any Plan of Adjustment which contains provisions incorporating the material terms described in this Agreement whether or not such Plan of Adjustment is accepted by any or all Option A Pool Participants;
- d) In its capacity as a representative of holders of Settlement Secured Claims, Repayment Claims, and/or County-Administered Account Claims, agrees that any Plan of Adjustment containing provisions incorporating the material terms described in this Agreement complies in all respects with all applicable requirements of Bankruptcy Code section 943 whether or not any class comprised of holders of Settlement Secured Claims, any class comprised of holders of Repayment Claims, or any class comprised of holders of County-Administered Account Claims accepts the Plan of Adjustment in accordance with Bankruptcy Code section 1126;
- e) Agrees to suspend, pursuant to stipulation acceptable by the County, all appeals relating to the Bankruptcy Court's June 27, 1995, Order Approving Compromise Of Controversy Respecting Validity Of Note Debt or its June 27, 1995, Order Approving Second Amended Note Modification And Extension Agreement, or any order or findings related thereto; and

- f) Agrees to dismiss with prejudice, upon entry of an order approving a Plan of Adjustment containing provisions incorporating the material terms described in this Agreement, all appeals relating to the Bankruptcy Court's June 27, 1995, Order Approving Compromise Of Controversy Respecting Validity Of Note Debt or its June 27, 1995, Order Approving Second Amended Note Modification And Extension Agreement, or any order or findings related thereto.
12. Other Revenue Diversions. Except as specifically set forth herein, the County agrees not to request of the Legislature, nor otherwise support if requested or approved by any entity other than the County, the diversion of revenue allocated to the undersigned Option A Pool Participant for the purpose of financing the repayment of claims in the County's debt adjustment case or the payment of claims under the County's Plan of Adjustment.
13. Effectiveness of this Agreement. This Agreement shall not become effective unless:
- a) This Agreement has been executed by authorized representatives of:
- i) The County of Orange;
  - ii) The Official Investment Pool Participants' Committee of the Orange County Investment Pools Bankruptcy Case;
  - iii) The Orange County Transportation Authority; and
  - iv) Each Option A Pool Participant.
- The County may waive the requirement contained in section 13(a)(iv) of this Agreement by written notice sent to counsel to the OCIP Committee.
- b) The Bankruptcy Court approves this Agreement. For the purposes of implementing the provisions of this paragraph 13, all of the parties to this agreement consent to any request that the Bankruptcy Court shorten time or otherwise accelerate a hearing on any motion to approve this Agreement, provided that each party to

this agreement is given at least three (3) days notice of the date and time of any hearing on any motion to approve this Agreement.

If a County Plan of Adjustment containing provisions incorporating the material terms described in this Agreement is not confirmed by May 31, 1996, or fails to become effective by July 1, 1996, the OCIP Committee may terminate this Agreement by giving 90 days written notice of such termination to the County; provided, however, that while upon the expiration of such 90 day notice period this Agreement shall become of no further force or effect, such termination shall not affect or render subject to any avoidance or rescission any action taken by any party hereto pursuant to the terms of this Agreement prior to the expiration of such 90 day notice period.

14. Cooperation and Best Efforts in Seeking Bankruptcy Court Orders. Each party to this Agreement agrees to cooperate with the County in seeking, and not to hinder or interfere with any proceedings to obtain, the order or orders described in Section 13(b) of this Agreement.
15. Distribution of Amounts in County-Administered Accounts. Within 30 days following the entry of a Bankruptcy Court order approving this Agreement, the County shall distribute to each Option A Pool Participant that executes this Agreement, to the extent it is lawfully entitled to such amounts under applicable non-bankruptcy law and to the extent of any portion of a claim therefor is not being disputed by the County, cash accounted for as available for distribution (i.e. cash balances net of pro-rata allocations of investment losses and Withheld Proceeds based on December 6, 1994 revised balances plus any interest earned on that available cash balance between December 6, 1994 and the date of such distribution) on account of funds placed with the County on behalf of such Option A Pool Participant and accounted for in County-Administered Accounts numbered 106, 108, 109, 113, 115, 118, 119, 136, 139, 144, 145, 148, 15G, 158, 180, 207, 264, 265, 280, 296, 299, 300, 318, 327, 367, 380, 386, 405, 459, 460, 466, 506, 648, 664 - 666, 668 - 670, 672 - 680, 684 - 687, 828, 838 and such other County-Administered Accounts as are subsequently identified by agreement of the OCIP Committee and the County. (The December 6, 1994 revised balance in a County Administered

Account shall include any prepetition interest.) Each Option A Pool Participant agrees not to object to any future distribution proposed by the County to any other entity, to the extent such entity is lawfully entitled to such amounts under applicable non-bankruptcy law, of cash accounted for as available for distribution (i.e. cash balances net of pro-rata allocations of investment losses and Withheld Proceeds based on December 6, 1994, revised balances) on account of funds placed with the County on behalf of such entity and accounted for in County-Administered Accounts numbered 106, 108, 109, 113, 115, 118, 119, 136, 139, 144, 145, 148, 15G, 158, 180, 207, 264, 265, 280, 296, 299, 300, 318, 327, 367, 380, 386, 405, 459, 460, 466, 506, 648, 664 - 666, 668 - 670, 672 - 680, 684 - 687, 828, 838 and such other County-Administered Accounts as are subsequently identified by agreement of the OCIP Committee and the County. The County and each Option A Pool Participant shall use their respective best efforts to resolve differences concerning the allowable amount of claims asserted by such Option A Pool Participant.

16. Certain Agreements of the Orange County Cities Subcommittee.

The effectiveness of this Agreement is further conditioned upon the Official Subcommittee of Orange County Cities of the Official Investment Pool Participants' Committee entering into a separate agreement with the County:

- a) to suspend, pursuant to stipulation acceptable by the County, all appeals relating to the Bankruptcy Court's June 27, 1995, Order Approving Compromise Of Controversy Respecting Validity Of Note Debt or its June 27, 1995, Order Approving Second Amended Note Modification And Extension Agreement, or any order or findings related thereto; and
- b) to dismiss with prejudice, upon entry of an order approving a Plan of Adjustment containing provisions incorporating the material terms described in this Agreement, all appeals relating to the Bankruptcy Court's June 27, 1995, Order Approving Compromise Of Controversy Respecting Validity Of Note Debt or its June 27, 1995, Order Approving Second Amended Note Modification And Extension Agreement, or any order or findings related thereto.

This condition is intended to benefit the County only and may be waived by the County at any time.

17. Limited Waiver of Certain Interest: Subordination. To the extent the County has the authority and ability to do so, the County waives any right to, post-petition, post-confirmation, or post-effective date interest on any County-Administered Account Claim, but solely to the extent such interest would be paid by or from another County-Administered Account or the County General Fund. Notwithstanding any provision hereof, the County does not waive nor intend to waive any claim for any interest that it may have against any third party. To the extent the County has the authority and ability to do so, the County agrees the County-Administered Account Claims of School Pool Participants based upon County-Administered Accounts numbered 664 - 666, 668 - 670, 672 - 680, and 684 - 687 shall be paid before the County's own County-Administered Account Claims.
18. Orange County Recovery Committee. There shall be established a committee ("OCR Committee") consisting of five (5) members: the Representative, two members to be appointed by the County, and two members to be appointed by the OCIP Committee, provided, however, one of the members appointed by the OCIP Committee shall be a city representative. OCR Committee shall review and evaluate any Plan of Adjustment (the "Plan") and Disclosure Statement filed with the Bankruptcy Court to determine if the Plan is inconsistent with any term of this Agreement or the Comprehensive Settlement Agreement to the extent not modified by this Agreement.
19. Effect of Comprehensive Settlement Agreement. Each Option A Pool Participant hereby fully and finally waives and relinquishes any and all obligations, duties and restrictions imposed upon the County by the Comprehensive Settlement Agreement to the extent inconsistent with this Agreement. The County hereby fully and finally waives and relinquishes any and all obligations, duties and restrictions imposed under the Comprehensive Settlement Agreement upon any Option A Pool Participant which executes the Agreement to the extent inconsistent with this Agreement; provided, however, that nothing contained in this sentence shall be construed to modify, amend or otherwise affect the provisions of sections 7(b), 12, 19, 20, or 34 of the Comprehensive Settlement Agreement.



20. No Third-Party Beneficiaries. Nothing contained in this Agreement is intended to confer any rights or remedies under or by reason of this Agreement on, or waive any claims against, or adversely affect any rights of, any person or entity other than the Parties hereto.
21. No Representations or Warranties. Except as expressly set forth in this Agreement, none of the Parties hereto makes any representation or warranty, written or oral, express or implied.
22. Applicable Law. This Agreement shall be governed in all respects, including the validity, interpretation and effect, by title 11 of the United States Code and the laws of the State of California, without giving effect to the principles of conflicts of law thereof.
23. Consent to Entry of Orders and Judgments by Bankruptcy Court. Each Party hereto hereby consents to the determination by the Bankruptcy Court, as a "core proceeding" within the meaning of 28 U.S.C. § 157 or any successor provision, and to have the Bankruptcy Court hear and determine and enter appropriate orders and judgments, in any action brought to enforce, interpret, reform or rescind this Agreement or any of the provisions hereof any over any action to determine or declare the rights of any of the Parties under this Agreement.
24. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
25. No Admissions. Neither this Agreement, nor any of the terms hereof, nor any negotiations or proceedings in connection herewith, shall constitute or be construed as or be deemed to be evidence of an admission on the part of any Party of any liability or wrongdoing whatsoever, or the truth or untruth, or merit or lack of merit, of any claim or defense of any Party or directly or indirectly impair or adversely affect any rights or claims not released, modified waived or otherwise affected under this Agreement; nor shall this Agreement, or any of the terms hereof, or any negotiations or proceedings in connection herewith, or any performance or

forbearance hereunder, be offered or received in evidence or used in any proceeding against any Party, or used in any proceeding, or otherwise, for any purpose whatsoever except with respect to (a) effectuation and enforcement of this Agreement and (b) any proceedings in the Bankruptcy Court to approve this Agreement and the execution and delivery hereof.

26. Due Authorization. Each Party to this Agreement hereby represents and warrants that such Party is duly-authorized to enter into this Agreement.

THE COUNTY OF ORANGE

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

THE OFFICIAL INVESTMENT POOL PARTICIPANTS' COMMITTEE

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

NAME OF OPTION A POOL PARTICIPANT

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

PROPOSED CONFERENCE REPORT NO. 1  
SEPTEMBER 13, 1995

AMENDED IN SENATE SEPTEMBER 6, 1995

AMENDED IN ASSEMBLY APRIL 27, 1995

CALIFORNIA LEGISLATURE—1995-96 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1664**

Introduced by Assembly Member Allen

February 24, 1995

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*An act relating to governmental affairs to amend Sections 25350.55 and 25350.6 of, to add Sections 25350.7, 25350.8, 25350.9, 25350.10, and 25350.11 to, and to add and repeal Section 29350.5 of the Government Code, relating to local government finance.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1664, as amended, Allen. ~~Governmental affairs~~ *Local government.*

~~This bill would state the intent of the Legislature to assist the County of Orange in dealing with its fiscal insolvency.~~

*(1) Existing law requires the board of supervisors, if the board of supervisors so agrees by contract with the State Board of Equalization, to establish a local transportation fund in the county treasury. Existing law provides a formula to be used with respect to deposits into the local transportation fund.*

*This bill would, if a plan of adjustment is filed in a specified bankruptcy case, notwithstanding any other provision of law.*

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authorize the board of supervisors for the County of Orange, upon the adoption of a resolution, to modify its contract with the State Board of Equalization to require, with respect to taxes levied from July 1, 1996, to July 1, 2011, that revenues be deposited in the County of Orange general fund in an amount equal to \$3,166,667 per month, as specified.

(2) This bill would authorize the board of supervisors of the County of Orange to elect, by resolution, to guarantee payment under a financing agreement, or to guarantee payment under an agreement to finance the lease or lease-purchase of property through the issuance of certificates of participation or lease revenue bonds by providing notice and a transfer schedule, as specified.

(3) Existing law requires that all sales and use taxes collected by the State Board of Equalization pursuant to contract with any city, city and county, redevelopment agency, or county be transmitted to the respective local entity periodically as promptly as feasible.

This bill would require that taxes collected by the State Board of Equalization that are derived from taxes imposed by the County of Orange, as specified, be pledged to all certificates of participation or lease revenue bonds issued during the years 1996 and 1997, not to exceed the amount to be paid in those fiscal years on those certificates or lease purchase bonds.

(4) This bill would sever any provision of this bill that is held invalid, but that invalidity would not affect other provisions or applications that can be given effect without the invalid provision or application.

(5) This bill would declare that it would only become operative if SB 727, SB 863, and SB 1276 of the 1995-96 Regular Session are enacted and become operative on or before January 1, 1996.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. It is the intent of the Legislature to assist
- 2 the County of Orange in dealing with its fiscal insolvency.

1     *SECTION 1. It is the intent of the Legislature in*  
2 *enacting this act that the Orange County Transportation*  
3 *Authority continue to carry out the purposes of the*  
4 *Mills-Alquist-Deddeh Act (Chapter 4 (commencing with*  
5 *Section 99200) of Part 11 of Division 10 of the Public*  
6 *Utilities Code) as set forth in Section 99220 of that code.*  
7 *In particular, the Legislature intends that the provisions*  
8 *of this act shall not be utilized to justify reductions in*  
9 *existing bus and paratransit services. It is further the*  
10 *intent of the Legislature that, prior to January 1, 1996, the*  
11 *County of Orange and the Orange County*  
12 *Transportation Authority report to the Legislature on the*  
13 *steps taken to maintain adequate public transportation in*  
14 *the County of Orange.*

15     *In enacting this act, the Legislature further recognizes*  
16 *that the County of Orange has developed a Consensus*  
17 *County Recovery Plan that will permit the payment of all*  
18 *allowed vendor and labor claims and the repayment of*  
19 *indebtedness owed by the county due in the summer of*  
20 *1996.*

21     *SEC. 2. The Legislature hereby finds and declares all*  
22 *of the following:*

23     *(a) The County of Orange government lacks sufficient*  
24 *resources to finance an acceptable plan of adjustment in*  
25 *its pending bankruptcy case.*

26     *(b) On June 27, 1995, the voters of the county defeated*  
27 *a proposed sales tax increase, indicating the public's*  
28 *unwillingness to raise new revenue to finance a plan of*  
29 *adjustment.*

30     *(c) It is in the interest of the state and all public debt*  
31 *issuers within the state to enable the county to finance an*  
32 *acceptable plan of adjustment in order to improve the*  
33 *credit standing of California public debt issuers and to*  
34 *preserve and protect the health, safety, and welfare of the*  
35 *residents of the county and the state. To that end,*  
36 *successfully resolving the county bankruptcy and*  
37 *restoring the financial position of Orange County*  
38 *government and thereby permitting the full*  
39 *performance under the county's indebtedness is a matter*  
40 *of statewide interest and concern.*

1 (d) In the absence of some alternative source of  
2 revenue not now available to the county, resources from  
3 other governmental units within the county must be  
4 transferred to the county to enable it to prepare, and  
5 obtain confirmation of, an acceptable plan of adjustment.

6 (e) The transfer of resources to the county should be  
7 designed to minimize the impact on affected entities.

8 (f) The emergence from bankruptcy of the county  
9 through the confirmation of an adequate plan of  
10 adjustment will assist in the effectuation of the primary  
11 purposes of the Community Redevelopment Law (Part  
12 1 (commencing with Section 33000) of Division 24 of the  
13 Health and Safety Code), including job creation,  
14 attracting new private commercial investments, the  
15 physical and social improvement of residential  
16 neighborhoods, and the provision and maintenance of  
17 low- and moderate-income housing. The attraction of  
18 new businesses to redevelopment project areas depends  
19 on the existence of an effective county government that  
20 is not burdened by litigation and other requirements of  
21 a bankruptcy proceeding. The payments to the county  
22 pursuant to Section 33670.9 of the Health and Safety Code  
23 benefit redevelopment project areas and are deemed a  
24 debt of the Orange County Development Agency to  
25 repay the county for such general and specific benefits to  
26 the redevelopment project areas previously provided by  
27 the county.

28 SEC. 3. Section 25350.55 of the Government Code is  
29 amended to read:

30 25350.55. (a) Prior to entering into an agreement to  
31 finance the lease or lease-purchase of property through  
32 the execution and delivery or issuance, as the case may be,  
33 of certificates of participation or lease revenue bonds, the  
34 board may elect, by resolution, to guarantee payment  
35 under that financing agreement in accordance with the  
36 following:

37 (1) A county that elects to participate under this  
38 section shall provide notice to the Controller of that  
39 election, which shall include a schedule for the payments  
40 to be made by the county under that financing

1 agreement, and identify a trustee appointed by the  
2 county for the purposes of this section.

3 (2) In the event that, for any reason, the funds  
4 otherwise available to the county will not be sufficient to  
5 make any payment under the financing agreement at the  
6 time that payment is required, the county shall so notify  
7 the trustee. The trustee shall immediately communicate  
8 that information to the affected holders of certificates of  
9 participation or bondholders, and to the Controller.

10 (3) When the Controller receives notice from the  
11 trustee as described in paragraph (2), or the county fails  
12 to make any payment under the financing agreement at  
13 the time that payment is required, the Controller shall  
14 make an apportionment to the trustee in the amount of  
15 that required payment for the purpose of making that  
16 payment. The Controller shall make that payment only  
17 from moneys credited to the Motor Vehicle License Fee  
18 Account in the Transportation Tax Fund to which that  
19 county is entitled at that time under Chapter 5  
20 (commencing with Section 11001) of Part 5 of Division 2  
21 of the Revenue and Taxation Code, and shall thereupon  
22 reduce, by the amount of the payment, the subsequent  
23 allocation or allocations to which the county would  
24 otherwise be entitled under that chapter.

25 (4) As an alternate to the procedure set forth in  
26 paragraphs (2) and (3), the board of supervisors may  
27 provide a transfer schedule in a notice to the Controller  
28 of its election to participate under this section. The  
29 transfer schedule shall set forth amounts to be transferred  
30 to the trustee and the date or dates for the transfers and  
31 the Controller shall, subject to the limitation in the second  
32 sentence of paragraph (3), make apportionments to the  
33 trustee in those amounts on the specified date or dates for  
34 the purpose of making those transfers.

35 (5) In the event that for any reason, the county is no  
36 longer obligated *for any period* to make *all or a portion*  
37 *of the* payments with respect to the lease or  
38 lease-purchase financed through the *execution and*  
39 *delivery, or issuance, as the case may be,* of certificates of  
40 participation or lease revenue bonds, the trustee shall

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1 notify the affected holders of certificates of participation  
2 or bondholders. The trustee shall also notify the  
3 Controller. Upon receipt of the notification, the  
4 Controller shall cease making the transfers. *If after giving*  
5 *notice, the obligation of the county to make payments*  
6 *with respect to a lease or lease-purchase financed through*  
7 *the execution and delivery or issuance, as the case may be,*  
8 *of certificates of participation or lease revenue bonds is*  
9 *restored, the trustee shall so notify the affected holders of*  
10 *certificates of participation or bondholders and the*  
11 *Controller. Upon receipt of the notification, the*  
12 *Controller shall resume making the transfers.*

13 (b) This section shall not be construed to obligate the  
14 State of California to make any payment to a county from  
15 the Motor Vehicle License Fee Account in the  
16 Transportation Tax Fund in any amount or pursuant to  
17 any particular allocation formula, or to make any other  
18 payment to a county, including, but not limited to, any  
19 payment in satisfaction of any debt or liability incurred or  
20 guaranteed by a county in accordance with this section.

21 *SEC. 4. Section 25350.6 of the Government Code is*  
22 *amended to read:*

23 25350.6. (a) Moneys credited to the Motor Vehicle  
24 License Fee Account in the Transportation Fund to  
25 which Orange County may at any time be entitled shall  
26 be pledged, without any necessity for specific  
27 authorization of the pledge by the board of supervisors,  
28 to all certificates of participation or lease revenue bonds  
29 *executed and delivered or issued, as the case may be,*  
30 *during 1995 or 1996 or 1997, including obligations*  
31 *executed and delivered or issued before 2001 2010 to*  
32 *refund those certificates of participation or lease revenue*  
33 *bonds, to finance or refinance the lease or lease-purchase*  
34 *of property of the county and having a stated maturity of*  
35 *20 years or more; other than certificates of participation*  
36 *or lease revenue bonds secured by a pledge of enterprise*  
37 *revenues, including, but not limited to, airport revenues*  
38 *or solid waste system revenues. However, the amount so*  
39 *pledged with respect to any fiscal year of the county shall*



1 not exceed the amounts to be paid in that fiscal year on  
2 those certificates or lease revenue bonds.

3 (b) The state hereby covenants with the holders of  
4 any certificates of participation or lease revenue bonds,  
5 including refunding obligations, entitled to the pledge  
6 granted by this section that, as long as any of the  
7 certificates of participation or lease revenue bonds  
8 entitled to the pledge granted by this section shall remain  
9 outstanding, the state shall not alter or amend the deposit  
10 of moneys into, or the allocation of moneys credited to,  
11 the Motor Vehicle License Fee Account in the  
12 Transportation Tax Fund under Chapter 5 (commencing  
13 with Section 11001) of Part 5 of Division 2 of the Revenue  
14 and Taxation Code in any manner that would adversely  
15 affect the security of, or the ability of the county to pay  
16 the principal of and interest on, the certificates of  
17 participation or lease revenue bonds entitled to the  
18 pledge granted by this section. However, nothing  
19 precludes any alteration or amendment if and when  
20 adequate provision has been made by law for the  
21 protection from impairment of the contract represented  
22 by the certificates of participation or lease revenue bonds,  
23 and the right to so alter or amend is hereby reserved. The  
24 ~~county~~ *County of Orange* may include this covenant of  
25 the state in the agreements or other documents  
26 underlying the certificates of participation or lease  
27 revenue bonds.

28 *SEC. 5. Section 25350.7 is added to the Government*  
29 *Code, to read:*

30 *25350.7. (a) Prior to entering into an agreement to*  
31 *finance the lease or lease-purchase of property through*  
32 *the execution and delivery or issuance, as the case may be,*  
33 *of certificates of participation or lease revenue bonds, the*  
34 *board of supervisors of the County of Orange may elect,*  
35 *by resolution, to guarantee payment under that financing*  
36 *agreement in accordance with the following:*

37 *(1) If the county elects to participate under this*  
38 *section, it shall provide notice to the Controller of that*  
39 *election, and the notice shall include a schedule for the*  
40 *payments to be made by the county under that financing*

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1 agreement and identify a trustee appointed by the county  
2 for the purpose of this section.

3 (2) In the event that, for any reason, the funds  
4 available to the county will not be sufficient to make any  
5 payment under the financing agreement at the time that  
6 payment is required, the county shall so notify the trustee  
7 and deliver to the Controller a duly certified copy of the  
8 resolution of its board of supervisors adopted pursuant to  
9 Section 29530.5. The trustee shall immediately  
10 communicate that information to the affected holders of  
11 certificates of participation or bondholders and to the  
12 Controller.

13 (3) When the Controller receives notice from the  
14 trustee, and a copy of the resolution from the county, as  
15 described in paragraph (2), or, after having adopted the  
16 resolution specified in paragraph (2), the county fails to  
17 make any payment under the financing agreement at the  
18 time that payment is required, the Controller shall make  
19 an apportionment to the trustee in the amount of that  
20 required payment for the purpose of making that  
21 payment. The Controller shall make that payment only  
22 from moneys to be transmitted to the county by the State  
23 Board of Equalization under Section 7204 of the Revenue  
24 and Taxation Code, that are derived from that portion of  
25 the sales and use taxes imposed by the county in excess of  
26 1 percent, pursuant to Part 1.5 (commencing with  
27 Section 7200) of Division 2 of the Revenue and Taxation  
28 Code, and that are permitted to be deposited in the  
29 general fund of the county pursuant to Section 29530.5.

30 (b) As an alternative to the procedure set forth in  
31 paragraphs (2) and (3) of subdivision (a), the board of  
32 supervisors may, on or after the date of adoption by the  
33 board of the resolution specified in Section 29530.5,  
34 provide a transfer schedule in a notice to the Controller  
35 and the State Board of Equalization of its election to  
36 participate under this section. The transfer schedule shall  
37 set forth the amounts to be transferred to the trustee and  
38 the date or dates for the transfers, and the Controller  
39 shall, subject to the limitation in the second and third  
40 sentences of paragraph (3) of subdivision (a), make

1 apportionments to the trustee in those amounts on the  
2 specified date or dates for the purpose of making those  
3 transfers.

4 (c) In the event that, for any reason, the county is no  
5 longer obligated, for any period, to make all or a portion  
6 of the payments with respect to the lease or  
7 lease-purchase financed through the execution and  
8 delivery or issuance, as the case may be, of certificates of  
9 participation or lease revenue bonds, the trustee shall so  
10 notify the affected holders of certificates of participation  
11 or bondholders, the Controller, and the State Board of  
12 Equalization. Upon receipt of the notification, the  
13 Controller shall cease making the transfers. If, after the  
14 giving of the notice, the obligation of the county to make  
15 payments with respect to the lease or lease-purchase  
16 financed through the execution and delivery or issuance  
17 of certificates of participation or lease revenue bonds is  
18 restored, the trustee shall so notify the affected holders of  
19 certificates of participation or bondholders, the  
20 Controller, and the State Board of Equalization. Upon  
21 receipt of the notification, the Controller shall resume  
22 making the transfers.

23 (d) Any election made by the county pursuant to this  
24 section shall be in addition to any other election made by  
25 the county pursuant to any other applicable provision of  
26 law to guarantee the obligation of the county to make  
27 payments with respect to the lease or lease-purchase of  
28 property financed through the certificates of  
29 participation or lease revenue bonds.

30 SEC. 6. Section 25350.8 is added to the Government  
31 Code, to read:

32 25350.8. (a) Taxes collected by the State Board of  
33 Equalization pursuant to Section 7204 of the Revenue and  
34 Taxation Code, that are derived from that portion of the  
35 taxes imposed by the County of Orange in excess of 1  
36 percent pursuant to Part 1.5 (commencing with Section  
37 7200) of Division 2 of the Revenue and Taxation Code,  
38 and that are permitted to be deposited to the general  
39 fund of the county pursuant to paragraph (1) of  
40 subdivision (a) of Section 29530.5 shall be pledged,

1 without the necessity for specific authorization of the  
2 pledge by the board of supervisors, to all certificates of  
3 participation or lease revenue bonds executed and  
4 delivered or issued, as the case may be, during the years  
5 1996 and 1997, including obligations executed and  
6 delivered or issued before 2010, to refund those  
7 certificates of participation or lease revenue bonds, to  
8 finance or refinance the lease or lease-purchase of  
9 property of the county and having a stated maturity of 20  
10 years or more. However, the amount so pledged with  
11 respect to any fiscal year of the county shall not exceed  
12 the amounts to be paid in that fiscal year on those  
13 certificates or lease revenue bonds.

14 (b) The pledge of taxes pursuant to this section shall  
15 constitute a contract between the County of Orange and  
16 the owners of any of the certificates of participation or  
17 lease revenue bonds and shall be protected from  
18 impairment by the United States and California  
19 Constitutions. The state hereby covenants with the  
20 owners of any certificates of participation or lease  
21 revenue bonds entitled to the pledge granted by this  
22 section that, as long as any of the certificates of  
23 participation or lease revenue bonds entitled to the  
24 pledge granted by this section shall remain outstanding,  
25 (1) the provisions of Section 7202 which authorize the  
26 imposition of the taxes shall not be repealed and (2) the  
27 provisions of paragraph (1) of subdivision (a) of Section  
28 29530.5 shall not be repealed prior to July 1, 2011, nor shall  
29 either section be altered or amended prior to that date in  
30 any manner that would adversely affect the security of,  
31 or the ability of the county to pay, the principal of and  
32 interest on the certificates of participation or lease  
33 revenue bonds entitled to the pledge granted by this  
34 section. However, nothing precludes any alteration or  
35 amendment if and when adequate provision has been  
36 made by law for the protection from impairment of the  
37 contract represented by the certificates of participation  
38 or lease revenue bonds, and the right to so alter or amend  
39 is hereby reserved. The county may include this covenant  
40 of the state in the agreements or other documents

1 underlying the certificates of participation or lease  
2 revenue bonds.

3 *SEC. 7. Section 25350.9 is added to the Government*  
4 *Code, to read:*

5 *25350.9. (a) Prior to entering into an agreement to*  
6 *finance the lease or lease-purchase of property through*  
7 *the execution and delivery or issuance, as the case may be,*  
8 *of certificates of participation or lease revenue bonds, the*  
9 *Board of Supervisors of the County of Orange may elect,*  
10 *by resolution, to guarantee payment under that financing*  
11 *agreement in accordance with the following:*

12 *(1) If the county elects to participate under this*  
13 *section, it shall provide notice to the Controller of that*  
14 *election, and the notice shall include a schedule for the*  
15 *payments to be made by the county under that financing*  
16 *agreement and identify a trustee appointed by the county*  
17 *for the purpose of this section.*

18 *(2) In the event that, for any reason, the funds*  
19 *available to the county will not be sufficient to make any*  
20 *payment under the financing agreement at the time that*  
21 *payment is required, the county shall so notify the trustee.*  
22 *The trustee shall immediately communicate that*  
23 *information to the affected holders of certificates of*  
24 *participation or bondholders and to the Controller.*

25 *(3) When the Controller receives notice from the*  
26 *trustee as specified in paragraph (2) or the county fails to*  
27 *make any payment under the financing agreement at the*  
28 *time that payment is required, the Controller shall make*  
29 *an apportionment to the trustee in the amount of that*  
30 *required payment for the purpose of making that*  
31 *payment. The Controller shall make that payment only*  
32 *from moneys to be transmitted to the county by the State*  
33 *Board of Equalization under Section 7204 of the Revenue*  
34 *and Taxation Code, that are derived from that portion of*  
35 *the sales and use taxes imposed by the county pursuant to*  
36 *Part 1.5 (commencing with Section 7200) of Division 2 of*  
37 *the Revenue and Taxation Code, other than that portion*  
38 *of the taxes described in Section 29530.5, and shall*  
39 *thereupon reduce, by the amount of the payment, the*

1 subsequent amounts to which the county would be  
2 entitled under that section.

3 (b) As an alternative to the procedure set forth in  
4 paragraphs (2) and (3) of subdivision (a), the board of  
5 supervisors of the county may provide a transfer schedule  
6 in a notice to the Controller and the State Board of  
7 Equalization of its election to participate under this  
8 section. The transfer schedule shall set forth amounts to  
9 be transferred to the trustee and the date or dates for the  
10 transfers and the Controller shall, subject to the limitation  
11 in the second sentence of paragraph (3) of subdivision  
12 (a), make apportionments to the trustee in those amounts  
13 on the specified date or dates for the purpose of making  
14 those transfers.

15 (c) If the county is no longer obligated for any period  
16 to make all or a portion of the payments with respect to  
17 the lease or lease-purchase financed through the  
18 execution and delivery or issuance, as the case may be, of  
19 certificates of participation or lease revenue bonds, the  
20 trustee shall so notify the affected holders of certificates  
21 of participation or bondholders, the Controller, and the  
22 State Board of Equalization. Upon receipt of the  
23 notification, the Controller shall cease making the  
24 transfers. If, after the giving of the notice, the obligation  
25 of the county to make payments with respect to the lease  
26 or lease-purchase financed through the execution and  
27 delivery or issuance of certificates of participation or lease  
28 revenue bonds is restored, the trustee shall so notify the  
29 affected holders of certificates of participation or  
30 bondholders, the Controller, and the State Board of  
31 Equalization. Upon receipt of the notification, the  
32 Controller shall resume making the transfers.

33 (d) Any election made by the county pursuant to this  
34 section shall be in addition to any other election made by  
35 the county pursuant to any other applicable provision of  
36 law to guarantee the obligation of the county to make  
37 payments with respect to the lease or lease-purchase of  
38 property financed through certificates of participation or  
39 lease revenue bonds.

1 *SEC. 8. Section 25350.10 is added to the Government*  
2 *Code, to read:*

3 *25350.10. (a) Taxes collected by the State Board of*  
4 *Equalization pursuant to Section 7204 of the Revenue and*  
5 *Taxation Code, that are derived from the taxes imposed*  
6 *by the County of Orange pursuant to Part 1.5*  
7 *(commencing with Section 7200) of Division 2 of the*  
8 *Revenue and Taxation Code, other than that portion of*  
9 *those taxes specified in Section 29530.5, shall be pledged,*  
10 *without the necessity for specific authorization of the*  
11 *pledge by the board of supervisors, to all certificates of*  
12 *participation or lease revenue bonds executed and*  
13 *delivered or issued, as the case may be, during the years*  
14 *1996 and 1997, including obligations executed and*  
15 *delivered or issued before 2010, to refund those*  
16 *certificates of participation or lease revenue bonds, to*  
17 *finance or refinance the lease or lease-purchase of*  
18 *property of the county and having a stated maturity of 20*  
19 *years or more. However, the amount so pledged with*  
20 *respect to any fiscal year of the county shall not exceed*  
21 *the amounts to be paid in the fiscal year on those*  
22 *certificates or lease revenue bonds.*

23 *(b) The pledge of taxes pursuant to this section shall*  
24 *constitute a contract between the county and the owners*  
25 *of any of the certificates of participation or lease revenue*  
26 *bonds and shall be protected from impairment by the*  
27 *United States and California Constitutions. The state*  
28 *hereby covenants with the owners of any certificates of*  
29 *participation or lease revenue bonds entitled to the*  
30 *pledge granted by this section that, as long as any of the*  
31 *certificates of participation or lease revenue bonds*  
32 *entitled to the pledge granted by this section shall remain*  
33 *outstanding, the provisions of Section 7202 of the*  
34 *Revenue and Taxation Code that authorize the*  
35 *imposition of the taxes shall not be repealed. However,*  
36 *nothing precludes any alteration or amendment if and*  
37 *when adequate provision has been made by law for the*  
38 *protection from impairment of the contract represented*  
39 *by the certificates of participation or lease revenue bonds,*  
40 *and the right to so alter or amend is hereby reserved. The*

1 county of may include this covenant of the state in the  
2 agreements or other documents underlying the  
3 certificates of participation or lease revenue bonds.

4 *SEC. 9. Section 25350.11 is added to the Government*  
5 *Code, to read:*

6 *25350.11. Notwithstanding any other provisions of this*  
7 *chapter, the sum of the amounts pledged with respect to*  
8 *any fiscal year pursuant to Sections 25350.6, 25350.8, and*  
9 *25350.10 shall not exceed the amounts to be paid in that*  
10 *fiscal year on the certificates of participation or lease*  
11 *revenue bonds entitled to the pledge described in those*  
12 *sections.*

13 *SEC. 10. Section 29530.5 is added to the Government*  
14 *Code, to read:*

15 *29530.5. (a) Notwithstanding any other provision of*  
16 *this article, the Board of Supervisors of the County of*  
17 *Orange may, upon the adoption of a resolution approved*  
18 *by a majority of all of its members, unilaterally modify its*  
19 *contract, as specified in Section 29530 with the State*  
20 *Board of Equalization, to require that, effective on or*  
21 *after July 1, 1996, except to the extent that subdivision (b)*  
22 *applies during any period, county sales and use tax*  
23 *revenues specified in Section 29530 be deposited into the*  
24 *county general fund payable, on a monthly basis, in an*  
25 *amount equal to three million one hundred sixty-six*  
26 *thousand six hundred sixty-seven dollars (\$3,166,667).*

27 *(b) (1) If the county has elected to guarantee*  
28 *payment of its obligations under an agreement to finance*  
29 *the lease or lease-purchase of property through the*  
30 *execution and delivery or issuance, as the case may be, of*  
31 *certificates of participation or lease revenue bonds*  
32 *pursuant to subdivision (a) of Section 25350.7, the*  
33 *amounts required to be deposited in the general fund of*  
34 *the county, in any month, pursuant to subdivision (a)*  
35 *shall be reduced by the amounts, if any, transferred by the*  
36 *Controller to the trustee for the certificates of*  
37 *participation or lease revenue bonds, pursuant to*  
38 *subdivision (a) of Section 25350.7.*

39 *(2) If the county has elected to guarantee its*  
40 *obligations under an agreement to finance the lease or*



1 lease-purchase of property through the execution and  
2 deliverance or issuance, as the case may be, of certificates  
3 of participation or lease revenue bonds pursuant to  
4 subdivision (b) of Section 25350.7, the amounts required  
5 to be deposited in the general fund of the county, in any  
6 month, pursuant to subdivision (a) shall be reduced by  
7 the amounts transferred by the Controller to the trustee  
8 for the certificates of participation or lease revenue  
9 bonds, pursuant to subdivision (b) of Section 25350.7.

10 (c) This section shall not take effect unless and until  
11 (1) a plan of adjustment is confirmed in Case No.  
12 SA-94-22272-JR in the United States Bankruptcy Court for  
13 the Central District of California, or (2) a trustee is  
14 appointed pursuant to Chapter 10 (commencing with  
15 Section 30400).

16 (d) In enacting this section, the Legislature intends  
17 that the provisions of this act shall not be utilized to justify  
18 reductions in existing bus and paratransit services.

19 (e) The modification authorized by this section is not  
20 applicable to the City of Laguna Beach.

21 (f) This section shall become inoperative on July 1,  
22 2011, and, as of January 1, 2012, is repealed, unless a later  
23 enacted statute, that becomes operative on or before  
24 January 1, 2012, deletes or extends the dates on which it  
25 becomes inoperative and is repealed.

26 SEC. 11. (a) In implementing Section 96.16 of the  
27 Revenue and Taxation Code, the County of Orange shall  
28 not adversely affect Santa Ana River flood control  
29 projects.

30 (b) If any of the revenues from the property tax  
31 reallocation specified in Section 33670.9 of the Health and  
32 Safety Code or Section 96.16 of the Revenue and Taxation  
33 Code are not forthcoming, the County of Orange shall use  
34 county general fund moneys to cover any resulting  
35 shortfall, as necessary.

36 SEC. 12. County revenues in the amount of the  
37 revenues allocated, transferred to, or deposited with, the  
38 County of Orange pursuant to the provisions of this act,  
39 shall not be used or expended for any purpose other than  
40 the satisfaction in full, adequate provision for the

1 satisfaction in full, or other consensual treatment of the  
2 outstanding and allowed claims of county vendors,  
3 employees, holders of short-term debt of the county,  
4 holders of certificates of participation of the county on  
5 account of past due lease obligations, holders of expenses  
6 of administration in the county's bankruptcy case, costs  
7 and expenses ancillary to the satisfaction of these claims,  
8 and otherwise to perform the county's obligations  
9 pursuant to a confirmed plan of adjustment.

10 SEC. 13. Any litigation fund established as part of the  
11 Joint Agreement of the County of Orange, the Official  
12 Investment Pool Participants' Committee and Each  
13 Option A Pool Participant for Resolution of All Claims  
14 Against the County of Orange in Case No. SA-94-22273-JR  
15 or Case No. SA-94-22272-JR in the United States  
16 Bankruptcy Court for the Central District of California,  
17 shall be subject to the following:

18 (a) The funds shall be deposited in a special account.

19 (b) Interest earned shall be treated and distributed  
20 annually as net litigation proceeds pursuant to the Joint  
21 Agreement of the County of Orange, the Official  
22 Investment Pool Participants' Committee and Each  
23 Option A Pool Participant for Resolution of All Claims  
24 Against the County of Orange, September 6, 1995.

25 (c) An annual audit of the account shall be prepared  
26 by the holder of the funds and shall be transmitted to each  
27 house of the Legislature and the Governor.

28 SEC. 14. The Legislature hereby finds and declares  
29 that a general statute, within the meaning of Section 16  
30 of Article IV of the California Constitution, cannot be  
31 made applicable due to the uniquely severe fiscal crisis  
32 being experienced by the County of Orange, and that,  
33 therefore, this special statute is necessary.

34 SEC. 15. The provisions of this act are severable. If  
35 any provision of this act or its application is held invalid,  
36 that invalidity shall not affect other provisions or  
37 applications that can be given effect without the invalid  
38 provision or application.

39 SEC. 16. This act shall become operative only if  
40 Senate Bill 727 of the 1995-96 Regular Session, Senate Bill

— 17 —

AB 1664

- 1 *863 of the 1995-96 Regular Session, and Senate Bill 1276*
- 2 *of the 1995-96 Regular Session are all enacted and*
- 3 *become operative on or before January 1, 1996.*

PROPOSED CONFERENCE REPORT NO. 1  
SEPTEMBER 13, 1995

AMENDED IN ASSEMBLY AUGUST 24, 1995

AMENDED IN ASSEMBLY JULY 14, 1995

AMENDED IN SENATE MAY 26, 1995

AMENDED IN SENATE MAY 18, 1995

SENATE BILL

No. 1276

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Introduced by Senator Killea

February 24, 1995

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An act to amend Sections 16740, 16743, and 17302 of, and to add Sections 16731.6 and 16781.5 to, the Government Code, relating to state bonds and notes, and declaring the urgency thereof, to take effect immediately, add Chapter 10 (commencing with Section 30400) to Division 3 of Title 3 of the Government Code, and to add and repeal Section 2128 of the Streets and Highways Code, relating to local government finance, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1276, as amended, Killea. General obligation bonds; commercial paper Local government.

(1) Existing law requires the board of supervisors to generally administer the affairs of county government.

This bill would authorize the Governor to appoint an individual to serve as trustee for the County of Orange if the county board supervisors of the county has not filed a plan of

adjustment with the bankruptcy court by January 1, 1996. The bill would require that a trustee be appointed notwithstanding the timely filing of a plan if, as of May 1, 1996, the Governor makes a determination, after consulting with specified individuals, that there is no substantial agreement on the terms of the plan of adjustment and the timely confirmation of the plan is unlikely. The trustee would be a state public official and would serve at the pleasure of the Governor. This bill would prescribe duties of the trustee, including transferring statutory powers of the county board of supervisors to the trustee, employing necessary staff, and issuing specified forms of debt.

(2) Existing law apportions funds to each county from the Highway Users Tax Account in the Transportation Fund for county road projects.

This bill would, if a plan of adjustment is confirmed in a specified bankruptcy case or a trustee is appointed as specified in (1) above, apportion \$1,916,667 during each calendar month commencing with July 1997 and ending June 2013 to the Orange County Transportation Authority instead of the county, thus constituting an appropriation, with the remaining apportionments to be paid to the County of Orange.

(3) This bill would sever any provision of this bill that is held invalid, but that invalidity would not affect other provisions or applications that can be given effect without the invalid provision or application.

(4) This bill would declare that its provisions would only become operative if SB 727, SB 863, and AB 1664 of the 1995-96 Regular Session are enacted and become operative on or before January 1, 1996.

(1) Existing law provides for various procedures and requirements with respect to State General Obligation Bonds. Each bond act has a finance committee, or other body, created by the act and is authorized to cause bonds to be issued by the adoption of a resolution or resolutions.

This bill would provide for alternative procedures to existing general obligation bond law procedures and permit a committee to issue all or part of the bonds authorized to be issued by the bond act as commercial paper notes, subject to

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a resolution of necessity and other requirements, as specified. This bill would also authorize and deem the renewal and reissuance of commercial paper notes within the amount and time allowed by the committee's resolution as a refunding of the amount of the commercial paper notes maturing.

(2) Existing law also provides for various procedures and requirements whenever the Controller determines that moneys in the General Fund are insufficient for the payment of appropriations by the Legislature. In that instance, the Controller may draw a demand against appropriations made from the General Fund and deliver the demand to the Treasurer who in turn is authorized to adopt a resolution with the approval of the Controller and the Director of Finance for the issuance of notes.

This bill would provide that in lieu of issuing notes the Treasurer's resolution may provide for the issuance of notes in the form of commercial paper in accordance with alternative requirements and procedures, as specified.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$  majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 16731.6 is added to the
- 2 SECTION 1. It is the intent of the Legislature in
- 3 enacting this act that the Orange County Transportation
- 4 Authority continue to carry out the purposes of the
- 5 Mills-Alquist-Deddeh Act (Chapter 4 (commencing with
- 6 Section 99200) of Part 11 of Division 10 of the Public
- 7 Utilities Code) as set forth in Section 99220 of that code.
- 8 In particular, the Legislature intends that the provisions
- 9 of this act shall not be utilized to justify reductions in
- 10 existing bus and paratransit services. It is further the
- 11 intent of the Legislature that, prior to January 1, 1996, the
- 12 County of Orange and the Orange County
- 13 Transportation Authority report to the Legislature on the
- 14 steps taken to maintain adequate public transportation in
- 15 the County of Orange.

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1 *In enacting this act, the Legislature further recognizes*  
2 *that the County of Orange has developed a Consensus*  
3 *County Recovery Plan that will permit the payment of all*  
4 *allowed vendor and labor claims and the repayment of*  
5 *indebtedness owed by the county due in the summer of*  
6 *1996.*

7 *SEC. 2. The Legislature hereby finds and declares all*  
8 *of the following:*

9 *(a) The County of Orange government lacks sufficient*  
10 *resources to finance an acceptable plan of adjustment in*  
11 *its pending bankruptcy case.*

12 *(b) On June 27, 1995, the voters of the county defeated*  
13 *a proposed sales tax increase, indicating the public's*  
14 *unwillingness to raise new revenue to finance a plan of*  
15 *adjustment.*

16 *(c) It is in the interest of the state and all public debt*  
17 *issuers within the state to enable the county to finance an*  
18 *acceptable plan of adjustment in order to improve the*  
19 *credit standing of California public debt issuers and to*  
20 *preserve and protect the health, safety, and welfare of the*  
21 *residents of the county and the state. To that end,*  
22 *successfully resolving the county bankruptcy and*  
23 *restoring the financial position of Orange County*  
24 *government and thereby permitting the full*  
25 *performance under the county's indebtedness is a matter*  
26 *of statewide interest and concern.*

27 *(d) In the absence of some alternative source of*  
28 *revenue not now available to the county, resources from*  
29 *other governmental units within the county must be*  
30 *transferred to the county to enable it to prepare, and*  
31 *obtain confirmation of, an acceptable plan of adjustment.*

32 *(e) The transfer of resources to the county should be*  
33 *designed to minimize the impact on affected entities.*

34 *(f) The emergence from bankruptcy of the county*  
35 *through the confirmation of an adequate plan of*  
36 *adjustment will assist in the effectuation of the primary*  
37 *purposes of the Community Redevelopment Law (Part*  
38 *1 (commencing with Section 33000) of Division 24 of the*  
39 *Health and Safety Code), including job creation,*  
40 *attracting new private commercial investments, the*

1 *physical and social improvement of residential*  
2 *neighborhoods, and the provision and maintenance of*  
3 *low- and moderate-income housing. The attraction of*  
4 *new businesses to redevelopment project areas depends*  
5 *on the existence of an effective county government that*  
6 *is not burdened by litigation and other requirements of*  
7 *a bankruptcy proceeding. The payments to the county*  
8 *pursuant to Section 33670.9 of the Health and Safety Code*  
9 *benefit redevelopment project areas and are deemed a*  
10 *debt of the Orange County Development Agency to*  
11 *repay the county for such general and specific benefits to*  
12 *the redevelopment project areas previously provided by*  
13 *the county.*

14 *SEC. 3. Chapter 10 (commencing with Section 30400)*  
15 *is added to Division 3 of Title 3 of the Government Code,*  
16 *to read:*

17  
18 *CHAPTER 10. ORANGE COUNTY FINANCIAL CONTROL*  
19

20 *30400. (a) It is in the interest of the state and all*  
21 *public debt issuers within the state to enable the County*  
22 *of Orange to finance an acceptable plan of adjustment in*  
23 *order to improve the credit standing of California public*  
24 *debt issuers and to preserve and protect the health,*  
25 *safety, and welfare of the residents of the county and the*  
26 *state. To that end, successfully resolving the county*  
27 *bankruptcy and restoring the financial position of county*  
28 *government is a matter of statewide interest and concern.*

29 *(b) As a further guarantee that the county will be able*  
30 *to prepare and obtain confirmation of an acceptable plan*  
31 *of adjustment, it is appropriate to create a back-up*  
32 *mechanism for appointment of a state trustee.*

33 *(c) It is in the further interest of the state to facilitate*  
34 *and expedite the confirmation of an acceptable plan of*  
35 *adjustment by vesting in a state trustee the authority and*  
36 *discretion to present and enforce certain claims held by*  
37 *cities, public districts, or local agencies against the county.*

38 *30400.5. For purposes of this chapter, the following*  
39 *words have the following meanings:*



1 (a) "Confirmation of the plan" means confirmation of  
2 the plan of adjustment pursuant to Section 943 of Title 11  
3 of the United States Code.

4 (b) "County" means the County of Orange.

5 (c) "Investment pools case" means Case No.  
6 SA-94-22273-JR in the United States Bankruptcy Court for  
7 the Central District of California.

8 (d) "Pending case" means Case No. SA-94-22272-JR in  
9 the United States Bankruptcy Court for the Central  
10 District of California.

11 (e) "Plan of adjustment" means a plan of adjustment  
12 as that term is used in Sections 941 and 942 of Title 11 of  
13 the United States Code, that contains provisions  
14 substantially similar to the terms of the county consensus  
15 recovery plan, as specified in the Joint Agreement of the  
16 County of Orange, the Official Investment Pool  
17 Participants' Committee and Each Option A Pool  
18 Participant for Resolution of All Claims Against the  
19 County of Orange, September 6, 1995.

20 (f) "Specified county officers" means the treasurer-tax  
21 collector, auditor, chief executive officer, and assessor.

22 (g) "Trustee" means the person appointed by the  
23 Governor pursuant to Section 30401.

24 30401. (a) If the county has not filed a plan of  
25 adjustment with the bankruptcy court by January 1, 1996,  
26 the Governor may appoint an individual to serve as  
27 trustee of the county. The appointment may occur at any  
28 time after January 1, 1996, until confirmation of the plan.  
29 Notwithstanding the timely filing of a plan of adjustment,  
30 the Governor shall appoint a trustee if the Governor  
31 determines that, as of May 1, 1996, or any date thereafter,  
32 the parties specified below have failed to reach  
33 substantial agreement on the terms of the plan of  
34 adjustment and the timely confirmation of the plan  
35 appears unlikely. Before reaching the foregoing  
36 determination, the Governor or his or her designee shall  
37 first consult with (1) the specified county officers and the  
38 board of supervisors, (2) the Official Committee of  
39 Unsecured Creditors of the County of Orange appointed  
40 in the pending case, and (3) the Official Committee of

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1 Investment Pools Participants appointed in the  
2 investment pools case. The trustee is a public official of  
3 the state and shall serve at the pleasure of, and is  
4 responsible to, the Governor.  
5 (b) The trustee shall have recognized expertise in  
6 management and public finance.  
7 (c) The trustee shall report to the Governor on actions  
8 taken by the county to institute a financial plan, to  
9 implement a balanced budget, and to resolve the pending  
10 case, including actions to reduce county expenditures or  
11 increase county revenues and the amount of the resulting  
12 expenditure reduction and revenue increase.  
13 (d) The trustee shall provide an annual report to the  
14 Legislature concerning the financial affairs of the county.  
15 (e) The trustee may institute a financial plan for the  
16 county if the county fails to present a balanced budget.  
17 (f) In implementing a financial plan for the county,  
18 the trustee may exercise all necessary and appropriate  
19 powers of the county board of supervisors, subject to the  
20 same legal limitations that apply to the board of  
21 supervisors.  
22 (g) The trustee shall exercise the powers granted  
23 pursuant to this chapter for an emergency period that  
24 ends upon the adoption, after the appointment of the  
25 trustee, of two consecutive balanced final budgets and  
26 achievement of two positive audited fund balances, as  
27 determined by the Governor or his or her designee.  
28 30402. (a) If a trustee is appointed pursuant to this  
29 chapter, all powers granted to the county board of  
30 supervisors, including, but not limited to, those powers  
31 granted by Section 29530.5, shall be withdrawn and  
32 delegated to the trustee. However, the trustee may  
33 provide for the continued exercise of all or specified  
34 powers by the board of supervisors. Further, the trustee  
35 shall oversee the pending case and may exercise the  
36 county's right to file a plan of adjustment.  
37 (b) If at any time, in the discretion of the trustee, after  
38 consultation with (1) the specified county officers and the  
39 board of supervisors, (2) the Official Committee of  
40 Unsecured Creditors of the County of Orange appointed

1 in the pending case, and (3) the Official Committee of  
2 Investment Pool Participants appointed in the  
3 investment pools case, the trustee determines that the  
4 continued exercise of specified powers by the board of  
5 supervisors is not conducive to the most effective action  
6 for resolving the pending case, the trustee shall reassume  
7 those powers.

8 (c) Upon termination of the emergency period  
9 specified in subdivision (g) of Section 30401 all powers  
10 otherwise granted to the board of supervisors shall revert  
11 to the board of supervisors.

12 30403. (a) The trustee may employ any staff  
13 necessary to assist him or her.

14 (b) To facilitate the appointment of the trustee and  
15 the employment of any necessary staff, for the purposes  
16 of this section, the trustee is exempt from the  
17 requirements of Article 6 (commencing with Section  
18 999) of Chapter 6 of Division 4 of the Military and  
19 Veterans Code and Part 2 (commencing with Section  
20 10100) of Division 2 of the Public Contract Code.

21 (c) Notwithstanding any other provision of law, the  
22 trustee may appoint employees of the state to assist the  
23 trustee for up to the duration of the trusteeship. The  
24 salary and benefits of the employees shall be established  
25 by the trustee and paid by the county. During the time  
26 of the appointment, the employees shall be deemed to be  
27 employees of the county but shall remain in the same  
28 retirement system under the same plan as if the employee  
29 had remained an employee of the state. Upon the  
30 expiration or termination of the appointment, the  
31 employee shall have the right to return to his or her  
32 former position, or to a position at substantially the same  
33 level as that position, with the state. The time served in  
34 the appointment shall be counted for all purposes as if the  
35 employee had served that time in his or her former  
36 position with the state.

37 30404. (a) The trustee may issue or execute and  
38 deliver for and in the name and on behalf of the county,  
39 any of the following forms of debt or other obligations:

1 (1) Notes, tax anticipation warrants, or other  
2 evidences of indebtedness pursuant to Article 7  
3 (commencing with Section 53820), Article 7.5  
4 (commencing with Section 53840), or Article 7.6  
5 (commencing with Section 53850) of Chapter 4 of Part 1  
6 of Division 2 of Title 5.

7 (2) Grant anticipation notes pursuant to Article 7.7  
8 (commencing with Section 53859) of Chapter 4 of Part 1  
9 of Division 2 of Title 5.

10 (3) Revenue bonds pursuant to Chapter 6  
11 (commencing with Section 54300) of Part 1 of Division 2  
12 of Title 5.

13 (4) Refunding bonds pursuant to Article 9  
14 (commencing with Section 53550) or Article 10  
15 (commencing with Section 53570) of Chapter 3 of Part 1  
16 of Division 2 of Title 5.

17 (5) Certificates of participation or lease revenue  
18 bonds to finance the lease or lease-purchase of property  
19 and for this purpose may lease property, for and in the  
20 name and on behalf of the County of Orange, to or from  
21 any other public or private entity.

22 (b) If the trustee issues notes, tax anticipation  
23 warrants, or any other evidence of indebtedness or other  
24 obligation pursuant to subdivision (a), the trustee may  
25 provide, in the terms of the issuance, for the pledge of any  
26 taxes, income, revenue, cash receipts, rents, or other  
27 moneys of the county, including moneys deposited in  
28 inactive or term deposit accounts, or rights to receive the  
29 same, to the extent that the taxes, income, revenue, cash  
30 receipts, rents, or other moneys could have been used to  
31 pay principal or interest on the issuance. The priority and  
32 perfection of the pledge shall be governed by Chapter 5.5  
33 (commencing with Section 5450) of Division 6 of Title 1.

34 30405. (a) If a trustee is appointed pursuant to this  
35 chapter, the trustee may assume and exercise, solely to  
36 the extent necessary to prevent denial of confirmation of  
37 the plan of adjustment and consistent with the interests  
38 of the state to promote the timely confirmation of the  
39 plan, the following specified powers of those cities, public  
40 districts, or other governmental agencies holding claims

1 against the county based upon investment losses incurred  
2 or derived from the failure of the Orange County  
3 Investment Pools:

4 (1) The authority to vote to accept or reject the plan  
5 of adjustment filed by the county in the pending case, or  
6 to change or withdraw such an acceptance or rejection.

7 (2) The authority to subordinate or otherwise  
8 restructure the claims specified in this subdivision against  
9 the county.

10 (3) The authority to take actions in the pending case  
11 that are consistent with the timely confirmation of the  
12 plan.

13 (4) Other powers that are necessary and proper to  
14 execute the authority conferred by this section.

15 (b) In exercising the authority conferred by  
16 subdivision (a), the trustee shall be serving the public  
17 purpose of a speedy and just resolution to the pending  
18 case. To that end, the trustee shall not act in a manner  
19 inconsistent with the fair treatment of any parties subject  
20 to this section.

21 30406. The provisions of this chapter are severable. If  
22 any provision of this chapter or its application is held  
23 invalid, that invalidity shall not affect other provisions or  
24 applications that can be given effect without the invalid  
25 provision or application.

26 SEC. 4. Section 2128 is added to the Streets and  
27 Highways Code, to read:

28 2128. (a) Notwithstanding any other provision of  
29 this chapter, the apportionments that would be made to  
30 the County of Orange under this chapter shall be  
31 apportioned as follows:

32 (1) The Orange County Transportation Authority  
33 shall be paid one million nine hundred sixteen thousand  
34 six hundred sixty-seven dollars (\$1,916,667) during each  
35 calendar month commencing July 1997, and ending June  
36 2013.

37 (2) All remaining apportionments shall be paid to the  
38 county at the time each apportionment would have been  
39 made to the county.

1 (b) Subject to subdivision (c), this section shall  
2 become operative July 1, 1997, and shall become  
3 inoperative on June 30, 2012, and, as of January 1, 2013, is  
4 repealed, unless a later enacted statute, that becomes  
5 operative on or before January 1, 2013, deletes or extends  
6 the dates on which it becomes inoperative and is  
7 repealed.

8 (c) This section shall not take effect unless and until  
9 (1) a plan of adjustment is confirmed in Case No.  
10 SA-94-22272-JR in the United States Bankruptcy Court for  
11 the Central District of California or (2) a trustee is  
12 appointed pursuant to Chapter 10 (commencing with  
13 Section 30400) of Division 3 of Title 3 of the Government  
14 Code.

15 SEC. 5. The Legislature hereby finds and declares  
16 that a general statute, within the meaning of Section 16  
17 of Article IV of the California Constitution, cannot be  
18 made applicable due to the uniquely severe fiscal crisis  
19 being experienced by the County of Orange, and that,  
20 therefore, this special statute is necessary.

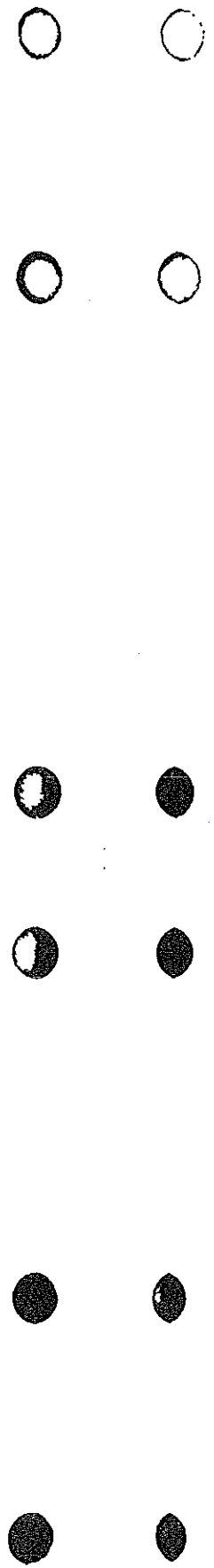
21 SEC. 6. The provisions of this act are severable. If any  
22 provision of this act or its application is held invalid, that  
23 invalidity shall not affect other provisions or applications  
24 that can be given effect without the invalid provision or  
25 application.

26 SEC. 7. This act shall become operative only if Senate  
27 Bill 727 of the 1995-96 Regular Session, Senate Bill 863 of  
28 the 1995-96 Regular Session, and Assembly Bill 1664 of the  
29 1995-96 Regular Session are all enacted and become  
30 operative on or before January 1, 1996.

31 Government Code, to read:

32 16731.6. (a) Notwithstanding any other provision of  
33 this chapter, and as an alternative to the procedures set  
34 forth in Section 16731, the committee may provide for the  
35 issuance of all or part of the bonds authorized to be issued  
36 as commercial paper notes. The committee shall adopt a  
37 resolution finding that issuance of the bonds in the form  
38 of commercial paper notes is necessary and desirable,  
39 directing the Treasurer to arrange for preparation of the  
40 requisite number of suitable notes, and specifying other

1 provisions relating to the commercial paper notes  
2 including the following:  
3 (1) For each program of commercial paper notes  
4 authorized, the final date of maturity and the total  
5 aggregate principal amount of the commercial paper  
6 notes authorized to be outstanding at any one time up to  
7 the maturity date. The resolution may provide that the  
8 commercial paper notes may be issued and renewed from  
9 time to time until the final maturity date, and that the  
10 amount issued from time to time may be set by the  
11 Treasurer up to the maximum amount authorized to be  
12 outstanding at any one time. The resolution shall include  
13 methods of setting the dates, numbers, and  
14 denominations of the commercial paper notes.  
15 Determination of the final maturity date and total  
16 amount by the committee shall be made upon  
17 recommendation of the Treasurer to meet the needs of  
18 the state for funds, to provide the maximum benefit to  
19 potential purchasers, and to respond to the expected  
20 demand for the commercial paper notes.  
21 Notwithstanding any other provision of this chapter,  
22 whenever the committee determines to issue  
23 commercial paper notes, the committee need not comply  
24 with the requirements of Section 16732.  
25 (2) The method of setting the interest rates and  
26 interest payment dates applicable to the commercial  
27 paper notes. Commercial paper notes may bear a state  
28 rate of interest payable only at maturity, which rate or  
29 rates may be determined at the time of sale of each unit  
30 of commercial paper notes. The rate of interest borne by  
31 the commercial paper notes shall not exceed 11 percent  
32 per annum. Notwithstanding any other provision of this  
33 chapter, whenever the committee determines to issue  
34 commercial paper notes, the committee need not comply  
35 with the requirements of Section 16733.  
36 (3) Any provisions for the redemption of the  
37 commercial paper notes prior to stated maturity.  
38 (4) The technical form and language of the  
39 commercial paper notes.



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1 (5) All other terms and conditions of the commercial  
2 paper notes and of their execution, issuance, and sale,  
3 deemed necessary and appropriate by the committee.

4 (b) Notwithstanding any other provision of this  
5 chapter, when the committee determines to issue  
6 commercial paper notes, all of the following shall apply:

7 (1) The commercial paper notes may be sold at  
8 negotiated sale at a price below the par value in a manner  
9 consistent with paragraph (2) of subdivision (a).

10 (2) For purposes of determining the principal amount  
11 of bonds of any voted authorization outstanding, in the  
12 case of any commercial paper notes, the principal amount  
13 deemed outstanding at any time during the term of a  
14 program of commercial paper notes shall be the  
15 maximum amount authorized in the resolution.

16 (3) During the term of any program of commercial  
17 paper notes, the renewal and reissuance from time to  
18 time of the commercial paper notes in an amount up to  
19 the maximum amount authorized by the resolution shall  
20 be deemed to be a refunding of the previously maturing  
21 amount, permitted by and consistent with Article 6  
22 (commencing with Section 16780).

23 (4) The proceeds of commercial paper notes shall be  
24 used to pay commercial paper program costs including  
25 interest payable on maturing commercial paper notes.

26 SEC. 2. Section 16740 of the Government Code is  
27 amended to read:

28 16740. After the adoption by the committee of any  
29 resolution in conformity with Section 16731, 16731.5, or  
30 16731.6, the Treasurer shall arrange for the preparation of  
31 the requisite number of suitable bonds or notes, in  
32 accordance with the resolution, and in so doing shall  
33 arrange for the imprinting thereon of the matters  
34 necessary and appropriate thereto after the sale of the  
35 bonds and the awarding thereof to the successful bidder.

36 SEC. 3. Section 16743 of the Government Code is  
37 amended to read:

38 16743. If the right so to do has been reserved in the  
39 resolution adopted in conformity with Section 16731,  
40 16731.5, or 16731.6, temporary or interim bonds, notes,



Sb 1276

— 14 —

1 certificates, or receipts may be issued and delivered in  
2 lieu of definitive bonds or notes, and shall be  
3 exchangeable for definitive bonds or notes when they are  
4 executed and available for delivery. The temporary  
5 securities shall conform to the resolution, and the  
6 signature of the Treasurer alone, which may be by  
7 signature stamp, shall be sufficient execution thereof.

8 SEC. 4: Section 16781.5 is added to the Government  
9 Code, to read:

10 16781.5. Notwithstanding any other provision of this  
11 article, the renewal and reissuance from time to time of  
12 commercial paper notes within the amount and time of  
13 a program authorized by the committee pursuant to  
14 Section 16731.6 shall be considered a refunding of the  
15 amount of the commercial paper notes maturing from  
16 time to time that complies with this article.

17 SEC. 5: Section 17302 of the Government Code is  
18 amended to read:

19 17302. Notes shall be issued pursuant to this part only  
20 to raise funds in an amount sufficient to satisfy the  
21 Controller's registered demand or demands. The  
22 issuance of any notes pursuant to this part shall be  
23 authorized by a resolution adopted by the Treasurer with  
24 the approval of the Controller and the Director of  
25 Finance.

26 (a) Any note (1) may be negotiable; (2) may be  
27 payable to order or to bearer; (3) may be in any  
28 denomination; (4) shall be payable not later than 120 days  
29 after the end of the fiscal year in which the note has been  
30 issued and shall not be renewable beyond that date; (5)  
31 may bear fixed or variable interest at a rate or rates to be  
32 determined as provided by the resolution and payable as  
33 provided therein; (6) may be payable on a fixed date or  
34 upon demand of the holder of the note; (7) may be made  
35 subject to prepayment or redemption at the option of the  
36 state or at the option of the holder, and (8) may have a  
37 term not exceeding 12 months.

38 (b) In lieu of issuing notes pursuant to subdivision (a),  
39 the resolution may provide for the issuance of notes in the  
40 form of commercial paper. This commercial paper may

1 be issued and renewed from time to time, in amounts;  
2 subject to the requirements of this subdivision; as the  
3 Treasurer shall determine, from the date of initial  
4 issuance until the final maturity date, which shall not be  
5 more than 12 months, and shall occur not more than 120  
6 days after the end of the fiscal year in which the  
7 commercial paper was first issued, and may not be  
8 renewed beyond that date. The maximum principal  
9 amount of commercial paper outstanding at any one time  
10 shall be stated in the resolution, and shall not be greater  
11 than the amount of the Controller's demand. The  
12 resolution may also provide that the commercial paper  
13 ~~(1) may be negotiable, (2) may be payable to order or to~~  
14 ~~bearer, (3) may be in any denomination, (4) may bear~~  
15 ~~fixed or variable interest at a rate or rates to be~~  
16 ~~determined as provided in the resolution and payable as~~  
17 ~~provided therein, (5) may be payable on a fixed date or~~  
18 ~~upon demand of the holder of the commercial paper, (6)~~  
19 ~~may be made subject to prepayment or redemption at the~~  
20 ~~option of the state or of the holder, and (7) may contain~~  
21 ~~any other provision necessary or appropriate to carry out~~  
22 ~~the program of commercial paper.~~

23 SEC. 6. This act is an urgency statute necessary for the  
24 immediate preservation of the public peace, health, or  
25 safety within the meaning of Article IV of the  
26 Constitution and shall go into immediate effect. The facts  
27 constituting the necessity are:

28 In order that the State of California may have the  
29 ability to issue debt in the form of commercial paper and  
30 thus save the state hundreds of millions of dollars in  
31 short-term debt issuance, it is necessary that this act take  
32 effect immediately.

PROPOSED CONFERENCE REPORT NO. 1  
SEPTEMBER 13, 1995

AMENDED IN ASSEMBLY JULY 12, 1995

AMENDED IN SENATE MAY 8, 1995

**SENATE BILL**

**No. 863**

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Introduced by ~~Senators Craven and Killea~~ *Senator Craven*

February 23, 1995

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An act to amend Sections ~~24306 and 26980~~ of, and to add Sections 27000.6, 27000.7, 27000.8, and 27000.9 to, the Government Code, relating to county offices; add Section 29141.1 to the Government Code, to add Section 33670.9 to the Health and Safety Code, to add Section 96.16 to the Revenue and Taxation Code, and to amend the Budget Act of 1995 (Chapter 303 of the Statutes of 1995) by amending Item 6110-230-001 of Section 2.00 thereof, relating to local government, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 863, as amended, Craven. ~~County offices~~ *Local government.*

(1) *Existing law establishes various procedures and requirements with respect to the annual allocation of ad valorem property tax revenues derived from the ad valorem taxation of locally assessed property.*

*This bill would modify the computations and allocations made in the County of Orange to reduce the property tax allocation to a flood control district and a harbors, beaches and parks fund by \$4,000,000 each and require allocation of*

*moneys equivalent to that reduction to the County of Orange for each of the 1997-98 to 2015-16 fiscal years.*

*This bill would require the Orange County Redevelopment Agency to transfer \$4,000,000 to the general fund of the County of Orange in equal installments twice a year for a period of 20 years.*

*(2) This bill would require the County of Orange to display a specific notice on its property tax bills regarding the county recovery, thus imposing a state-mandated local program.*

*(3) Item 6110-230-001 of Section 2.00 of the Budget Act of 1995 contained an appropriation of moneys to the State Department of Education for transfer to Section A of the State School Fund for allocation by the Superintendent of Public Instruction to school districts, county offices of education, and other agencies for the purposes of specified educational programs.*

*This bill would amend the Budget Act of 1995 by amending Item 6110-230-001 of Section 2.00 of the Budget Act of 1995 to provide that of the funds allocated from that item for purposes of home-to-school transportation, \$4,000,000 shall be allocated to the Alameda County Office of Education for the purpose of purchasing transportation services for elementary and secondary pupils on a one-time emergency basis.*

*(4) This bill would sever any provision of this bill that is held invalid, but that invalidity would not affect other provisions or applications that can be given effect without the invalid provision or application.*

*(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.*

*This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.*

(6) *This bill would declare that its provisions would only become operative if SB 727, SB 1276, and AB 1664 of the 1995-96 Regular Session are enacted and become operative on or before January 1, 1996.*

Existing law authorizes the county board of supervisors to consolidate county offices in various combinations and in specified circumstances. Among other things, existing law authorizes the board of supervisors to consolidate 2 or more offices when the occupant does not possess any of the qualifications required for the separate offices if no qualification applies to all of the offices consolidated and the board finds that sufficient personnel possessing the qualifications required are employed in the consolidated office as specified. This authorization is limited to counties having a population of 4,000,000 or more persons.

This bill would delete that population limitation.

Existing law authorizes the county board of supervisors to establish the office of director of finance subject to voter approval. The question of whether the office, if established, shall be elective or appointed by the board may also be submitted to the voters at the same election.

This bill would provide that any person may be appointed by the board of supervisors, or be a candidate for election, to the office of the director of finance, consolidated from other offices pursuant to existing law, if he or she meets the qualifications for the office of the director of finance.

Existing law does not specify qualifications of county treasurer.

This bill would authorize a county board of supervisors to enact an ordinance adopting certain qualifications and continuing education requirements for the office of county treasurer, county tax collector, or county treasurer/tax collector.

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: ~~no~~ yes.

*The people of the State of California do enact as follows:*

1 SECTION 4. Section 24306 of the Government Code

2

SB 863

— 4 —

1 SECTION 1. It is the intent of the Legislature in  
2 enacting this act that the Orange County Transportation  
3 Authority continue to carry out the purposes of the  
4 Mills-Alquist-Deddeh Act (Chapter 4 (commencing with  
5 Section 99200) of Part 11 of Division 10 of the Public  
6 Utilities Code) as set forth in Section 99220 of that code.  
7 In particular, the Legislature intends that the provisions  
8 of this act shall not be utilized to justify reductions in  
9 existing bus and paratransit services. It is further the  
10 intent of the Legislature that, prior to January 1, 1996, the  
11 County of Orange and the Orange County  
12 Transportation Authority report to the Legislature on the  
13 steps taken to maintain adequate public transportation in  
14 the County of Orange.

15 In enacting this act, the Legislature further recognizes  
16 that the County of Orange has developed a Consensus  
17 County Recovery Plan that will permit the payment of all  
18 allowed vendor and labor claims and the repayment of  
19 indebtedness owed by the county due in the summer of  
20 1996.

21 SEC. 2. The Legislature hereby finds and declares all  
22 of the following:

23 (a) The County of Orange government lacks sufficient  
24 resources to finance an acceptable plan of adjustment in  
25 its pending bankruptcy case.

26 (b) On June 27, 1995, the voters of the county defeated  
27 a proposed sales tax increase, indicating the public's  
28 unwillingness to raise new revenue to finance a plan of  
29 adjustment.

30 (c) It is in the interest of the state and all public debt  
31 issuers within the state to enable the county to finance an  
32 acceptable plan of adjustment in order to improve the  
33 credit standing of California public debt issuers and to  
34 preserve and protect the health, safety, and welfare of the  
35 residents of the county and the state. To that end,  
36 successfully resolving the county bankruptcy and  
37 restoring the financial position of Orange County  
38 government and thereby permitting the full  
39 performance under the county's indebtedness is a matter  
40 of statewide interest and concern.

1 (d) In the absence of some alternative source of  
2 revenue not now available to the county, resources from  
3 other governmental units within the county must be  
4 transferred to the county to enable it to prepare, and  
5 obtain confirmation of, an acceptable plan of adjustment.

6 (e) The transfer of resources to the county should be  
7 designed to minimize the impact on affected entities.

8 (f) The emergence from bankruptcy of the county  
9 through the confirmation of an adequate plan of  
10 adjustment will assist in the effectuation of the primary  
11 purposes of the Community Redevelopment Law (Part  
12 1 (commencing with Section 33000) of Division 24 of the  
13 Health and Safety Code), including job creation,  
14 attracting new private commercial investments, the  
15 physical and social improvement of residential  
16 neighborhoods, and the provision and maintenance of  
17 low- and moderate-income housing. The attraction of  
18 new businesses to redevelopment project areas depends  
19 on the existence of an effective county government that  
20 is not burdened by litigation and other requirements of  
21 a bankruptcy proceeding. The payments to the county  
22 pursuant to Section 33670.9 of the Health and Safety Code  
23 benefit redevelopment project areas and are deemed a  
24 debt of the Orange County Development Agency to  
25 repay the county for such general and specific benefits to  
26 the redevelopment project areas previously provided by  
27 the county.

28 SEC. 3. Section 29141.1 is added to the Government  
29 Code, to read:

30 29141.1. The property tax bill in the County of Orange  
31 shall include a statement with language to the effect that  
32 a portion of the taxpayer's property taxes may be used to  
33 implement the county recovery plan to emerge from  
34 bankruptcy. This section shall not be required after these  
35 revenues are no longer needed for this purpose.

36 SEC. 4. Section 33670.9 is added to the Health and  
37 Safety Code, to read:

38 33670.9. (a) For a period of 20 years commencing on  
39 July 1, 1996, the Orange County Development Agency  
40 shall transfer to the general fund of the County of Orange

1 an amount equal to four million dollars (\$4,000,000) a year  
2 in two equal installments on June 15 and February 15 of  
3 each year. The Orange County Development Agency  
4 shall not incur any obligation with respect to loans,  
5 advances of money, or indebtedness, whether funded,  
6 refunded, assumed, or otherwise, that would impair its  
7 ability to make the foregoing transfers or that would  
8 cause the foregoing transfers to violate Section 16 of  
9 Article XVI of the California Constitution or subdivision  
10 (b) of Section 33670. Funds allocated to low- and  
11 moderate-income housing pursuant to Section 33334.2  
12 shall not be used for purposes of this section.

13 (b) This section shall not take effect unless and until  
14 (1) a plan of adjustment is confirmed in Case No.  
15 SA-94-22272-JR in the United States Bankruptcy Court for  
16 the Central District of California or (2) a trustee is  
17 appointed pursuant to Chapter 10 (commencing with  
18 Section 30400) of Division 3 of Title 3 of the Government  
19 Code.

20 SEC. 5. Section 96.16 is added to the Revenue and  
21 Taxation Code, to read:

22 96.16. (a) Notwithstanding any other provisions of  
23 this chapter, in the County of Orange, for the 1996-97  
24 fiscal year, the amount of property tax revenue deemed  
25 allocated in the prior fiscal year to a flood control district  
26 or a harbors, beaches and parks fund shall be reduced by  
27 four million dollars (\$4,000,000) each, and the amount of  
28 property tax revenue deemed allocated in the prior fiscal  
29 year to the county shall be increased by an amount equal  
30 to the combined amount of those reductions. For each of  
31 the 1997-98 to 2015-16 fiscal years, inclusive, the auditor  
32 shall allocate property tax revenues in those amounts that  
33 fully reflect the modifications required by the preceding  
34 sentence.

35 (b) For the 2016-17 fiscal year and each fiscal year  
36 thereafter, the auditor shall allocate property tax  
37 revenues in those amounts that would be determined if  
38 subdivision (a) had not applied to any prior fiscal year.

39 (c) This section shall not take effect unless and until  
40 (1) a plan of adjustment is confirmed in Case No.



1 *SA-94-22272-JR in the United States Bankruptcy Court for*  
2 *the Central District of California or (2) a trustee is*  
3 *appointed pursuant to Chapter 10 (commencing with*  
4 *Section 30400) of Division 3 of Title 3 of the Government*  
5 *Code.*

6 *SEC. 6. (a) In implementing Section 96.16 of the*  
7 *Revenue and Taxation Code, the County of Orange shall*  
8 *not adversely affect Santa Ana River flood control*  
9 *projects.*

10 *(b) If any of the revenues from the property tax*  
11 *reallocation specified in Section 33670.9 of the Health and*  
12 *Safety Code or Section 96.16 of the Revenue and Taxation*  
13 *Code are not forthcoming, the County of Orange shall use*  
14 *county general fund moneys to cover any resulting*  
15 *shortfall, as necessary.*

16 *SEC. 7. County revenues in the amount of the*  
17 *revenues allocated, transferred to, or deposited with, the*  
18 *County of Orange pursuant to the provisions of this act,*  
19 *shall not be used or expended for any purpose other than*  
20 *the satisfaction in full, adequate provision for the*  
21 *satisfaction in full, or other consensual treatment of the*  
22 *outstanding and allowed claims of county vendors,*  
23 *employees, holders of short-term debt of the county,*  
24 *holders of certificates of participation of the county on*  
25 *account of past due lease obligations, holders of expenses*  
26 *of administration in the county's bankruptcy case, or costs*  
27 *and expenses ancillary to the satisfaction of these claims,*  
28 *and otherwise to perform the county's obligations*  
29 *pursuant to a confirmed plan of adjustment.*

30 *SEC. 8. Item 6110-230-001 of Section 2.00 of the*  
31 *Budget Act of 1995 (Chapter 303 of the Statutes of 1995)*  
32 *is amended to read:*

33

1 6110-230-001—For local assistance, Depart-  
2 ment of Education, (Proposition 98) for  
3 transfer to Section A of the State School  
4 Fund, for allocation by the Superinten-  
5 dent of Public Instruction to school dis-  
6 tricts, county offices of education, and  
7 other agencies for the purposes of the  
8 Proposition 98 educational programs  
9 funded in this item, in lieu of amounts  
10 otherwise provided by statute . . . . . 2,017,804,000  
11 Schedule:  
12 (a) Programs . . . . . 2,017,804,000  
13 (b) Reimbursements .. 0  
14 Provisions:  
15 1. The Superintendent of Public Instruction shall  
16 take action, in a manner consistent with state  
17 policy as expressed in statute and with the  
18 purposes of this act, to ensure the orderly  
19 administration of state-funded education  
20 programs conducted by local agencies. The  
21 1995-96 fiscal year allocations of state aid for  
22 these programs shall be in the same amounts  
23 as the 1994-95 fiscal year allocations, adjusted  
24 as appropriated to reflect changes in other  
25 state, federal, and local revenues, and the re-  
26 direction of supplemental grant funds to  
27 categorical programs pursuant to Section 15 of  
28 Chapter 703 of the Statutes of 1992. The  
29 Superintendent of Public Instruction shall  
30 apportion funds from the program allocations  
31 to each school district, county office of  
32 education, or other agency in a manner  
33 consistent with the policies, formulas,  
34 regulations, and statutes governing those  
35 apportionments, including the appropriate  
36 program provisions set forth in Senate Bill 89  
37 of the 1995-96 Regular Session as amended in  
38 the Senate May 30, 1995. If the funds are less  
39 than the amount necessary for these  
40 programs, the superintendent shall apportion

1 the deficiency on a proportional basis across  
2 all programs. If the funding provided by this  
3 item is greater than the amount necessary for  
4 these programs, the Superintendent of Public  
5 Instruction shall direct that the excess funds  
6 be transferred by the Controller to the State  
7 Instructional Materials Fund for the 1995-96  
8 fiscal year for the purchase of instructional  
9 materials for kindergarten and grades 1 to 8,  
10 inclusive, or grades 9 to 12, inclusive.

11 2. Notwithstanding any other provision of law,  
12 not more than 15 percent of the amount  
13 apportioned to any school district, county  
14 office of education, or other agency under this  
15 item for any program may be expended by  
16 that recipient for the purposes of any other  
17 program for which the recipient is eligible for  
18 funding under this item, except that the total  
19 amount of funding allocated to the recipient  
20 under this item that is expended by the  
21 recipient for the purposes of any program  
22 pursuant to this item shall not exceed 120  
23 percent of the amount of state funding  
24 allocated pursuant to Provision 1 to that  
25 recipient for that program for the 1995-96  
26 fiscal year.

27 3. The educational programs that are not eligible  
28 for funding under this item are those  
29 programs funded by the following items of the  
30 Budget Act of 1991 (Ch. 118, Stats. 1991):  
31 Items  
32 6110-001-001, 6110-001-178, 6110-001-231,  
33 6110-001-231, 6110-001-344, 6110-001-687.  
34 6110-001-890, 6110-005-001, 6110-006-001, 6110  
35 -006-814, 6110-008-001, 6110-015-001, 6110-  
36 021-001, 6110-101-001, 6110-101-814, 6110-101  
37 -890, 6110-106-001, 6110-113-001, 6110-117-  
38 001, 6110-128-890, 6110-129-001, 6110 -136-  
39 890, 6110-141-890, 6110-152-001, 6110  
40 -156-001, 6110-158-001, 6110-156-890, 6110-16

- 0-001,  
6110-161-001, 6110-161-890, 6110-165-001,  
6110-166-890, 6110-171-178, 6110-176-890,  
6110-181-140, 6110-183-890, 6110-196-001,  
6110-196-890, 6110-201-890, 6110-202-001,  
6110-225-001, 6110-226-001, and 6350-101-  
001.
4. Notwithstanding any other provision of law, in the case of the Oakland Unified School District, the Controller shall identify the 1993-94 fiscal year as "the first full year of operations" for purposes of Section 42247 of the Education Code, provided that the amount of audited costs approved by the Controller for the first full year of operation shall not exceed \$9,700,000.
  5. The reduction of the maximum allowable building area for each applicant school district pursuant to Section 17746.8 of the Education Code shall be a permanent reduction to the district's eligibility for funding under Chapter 22 (commencing with Section 17700) of Part 10 of the Education Code. To the extent feasible, the reduction shall be applied to district projects that represent the same grade levels of the pupils for which the district is claiming funding pursuant to Section 42263 of the Education Code.
  6. Local education agencies may use the authority granted pursuant to Provision 2 of this item to provide the funds necessary to initiate, to continue support following the three-year state grant period, or to expand, an existing Healthy Start program pursuant to Chapter 5 (commencing with Section 8800) of Part 6 of the Education Code.
  7. Notwithstanding Provision 3 of this item, local education agencies may use the authority granted pursuant to Provision 2 of this item to provide the funds necessary to initiate a

- 1 conflict resolution program pursuant to  
2 Chapter 2.5 (commencing with Section  
3 32260) of Part 19 of the Education Code.
- 4 8. The amount appropriated by this item includes  
5 funds for the Environmental Education  
6 Program established by Chapter 4  
7 (commencing with Section 8700) of Part 6 of  
8 the Education Code and the School Based  
9 Management Program established by Article  
10 12 (commencing with Section 44666) of  
11 Chapter 3 of Part 25 of the Education Code.
- 12 9. As a condition of receiving funding under this  
13 item, by January 1, 1996, each school district  
14 that receives reimbursement for the costs of a  
15 desegregation program shall submit to the  
16 State Department of Education a baseline  
17 profile of all schools supported with that  
18 funding. This baseline profile shall include for  
19 the preceding three years, or from the  
20 inception of its program, whichever period of  
21 time is shorter, all of the following  
22 information: (a) available indicators of pupil  
23 success at those schools, such as test scores,  
24 graduation rates, or dropout rates; (b) an  
25 indication of whether the desegregation  
26 programs in question were entered into  
27 voluntarily or for a court-related reason such  
28 as a consent decree; and (c) available data on  
29 the ethnic distribution of pupils. A school  
30 district may submit evaluation reports that  
31 already exist or are otherwise required by a  
32 court to comply with this requirement,  
33 provided that the reports contain the  
34 information specified above.
- 35 10. For purposes of Section 42263 of the  
36 Education Code, the statewide average cost  
37 avoided per pupil for the 1995-96 fiscal year,  
38 shall be the amount determined for that  
39 purpose for the 1994-95 fiscal year, plus an

1 amount equal to 2.73 percent times the  
2 amount determined for the 1994-95 fiscal year.  
3 11. The Legislature finds and declares that the  
4 amount of \$2,048,635 received by the San  
5 Francisco Unified School District for the  
6 1991-92 fiscal year as an overpayment  
7 constitutes full and complete payment to the  
8 district of all claims for desegregation costs for  
9 the 1984-85, 1985-86, 1986-87, 1987-88, 1988-89,  
10 and 1989-90 fiscal years.

11 12. *Of the funds allocated from this item for*  
12 *purposes of home-to-school transportation,*  
13 *\$4,000,000 shall be allocated to the Alameda*  
14 *County Office of Education for the purpose of*  
15 *purchasing transportation services for*  
16 *elementary and secondary pupils on a*  
17 *one-time emergency basis, including the*  
18 *purchase of such services from a transit*  
19 *district as defined in Section 24503 of the*  
20 *Public Utilities Code.*

21 *SEC. 9. The Legislature hereby finds and declares*  
22 *that a general statute, within the meaning of Section 16*  
23 *of Article IV of the California Constitution, cannot be*  
24 *made applicable due to the uniquely severe fiscal crisis*  
25 *being experienced by affected local agencies, and that,*  
26 *therefore, this special statute is necessary.*

27 *SEC. 10. The provisions of this act are severable. If*  
28 *any provision of this act or its application is held invalid,*  
29 *that invalidity shall not affect other provisions or*  
30 *applications that can be given effect without the invalid*  
31 *provision or application.*

32 *SEC. 11. Notwithstanding Section 17610 of the*  
33 *Government Code, if the Commission on State Mandates*  
34 *determines that this act contains costs mandated by the*  
35 *state, reimbursement to local agencies and school*  
36 *districts for those costs shall be made pursuant to Part 7*  
37 *(commencing with Section 17500) of Division 4 of Title*  
38 *2 of the Government Code. If the statewide cost of the*  
39 *claim for reimbursement does not exceed one million*

1 dollars (\$1,000,000), reimbursement shall be made from  
2 the State Mandates Claims Fund.

3 Notwithstanding Section 17580 of the Government  
4 Code, unless otherwise specified, the provisions of this act  
5 shall become operative on the same date that the act  
6 takes effect pursuant to the California Constitution.

7 SEC. 12. This act shall become operative only if  
8 Senate Bill 727 of the 1995-96 Regular Session, Senate Bill  
9 1276 of the 1995-96 Regular Session, and Assembly Bill  
10 1664 of the 1995-96 Regular Session are all enacted and  
11 become operative on or before January 1, 1996.

12 is amended to read:

13 24306. If the board of supervisors consolidates two or  
14 more offices pursuant to statute or charter, the occupant  
15 of the consolidated office need not possess any of the  
16 qualifications required of the occupant of any of the  
17 separate offices that are consolidated if both of the  
18 following conditions are met:

19 (a) No qualification applies to all of the offices  
20 consolidated.

21 (b) The board finds that sufficient personnel  
22 possessing the qualifications required are employed in  
23 the consolidated office to assure that decisions made by  
24 the occupant of the office are based upon competent  
25 professional advice.

26 This section does not permit the occupant of the  
27 consolidated office to practice any profession or trade for  
28 the practice of which a license, permit, or registration is  
29 required without that license, permit, or registration.

30 SEC. 2. Section 26980 of the Government Code is  
31 amended to read:

32 26980. The board of supervisors of any county may  
33 establish the office of director of finance.

34 (a) The board of supervisors shall submit to the  
35 electors of the county the question of whether the office  
36 of director of finance shall be established. If a majority of  
37 the voters voting on the question at that election favor the  
38 establishment of the office, the board of supervisors shall,  
39 by ordinance, create the office.

1 (b) The board of supervisors at that election may also  
2 submit to the voters the question of whether the office,  
3 if so established, shall be elective, or appointed by the  
4 board of supervisors. If a majority of the voters voting on  
5 the question favor making the office elective, the board  
6 of supervisors shall, in the ordinance creating the office,  
7 make it an elective one.

8 (c) Any person may be appointed by the board of  
9 supervisors, or be a candidate for election, to the office of  
10 director of finance, consolidated from other offices  
11 pursuant to this chapter, if he or she meets the  
12 qualifications for the office of the director of finance.

13 SEC. 3. Section 27000.6 is added to the Government  
14 Code, to read:

15 27000.6. The provisions of Sections 27000.7, 27000.8,  
16 and 27000.9 shall become effective only in those counties  
17 in which, prior to the first date of the period for filing  
18 declarations of candidacy for the office of county  
19 treasurer, county tax collector, or county treasurer/tax  
20 collector, the board of supervisors by majority vote at a  
21 regular meeting with all members present, enact an  
22 ordinance adopting the provisions of those sections. That  
23 ordinance may be repealed by the board of supervisors at  
24 any time.

25 SEC. 4. Section 27000.7 is added to the Government  
26 Code, to read:

27 27000.7. No person shall hereafter be eligible for  
28 election or appointment to the office of county treasurer,  
29 county tax collector, or county treasurer/tax collector of  
30 any county unless any of the following applies:

31 (a) The person has served in a senior financial  
32 management position in a county, city, or other public  
33 agency dealing with similar financial responsibilities for  
34 a continuous period of not less than three years, including,  
35 but not limited to, treasurer, tax collector, auditor,  
36 auditor/controller, or the chief deputy or an assistant in  
37 those offices.

38 (b) The person possesses a valid baccalaureate,  
39 masters, or doctoral degree from an accredited college or  
40 university in any of the following major fields of study:



1 business administration, public administration,  
2 economics, finance, accounting, or a related field.

3 (c) The person possesses a valid certificate issued by  
4 the California State Board of Accounting pursuant to  
5 Chapter 1 (commencing with Section 5000) of Division  
6 3 of the Business and Professions Code, showing that  
7 person to be, and a permit authorizing that person to  
8 practice as, a certified public accountant.

9 (d) The person possesses a valid charter issued by the  
10 Institute of Chartered Financial Analysts showing the  
11 person to be designated a Chartered Financial Analyst.

12 (e) The person possesses a valid certificate issued by  
13 the Treasuring Management Association showing the  
14 person to be designated a Certified Cash Manager.

15 (f) This section shall only apply to any person duly  
16 elected or appointed as a county treasurer, county tax  
17 collector, or county treasurer/tax collector and actually  
18 serving in that office on January 1, 1998.

19 SEC. 5. Section 27000.8 is added to the Government  
20 Code, to read:

21 27000.8. Any duly elected county treasurer, county  
22 tax collector, or county treasurer/tax collector serving in  
23 that office on January 1, 1996, may serve for his or her  
24 remaining term of office during which period of time the  
25 requirements of this section shall not apply. After the  
26 election of a county treasurer, county tax collector, or  
27 county treasurer/tax collector to office, that person shall  
28 complete a valid continuing course of study as prescribed  
29 in this section, and shall during the person's four-year  
30 term of office on or before June 30 of the fourth year,  
31 render to the State Controller a certification indicating  
32 that the person has successfully completed a continuing  
33 education program consisting of, at a minimum, 48 hours,  
34 or an equivalent amount of continuing education units  
35 within the discipline of treasury management or public  
36 finance or both, offered by a recognized state or national  
37 association, institute, or accredited college or university,  
38 that provides the requisite educational programs  
39 prescribed in this section. The willful or negligent failure  
40 of any elected county treasurer, county tax collector, or

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— 16 —

1 county treasurer/tax collector to comply with the  
2 requirements of this section shall be deemed a violation  
3 of this section.

4 SEC. 6. Section 27000.9 is added to the Government  
5 Code, to read:

6 27000.9. Notwithstanding any other requirement of  
7 law, any duly appointed county officer serving in the  
8 capacity of county treasurer, county tax collector, or  
9 county treasurer/tax collector shall, beginning in 2000,  
10 complete a valid continuing course of study as prescribed  
11 in this section, and shall on or before June 30 of each  
12 two/year period, render to the State Controller, a  
13 certification indicating that the county officer has  
14 successfully completed a continuing education program  
15 consisting of, at a minimum, 24 hours or an equivalent  
16 amount of continuing education units within the  
17 discipline of treasury management or public finance, or  
18 both offered by a recognized state or national association,  
19 institute, or accredited college or university, that  
20 provides the requisite educational programs prescribed  
21 in this section. The willful or negligent failure of any  
22 county officer serving in the capacity of county treasurer,  
23 county tax collector, or county treasurer/tax collector to  
24 comply with the requirements of this section shall be  
25 deemed a violation of this section.

Assembly Bill No. 200

CHAPTER 748

An act to amend Sections 25350.6, 25350.7, 25350.8, 25350.9, 25350.10, 29530.5, 30400, and 30400.5 of the Government Code, and to amend Section 2128 of the Streets and Highways Code, relating to local agencies, and making an appropriation therefor.

[Approved by Governor October 9, 1995. Filed  
with Secretary of State October 10, 1995.]

LEGISLATIVE COUNSEL'S DIGEST

AB 200, Brewer. Local agencies.

(1) Existing law pledges motor vehicle license fee funds to which Orange County may be entitled to all certificates of participation or lease revenue bonds issued during 1995 or 1996.

This bill would instead pledge these moneys to certificates of participation or lease revenue bonds executed and delivered or issued, as the case may be, during 1996 or 1997. The bill would specify that any refunding obligations executed and delivered or issued under these provisions may not have a final maturity later than the final maturity of the refunded obligations.

The bill would make similar conforming changes to provisions proposed to be added by AB 1664 of the 1995-96 Regular Session with regard to funds to which the county is entitled under the Bradley-Burns Uniform Local Sales and Use Tax Law.

(2) Existing law requires the board of supervisors to generally administer the affairs of county government.

This bill would revise provisions for the appointment of a county trustee in Orange County, proposed by SB 1276 of the 1995-96 Regular Session, to redefine the plan of adjustment that the trustee may work to confirm.

(3) Existing law apportions funds to each county from the Highway Users Tax Account in the Transportation Fund for county road projects.

This bill would revise the dates during which \$1,916,667 per year of these funds would be apportioned to the Orange County Transportation Authority instead of the county, as proposed by SB 1276 of the 1995-96 Regular Session, to conclude on June 30, 2013, rather than June 30, 2012, thus constituting an appropriation.

(4) The bill would provide that it would not become operative unless AB 1664, SB 863, and SB 1276 are enacted and becomes operative on or before January 1, 1996.

Appropriation: yes.

*The people of the State of California do enact as follows:*

SECTION 1. Section 25350.6 of the Government Code is amended to read:

25350.6. (a) Moneys credited to the Motor Vehicle License Fee Account in the Transportation Tax Fund to which Orange County may at any time be entitled shall be pledged, without any necessity for specific authorization of the pledge by the board of supervisors, to all certificates of participation or lease revenue bonds executed and delivered or issued, as the case may be, during 1996 or 1997, including obligations executed and delivered or issued before 2010 to refund those certificates of participation or lease revenue bonds, to finance or refinance the lease or lease-purchase of property of the county and having a stated maturity of 20 years or more. Any refunding obligations shall not have a final maturity later than the final maturity of the refunded obligations. The amount so pledged with respect to any fiscal year of the county shall not exceed the amounts to be paid in that fiscal year on those certificates or lease revenue bonds.

(b) The state hereby covenants with the holders of any certificates of participation or lease revenue bonds, including refunding obligations, entitled to the pledge granted by this section that, as long as any of the certificates of participation or lease revenue bonds entitled to the pledge granted by this section shall remain outstanding, the state shall not alter or amend the deposit of moneys into, or the allocation of moneys credited to, the Motor Vehicle License Fee Account in the Transportation Tax Fund under Chapter 5 (commencing with Section 11001) of Part 5 of Division 2 of the Revenue and Taxation Code in any manner that would adversely affect the security of, or the ability of the county to pay the principal of and interest on, the certificates of participation or lease revenue bonds entitled to the pledge granted by this section. However, nothing precludes any alteration or amendment if and when adequate provision has been made by law for the protection from impairment of the contract represented by the certificates of participation or lease revenue bonds, and the right to so alter or amend is hereby reserved. The County of Orange may include this covenant of the state in the agreements or other documents underlying the certificates of participation or lease revenue bonds.

SEC. 2. Section 25350.7 of the Government Code, as proposed to be added by Assembly Bill 1664 of the 1995-96 Regular Session, is amended to read:

25350.7. (a) Prior to entering into an agreement to finance the lease or lease-purchase of property through the execution and delivery or issuance, as the case may be, of certificates of participation or lease revenue bonds, the board of supervisors of the County of

Orange may elect, by resolution, to guarantee payment under that financing agreement in accordance with the following:

(1) If the county elects to participate under this section, it shall provide notice to the Controller of that election, and the notice shall include a schedule for the payments to be made by the county under that financing agreement and identify a trustee appointed by the county for the purpose of this section.

(2) In the event that, for any reason, the funds available to the county will not be sufficient to make any payment under the financing agreement at the time that payment is required, the county shall so notify the trustee and deliver to the Controller a duly certified copy of the resolution of its board of supervisors adopted pursuant to Section 29530.5. The trustee shall immediately communicate that information to the affected holders of certificates of participation or bondholders and to the Controller.

(3) When the Controller receives notice from the trustee, and a copy of the resolution from the county, as described in paragraph (2), or, after having adopted the resolution specified in paragraph (2), the county fails to make any payment under the financing agreement at the time that payment is required, the Controller shall make an apportionment to the trustee in the amount of that required payment for the purpose of making that payment. The Controller shall make that payment only from moneys to be transmitted to the county by the State Board of Equalization under Section 7204 of the Revenue and Taxation Code, that are derived from that portion of the sales and use taxes imposed by the county in excess of 1 percent, pursuant to Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code, and that are permitted to be deposited in the general fund of the county pursuant to Section 29530.5. The Controller shall thereupon reduce, by the amount of the payment, the subsequent amounts to which the county would be entitled under that section.

(b) As an alternative to the procedure set forth in paragraphs (2) and (3) of subdivision (a), the board of supervisors may, on or after the date of adoption by the board of the resolution specified in Section 29530.5, provide a transfer schedule in a notice to the Controller of its election to participate under this section. The transfer schedule shall set forth the amounts to be transferred to the trustee and the date or dates for the transfers, and the Controller shall, subject to the limitations in the second and third sentences of paragraph (3) of subdivision (a), make apportionments to the trustee in those amounts on the specified date or dates for the purpose of making those transfers.

(c) In the event that, for any reason, the county is no longer obligated, for any period, to make all or a portion of the payments with respect to the lease or lease-purchase financed through the execution and delivery or issuance, as the case may be, of certificates

of participation or lease revenue bonds, the trustee shall so notify the affected holders of certificates of participation or bondholders and the Controller. Upon receipt of the notification, the Controller shall cease making the transfers. If, after the giving of the notice, the obligation of the county to make payments with respect to the lease or lease-purchase financed through the execution and delivery or issuance of certificates of participation or lease revenue bonds is restored, the trustee shall so notify the affected holders of certificates of participation or bondholders and the Controller. Upon receipt of the notification, the Controller shall resume making the transfers.

(d) Any election made by the county pursuant to this section shall be in addition to any other election made by the county pursuant to any other applicable provision of law to guarantee the obligation of the county to make payments with respect to the lease or lease-purchase of property financed through the certificates of participation or lease revenue bonds.

SEC. 3. Section 25350.8 of the Government Code, as proposed to be added by Assembly Bill 1664 of the 1995-96 Regular Session, is amended to read:

25350.8. (a) Taxes collected by the State Board of Equalization pursuant to Section 7204 of the Revenue and Taxation Code, that are derived from that portion of the taxes imposed by the County of Orange in excess of 1 percent pursuant to Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code, and that are permitted to be deposited to the general fund of the county pursuant to paragraph (1) of subdivision (a) of Section 29530.5 shall be pledged, without the necessity for specific authorization of the pledge by the board of supervisors, to all certificates of participation or lease revenue bonds executed and delivered or issued, as the case may be, during the years 1996 and 1997, including obligations executed and delivered or issued before 2010, to refund those certificates of participation or lease revenue bonds, to finance or refinance the lease or lease-purchase of property of the county and having a stated maturity of 20 years or more. Any refunding obligations shall not have a final maturity later than the final maturity of the refunded obligations. The amount so pledged with respect to any fiscal year of the county shall not exceed the amounts to be paid in that fiscal year on those certificates or lease revenue bonds.

(b) The pledge of taxes pursuant to this section shall constitute a contract between the County of Orange and the owners of any of the certificates of participation or lease revenue bonds and shall be protected from impairment by the United States and California Constitutions. The state hereby covenants with the owners of any certificates of participation or lease revenue bonds entitled to the pledge granted by this section that, as long as any of the certificates of participation or lease revenue bonds entitled to the pledge granted by this section shall remain outstanding, (1) the provisions of Section

7202 which authorize the imposition of the taxes shall not be repealed and (2) the provisions of paragraph (1) of subdivision (a) of Section 29530.5 shall not be repealed prior to July 1, 2011, nor shall either section be altered or amended in any manner that would adversely affect the security of, or the ability of the county to pay, the principal of and interest on the certificates of participation or lease revenue bonds entitled to the pledge granted by this section. However, nothing precludes any alteration or amendment if and when adequate provision has been made by law for the protection from impairment of the contract represented by the certificates of participation or lease revenue bonds, and the right to so alter or amend is hereby reserved. The county may include this covenant of the state in the agreements or other documents underlying the certificates of participation or lease revenue bonds.

SEC. 4. Section 25350.9 of the Government Code, as proposed to be added by Assembly Bill 1664 of the 1995-96 Regular Session, is amended to read:

25350.9. (a) Prior to entering into an agreement to finance the lease or lease-purchase of property through the execution and delivery or issuance, as the case may be, of certificates of participation or lease revenue bonds, the Board of Supervisors of the County of Orange may elect, by resolution, to guarantee payment under that financing agreement in accordance with the following:

(1) If the county elects to participate under this section, it shall provide notice to the Controller of that election, and the notice shall include a schedule for the payments to be made by the county under that financing agreement and identify a trustee appointed by the county for the purpose of this section.

(2) In the event that, for any reason, the funds available to the county will not be sufficient to make any payment under the financing agreement at the time that payment is required, the county shall so notify the trustee. The trustee shall immediately communicate that information to the affected holders of certificates of participation or bondholders and to the Controller.

(3) When the Controller receives notice from the trustee as specified in paragraph (2) or the county fails to make any payment under the financing agreement at the time that payment is required, the Controller shall make an apportionment to the trustee in the amount of that required payment for the purpose of making that payment. The Controller shall make that payment only from moneys to be transmitted to the county by the State Board of Equalization under Section 7204 of the Revenue and Taxation Code, that are derived from that portion of the sales and use taxes imposed by the county pursuant to Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code, other than that portion of the taxes described in Section 29530.5, and shall thereupon reduce.

by the amount of the payment, the subsequent amounts to which the county would be entitled under that section.

(b) As an alternative to the procedure set forth in paragraphs (2) and (3) of subdivision (a), the board of supervisors of the county may provide a transfer schedule in a notice to the Controller of its election to participate under this section. The transfer schedule shall set forth amounts to be transferred to the trustee and the date or dates for the transfers and the Controller shall, subject to the limitation in the second sentence of paragraph (3) of subdivision (a), make apportionments to the trustee in those amounts on the specified date or dates for the purpose of making those transfers.

(c) If the county is no longer obligated for any period to make all or a portion of the payments with respect to the lease or lease-purchase financed through the execution and delivery or issuance, as the case may be, of certificates of participation or lease revenue bonds, the trustee shall so notify the affected holders of certificates of participation or bondholders and the Controller. Upon receipt of the notification, the Controller shall cease making the transfers. If, after the giving of the notice, the obligation of the county to make payments with respect to the lease or lease-purchase financed through the execution and delivery or issuance of certificates of participation or lease revenue bonds is restored, the trustee shall so notify the affected holders of certificates of participation or bondholders and the Controller. Upon receipt of the notification, the Controller shall resume making the transfers.

(d) Any election made by the county pursuant to this section shall be in addition to any other election made by the county pursuant to any other applicable provision of law to guarantee the obligation of the county to make payments with respect to the lease or lease-purchase of property financed through certificates of participation or lease revenue bonds.

SEC. 5. Section 25350.10 of the Government Code, as proposed to be added by Assembly Bill 1664 of the 1995-96 Regular Session, is amended to read:

25350.10. (a) Taxes collected by the State Board of Equalization pursuant to Section 7204 of the Revenue and Taxation Code, that are derived from the taxes imposed by the County of Orange pursuant to Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code, other than that portion of those taxes specified in Section 29530.5, shall be pledged, without the necessity for specific authorization of the pledge by the board of supervisors, to all certificates of participation or lease revenue bonds executed and delivered or issued, as the case may be, during the years 1996 and 1997, including obligations executed and delivered or issued before 2010, to refund those certificates of participation or lease revenue bonds, to finance or refinance the lease or lease-purchase of property of the county and having a stated maturity of 20 years or more. Any



TO: Library Board of Trustees  
FROM: Elizabeth D. Minter, Library Director *Edm*  
DATE: December 19, 1995  
SUBJECT: Orange County Bankruptcy Settlement Agreement

**BACKGROUND:**

At the time of the preparation of this memo there has been no communication from the Orange County Investment Pool Committee (OCIP) concerning the proposed Bankruptcy Settlement Agreement.

Attachments A and B are memos from OCIP Attorney Patrick Shea concerning activities in the Merrill Lynch litigation and its subsequent impact on the settlement agreement negotiations.

I advise the Board to await recommendations from Mr. Shea. If these recommendations are received prior to the Board Meeting, the Settlement Agreement Document will be presented for adoption.

**RECOMMENDATION:**

Approve Settlement Agreement if it is available at the time of the Meeting.



LAW OFFICES OF  
**PILLSBURY MADISON & SUTRO**SAN FRANCISCO  
LOS ANGELES  
SAN JOSE  
WASHINGTON, D.C.  
WRITER'S DIRECT DIAL NUMBERSUITE 1800  
101 WEST BROADWAY  
SAN DIEGO, CALIFORNIA 92101  
TELEPHONE (619) 234-6000  
TELECOPIER (619) 236-1995ORANGE COUNTY  
SACRAMENTO  
MENLO PARK  
TOKYO

(619) 544-3177

November 30, 1995

VIA TELECOPIERTO: ORANGE COUNTY INVESTMENT POOL  
PARTICIPANTS' DISTRIBUTION LISTRe: In re County of Orange,  
Case No. SA94-22272-JR  
MERRILL LYNCH MOTION TO DISMISS SECOND AMENDED  
COMPLAINT

Dear Pool Participant:

On Friday, December 1, 1995, the Bankruptcy Court will hear the motion filed by Merrill Lynch to dismiss the County of Orange's Second Amended Complaint (Adversary Proceeding No. SA95-1045) regarding the County's various claims relating to the losses sustained in the investment pool.

This hearing is important to Pool Participants for a variety of reasons. Among those reasons is the possibility of finalizing the terms of the County's proposed agreement to modify some of the Pool Participants' remaining claims already allowed under the Comprehensive Settlement Agreement, under the terms of which Pool Participants' claims would become nonrecourse to the County in return for an agreed-upon priority schedule of payments on possible recoveries from third party defendants, including Merrill Lynch.

Certainly, the result of the hearing tomorrow will be important to Pool Participants, and I will fax a brief report to you on Monday regarding the Court's decisions. However, the result of tomorrow's hearing is not the only element requiring finality before the OCIP Committee is in a position to make recommendations to you regarding any proposed agreement with the County. The remaining issues include structures for the financing anticipated by the County which require invasion of revenues of some Pool Participants; acceptance by representatives of Orange County cities of recently produced reports and materials from the County regarding Pool Participants' interest in County-administered accounts; issues

November 30, 1995  
Page 2

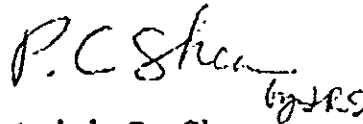
regarding obligations of certain Community Facilities Districts; and certain other issues regarding the specific language in the Agreement referencing the legislation incorporated in the County's proposal.

While the OCIP Committee has been aggressively pursuing resolution of the above-listed issues, these matters have not yet been resolved by the County. These matters are important to any proposal by the County to Pool Participants and must be brought to a satisfactory conclusion, as is a satisfactory result from the pleading dispute to be addressed by the Court tomorrow.

Therefore, regardless of the results of the hearing tomorrow, Pool Participants need to be deliberate in considering the opportunities available. Assuming the best result for the County at tomorrow's hearing, a Joint Agreement may be forthcoming shortly assuming the County responds quickly and positively to resolve the few remaining issues outlined above. If tomorrow's result is less than satisfactory, other issues and options will have to be considered. In any event, I will communicate to you the County's position regarding the remaining issues early next week.

If an agreement recommended by the OCIP Committee is forthcoming, you will receive it directly from me with instructional materials. While we hope that directive correspondence to you will not come from other sources, it is always a possibility and I would ask that you disregard any such correspondence.

Very truly yours,



Patrick C. Shea

PCS/wpc

cc: Official Committee of Pool Participants and Counsel

LAW OFFICES OF  
PILLSBURY MADISON & SUTROSAN FRANCISCO  
LOS ANGELES  
SAN JOSE  
WASHINGTON, D.C.WRITER'S DIRECT DIAL NUMBER  
(619) 544-3177SUITE 1800  
101 WEST BROADWAY  
SAN DIEGO, CALIFORNIA 92101  
TELEPHONE (619) 234-8000  
TELECOPIER (619) 236-1998ORANGE COUNTY  
SACRAMENTO  
MENLO PARK  
TOKYO

December 4, 1995

VIA TELECOPIERTO: ORANGE COUNTY INVESTMENT POOL  
PARTICIPANTS' DISTRIBUTION LISTRe: Orange County v. Merrill Lynch

Dear Pool Participant:

The Merrill Lynch Motion to Dismiss the County's Second Amended Complaint was heard by United States Bankruptcy Judge John Ryan on Friday December 1, 1995. Judge Ryan denied Merrill Lynch's motion in its entirety.

Merrill Lynch argued, among other things, that the County had no standing to bring the Complaint because the County did not own the assets in the Orange County Investment Pool ("OCIP"). Instead, Merrill Lynch argued, that under California Government Code Section 27100.1, Pool Participants' deposits in the OCIP were deemed held "in trust". The trust, rather than the County, was therefore the proper party plaintiff.

The Court held that under Federal Bankruptcy Law, when trust property is commingled with the property of a debtor in an insolvent trust incapable of tracing specific deposits, the separate trust fails and the remaining property is deemed owned by the debtor, in this case the County. The Court held that to the extend Government Code Section 27100.1 was inconsistent with this Federal Bankruptcy Law, the state statute was preempted by the Supremacy Clause of the United States Constitution.

Based on the foregoing, the Court rejected the trust theory in its entirety and found that the County was deemed to be the owner of all the assets for purposes of bringing the claims set forth in the Second Amended Complaint. The Court ordered Merrill Lynch to file its' answer to the Complaint on or before December 21, 1995.

The Court also set a new hearing date for the "Motion to Simplify Issues" which had been previously filed by the County. In the Motion to Simplify, the County seeks to have the ultra vires claims heard prior to the other claims in the Complaint.

To Pool Participants  
December 4, 1995  
Page 2

The purpose of the Motion to Simplify is to obtain a determination on the merits of the ultra vires claims without the necessity of the extensive discovery required for the fraud and breach of fiduciary claims asserted in the Complaint.

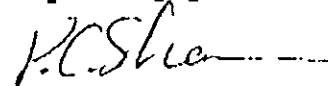
The Court scheduled the County's Motion to Simplify for December 12, 1995 at 2:00 p.m. The County will file any supplemental papers by December 6, 1995. Merrill Lynch's opposition to the Motion to Simplify is due on or before December 11, 1995 at 12:00 noon.

If the Motion to Simplify is granted, there is a good chance that the County will obtain a determination on the merits of the ultra vires claims prior to the end of its' fiscal year in June of 1996.

Finally, the Court continued the stay on all Pool-Participant discovery propounded by Merrill Lynch. The Court will address issues related to this outstanding discovery at the December 12 hearing on the Motion to Simplify.

I will keep you posted regarding further developments in the case. In the meantime, if you have any questions, you can call me at (619) 544-3177.

Very truly yours,



Patrick C. Shea

PCS:jrs

cc: Official Committee of Pool Participants and Counsel

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TELEPHONE (619) 234-8000  
TELECOPIER (619) 236-1995  
December 14, 1995

ORANGE COUNTY  
SACRAMENTO  
MENLO PARK  
TOKYO

VIA TELECOPIER

TO: ORANGE COUNTY INVESTMENT POOL  
PARTICIPANTS' DISTRIBUTION LIST

In re County of Orange -  
Case No. SA-94-22272JR

- Re: 1) Hearing on December 12, 1995 Concerning  
Simplification of Issues and Discovery
- 2) Disclosure by The County of an Additional \$52  
Million in Pool Assets

Dear Pool Participant:

On December 12, 1995, Bankruptcy Judge John Ryan heard the County's Motion To Simplify Issues and Limit Discovery in the Merrill Lynch litigation.

In that motion, the County sought procedurally to isolate what it believes to be its strongest legal claim, the ultra vires claim, from other more fact intensive claims pled in the Second Amended Complaint. Under the County's ultra vires theory, the Reverse Repurchase Agreements entered into through Merrill Lynch constituted the incurrence of billions of dollars of debt by the County. This debt was incurred without budgeted revenue for repayment, and in violation of the debt limitation restrictions of the Government Code.

Judge Ryan ruled that the County's motion was premature. Judge Ryan urged the County to address these issues after Merrill Lynch files its answer next week.

Judge Ryan continued to stay the discovery requests directed to Pool Participants. As a result, you are not required to respond to discovery until you hear further from me.

The County intends to seek an early resolution of the case by bifurcating the ultra vires claims and having it tried separately. Judge Ryan has requested briefing to determine whether the ultra vires claims raise issues that require the full scope of fact discovery, including discovery from Pool Participants. If not, he may determine the ultra vires claims





To Pool Participants  
 December 14, 1995  
 Page 2

first and then address the remaining claims in the County's Second Amended Complaint. This is the sequencing of issues desired by the County.

One of the important issues raised by Merrill Lynch concerning simplification is whether the County is estopped from asserting ultra vires claims. Merrill Lynch is claiming that no entity, or court has ever understood Reverse Repurchase Agreements to be debt for debt limitation purposes. The County, as alleged by Merrill Lynch, voluntarily participated in the Reverse Repurchase investments with full knowledge of the law and risks. The County should, therefore, be estopped, or prevented, from raising ultra vires issues.

The County responds that in matters of public policy, such as those related to the investment of government funds, and the incurrence of government debt, equitable estoppel is not an available defense. Judge Ryan must, therefore, decide whether equitable estoppel applies. If equitable estoppel can be raised as a defense, it will probably be necessary to allow discovery from Pool Participants to determine the extent of knowledge and participation of the County and others. Judge Ryan indicated he probably will rule on the estoppel issue after Merrill Lynch files an answer raising equitable estoppel as an affirmative defense, and the County moves to strike that portion of the answer. The Merrill Lynch answer must be filed by December 21. The County will then file its motion to strike.

Judge Ryan set a hearing for February 16, 1996 at 9:30 a.m. to hear the anticipated motion to strike, and to further review the issue of discovery against Pool Participants.

On a separate matter, many Pool Participants have inquired about the 52 million in additional Pool assets just "discovered" by the County (reported in the Orange County Register, 1995).

While we do not have all the details yet, it appears that 27 million in withheld proceeds have been identified to Merrill Lynch. We understand that those funds, if and when recovered, will be disbursed to Option A Pool Participants, in accordance with the terms of the Comprehensive Settlement Agreement (CSA). These Pool assets were not earlier disclosed by the County as part of the CSA.

An additional \$25 million in cash proceeds from the liquidation of the Pool has also just been discovered by the County. This amount should have been, but was not, disbursed at the time of the cash distributions under the CSA. The County

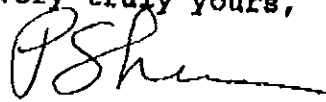
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To Pool Participants  
December 14, 1995  
Page 3

asserts that it is entitled to keep this \$25 million. We are working on an appropriate resolution and will keep you apprised.

Very truly yours,

  
Patrick C. Shea *by JRS*

PCS:sgm

cc: Official Committee of Pool Participants and Counsel

20843324



TO: Library Board of Trustees  
 FROM: Elizabeth D. Minter, Library Director  
 DATE: December 19, 1995  
 SUBJECT: Select Vendor for Photocopier Contract

**BACKGROUND:**

At its Regular Meeting on October 17, 1995, the Library Board approved a Request for Photocopiers.

Bids were mailed to all factory authorized manufacturer representatives of photocopiers listed in the Orange County phone directory and to all vendors who had made individual requests to the Library. (See Attachment A.)

Bids were received from six vendors, two of which met all bid specifications. Attachment B is the staff analysis of all bids received.

Summary of Qualified Bids

Vendor	Edgemont Business Systems	University Copy Systems
Model	Sharp SF2022 & SF2035	Cannon NP6030
Total Cost of Equipment	\$19,838.08	\$19,423.82
Monthly Lease <sup>purchase</sup> (60 months)	\$446.36	\$473.95
Total Cost of Lease/Purchase	\$26,781.60	\$28,437.00
Monthly Maintenance Costs based on per copy cost of	\$675.00 (15,000 copies/month) \$0.015 per copy	\$945.00 (20,00 copies/month) \$0.01575 per copy

**RECOMMENDATION:**

Award the contract for lease/purchase to Edgemont Business Systems, 6101 Gateway Drive, Cypress, CA 90630, in the amount of \$446.36 per month for the lease, plus cost of maintenance based on quoted price prorated to actual usage.

Prepared by: Charlene Dumitru

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Abacus Office Equipment  
10576 Garden Grove  
Garden Grove, CA

Affiliated Photocopier  
1571 North "E" Street  
San Bernardino, CA 92405

Alltech Business Systems  
23231 La Palma Ave.  
Yorba Linda, CA

American Office Systems  
17821 Skypark Circle, #D  
Irvine, CA

Beck's Office Systems  
22762 Aspen  
Lake Forest, CA

Canon USA, Inc.  
Attn: Sales  
15955 Alton Parkway  
Irvine, CA

Century Business Services  
1503 W. Alton  
Santa Ana, CA

Complete Business Sys  
1834 W. 11th  
Upland, CA

Copyline Corporation  
3150 Bristol  
Costa Mesa, CA

Copyline Corporation  
Attn: Sales  
16800 Valley View Ave.  
La Mirada, CA

Custom Copy Services  
15155 Springdale  
Huntington Bch, CA 92649

E-Z Copy, Inc.  
275 N. El Cielo Rd, STE C-3  
Palm Springs, CA 92262

Edgemont Sales Co.  
Attn: Sales  
6101 Gareway Drive  
Cypress, CA 90630

FKM Copier Products  
5 Studebaker  
Irvine, CA

High-Tech Products, Inc.  
1306 E. Katella Ave.  
Anaheim, CA 92805

Imaging Plus  
17534 Von Karman  
Irvine, CA

Konica Business Machines  
Attn: Sales  
1 Technology Drive  
Irvine, CA

Lanier Worldwide, Inc.  
1451 Edinger Ave.  
Tustin, CA 92806

Minolta Business Systems  
1120 N. Tustin Ave.  
Anaheim, CA

National Office Machines  
3301 W. MacArthur Blvd.  
Santa Ana, CA 92704

OEM Copier Products  
17155 Newhope, STE A  
Fountain Valley, CA 92708

One Step Business Systems  
10725 Ellis Ave., #B  
Fountain Valley, CA

Panasonic Communications  
6550 Katella Ave.  
Cypress, CA

Pioneer Copy Systems  
1334 E. Katella  
Anaheim, CA

Pitney Bowes Copiers  
17 Goodyear  
Irvine, CA

Quality Copying Inc.  
850 West Foothill, STE #7  
Azusa, CA 91702

Scope Office Services, Inc.  
1510 S. Lewis  
Anaheim, CA

University Copy Systems  
No. 8 Corporate Park  
Suite 110  
Irvine, CA

W. H. Bottom Sales, Inc.  
1201 E. Ball Rd. #H  
Anaheim, CA

Western Copy Systems  
1622 Edinger Ave. #G  
Tustin, CA 92680

Xerographic Copier Svc  
1140 N. Hawk Circle  
Anaheim, CA

Xerox Corporation  
1851 E. First St., STE 305  
Santa Ana, CA 92705





COMPARISON OF COPIER BIDS						
Company	Edgemont Business Systems	University Copy Systems	Xerox	One Step Business Systems	Minolta	Pitney-Bowes
Brand/Model	Sharp SF2022 SF2035	Cannon NP6030	Xerox 5021 5334	Savin 9035	Minolta 3050	Submitted bid only for office copier 9337
Total Start up Costs	\$19,838.08	\$17,507.49 revised to \$19,423.82	\$18,436.03	\$21,523.06	\$23,362.36	\$8,079.10 office copier only
Lease Price	\$446.36/month 60 month \$25,781.60 term	\$492.91/month 60 month \$27,731 term	\$422.71/month 60 month \$25,362.60 term	\$461.17/month 60 month \$27,670.20 term	\$494.77/month 60 months \$29,686.20 term	\$216.52 48 month lease \$10,392.96 term
Maintenance Costs	\$675.00/mo 15,000 copies \$0.015/copy	\$945.00/mo 20,000 copies \$0.01575/copy	\$790.65/mo volume base and per copy not disclosed	\$517.50/mo 15,000 copies \$0.0115/copy	\$475.00/mo 15,000 copies \$0.011/copy	\$119.00 for 1st 35,000 then \$0.025/copy
SPECS:						
New Equipment	Yes	Yes	Yes	Yes	Yes	Yes
1st copy speed 6.5 or less	Yes	Yes	Yes	Yes	Yes	No
usage of 15,000 - 20,000	Yes	Yes	Yes	Yes	Yes	Yes
3 paper trays of (1) 1,000 and (2) 250 capacity min.	Yes	Yes	No	No	Yes	No
Throughput of 8 ½ x 11 & 8 ½ x 14, 16-32#	Yes	Yes	Yes	Yes	Yes	No
115 volt, 15 ampere	Yes	Yes	Yes	Yes	Yes	Yes

Warm-up less than 2 minutes	Yes	Yes	Yes	Yes	Yes	No	No
Power saver default	Yes	Yes	Yes	Yes	Yes	Yes	Yes
XCP cardreader	Yes	Yes	Yes	No Offers MagCard II as alternative	Yes	Yes	No
locked storage space	Yes	Yes	Yes	Yes	Yes	Yes	No
Office copier Specs							No
Automatic Document Feeder	Yes	Yes	Yes	Yes	Yes	Yes	Yes
20-bin sorter w/30 sheet capacity	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Automatic two sided copy	Yes	No on orig. bid Yes on revision	Yes	Yes	Yes	Yes	Yes
Zoom reduction/enlargement	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Automatic selection of paper size & paper tray	Yes	Yes	Yes	Yes	No	Yes	Yes
Auditing controller no less than 50 accounts	Yes	Yes	Yes	Yes	Not Stated	Yes	Not Stated
.MEETS ALL SPECS	Yes	Yes	Yes	No	No	No	No

*Man 12*  
*Certified* → *acceptance*  
*man 15* *Jan 15*

## REQUEST FOR BIDS FOR LOCAL AREA NETWORK SYSTEM

Placentia Library District is requesting that qualified vendors submit bids for the purchase or lease of a local area network system to provide reference materials to Library clients inside the Library.

Sealed bid responses must be received no later than 2:00 P.M., Pacific Standard Time, on Tuesday, January 9, 1996, in the Administrative Office, Placentia Library District, 411 East Chapman Avenue, Placentia, CA 92670. Bids will be opened at that time. Bids must be valid for 60 days. The purchase is scheduled to be awarded on Tuesday, January 16, 1996.

Each bidder is to present the amount for outright purchase of equipment and services, and may also include the amount for a lease-purchase option for equipment and/or services. The District reserves the right to determine whether to purchase or lease each individual piece of equipment within a bid. The District reserves its right to reject any or all bids.

The successful bidder must be able to guarantee that the delivery and installation of the local area network will be completed by 12:00 NOON on Wednesday, February 28, 1996. Access to the Library will be provided Mondays through Wednesdays from 8:30 A.M. to 8:00 P.M. and Thursdays and Saturdays from 8:30 A.M. to 6:00 P.M. Access to the Library will not be available on Fridays. Delivery and installation may be made prior to February 28 at the convenience of the bidder.

Bid must include a notarized certification that all equipment and supplies to be provided will be new, factory-provided items. The Cost Summary on Page 5 of this Document must be included with the Bid. Multiple bids may be submitted by a vendor as long as each item bid meets the specifications.

The successful bidder is responsible for delivery, installation, testing and maintenance of equipment including the installation of XCP, Inc. Model 5870 (or better) debit card readers on the workstations. Information about the XCP debit card readers may be requested from: Dave Richman, XCP, Inc., 40 Elm Street, Dryden, NY 13053-9624; Telephone 607-844-9143.

Selection criteria will include:

- Ease/simplicity of use by the public.
- Ease/simplicity of use by the staff.
- The speed with which the data, including video, is available at the workstations.
- Compatibility with the XCP, Inc. Model 5870 (or better) debit cardreader.
- Cost for equipment, installation and maintenance contracts.

Placentia Library District, Request for Bids for LAN, December 19, 1995, Page 2

The successful bidder must provide the District no later than January 29, 1996, with a workstation by workstation analysis of power requirements for the system and its peripherals, including the printers and XCP card readers.

### System Description

The system needs to be able to house data from CD-ROM disks covering a variety of topics. The startup database will include the following:

Name of Resource	Number of CD's
California Code	2
Federal Code	2
Encyclopedia Americana	1
World Book Encyclopedia	1
Los Angeles Times	5
New York Times	5
Orange County Register	10
Wall Street Journal	5
SIRS	3

✓ This system will be "Read Only" for the user. No word processing, database, spreadsheet or other type of personal use software will be used on this system.

Library clients will use this system in lieu of traditional reference books. The titles will be available at each of the workstations although several of them will be limited by software licensing requirements to a specific number of simultaneous users. The number of simultaneous users will vary for different titles on the system.

This system will not be made available to users outside the Library. Licensing restrictions with the software publishers mandate this policy.

Four (4) print centers with regular laser printers will be available to serve all ten (10) system personal computer workstations. An (1) additional color printer will be available at one of the print centers to serve all the personal computer workstations. Each personal computer workstation will need to have XCP printer vending software and an XCP vending card reader. The bidder is responsible for installing the XCP software and hardware and making sure that it works with each software title installed on the system.

{ The system's speed and efficiency in processing video and sound will be a critical component in the system's selection. Sound is to be provided only through jacks and headsets. Speakers, if provided, must be capable of being overridden by key or password by the system administrator.

Placentia Library District, Request for Bids for LAN, December 19, 1995, Page 3

**Network Server Configuration:**

Compaq Pentium 133 MHZ or better

64 MB RAM

512 K Cache

Graphics Card appropriate for monitor

Hard Drive of 20 GB Array

CD-ROM, 4X or better

101 Key Keyboard

Microsoft Mouse

3.5" Floppy Drive

4MM DAT Tape, 2-4 GB

External 28.8 Modem

Monitor to be provided by the Library (vendor can select from either a WEN 220-240 VAC, 50 Hz 0.7A or a generic 110-120 VAC, 60 Hz 1.3A) and installed by the vendor.

Most recent compatible versions of Microsoft NT with 10 user license, and Norton Virus protection software. XCP copy vending software to be provided by the Library and installed by the vendor.

APC 600 VA Smart UPS with Power Chute

Service maintenance agreement, including Ethernet Hubs and Cabling, no less than 4 hours response time, Mondays through Thursdays, and Saturdays.

*3 sets of headset  
abstract - spec.  
Ref. Book.*

**Multi-Media Workstation Configuration:**

4 Compaq Pentium 120 MHZ or better with:

14" Super VGA or XGA color monitor

16 MB RAM

256 K Cache

ATI or Diamond Stealth Graphics Card, 2MB VRAM

Soundblaster 16 with SCSI Adapter, Headphone Jack and Headset

Hard Drive of 1 GB or larger

CD-ROM, 4X or better

101 Key Keyboard

Microsoft Mouse

3.5" Floppy Drive

3Com Ethernet 10BaseT NIC, Category 5 or better

Placentia Library District, Request for Bids for LAN, December 19, 1995, Page 4

XCP Model 5870 (or better) debit cardreader

Power surge protection

Most recent versions of Windows 95, and Norton Virus protection software. XCP copy vending software to be provided by the Library and installed by the vendor.

Service maintenance agreement, no less than next day response time, weekdays.

Additional Personal Computer Workstations will be purchased as funds become available.

### **Printer Workstation Configuration**

Four (4) Texas Instrument Microwriters owned by the Library are to be installed by the vendor at various locations in the system, using a parallel interface.

*not yet installed* { The vendor is responsible for installing one (1) color printer, to be purchased by the Friends of the Library, at one of the print centers in the system, using a parallel interface.

The vendor is responsible for installing the Library-provided XCP Vendacard software and cardreaders for printer operation. The debit cardreaders must be attached to each personal computer workstation and provided with a power source.

### **Ethernet Hubs and Cabling**

3COM Linkbuilder 10 BaseT Hub (12 port), Category 5 or better.

Category 5 cabling (18 drops or better)

There is no existing cabling in place for this system.

### **Installation**

The bidder is responsible for the installation, configuration, and integration of all of the above plus the removal of all packing boxes and packaging materials. The Library is not able to store packaging material or boxes.

Installation includes configuring the hard drive on the server, and the operation software for the system, to accommodate all of the CD-ROM services identified on Page 2.

### **Training**

The bidder is responsible for training the District's designated system administrator in the use of Microsoft NT and general LAN operations. The bidder will provide telephone advice/assistance to the system administrator on all weekdays excluding holidays, and during all hours of Library operations. Library operating hours are Monday through Wednesday 12:00 NOON to 8:00 P.M.; Thursdays and Saturdays 10:00 A.M. to 6:00 P.M. and Sundays 1:00 to 5:00 P.M.

Placentia Library District, Request for Bids for LAN, December 19, 1995, Page 5

### Cost Summary

(This Page Must Be Completed for Each Bid)

Name of Vendor: \_\_\_\_\_

	Purchase	Lease/Purchase Per Month
Server		
Workstation (per station)		
4 Workstations		
Print Centers		
Ethernet Hubs and Cabling		
Installation/Configuration		
Training		
Delivery		
Other: Specify		
Taxes		
<b>TOTAL STARTUP COST</b>		

	Purchase	Lease/Purchase Per Month
Server Maintenance/Month		
Ethernet/Cabling Maintenance/Month		
Workstation Maintenance/Month/Workstation		
Other Monthly Costs: Specify		
<b>TOTAL MONTHLY COSTS</b>		





TO: Library Board of Trustees

FROM: Elizabeth D. Minter, Library Director *edm*

DATE: December 19, 1995

**SUBJECT: Selection of Board Representative and Alternate to the Orange County (Emergency) Operational Area Council; and Appointment of Staff as Representative and Alternate to the Orange County Emergency Organization**

**BACKGROUND:**

At its Regular Meeting on October 17, 1995 the Library Board of Trustees adopted Resolution 95-10 Adopting and Incorporating the Operational Area Agreement of the County of Orange and Political Subdivisions.

The County has not indicated how frequently either of these organizations will meet. Both groups are set up to be managed by executive committees.

Attachment A is a letter from Supervisor William Steiner requesting that the Board appoint its representatives and alternates to the Operational Area Council (elected officials) and the Orange County Emergency Organization (staff).

**RECOMMENDATION:**

1. Select Trustee Representative and Alternate to the Operational Area Council.
2. Appoint Library Director Elizabeth Minter as Representative and Administrative Assistant Charlene Dumitru as Alternate to the Orange County Emergency Organization.





SUPERVISOR, FOURTH DISTRICT

**WILLIAM G. STEINER**

ORANGE COUNTY BOARD OF SUPERVISORS  
ORANGE COUNTY HALL OF ADMINISTRATION  
10 CIVIC CENTER PLAZA, SANTA ANA, CALIFORNIA 92701  
PHONE: (714) 834-3440 FAX: (714) 834-2045

December 4, 1995

Dear Operational Area Member,

On November 14, 1995, the County Board of Supervisors (Board) formally established the Orange County Operational Area and adopted the Operational Area Agreement, (Agreement), dated October 3, 1995. Attached is a list which shows the status of adoption of the Agreement for all Orange County jurisdictions.

I was designated by the Board as the representative for the County for the Operational Area Council, and Supervisor Silva, 2nd District was designated my alternate. Loletta Barrett, County Emergency Manager will serve as the County representative to the Orange County Emergency Organization (OCEMO).

At this time it is requested that your jurisdiction designate a Operational Area Council Representative and alternate, and an OCEMO member and alternate. According to the Operational Area Agreement, the Operational Area Council representative should be an elected official and the OCEMO member a staff member of your jurisdiction.

Please submit the name of your representatives and alternates in writing to Loletta Barrett as soon as possible, but no later than December 22, 1995. Please include their names, administrative phone and facsimile numbers, and addresses; as well as emergency contact information. Attached is a form for your connivance. Loletta is located at 2644 Santiago Canyon Rd. Silverado, CA 92676-9719. If you have any questions please call Loletta at 714-834-7259.

Sincerely,

A handwritten signature in cursive script that reads "William G. Steiner".

William Steiner, Chairman, Orange County Emergency Management Council  
Supervisor, 4th District

attachments: Operational Area Member List  
Representative Designation Form

**OPERATIONAL AREA OF ORANGE COUNTY  
OPERATIONAL AREA COUNCIL AND ORANGE COUNTY EMERGENCY  
MANAGEMENT ORGANIZATION  
January 1996**

**REPRESENTING:** \_\_\_\_\_

(FULL NAME OF JURISDICTION)

OPERATIONAL AREA COUNCIL (Jurisdiction Board or Council Member)

**REGULAR HOURS CONTACT INFORMATION**

Name:                      Representative                      Alternate

Title:

Work Address:

Work Phone:              (   )                                      (   )  
Work Facsimile:        (   )                                      (   )

ORANGE COUNTY EMERGENCY MANAGEMENT ORGANIZATION

(Jurisdiction Emergency Services Coordinator/Manager)

**REGULAR HOURS CONTACT INFORMATION**

Name:                      Representative                      Alternate

Title:

Work Address:

Work Phone:              (   )                                      (   )  
Work Facsimile:        (   )                                      (   )

**AFTER HOURS/EMERGENCY CONTACT INFORMATION**

Home Address:              Representative                      Alternate

Home Phone:              (   )                                      (   )  
Home Facsimile:        (   )                                      (   )  
Car/Cellular Phone:    (   )                                      (   )  
Pager:                      (   )                                      (   )

TO: Library Board of Trustees

FROM: Elizabeth D. Minter, Library Director *EM*

DATE: December 19, 1995

SUBJECT: Travel Authorizations for Library Board President Dinsmore and Staff to attend the Public Library Association Biennial Conference, Portland, Oregon, March 26-30, 1996 and the Southern California Library Literacy Network 1006 Conference/Planning Retreat, Los Angeles Conference Center, Lake Arrowhead, May 7-9, 1996

**BACKGROUND:**

- 1. For Library Board President Peggy Dinsmore, Library Director Elizabeth Minter, Principal Librarian Suad Ammar, and Librarian Julie Shook to attend the Public Library Association Biennial Conference, Portland, Oregon, March 26-30, 1996.

Staff participation to be funded through the District's Staff Development Account with the Santiago Library System. The current balance in this account is approximately \$3,500.

The Cost Summary is Attachment A.

- 2. For Literacy Coordinator Katie Matas and Families for Literacy Coordinator Jeannine Walters to attend the 1996 Conference/Planning Retreat for the Southern California Library Literacy Network at the Los Angeles Conference Center, Lake Arrowhead, May 7-9, 1996.

Cost Summary

Registration	\$280.00
Local Transportation/Mileage/Parking	<u>\$ 75.00</u>
TOTAL	<u>\$355.00</u>

The request from Literacy Coordinator Matas is Attachment B.

**RECOMMENDATION**

*Minter/ Shook*

- 1. Approve travel expense not to exceed \$1,467.00 from the 321 Grant for Library Board President Dinsmore to attend the Public Library Association Biennial Conference, Portland, Oregon, March 26-30, 1996.
- 2. Approve attendance by Library Director Minter, Principal Librarian Ammar, and Librarian Shook at the Public Library Association Biennial Conference, Portland, Oregon, March 26-30, 1996, with expenses to be paid from the District's Staff Development Account with the Santiago Library System.
- 3. Approve payment of \$193.00 for Public Library Association Division membership dues to the American Library Association for Library Board President Dinsmore, Principal Librarian Ammar and Librarian Shook; and American Library Association membership dues for Librarian Shook.
- 4. Approve travel expense not to exceed \$355.00 from the California Literacy Campaign and Families for Literacy Grants, for Literacy Coordinator Katie Matas and Families for Literacy Coordinator Jeannine Walters to attend the Conference/Planning Retreat for the Southern California Library Literacy Network at the Los Angeles Conference Center, Lake Arrowhead, May 7-9, 1996.



Travel Authorization  
Public Library Association Conference  
March 26-30, 1996  
Portland, OR

	Dinsmore	Minter	Ammar	Shook	TOTAL
Airline	0.00	160.00	160.00	160.00	480.00
Local Transportation/Misc Expen	700.00	75.00	75.00	75.00	925.00
Registration	135.00	135.00	135.00	135.00	540.00
Hotel	432.00	432.00	216.00	216.00	1,296.00
Thursday Luncheon	25.00	25.00	25.00	25.00	100.00
Friday Luncheon	25.00	25.00	25.00	25.00	100.00
Meals	150.00	150.00	150.00	150.00	600.00
Conference Meals	200.00	200.00	200.00	200.00	800.00
<b>TOTAL</b>	<b>1,467.00</b>	<b>1,002.00</b>	<b>786.00</b>	<b>786.00</b>	<b>4,041.00</b>
<b>Fund</b>	<b>2700-07</b>	<b>SLS</b>	<b>SLS</b>	<b>SLS</b>	
	321 Grant	Staff Devel.	Staff Devel.	Staff Devel.	
<b>Fund</b>	<b>2700-07</b>				
	321 Grant	1,467.00			
	<b>SLS</b>				
	Staff Devel.	2,574.00			
	<b>TOTAL</b>	<b>4,041.00</b>			
<b>ALA/PLA Membership</b>	<b>50.00</b>	<b>0.00</b>	<b>50.00</b>	<b>93.00</b>	<b>193.00</b>

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**TO:** Elizabeth Minter, Library Director

**FROM:** Katie Matas, Literacy Coordinator *KLM*

**DATE:** December 19, 1995

**SUBJECT:** Southern California Library Literacy Network 1996 Conference/Planning Retreat

The Southern California Library Literacy Network (SCLLN) is having its 1996 Conference/Planning Retreat at the University of California at Los Angeles Conference Center at Lake Arrowhead. This is one of the best networking opportunities for Literacy and Family Literacy coordinators offered each year.

All literacy coordinators are encouraged to attend the retreat which is scheduled to start the afternoon of May 7, 1996 and conclude May 9, 1996 at 1:00 pm. Each library literacy program may register two persons. I request that both Literacy Coordinator Matas and Families For Literacy Coordinator Walters be allowed to attend this conference using funds from the 321 grant.


The cost is \$140 per person (for a total of \$280) and covers lodging and meals. Reservations must be made by December 20, 1996 and payment must be made by January 31, 1996.



TO: Elizabeth Minter, Library Director  
 FROM: Suad Ammar, Principal Librarian <sup>AA</sup>  
 DATE: December 19, 1995  
 SUBJECT: Program Committee Report for the Month of November 1995.

PLACENTIA LIBRARY DISTRICT		
PROGRAM STATISTICS		
DEPARTMENT	SEPTEMBER 95	
	# PROGRAMS	# ATTENDEES
<i>ADULT SERVICES</i>		
Visits to Library	1	35
Placentia Pride	0	0
<i>CHILDREN'S SERVICES</i>		
Afterschool Specials	5	108
Pre-School Story Hour	8	151
Special Programs	1	26
Camp Library	1	102
<i>LITERACY SERVICES</i>		
Families For Literacy	4	86



TO: Elizabeth Minter, Library Director  
FROM: Kay Schneider, Librarian II   
DATE: December 12, 1995  
SUBJECT: November Activities in the Children's Department

**9th Annual Camp Library** - This year was one of the most fun Camp Library evenings! The evening began with songs and singalongs led by entertainer Gary Greeno, next Scottish dancers (provided by Elizabeth) performed for the group and then taught us all how to become Scottish dancers. The rest of the evening was filled with making a craft (making giant turkeys from paper bags), a scavenger hunt, a story from a member of the Storytellers Guild, a visit from the El Dorado High School Drama class, lots of food and a movie. Most everyone finally settled down to sleep by 1PM. Juice, coffee, milk and donuts were served at 6:30 the next morning.

Many, many parents have told us that this year was one of their favorites. Our event was attended by 102 children and parents.

**The El Dorado High School Drama Class** presented several skits from picture books nominated for this years California Young Reader Medal. These skits were really excellent and were enjoyed by 85 parents and children. The High School presents a play annually free of charge and the Library provides the space, flyers, and the advertising. The drama teacher, Gai Jones, is especially nice to work with and she was also responsible for bringing this class to Camp Library for a performance at 11:00 PM.

**After School Specials** - The After School Specials for children ages 7 - 12 began in October and concluded the first week in December. During these sessions the crafts have included cow wind sock, a gingerbread house and lots of fun.. Weekly activities have also included stories, games, readers theater and sometimes a movie and refreshments. Five November sessions were attended by 108 children.

**Story Hours** - One hundred and fifty one preschool children ages 3 - 6 attended 8 weekly sessions of story hours in November. They listened to stories, participated in songs and rhythm activities, made crafts and sometimes watched a short movie. The theme of the fall story hours was "A Walk in the Jungle." Each weekly theme revolved around a jungle animal.

**Bulletin Boards and Displays** -Thanks to the efforts of Esther Guzman the children's department had a great Thanksgiving bulletin board and displayed Thanksgiving stories during the month.



TO: Elizabeth D. Minter, Library Director  
FROM: Cheryl Willauer, <sup>cw</sup> Library Assistant  
DATE: December 12, 1995  
SUBJECT: Publicity materials produced for November 1995.

**Information on the Placentia Library cable channel #53:**

1. Placentia Library Trustees.
2. Location and hours of the Library.
3. Storytime for pre-school children
4. El Dorado presenting skits for families in the meeting room.
5. Afterschool specials for children ages 7-12.
6. Holiday storytelling on December 11.
7. Placentia Pride legal seminar.
8. Placentia Library Literacy Services asking for volunteers to become tutors.
9. Holiday closing for Veterans Day
10. Quotes for the month of November.
11. Placentia Library Literacy Services offering INS approved citizenship exam.
12. Friends of the Library Bookstore and asking for volunteers.
14. Sign-ups for Camp Library now being taken.

**Newspaper articles published:**

1. Drama students from El Dorado High School to perform skits at the Library.
2. Orchid Species Society of Southern California to meet.
3. The future is now says UCI librarian.
4. Library System's (Orange County) book rental program a hit .
5. Adopt a book and help the Placentia library fill its shelves.
6. Libraries link online to homes.
7. North Story Circle of the South Coast Storytellers Guild will meet Sunday.
8. Placentia Council grants municipal workers 3.5% raise.
9. Overnight library camp slated for Friday.
10. Library offers free preschool story hour.
11. Ship models on display at library.
12. Seminar on financial protection at library presented by Violet Woodhouse.
13. Four devoted Library volunteers honored at Board of Trustees meeting. Also in April Ottavian's column she writes about the staff members receiving their 20 year, 15 year, and 10 year service pins.
14. Model ship exhibit at the Placentia Library.

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Placentia News  
Weekly

NOV - 2 1995

**PEOPLE**

# Adopt a book and help the Placentia library fill its shelves

332  
ADOPTING BOOKS: Book Sale Alert! TODAY, 4 to 7 p.m. The Friends of the Placentia Library is hosting the Fall Book-sale...today is for members only but, pssst, memberships are available "at the door." How much for a year's membership? Five dollars for individual, \$10 family, \$25 sustaining, \$50 life. So, let's see, I'll renew my membership, make a donation for "Adopt a Book" program with every dollar received used to buy books (doesn't that have a lovely sound to it?) and then browse for that one-of-a-kind to pique my interests!

Pat Irot, she's the Friends of the Library prez, tells us there is a large selection of hardbacks, paperbacks and magazines, a table of special-price and silent auction items.



**APRIL OTTAVIAN**

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Los Angeles Times  
OC Edition  
Daily NOV 23 1995

**CONTINUING** 332

- Orange County International Auto Show (Anaheim Convention Center, 800 W. Katella Ave., Anaheim, [714] 999-8950). Continues through Wed. Fri.-Sat., noon-9 p.m.; Sun.-Wed., noon-6 p.m. \$4-\$7.95.
- Sawdust Festival Winter Fantasy (935 Laguna Canyon Road, Laguna Beach, [714] 494-3030). The fifth annual festival will feature original, handcrafted work by 150 artists, as well as art demonstrations, hands-on workshops, children's activities, continuous entertainment, a Santa Claus workshop and a play area with real snow. Fri.-Sun., 11 a.m. to 7 p.m. through Dec. 3. (closed today). \$3.
- Model ship exhibit (Placentia Library, 411 E. Chapman Ave., Placentia, [714] 528-1906). Sponsored by the Ship Modelers' Assn. of Southern California. Examples include the HMS Beagle, the African Queen, the Royal Caroline, the Flying Fish and others. Hours: Mon.-Wed., noon to 8 p.m.; Thur. and Sat., 10 a.m. to 6 p.m.; Sun., 1 to 5 p.m. Ends Dec. 31. FREE



The Register  
Daily NOV - 1 1995

# Libraries link online to homes

By ANN PEPPER  
The Orange County Register

Beginning today, Orange County Public Library patrons can renew library materials themselves from their home computers or from computers at their local branches.

It's the latest service available from the library's 2-month-old computer access number: (900) 844-4848. Orange County is one of the first dozen libraries in the

nation with such a service, officials said.

Cost is 50 cents per minute, but with a little practice, renewals can be done very quickly, said Maureen Gebelein, the library's automated-services manager.

The system is user-friendly, but there's also plenty of help.

"Learn for free on the library's computers so at home you can avoid costly stumbling," Gebelein said. "You can always re-

new materials on the library's computers. It will save you time, and keep library staff free to help patrons with other matters."

For help from home, call (714) 566-3065, the library's voice-mail system, for answers to the most-asked questions about using the library online. The number also permits you to have more information faxed to you. Or leave your name and number and a librarian will call to walk you

through renewals, putting holds on books or other services.

"During our first month of service we had 200 calls on the 900 number and only five calls for help," Gebelein said. "We think the system is working well and we expect the number of users to increase dramatically."

Library officials couldn't say Tuesday how much revenue they expect the 900 line to generate.

## RENEWING LIBRARY MATERIALS ONLINE

Here's what you'll need to renew library materials from home:

- ▶ Personal computer
- ▶ Modem with a baud rate up to 14,400
- ▶ Communications software set to these common parameters:
  - ▶ full duplex
  - ▶ 8 data bits
  - ▶ 1 stop bit
  - ▶ no parity
  - ▶ xon/xoff
  - ▶ VT100 emulation capable

Here's what you do:

- ▶ Dial (900) 844-4848. When connected, push enter. When the "log in" prompt appears type "ocinfo" in lower-case letters. Push enter. A bulletin board will appear. Press the "Q" key and enter.
- ▶ To renew, choose the Review Patron Record prompt and enter your library card number and PIN number. You got a PIN number with your card. Select the list of items you have checked out. Press "R" for renew and enter the numbers of the items. You'll get new due dates or be told why the items are not renewable.
- ▶ To log off, return to the Main Menu screen and select "Log off."

▶ For help call (714) 566-3065.  
Source: Orange County Public Library

## County system plans broad array of computer services

**LIBRARIES:** Online access to the world's great public book collections is among the hoped-for offerings.

By ANN PEPPER  
The Orange County Register

The option to renew library books from home computers is the latest in a series of new services being offered readers via the Orange County Public Library's year-old, \$2.1 million computer system.

Already, patrons can look over the library's catalog online, find the branch where an item is located and reserve it for pickup.

They can read and print full-text articles from five national newspapers and more than 800 periodicals.

By January, County Librarian John Adams hopes to offer patrons home-computer access to many of the world's great libraries.

While these services are available at the library, the effort is to make them available to home computer users 24 hours a day, said Maureen Gebelein, the library's automated-services manager.

With home access to the vast World Catalog in Ohio, the availability of periodicals will jump into the thousands.

"And if a book exists, there's a 99.9 percent chance of finding it

(in the World Catalog)," Adams said. "The patron will only have to hit one more button, enter a patron number, and request the item through our library. Our target is to have this all available early next year."

At fifty cents a minute the service isn't cheap, Gebelein said.

"But it saves patrons time," she said. "And if you think about what you need ahead of time and focus on what you're doing, you can get in and out quickly with the information you need."

Whether the library develops all the services it hopes to offer will depend on whether local residents want to pay for them. The library plans to charge enough to recoup the cost for each service plus enough to improve and add

services, Gebelein said.

Revenue projections are in the works, she said.

And there are some bugs yet to be worked out. Users are occasionally experiencing problems getting into some.

"Our computer people attribute the difficulties to growing pains on the Internet," Gebelein said. "The library is working on several avenues to have those problems ironed out within the next few weeks."

In the meantime, the county Board of Supervisors this week approved Cupertino-based consultant David M. Griffith and Associates to complete by March a \$100,000 study into how the county library will operate in the future.

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Los Angeles Times  
OC Edition  
Daily **NOV - 7 1995**

### **Library System's Book Rental Program a Hit**

<sup>332</sup>  
A program that allows county library patrons to rent copies of best-selling books appears to be catching on.

The rental system, which started five months ago, is also paying for itself, which County Librarian John M. Adams said was an objective of the program. "We are happy with it so far," he said.

The county began purchasing extra copies of best sellers—from novels by Stephen King to Colin Powell's autobiography—in the hope that the program would generate revenue for the 27-branch system. The books can be checked out for \$1.50 a week.

While libraries continue to stock copies of best sellers that can be checked out for free, it often takes a month or more for the hottest titles to become available, librarians said.

When the program began, some patrons complained that the rental selection was too narrow and included only the most popular titles. In response to those concerns, Adams said, librarians have begun purchasing a greater variety of books for rental.

The library system has been beset by a series of financial problems in the past few years that began when the state cut its funding. That action, combined with the effects of Orange County's late 1994 bankruptcy filing, has forced major cutbacks.

During the summer, the county sold the Seal Beach Leisure World branch to the retirement community, which turned it into a private library.

Despite those woes, Adams said, library attendance has risen 11% in the past year. The system also has seen a dramatic increase in the number of hours that volunteers contribute to local branches.

"That's very gratifying to us," Adams said.

—SHELBY GRAD

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Los Angeles Times  
OC Edition  
Daily  
**NOV 26 1995**

### **Placentia Council Grants Municipal Workers 3.5% Raise**

By RUSS LOAR <sup>332</sup>  
SPECIAL TO THE TIMES

PLACENTIA—Amid criticism for not lowering the city's utility tax, the City Council last week approved a 3.5% pay increase for municipal employees.

The one-year agreement will cost the city an additional \$175,000 over the next 12 months, which some residents said proves that Placentia can afford to cut the utility tax.

"The utility tax is probably what is supplying this raise," said resident James Stoddart at Tuesday night's council session. "It seems to me the return of that 1% should come first."

In 1993, the city raised the utility tax to 4% from 3%.

It has been three years, however, since most management-level city employees had a pay raise. And the 67 employees represented by the Placentia City Employees Assn. have gone two years without a raise.

For City Administrator Robert D'Amato, the pay raise will be the first in four years. His annual salary will climb to \$91,080.

Councilman Norman Z. Eckenrode said the city may consider lowering the utility tax next spring if the economy improves. The tax, which excludes water bills, generates \$1.8 million in annual revenue for the city's \$14.7-million operating budget.

"Our main problem is that we don't really have large retail businesses generating significant amounts of tax dollars," Eckenrode said. "The average citizen is more concerned about cuts in city services than lowering the utility tax."

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Placentia News  
Weekly NOV 23 1977

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**LONG HOURS:** Over at our library, four devoted library volunteers were honored by the Library Board of Trustees for donating more than 1,300 hours of service. Joining Library Board President, Peggy Dinsmore in presenting the awards was Paul Depuy, Senior Library Volunteer with more than 5,000 hours of service.

Joan Fitzgerald began as a library volunteer in 1993 and has given more than 500 hours. She works in the Circulation Department and I hear she spoils the library staff on a regular basis with her wonderful brownies.

Mae Goldblum started volunteering in 1988 and has given more than 300 hours. Overdue book?...Mae processes overdue notices.

Carl Westburg and Dr. Allan Schlichter both reached the 20.1 hour mark recently. They can be found in the Circulation Department processing returned books.

Volunteer coordinator, Gloria Clark (528-1925) is still recruiting volunteers for two-hour weekday and weekend shifts.

I know Cindy because I'm always calling her needing answers to obscure questions. Reference librarian, Cindy

McClain was presented with a 20 year Staff Service Award for her thorough research, ability to find the most elusive answers (and she does!). She is responsible for selecting the library's best seller and mystery books. (I can hear avid readers all over town sighing and wishing they had THAT job!).

Over at the circulation desk, we'll find 15 year Staff Service

## APRIL

FROM 7

Award recipient Estella Wnek. She is responsible for receiving and processing all incoming magazines.

Circulation clerk, Jerry Conn (he always has a smile) received a 10 year Service Award and special congratulations on completing his Bachelor of Arts in Art History at Cal State Fullerton. He plans on continuing his studies toward a Master's in Education.

Did you know the library's Placentia history room needs local high school yearbooks for its collection. Posted on the history room door is a list of the yearbook years needed. Stop by and take a look.



**APRIL OTTAVIAN**

**CONGRATULATIONS:** Wedding bells rang July 15 for Tricia Dann Orton and James Norman Van Dyke at Waverly Chapel in Santa Ana.

The bride's parents are Mrs. Dick Allen of Placentia and the late Dann Orton. The groom's parents are Rosco and Phyllis Van Dyke of north Tustin. A reception at the home of the groom's parents followed the ceremony. The newlyweds took a honeymoon trip to Newport Beach and Catalina Island.

Placentia People is written by resident April Ottavian. Comments, suggestions and information for the column are welcome. Please mail or deliver to 922 Diamond Road or call 579-7885.

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Placentia News  
Weekly NOV 23 1995

**Library offers free preschool story hour**

<sup>332</sup>  
A new session of preschool story hours is held Mondays at 1 p.m. and Thursdays at 10:30 a.m. at the Placentia library, 411 E. Chapman Avenue.

Children ages 3 to 6 will be entertained by stories, puppets, flannel boards, crafts and movies. No registration is required for these free programs, which last about 45 minutes.

For information, call 528-1906.

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Placentia News  
Weekly NOV 23 1995

**Ship models on display at library**

<sup>332</sup>  
The Placentia Library is featuring a unique display of model ships through the month of December, on loan from the Ship Modelers Association of Southern California. These ships are museum-quality historic models, including the African Queen, the Royal Caroline and the Flying Fish.

The library is open Monday through Wednesday noon to 8 p.m., Thursday and Saturday 10 a.m. to 6 p.m. and Sunday 1 to 5 p.m. For information, call 528-1438.

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Placentia News  
Weekly NOV 16 1995

**Seminar on financial protection at library**

<sup>332</sup>  
Violet Woodhouse will present "Protecting Yourself Legally and Financially in Relationships" at the Placentia Library Nov. 30, 7:30 to 9 p.m.

Woodhouse will discuss important financial and legal issues faced by couples who are living together, married, contemplating divorce or dealing with the death of a spouse. "Knowing long-term consequences of permanent financial decisions lessens people's fears and empowers them to take control of their financial future."

There is no charge to attend. For information call 528-1906.

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Los Angeles Times  
OC Edition NOV - 7 1995  
Daily

Drama students from El Dorado High School perform skits and readings from popular children's literature at the Placentia Library, 411 E. Chapman Ave., Placentia. 7 p.m. Free. (714) 528-1906.

Dennis Kelly, director of coastal marine studies at Orange Coast College, speaks on local marine mammals at the Orange County Natural History Museum, 27261 La Paz Road, Laguna Niguel. 7:30 p.m. Free. (714) 831-6625.

The David Sills Duo plays jazz at Steamers Cafe, 138 W. Commonwealth Ave., Fullerton. 8 p.m. Free. (714) 871-8800.

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Los Angeles Times  
OC Edition NOV - 2 1995  
Daily

**CLASSES**

■ Addresses and phone numbers are given with the location's first listing.

**TODAY**

■ **Guitar master class** (Cal State Fullerton, 800 N. State College Blvd., Fullerton, [714] 773-3371). Guitarist Margarita Garcia Escarpa teaches the class at 1 p.m. in Performing Arts Room 117. \$5-\$10.

**SATURDAY**

■ **Piano Lessons Without Pain** (Saddleback College, 28000 Marguerite Parkway, Mission Viejo, [714] 582-4650). Pianist Robert Laughlin teaches his "learn to play in half a day" workshop, which emphasizes chords rather than note-for-note playing. 2 to 5:30 p.m. Preregistration required.

**SUNDAY**

■ **Storytelling** (Placentia Library, 411 E. Chapman Ave., Placentia, [714] 528-1906). Jim Lewis of the North Story Circle of the South Coast Storyteller's Guild will present "Storytelling, Tricks of the Trade." Open storytelling follows. 1 p.m.

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Placentia News  
Weekly NOV 16 1995

**Overnight library camp slated for Friday**

<sup>332</sup>  
In observance of Children's Book Week, the Placentia Library will host its ninth annual Camp Library from 7:30 p.m. Friday to 7:30 a.m. Saturday.

The evening will include a song fest led by Gary Greeno; Scottish dances led by members of the Orange County branch of the Royal Scottish Dance Society; story-telling by professionals from the Storytellers' Guild; and skits performed by the award-winning El Dorado Drama Class.

A scavenger hunt, crafts, movies, and food will highlight the event. Children should bring a sleeping bag, pillow, and favorite Teddy Bear. Registration is limited to the first 50 children who sign up. Admission is \$3, including a continental breakfast.

For information, call 528-1906.

Irvine World News  
Weekly NOV - 2 1995

# The future is now says UCI librarian

BY PEGGY GOETZ  
STAFF WRITER

All it takes to be an expert on the future is a big mouth, said UC Irvine's chief librarian Joanne Euster with a smile. But since the future often turns out to be just the day after tomorrow, people managing libraries today need to take a stab at seeing what changes are out there.

"I can't honestly see recreational reading changing a lot. It's hard to imagine computers replacing a good novel or the convenience and price of a paperback book, but the information side of libraries is changing rapidly," she said.

## Chief librarian since '92

At a recent interview in her corner office on the fifth floor of UCI's main library, soft classical music played in the background and the Indian summer sun spilled in through the floor-to-ceiling windows overlooking Aldrich Park.

Euster, 59, has been chief librarian at UCI since July 1992 and has overseen the steady growth of the campus' 1.6 million-volume libraries. She has also seen and the opening of the campus' state-of-the-art science library with seating for 2,000 students, several hundred computer docking stations and a high-tech interactive learning center.

The information side of libraries has changed. The UCI Library not only collects and provides information

in printed form, but also offers access to the universe of electronic information and computer based technologies. Essentially where there was once only one library, now two parallel libraries exist, the traditional library and the virtual library.

"On the information side, everything new will be put out on-line," said Euster.



Instead of printing and distributing tons of books, publishers can sell access to on-line information sources. It's more efficient to store and can be updated more easily.

Once users learn how to use the virtual library's search and research technologies, the amount of information available to them increases exponentially.

In fact, Euster said that she sees one of the library's major functions in the virtual library age as sorting and sifting information.

"More than ever people will have to have a way to make judgements about what are good sources of information. In an age where any 13-year-old can turn his computer into a server, we have to know what sources are legitimate," she said.

She foresees librarians spending lots of energy teaching people how to use the Internet and other electronic resources. With hundreds of sources available, more than ever users will need to know the right questions to ask.

SEE LIBRARIES / A31



Looking to the future: With technological futures just around the corner, chief of UC Irvine's libraries Joanne Euster says some parts of libraries won't change while others will be at the forefront of electronic technology.

STAFF PHOTO/MIKE SCHWARTZ

FROM / A30

"For medical students we're talking about life and death issues. It's critical to know how to make choices and judgements about what to believe and how to ask more specific questions," she cited as an example.

Virtual libraries are in their infancy now, she added. Distribution is shaky with few established norms. People are still experimenting with how to manage the nuts-and-bolts details, like the marketing and handling of money. Currently, some services are priced according to how many terminals a facility has, others are priced on the basis of the size of the population served and others are billed by time spent on-line.

Control of access to use the information is an issue as is control of provid-

ing and distributing information. The recent controversy pornography on-line is just the tip of the iceberg.

"These are issues not only for libraries, but for the technology and the public and our society. We're early in this and it's really a very immature technology now," said the librarian.

## Technology a challenge

Another concern for libraries of the future is the the technology itself. As computer and on-line formats and electronics changes by leaps and bounds, information storage will have to be kept up to date.

"CDs seem the latest thing now, but there will be something new someday. The National Archives already have a problem with information on tapes that can no longer be read with existing

machines. Some early jazz was recorded on wax cylinders and now there are only a few players left in the world," said Euster.

But blips and bumps along the way should not detract from the tremendous potential of future information libraries.

Just imagine the possibilities, urges a description of the new UCI libraries.

Imagine a graduate student in Irvine being able to study digitized images of medieval manuscripts located in Oxford, England.

Imagine a medical student simulating surgery with a three-dimensional computer graphics program while sitting in the library.

Imagine a local entrepreneur logging

on from her home office to do research in the library's Government Publications collection for writing a small business plan so she can get her business started in Orange County.

Imagine a second-generation Asian-American student using books, journals, newspapers and electronic data bases to gain understanding of his cultural heritage.

Imagine a cancer researcher having immediate access to on-line medical and clinical information and then being able to ask the authors questions.

All these are within reach and some are available now. And some of the things that will be available, perhaps only day after tomorrow, are things people haven't even thought of yet.



TO: Elizabeth Minter, Library Director  
FROM: Katie Matas, Literacy Coordinator *KJM*  
DATE: December 19, 1995  
SUBJECT: **Placentia Library Literacy Services Report for the month of November**

**Program Statistics**

Active tutors: 60  
Active students: 76  
Students waiting to be matched: 25  
Percentage of tutors reporting (November hours): 75%  
Tutoring hours reported: 321.5  
Other volunteer hours reported: 128  
Total volunteer hours: 449.5

**Tutoring Hours.** Despite at least two attempts by literacy staff or volunteers to contact each tutor by telephone for November tutoring hours, 25% of the tutors failed to report their hours. Letters will be mailed to each of these tutors explaining the necessity of timely reporting and again requesting their November hours.

**H.I.S. (Homeless Intervention and Shelter) House.** On November 9, 1995 the first meeting of the H.I.S. House Support Services Counsel was held at Placentia Library. Literacy Coordinator Matas attended the meeting and will represent the Library at future meetings. The counsel is made up of representatives from various local human services and educational entities and staff and volunteers from H.I.S. House. The goal of the counsel is to help evaluate the services offered by H.I.S. House and make sure the staff there is aware of all services available to H.I.S. House residents. The counsel plans to meet on a quarterly basis.

**Southern California Library Literacy Network (SCLLN).** The November 14, 1995 meeting of SCLLN was attended by Board President Dinsmore and Literacy Coordinator Matas. Marilyn Ashley from the Irlen Institute gave a presentation on Scotopic Sensitivity also known as Irlen Syndrome. This syndrome is a perceptual problem that prevents an estimated 10-12% of the population from being able to learn, read, or study efficiently. Special colored lenses or tinted overlays can be used to reduce or eliminate the perception difficulties and light sensitivity. The color needed varies greatly from one person to the next, and individuals need to be evaluated by a trained Irlen Institute examiner to determine the color combination that meets their need.

**Workplace Literacy.** On Monday, November 13, 1995 Literacy Coordinator Walters and two tutors met with representatives of Switching Systems International to discuss a workplace literacy program. Upon the recommendation of Switching Systems, it was decided that two classes would be held twice a week. Employees had previously been tested by Literacy Coordinator Matas, and would be placed in one of the two classes based on their test scores. The tutors agreed to hold the classes simultaneously on Tuesday and Thursday mornings from 7:00 - 8:00 A.M., and to begin the classes on Tuesday, November 21, 1995.

Switching Systems will purchase or provide all lesson materials that are deemed necessary by the tutors and will be providing classroom space and all necessary classroom materials. They wish for their employees to reach a certain level of proficiency in both reading and English fluency within six months to one year.

The tutors have been given the Learner Background Information Forms that are used in the Literacy office with each new student and Group Tutoring Attendance Forms to record their hours. They will report their hours to the Literacy office each month, and the hours will be submitted with the rest of the Literacy hours on all reports. The Literacy office will remain a point of contact for both the tutors and the company.

**Networking.** Literacy Coordinator Matas represented PLLS at the Placentia Community Network.



TO: Elizabeth D. Minter, Library Director

FROM: Jeannine Walters, Families For Literacy Coordinator

DATE: December 19, 1995

SUBJECT: Families For Literacy Report for the month of November

**Program statistics.**

Attendance

November 1	8 adults	8 children	16 Total
November 8	9 adults	14 children	23 Total
November 15	14 adults	16 children	30 Total
November 22	14 adults	17 children	31 Total
November 29	8 adults	9 children	17 Total

Books Distributed

November 8	9 books
November 15	5 books
November 29	20 books

**Programs.** Two special programs took place this month. A Thanksgiving party was held on November 15. Parents and children made turkeys using lunch sacks, and were given a small bag of rice and a recipe for turkey casserole to take home. On November 22, the FFL program and the Adult Education ESL class joined together for a tour of the Library. Library card applications were passed out during the week prior to the tour, and the adult learners were given their Library cards when they arrived for the tour. Each of the Library's departments was viewed, and the learners were informed of the policies and procedures governing the circulation of Library materials. Suad Ammar, Principal Librarian, assisted in conducting a tour of the Reference Department

FFL staff also assisted in a joint project with the Adult Education ESL instructor in planning a program on the preparation of home-made tamales.

**Funds.** A check for \$88.90 was received from the California State Library Foundation's Families For Literacy Fund. This money primarily comes from the sale of "California Gold" videos and is donated by Huell Howser Productions. These funds were used to purchase paperback books for distribution at Scholastic Book Fairs, Inc.

Section 10

Item No.	Description	Quantity	Unit Price	Total Amount
10.01	Material	100	1000	100000
10.02	Labor	200	500	100000
10.03	Overhead	100	1000	100000
10.04	Profit	100	1000	100000
10.05	Total	500		400000

Total

TO: Elizabeth Minter, Library Director

FROM: Suad Ammar, Principal Librarian <sup>SA</sup>

DATE: December 19, 1995

SUBJECT: **Placentia Pride Council Report for the Month of November, 1995.**

**Legal workshops:** The " Family Law, Financial Settlement " workshop was not presented as scheduled on November 16, 1995. Attorney Violet Woodhouse's office called late that day cancelling the presentation due to a family emergency that Ms. Woodhouse had to take care of.

The Pride Council Board will meet at 7:30 P.M. on Thursday January 25, 1996. Agenda items will include membership recruitment, programs and a general action plan for the coming year. No meetings or programs are scheduled for December 1995.

OFFICE OF THE ATTORNEY GENERAL  
STATE OF TEXAS  
AUSTIN, TEXAS

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SAFETY COMMITTEE MEETING  
OCTOBER 4, 1995  
MINUTES

I. Call to Order: 3:00 p.m.

II. Members Attending: Jeannine Walters  
Jerry Conn  
Esther Guzman  
Cindy McClain

III. New Business

1. The Safety Committee reviewed the list of adjendas for the Insurance company, Keenan and Associates Ins., at the Placentia Library District and will respect their request to meet regularly and hold meetings on a quarterly basis.
2. The Safety Committee also moved to elect new officers to the members list; Esther Guzman and Cindy McClain are new attending officers.

Respectfully submitted,

Jerry Conn

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