

1 1. Cash Distributions: Cash distributions will be
2 received from one of three separate Pools. Each Participant will
3 receive differing amounts depending upon, among other things, the
4 Pool (i.e., Bond, Commingled or Special Investment) in which its
5 funds were invested. Overall, Participants will be entitled to
6 receive 77% of their investment balances as of December 6, 1994,
7 less any interim distributions previously received.

8 The initial cash distribution will be reduced by an amount
9 representing funds remaining with broker/dealers and banks --
10 currently approximately two cents per investment dollar
11 (2¢/\$1) -- which will not be available for immediate
12 distribution. The County has advised that the amount of such
13 Withheld Proceeds is likely to be reduced to less than one cent
14 per investment dollar (1¢/\$1) by the Effective Date of the
15 Comprehensive Settlement Agreement. Withheld Proceeds will be
16 distributed to all Option A Participants upon recovery by the
17 County. As an alternative to waiting for distribution of
18 Withheld Proceeds, any Pool Participant electing Option A may, as
19 identified in the Comprehensive Settlement Agreement, relinquish
20 its right to such Withheld Proceeds and instead elect to receive
21 an equivalent amount in the form of a Recovery Note (21.63% of
22 the total), a Settlement Secured Claim (31.38%) and a Repayment
23 Claim (46.99%).

24 2. Recovery Notes: Each Non-School Pool Participant
25 will receive Recovery Notes to be issued by the County in face
26 amounts calculated to bring each Participant's recovery from the
27 approximately 77% level achieved by the initial cash distribution
28 to the increased level of approximately eighty cents on the

1 investment dollar (80¢/\$1). The Recovery Notes will be general
2 obligations of the County with superpriority over all other
3 administrative, priority and general unsecured claims. The
4 County is required to use its best efforts to make these Recovery
5 Notes easily convertible to cash at face value by June 5, 1995.

6 3. Settlement Secured Claims: Each Non-School Pool
7 Participant will receive a Settlement Secured Claim against the
8 County in an amount that will bring its level of recovery to
9 approximately eighty-nine cents on the investment dollar
10 (89¢/\$1). The Settlement Secured Claims will be secured by a
11 first priority security interest on up to 65% of net litigation
12 proceeds received or recovered by the County from third-party
13 defendants. The percentage of litigation proceeds securing the
14 Settlement Secured Claims may decline depending upon the
15 percentage of Participants electing Option B. Settlement Secured
16 Claims will be treated as allowed claims against the County in
17 the County's bankruptcy case.

18 4. Repayment Claims: In order to provide each Option
19 A Participant with a settlement package comprised of payments and
20 claims having an aggregate face value equal to one hundred
21 percent of such Participant's investment balance as of December,
22 1994, each Non-School Pool Participant will also receive
23 Repayment Claims in an amount of eleven cents on the investment
24 dollar (11¢/\$1). Repayment Claims will be secured by a second-
25 priority security interest on up to 65% of litigation recoveries
26 by the County from third-party defendants.² Repayment Claims

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28 2 Again, the exact percentage will depend upon the percentage
of Participants electing Option B.

1 will be allowed claims against the County in the County's
2 bankruptcy case. However, Repayment Claims cannot be paid,
3 except from litigation recoveries, until all Recovery Notes,
4 Settlement Secured Claims, and administrative and other priority
5 claims against, and certain bond debt of, the County and the
6 claims of the County's vendors are paid in full and certain
7 County-administered accounts are restored to the 89¢/\$1 level.

8 School Participants electing Option A shall receive items 1-
9 3 below.

10 1. Cash Distributions. Generally, School
11 Participants will receive the same cash distributions as Non-
12 School Participants. As described in the Comprehensive
13 Settlement Agreement, "taxable note school districts" will have
14 their cash distributions reduced by amounts being withheld from
15 the Pools by FNMA concerning those notes and will receive an
16 assignment of the County's claims against FNMA instead.

17 2. Recovery Notes: Each School Pool Participant will
18 receive Recovery Notes in a face amount to reach ninety cents on
19 the investment dollar (90¢/\$1).

20 3. Repayment Claims: Each School Pool Participant
21 will receive Repayment Claims in the amount of ten cents on the
22 investment dollar (10¢/\$1). The purpose of this package is to
23 provide Option A School Participants with a settlement package
24 comprised of cash payments and claims having a face value of one
25 hundred percent of such Participant's investment balance as of
26 December 6, 1994 (100¢/\$1).

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1 B. Option B.

2 Participants electing Option B shall receive items 1-3
3 below.

4 1. Cash Distributions: Option B Participants will
5 receive the same cash distributions as the Option A Participants,
6 but will not be entitled to recover the Withheld Proceeds which
7 Option A Participants may receive in the form of Recovery Notes,
8 Settlement Secured Claims and Repayment Claim.

9 2. Recovery Notes, Settlement Secured Claims, and
10 Repayment Claims: None.

11 3. Reservation of Rights and Releases: Participants
12 who elect Option B shall execute limited releases as described in
13 the Comprehensive Settlement Agreement, but shall reserve all
14 rights against the County except the ability to prevent the
15 distribution of the Pool assets or to recover any distribution of
16 Pool assets.

17 C. Non-Settling Participants.

18 The Comprehensive Settlement Agreement provides that it does
19 not "affect the rights of, or confer any rights upon" any non-
20 settling Participants. Non-settling Participants will not be
21 entitled to the immediate cash distributions to be received by
22 Settling Pool Participants.

23 D. Procedures.

24 Election by each Pool Participant to enter into the
25 Comprehensive Settlement Agreement must be made by April 17,
26 1995. The Effective Date of the Comprehensive Settlement
27 Agreement shall be 11 days after the Bankruptcy Court enters an
28 order approving the Comprehensive Settlement Agreement, provided

1 80% in number and 90% in dollar amount of all Pool Participants
2 become Settling Pool Participants and provided that the
3 Bankruptcy Court order has become a Final Order as defined in the
4 Comprehensive Settlement Agreement. Cash from the Pools is to be
5 distributed within 5 business days of the Effective Date.

6 Settling Pool Participants may reselect between Options A
7 and B up until the Bankruptcy Court's order becomes a Final
8 Order. Pool Participants electing Option B may thereafter change
9 their election to Option A until the earlier of June 5, 1995 or
10 the date on which the County sends a notice that no further
11 changes will be permitted. If the County does not make Recovery
12 Notes easily convertible to cash by June 5, 1995, Pool
13 Participants previously electing Option A may change their
14 election to Option B by June 8, 1995. Any Participant may change
15 its election at any time provided that the County consents.

16

17 IV. THE COMPREHENSIVE SETTLEMENT AGREEMENT IS
18 REASONABLE, FAIR AND EQUITABLE.

19 Courts generally favor the resolution of disputes through
20 settlement. Jeff D. v. Andrus, 899 F.2d 753, 759 (9th Cir.
21 1989). The underlying premise is that settlement results in the
22 "amicable adjustment of disputes and the concomitant avoidance of
23 costly and time consuming litigation." Decaney v. Mendoza, 573
24 F.2d 1075, 1078 (9th Cir. 1978), cert. denied, 499 U.S. 956
25 (1980).

26 Bankruptcy Rule 9019(a) gives the bankruptcy court authority
27 to approve a compromise or settlement. The Ninth Circuit has
28 long recognized that "[t]he bankruptcy court has great latitude

1 in approving compromise agreements." Woodson v. Fireman's Fund
2 Ins. Co. (In re Woodson), 839 F.2d 610, 620 (9th Cir. 1988). The
3 reasonableness of a settlement is determined by the particular
4 circumstances of each case, and the order approving or
5 disapproving a settlement will not be disturbed on appeal absent
6 a clear abuse of discretion. United States v. Alaska Nat'l Bank
7 (In re Walsh Constr., Inc.), 669 F.2d 1325, 1328 (9th Cir. 1982).

8 In considering whether to approve a settlement agreement,
9 the court "should form an educated estimate of the complexity,
10 expense, and likely duration of such litigation, the possible
11 difficulties of collecting on any judgment which might be
12 obtained, and all other factors relevant to a full and fair
13 assessment of the wisdom of the proposed compromise." Protective
14 Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v.
15 Anderson, 390 U.S. 414, 424 (1968); see also Martin v. Kane (In
16 Re A & C Properties), 784 F.2d 1377, 1381 (9th Cir.), cert.
17 denied, 479 U.S. 854 (1986); In re Texaco, Inc., 84 B.R. 893,
18 901 (Bankr. S.D.N.Y. 1988).

19 The Ninth Circuit has articulated the following factors for
20 consideration in determining whether a proposed settlement is
21 reasonable, fair and equitable:

- 22 • The probability of success in the litigation;
- 23 • The difficulties, if any, to be encountered in the
24 matter of collection;
- 25 • The complexity of the litigation involved, and the
26 expense, inconvenience and delay necessary attending
27 it; and

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1 • The paramount interest of creditors and a proper
2 deference to their reasonable views in the premises.
3 In re Woodson, 839 F.2d at 620, citing, In re A & C Properties,
4 784 F.2d at 1381.

5 In evaluating the proposed settlement, "[w]hile the court
6 must apprise itself of the probabilities of ultimate success
7 should disputed issues be litigated, it is not the duty of the
8 court to determine those issues, for that would render compromise
9 useless." In re Equity Funding Corp. of America, 416 F. Supp.
10 132, 146 (C.D. Cal. 1975). Moreover,

11 [T]he approval of a proposed settlement does not depend
12 on establishing as a matter of legal certainty that the
13 subject claim or counterclaim is or is not worthless or
14 valuable. The probable outcome in the event of
15 litigation, the relative advantages and disadvantages
16 are, of course, relevant factors for evaluation. But
17 the very uncertainties of outcome in litigation, as
18 well as the avoidance of wasteful litigation and
19 expense, lay behind the Congressional infusion of a
20 power to compromise. This is a recognition of the
21 policy of the law generally to encourage settlements.
22 This could hardly be achieved if the test on hearing
23 for approval meant establishing success or failure to a
24 certainty.

25 Florida Trailer & Equip. Co. v. Deal, 284 F.2d 567, 571 (5th Cir.
26 1960). Accordingly, in approving a settlement agreement, the
27 court need not conduct an exhaustive investigation into the
28 validity, or a mini-trial on the merits, of the claims to be

1 compromised. In re Walsh Constr., Inc., 669 F.2d at 1328. It is
2 sufficient that the court find that the settlement was negotiated
3 in good faith and that the proposed compromise is reasonable,
4 fair and equitable. TMT Trailer, 390 U.S. at 424; In Re A & C
5 Properties, 784 F.2d at 1381.

6 Here, the Committee believes that the global settlement of
7 the OCIP case is reasonable, fair and equitable to all Pool
8 Participants.

9 A. The participants have meritorious claims to the funds
10 held in the Pools.

11 From the outset, the Participants have asserted that they
12 are entitled to full recovery, at the expense of the County and
13 its creditors because the Participants' funds are held in trust
14 by the County pursuant to applicable state law.

15 1. California Government Code Section 27100.1 creates an
16 express trust with respect to the funds invested in the
17 Fund by the Pool Participants.

18 In order to establish the existence of trust rights, the
19 following showings are required:

20 (1) The trust relationship and its legal source must be
21 shown to exist. This showing is generally a question of state
22 law. Goldberg v. New Jersey Lawyers' Fund, 932 F.2d 273, 280
23 (3rd Cir. 1991).

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1 (2) The trust funds must be identified and traced³ if
2 they are commingled. This showing is generally considered a
3 question of federal law. Id.

4 Thus, the federal courts almost uniformly look to state law
5 to determine whether a trust relationship has been created. In
6 re California Trade Technical Schools, Inc., 923 F.2d 641, 646
7 (9th Cir. 1991); Sierra Steel, Inc. v. S & S Steel Fabrication
8 (In re Sierra Steel, Inc.), 96 B.R. 271, 273 (Bankr. 9th Cir.
9 1989); Altura Partnership v. Brenick, Inc. (In re B.I. Fin. Serv.
10 Group, Inc.), 854 F.2d 351, 354 (9th Cir. 1988); Toys "R" Us.
11 Inc. v. Esgro, Inc. (In re Esgro, Inc.), 645 F.2d 794, 797
12 (9th Cir. 1981); Elliott v. Bumb, 356 F.2d 749, 753 (9th Cir.),
13 cert. denied 385 U.S. 829 (1966).

14 California law governs the determination of whether a trust
15 has been established here, as California is the situs of the Pool
16 containing the invested funds. In re B.I. Financial Services
17 Group, Inc., 854 F.2d at 354. "Under California law, an express
18 trust is created by acts or words . . . which indicate (1) an
19 intention to create the trust and (2) the subject, purpose, and
20 beneficiary of the trust." Id.; see also Schlecht v. Thornton
21 (In re Thornton), 544 F.2d 1005, 1007 (9th Cir. 1976) (the intent
22 to create a trust relationship is the key element in determining
23 the existence of an express trust).

24 Here, the "acts and words" creating the trust are found in
25 California Government Code § 27100.1 and its legislative history.

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3 In cases involving an express (as opposed to constructive)
28 trust relationship, tracing may not be required. In re
California Trade Technical Schools, Inc., 923 F.2d 641 (9th Cir.
1991).

1 The intention to create a trust is stated with specificity, as
2 are the subject ("funds deposited in the County treasury"⁴), the
3 purpose (to clarify state law regarding the status of funds which
4 a County treasurer holds in trust in the County treasury and to
5 specify clearly that the relationship of the County and the
6 entities depositing such funds is not one of debtor-creditor⁵),
7 and the beneficiaries (the depositing entities and public
8 officials⁶).

9 In addressing the nature of the funds held by the County
10 for the Pool Participants, California law specifically provides
11 that all such funds are "deemed to be held in trust." Cal. Gov't
12 Code § 27100.1. California Government Code Section 27100.1
13 provides as follows:

14 Notwithstanding any other provision of law, when any
15 public entity or any public official acting in a
16 fiduciary capacity, who is required or authorized by
17 law to deposit funds in the county treasury, makes a
18 deposit, those funds shall be deemed to be held in
19 trust by the county treasurer on behalf of the
20 depositing entity or public official. The funds shall
21 not be deemed funds or assets of the county and the
22 relationship of the depositing entity or public
23 official and the county shall not be one of creditor-
24 debtor.

25 Cal. Gov't Code § 27100.1 (West 1994) (emphasis added).

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27 4 Cal. Gov't Code § 27100.1.

28 5 Stats. 1991, Ch. 471, § 2.

6 Id.; Cal. Gov't Code § 27100.1.

1 As of the date hereof, there are no reported California
2 cases construing Section 27100.1. However, "where, as here, the
3 statute's language is plain, 'the sole function of the courts is
4 to enforce it according to its terms.'" United States v. Ron
5 Pair Enters., Inc., 489 U.S. 235, 241 (1989) (quoting
6 Caminetti v. United States, 242 U.S. 470, 485 (1917)). The plain
7 meaning of the statute should control unless it would "'produce a
8 result demonstrably at odds with the intention of its drafters.'" Id.
9 at 242 (quoting Griffin v. Oceanic Contractor's, Inc.,
10 458 U.S. 564, 571 (1982)). Here, the legislative history
11 supports the argument that the County holds the Participants'
12 funds in trust.

13 2. The contextual and legislative history of Government
14 Code section 27100.1 establishes the drafters' intent
15 that, in the event of a county bankruptcy filing, such
16 funds remain the property of the depositor and are
17 deemed to be held in trust by the county.

18 Section 27100.1 was enacted in direct response to the
19 financial problems of Butte County, which came very close to
20 filing a Chapter 9 petition in 1990. Although Butte County
21 ultimately elected not to seek bankruptcy protection, the mere
22 possibility of such an occurrence raised for the first time the
23 issue of whether funds deposited in a county treasury by a public
24 agency other than the county are in a trust capacity or in a
25 debtor-creditor relationship.

26 The Senate Local Government Committee Report for 1991
27 California Senate Bill No. 723 (1991-92 Reg. Sess.) summarizes
28 the underlying facts which caused this issue to be of critical

1 concern to the lawmakers and illustrates the legal and political
2 backdrop against which Senate Bill 723 was drafted:

3 When Butte County officials nearly filed bankruptcy
4 last year, they worried that a federal judge might
5 think that other agencies' funds and trust funds were
6 really the County's assets. The Butte County Treasurer
7 manages about \$100 million but only about 20% is really
8 the County's money. Fully 60% belongs to schools and
9 special districts; another 20% consists of trust funds.
10 County officials want to clarify state law and explain
11 that trust funds and other agencies' funds are not
12 assets of the county.

13 Comm. Rep. Cal. Sen. Bill No. 723.

14 The committee report goes on to state that, although Butte
15 County was able to avert a bankruptcy filing, "the potential for
16 monetary confusion remains. Senate Bill 723 clarifies the issue
17 by declaring the trust status of these funds." Comm. Rep. Cal.
18 Sen. Bill 723.

19 California Government Code Section 27100.1 was enacted as an
20 urgency statute. The legislature found that the following facts
21 created the urgency:

22 The status of funds which a county treasurer holds in
23 trust in the county treasury is not clear should the
24 county file for bankruptcy. A federal bankruptcy court
25 might regard these funds as the property of a county.
26 In order to specify clearly as soon as possible that
27 the relationship of the depositing entity or public
28 official and the county shall not be one of creditor-

1 debtor, it is necessary that this act go into immediate
2 effect.

3 Stats. 1991, ch. 471, § 2.

4 Thus, in response to what was perceived as a potential for
5 confusion, the California legislature acted quickly and
6 decisively in pronouncing that funds deposited with the county
7 treasurer are not the property of the county. Rather, all such
8 funds are in trust for the benefit of the Pool Participants.
9 California Government Code § 27100.1 (West 1994).

10 3. The trust status of the funds is further supported by
11 statutes and case law existing prior to the enactment
12 of section 27100.1.

13 The rule codified in California Government Code § 27100.1
14 finds additional support in statutes and case law existing prior
15 to 1991. One such statute is California Government Code
16 Section 53684⁷, enacted in 1986, which authorizes local agencies

17 _____
18 ⁷ Section 53684 of the California Government Code governs the
19 funds deposited pursuant to statute by the Pool Participants.
Section 53684 provides, in pertinent part:

20 (a) Unless otherwise provided by law, if the treasurer
21 of any local agency, or other official responsible for the
22 funds of the local agency, determines that the local agency
23 has excess funds which are not required for immediate use,
the treasurer or other official may . . . deposit the excess
funds in the county treasury for the purpose of investment
by the county treasurer pursuant to Section 53601 or 53635
[authorized investments].

24 (d) The treasurer or other official responsible for the
25 funds of the local agency may withdraw the funds of the
26 local agency at any time but shall give the county treasurer
30 days' written notice of his or her intent to withdraw the
funds.

27 (e) Any moneys deposited in the county treasury for
28 investment pursuant to this section are not subject to
impoundment or seizure by any county official or agency
while the funds are so deposited.

(continued...)

1 to deposit excess funds with the county treasurer for the purpose
2 of investment. Section 53684 provides that, with respect to
3 those funds so deposited, the local agency "may withdraw the
4 funds of the local agency at any time but shall give the county
5 treasurer 30 days' written notice" of the agency's intent to
6 withdraw the funds. Cal. Gov't Code § 53684(d) (West 1994)
7 (emphasis added). The statute's deliberate characterization of
8 the deposited funds as "the funds of the local agency" appears to
9 confirm that the local agency remains the owner of such funds
10 while they are in the hands of the county treasurer. Thus, even
11 prior to the enactment of California Government Code § 27100.1,
12 it was understood that the deposit of a local agency's funds with
13 the county treasurer did not effect a change of ownership in said
14 funds.

15 Government Code § 53684 further provides as follows:

16 (e) Any monies deposited in the county treasury for
17 investment pursuant to this section are not subject to
18 impoundment or seizure by any county official or agency
19 while the funds are so deposited.

20 Cal. Gov't Code § 53684(e) (West 1994) (emphasis added).

21 This added measure of protection provided to the funds of
22 the Pool Participants further indicates that a trust is
23 established upon the investment of such funds with the County.
24 Thus, not only does the statute provide that deposited funds
25 remain the property of the Pool Participants, it prohibits the

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27 7(...continued)

27 . . .

28 Cal. Govt. Code § 53684 (West 1994).

1 county from taking steps to divest any Pool Participant of its
2 ownership rights.

3 Similarly, case law supports a finding that, even before the
4 enactment of Section 27100.1, the funds invested by Pool
5 Participants were to be held in trust by the county. In Pomona
6 City School District v. Payne, 9 Cal. App. 2d 510, 50 P.2d 822
7 (1935), a California appellate court held that school funds
8 deposited in the county treasury remain the property of the
9 school district, and thus any interest earned by such funds while
10 in the custody of the county treasury similarly belongs to the
11 school district. The court further held that, while the school
12 district's funds are in the custody of the county, the county is
13 simply the agent of the school district and the bailee or trustee
14 of the funds deposited in its care. Id. at 515-516. The court
15 reasoned that, among other things, the county officers are ex
16 officio officers of the school district, and that as such, the
17 law imposes upon them and the county certain duties and
18 obligations, including custody and care of deposited monies. Id.
19 at 515.⁸

20 Other cases have reached similar conclusions. See
21 Metropolitan Water District v. Adams, 32 Cal. 2d 620, 630, 197
22 P.2d 543 (1948) (monies deposited by the water district in
23 connection with eminent domain proceedings do not belong to the
24 treasurer of the county which holds those funds during the
25 pendency of the proceeding, despite any commingling of such

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27 8 In Payne, the county unsuccessfully argued that the county
28 treasury was the functional equivalent of a bank in which
numerous entities had deposited funds for safekeeping and that a
debtor-creditor relationship existed between the county and
entities having funds on deposit with the county treasury.

1 funds, and all principal and interest on hand at the end of the
2 proceeding must be returned to the water district); Miller &
3 Lux v. Batz, 142 Cal. 447, 76 P. 42 (1904) (swamp land district
4 funds are held by the state in trust and the officers of the
5 county handling such funds are mere agents of the state, without
6 any property rights in the monies); Board of Law Library
7 Trustees v. Lowery, 67 Cal. App. 2d 480, 482, 154 P.2d 719 (1945)
8 (funds of a law library belong to the law library fund and not
9 the county treasurer, who is merely an ex officio treasurer of
10 the law library fund).

11 Prior to the enactment of California Government Code
12 Section 27100.1, ample support existed for the theory that the
13 Pool Participants' funds are held in trust when invested with the
14 county treasurer. Thus, Section 27100.1 merely clarified and
15 codified common law. Section 27100.1 controls the trust status
16 of the Pool Participants' funds. Those funds do not belong to
17 the County and cannot be used for the County's operational or
18 reorganization purposes.

19 The County was the trustee of the statutory trust described
20 in Section 27100.1. The legislative history of Section 27100.1
21 demonstrates that the legislature understood the role of a county
22 treasurer as being a representative of the county, and that the
23 administrator of a county treasury is the county:

24 [T]he concept of a common treasury for local entities
25 and public officials never contemplated the possibility
26 that the agency administering the treasury i.e. the
27 county would file for protection under the bankruptcy
28 statutes.

1 See Memorandum from Mark A. Thelen, Legislative Representative,
2 County of Butte, to Chairman and Members, Senate Committee on
3 Local Government, dated April 30, 1991, p. 2.

4 This is consistent with the recognition under California law
5 that county officers perform the county's governmental
6 functions⁹ and, hence, act for and on behalf of the county. As
7 the California Supreme Court has held:

8 The most general characteristic of a public officer,
9 which distinguishes him from a mere employee, is that a
10 public duty is delegated and entrusted to him, as
11 agent, the performance of which is an exercise of a
12 part of the governmental functions of the particular
13 political unit for which he, as agent, is acting. . . .
14 [A] county officer . . . is selected by . . . the
15 "county" to represent that governmental unit,
16 continuously and as part of the regular and permanent
17 administration of public power, in carrying out certain
18 acts with the performance of which it is charged in
19 behalf of the public.

20 Dibb v. County of San Diego, 8 Cal. 4th 1200, 1212, 36 Cal. Rptr.
21 2d 55 (1994), quoting Coulter v. Pool, 187 Cal. 181, 186-87, 201
22 P. 120 (1921). Or, as stated more briefly, "As a county officer
23 he was performing a governmental function as agent of the county
24 government." Mize v. Crail, 29 Cal. App. 3d 797, 803, 106 Cal.
25 Rptr. 34 (1973) (referring to county public administrator).

26 _____
27 9 A county may only exercise its powers acting through its
28 officers, agents and board of supervisors. Govt. Code § 23005.
The County Treasurer is one of the County's officers as specified
by Government Code Section 24000.

1 Thus, the trust created under Section 27100.1 was
2 administered by the County Treasurer acting on behalf of the
3 County. Accordingly, the County is responsible for the losses
4 incurred in the Pools.

5
6 V. THE COUNTY BREACHED ITS DUTIES AS TRUSTEE OF THE POOLS.

7 There is no material question that the County, as trustee,
8 breached its duty to the Non-county Pool Participants in that the
9 County, through its Treasurer, (i) invested the Pools imprudently
10 and in violation of applicable laws, and (ii) engaged in improper
11 self-dealing with the Non-county Pool Participants' investments
12 in the Pools. Therefore, under applicable presumptions, all
13 funds in the Pools are deemed to belong first to the Non-county
14 Pool Participants. Since the amount on deposit in the Pools
15 never fell below the amount invested in the Pools by the Non-
16 county Pool Participants, they are entitled to the return of
17 their investments in full. Alternatively, the Participants are
18 entitled to damages for breach of trust.

19 A. The County's duties as Trustee are the same as those of
20 any trustee.

21 The County has the same duties as any trustee. See City of
22 Long Beach v. Morris, 31 Cal. 2d 254, 257, 185 P.2d 17 (1947)
23 (City of Long Beach as trustee of statutory trust "assumes the
24 same burdens and is subject to the same regulations that
25 appertain to other trustees"); Evans v. Superior Court,
26 14 Cal. 2d 563, 574, 96 P.2d 107 (1939), appeal dismissed, 309
27 U.S. 640 (1940) ("in the absence of statutory provisions to the
28

1 contrary, a public officer, acting under a statute as the trustee
2 of a private trust, would have similar powers and duties").

3 A trustee has a duty to administer the trust according to
4 the trust instrument. A trustee also has the duty to observe
5 statutes applicable to the trust. Restatement (Third) of Trusts,
6 Section 228(a) (1990). Here, most of the Pools' assets were
7 invested in violation of laws specifically regulating permissible
8 investment. These illegal investments caused a significant
9 portion of the losses sustained by the Pools.

10 The County breached its duty to administer the trust
11 according to law by investing in reverse repurchase agreements
12 which were not authorized by the applicable statutes, Government
13 Code Sections 53601(i) and 53635(i).¹⁰ These statutes only
14 permit investment in a reverse repurchase agreement if "the
15 proceeds of the reverse repurchase agreement are invested solely
16 to supplement the income normally received from [the underlying]
17 securities." Cal. Gov't Code §§ 53601(i) and 53635(i). The
18 County has argued,¹¹ correctly, that the limitation in Sections

19 _____
20 Section 53601(i) defines a "reverse repurchase agreement" as
21 "a sale of securities by the local agency pursuant to an
22 agreement by which the local agency will repurchase such
23 securities on or before a specified date and for a specified
24 amount." A reverse repurchase agreement is analogous to a loan
(if the maturity date of the security is a date after the
repurchase date) in that the local agency receives a sum of money
for a specified period of time and pays a specified rate of
return to the broker.

25 11 The County has argued:

26 The "supplement the income" language adopted by the
27 California legislature in amending Government Code
28 Section 53601(i) and 53635(i) in 1985 parallels the
language utilized in the 1975 Auditor General Report.
Thus, it is plain that while Sections 53601(i) and

(continued...)

1 53601(i) and 53635(i) only permits a local agency to invest the
2 proceeds of a reverse repurchase in an investment which matures
3 on or before the specified repurchased date. Such an arrangement
4 is called a "matched" reverse repurchase.¹²

5 The County has also unequivocally admitted that the Pools
6 funds were largely invested in illegal, unmatched reverse
7 repurchase agreements. The County's expert witness in connection
8 with its application for a temporary restraining order against
9 Merrill Lynch, Professor Bradford Cornell, stated in his
10 January 12, 1995 declaration ("Cornell Dec.")¹³ that "by
11 December 1994 the vast percentage of reverse repurchase

12

13 _____
14 11(...continued)

15 53635(i), as amended, continue to authorize investments
16 in reverse repurchase agreements, as described in the
17 1975 Report upon which the Legislature relied, such
18 agreements may be utilized only in matched positions
19 which pose minimal investment risks.

20 See the County's "Appendix re Legislative History of Government
21 Code §§ 53601 and 53635," attached to its "Appendix of
22 Authorities and Documents re Legislative History re Plaintiff's
23 Ex Parte Application for A Temporary Restraining Order and Order
24 to Show Cause for Issuance of a Preliminary Injunction and
25 Imposition of a Constructive Trust" filed January 12, 1995 in
26 Adversary Case No. SA-951045JR, p. 9 (emphasis added).

27 12 The reason for this limitation is that the local agency will
28 need money to repurchase the security on the repurchase date. If
29 the proceeds of the reverse repurchase are invested in an
30 investment which matures on or before the repurchase date, the
31 local agency will have the proceeds of the investment in hand in
32 time to repurchase the security. If, on the other hand, the
33 local agency invests the proceeds of the reverse repurchase in an
34 investment which matures after the repurchase date, then the
35 local agency will have to come up with funds to repurchase the
36 security from other sources, which could cause a liquidity
37 problem. In other words, borrowing "short" (via a reverse
38 repurchase) to buy "long" is prohibited.

13 Professor Cornell's declaration was filed January 12, 1995,
14 in Adversary Proceeding No. SA-951045-JR.

1 agreements and derivative securities [in the Pools] were
2 mismatched short-term borrowings to finance longer term
3 securities."¹⁴

4 The damages attributable to the County's investment of Pools
5 funds in unauthorized¹⁵ reverse repurchase agreements has not
6 been calculated. However, the County alleged in its complaint
7 against Merrill Lynch that losses in the Pools were the result of
8 Merrill Lynch's improper advice and direction, which solely
9 related to derivatives and illegal reverse repurchase agreements.
10 See Complaint in Adversary Case No. SA-951045JR ("Merrill Lynch
11 Complaint"). These are the only causes of losses ever identified

12 _____
13 14 The County has also admitted:

14 Although Mr. Citron utilized matched positions when he
15 commenced investing in reverse repurchase agreements, the
16 proceeds of the agreements were eventually utilized for pure
17 speculation in interest rates. . .

17 Notwithstanding the clear dictates of the Government
18 Code, and the expensive lesson learned by San Jose,
19 [Mr. Citron engaged] in the same highly speculative
20 trading strategy as San Jose - borrowing short-term to
21 make long-term investments.

22 See the County's "Appendix re Legislative History of Government
23 Code §§ 53601 and 53635," attached to its "Appendix of
24 Authorities and Documents re Legislative History re Plaintiff's
25 Ex Parte Application for A Temporary Restraining Order and Order
26 to Show Cause for Issuance of a Preliminary Injunction and
27 Imposition of a Constructive Trust" filed January 12, 1995 in
28 Adversary Case No. SA-951045JR, p. 9.

24 15 The County has admitted that investments in reverse
25 repurchase agreements had not been authorized in advance as
26 required by law. Both Government Code Section 53601(i) and
27 53635(i) provide that an investment in a reverse repurchase
28 agreement shall only be made upon prior approval of the
legislative body of the local agency. In its complaint against
Merrill Lynch, the County alleged that "[t]he use of reverse
repurchase agreements as part of this risky strategy was never
approved by the County or its Board of Supervisors." See Merrill
Lynch Complaint, ¶ 50.

1 by the County. Moreover, as noted by Professor Cornell, the vast
2 percentage of reverse repurchase agreements and derivative
3 securities in the Pools as of December 1994 were illegal,
4 mismatched short-term borrowings to finance longer term
5 securities. (Cornell Dec., ¶ 13.)

6 B. The County breached its duties to protect and preserve
7 the trust and to invest prudently.

8 In addition to being largely illegal, the County's
9 investment of Pools funds was impermissibly risky. The County
10 imprudently, and in violation of its obligation to preserve the
11 trust funds: (1) invested the Pools in interest rate sensitive
12 securities, including derivatives, at a time when interest rates
13 were historically low; (2) failed to diversify the Pools; and
14 (3) excessively leveraged the Pools, thereby multiplying the
15 risks of the underlying investments and creating the potential
16 for the liquidity crisis that caused the County and OCIP to file
17 their bankruptcy petitions.

18 1. Description of the duty to invest prudently.

19 The California Probate Code requires a trustee to undertake
20 reasonable efforts to preserve the trust property. Cal. Prob.
21 Code § 16006 (West 1991). The California Government Code
22 reiterates this obligation, but without limiting the trustee's
23 duty to reasonable actions, providing: "The county treasurer
24 shall receive and keep safely all money belonging to the county
25 and all other money directed by law to be paid to him"
26 Cal. Gov't Code § 27000 (West 1988) (emphasis added). These
27 obligations were reflected in the County Treasurer's purported
28 written "Statement of Investment Policy," which provided that

1 "[p]reservation of investment capital is the primary concern and
2 focus of our investment approach."¹⁶

3 California Probate Code Section 16040(b) articulates
4 California's prudent investor rule:

5 When investing . . . trust property, the trustee shall
6 act with the care, skill, prudence, and diligence under
7 the circumstances then prevailing, including but not
8 limited to the general economic conditions and the
9 anticipated needs of the trust and its beneficiaries,
10 that a prudent person acting in a like capacity and
11 familiar with such matters would use in the conduct of
12 an enterprise of like character and with like aims to
13 accomplish the purposes of the trust as determined from
14 the trust instrument. In the course of administering
15 the trust pursuant to this standard, individual
16 investments shall be considered as part of an overall
17 investment strategy.

18 Under the prudent investor rule, a trustee must use all of
19 its skills, including special skills. Coberly v. Superior Court
20 of Los Angeles County, 231 Cal. App. 2d 685, 689, 42 Cal. Rptr.
21 64 (1965); Cal. Prob. Code § 16014(a) (West 1991). A higher
22 standard of skill is required for experts. Estate of Collins, 72
23 Cal. App. 3d 663, 673, 139 Cal. Rptr. 644 (1977). Moreover, a

24 _____
25 16 A copy of the "Orange County Treasurer-Tax Collector's
26 Statement of Investment Policy" is attached to the "Appendix of
27 Authorities and Documents Re Plaintiff's Ex Parte Application for
28 a Temporary Restraining Order and Order to Show Cause for
Issuance of a Preliminary Injunction and Imposition of a
Constructive Trust" filed in Adversary No. SA95-1045JR on
January 12, 1995, at 1:54 p.m. ("Appendix No. 2") beginning at
page 83 thereof.

1 trustee must use its judgment in making investments, even
2 authorized investments, because authorization does not
3 necessarily make an investment prudent. Conservatorship of
4 Pelton, 132 Cal. App. 3d 496, 501-02, 183 Cal. Rptr. 188 (1982);
5 Estate of Collins, 72 Cal. App. 3d at 673.

6 A trustee also has a duty to diversify investments. Estate
7 of Collins, 72 Cal. App. 3d at 669; Estate of Beach, 15 Cal. 3d
8 623, 624 n. 9, 125 Cal. Rptr. 570 (1975), cert. denied 434 U.S.
9 1046 (1978). As the court noted in Estate of Collins: "[T]he
10 trustee is under a duty to the beneficiary of distribute the risk
11 of loss by a reasonable diversification of investments, unless
12 under the circumstances it is prudent not to do so." 72 Cal.
13 App. 3d at 669. The Restatement Third of Trusts, explains that
14 diversification is essential because it does more than just
15 reduce the possibility of losing on a single investment:

16 As a result of the tendency of the value fluctuations
17 of different assets to offset one another, a
18 portfolio's risk is less than the weighted average of
19 the risk of its individual holdings.

20 Restatement Third of Trusts, § 227 comment g (emphasis in
21 original).

22 2. The County breached its duties to protect and preserve
23 the trust and to invest prudently by investing in
24 highly interest rate sensitive securities at a time
25 when interest rates were historically low.

26 There is no question that the Pools were impermissibly
27 interest rate sensitive. Mr. Thomas Hayes, the County's
28 financial advisor, declared under oath that the Pools were

1 "extremely sensitive to interest rate risk."¹⁷ Solomon Brothers
2 calculated for Mr. Hayes that, as of December 12, 1994, every 1%
3 increase in interest rates would result in an approximately \$300
4 million decrease in the value of the Pools. Id. These
5 calculations understated the amount of interest rate sensitivity
6 of the Pools in that, as of December 12, the Pools had been
7 largely liquidated, and only had a combined par value of
8 approximately \$9 billion (Id.).¹⁸

9 The Pools' sensitivity to interest rate changes was
10 unacceptably risky for an investment portfolio operated for the
11 benefit of over 190 municipalities and municipal agencies. The
12 County has admitted that this level of risk was improper numerous
13 times in connection with its litigation against Merrill Lynch.
14 That litigation is premised on the assertion that Merrill Lynch
15 breached its duties by steering the County into risky and illegal
16 investments. Mr. Hayes admitted in his declaration: "Based on
17 our December 9-12, 1994 review of the portfolio, I believe that
18 the portfolio presented an unacceptable and unsafe exposure to
19 interest rate increases." Hayes Dec., ¶ 9. Similarly, in the
20 Merrill Lynch Complaint the County admitted the Pools were
21 improperly and imprudently invested:

22
23 17 See "Declaration of Thomas W. Hayes in Support of
24 Plaintiff's Ex Parte Application for a Temporary Restraining
25 Order and Order to Show Cause for Issuance of a Preliminary
Injunction and Imposition of a Constructive Trust" dated
January 12, 1995 filed in Adversary Case No. SA-951045JR ("Hayes
Dec."), ¶ 9.

26 18 A report by State Auditor Kurt R. Sjoberg concluded that as
27 of November 30, 1994, a one percentage point increase in interest
28 rates would have resulted in a \$560 million loss to the Pools.
Notably, the Federal Funds Rate increased 2.5% from February 1994
through December, 1994.

1 [T]he investment scheme which [Merrill Lynch] permitted
2 and encouraged Citron to implement was wholly
3 inappropriate and unsuitable for the County for, among
4 other reasons . . . [t]hese leveraged transactions
5 exposed the County to enormous and unacceptable levels
6 of risk and jeopardized principal

7 Merrill Lynch Complaint, ¶ 30.

8 [Citron implemented] an investment program of County
9 funds which . . . was contrary to the County's
10 investment objectives of safety and liquidity, and
11 preservation of principal.

12 Merrill Lynch Complaint, ¶ 23.

13 [Investment of the Pools] amounted to a multi-billion
14 dollar high-stakes gamble with taxpayers' dollars on
15 the direction of future interest rates.

16 Merrill Lynch Complaint, ¶ 26.

17 [Investment of the Pools] was contrary to the
18 requirement that all monies be invested safely

19 Merrill Lynch Complaint, ¶ 46.

20 The County's admissions confirm that the Pools were unwisely
21 invested in highly interest rate sensitive securities. These
22 investments complied neither with the duty to preserve the trust
23 required by Probate Code Section 16006, the duty under Government
24 Code Section 27000 to keep safe the Pools' funds, nor the
25 requirement of the prudent investor rule that the Pools be
26 invested prudently.

27 The Pools' sensitivity to interest rate increases caused all
28 losses in the Pools not resulting from the County's breach of its

1 duty of loyalty and its duty to avoid conflicts of interest (as
2 discussed below). Professor Cornell, the County's expert, stated
3 in his declaration that the County's losses were the result of
4 the adverse effect of interest rate increases on the principal
5 value of the securities in the Pools. (Cornell Dec., ¶ 12.)¹⁹

6 3. The County failed to diversify the Pools.

7 The County's failure to diversify the Pools is beyond
8 argument. The Pools' funds were invested only in bond
9 securities. The County took no action to hedge against changes
10 in the bond market.

11 The County breached its duty as trustee by failing to
12 diversify the Pools as mandated by the prudent investor rule.
13 Diversification spreads risk and reduces the effect of market
14 movements via offsets resulting from movement of different
15 markets in different directions. If the Pools had been
16 diversified, as the prudent investor rule mandates, the losses in
17 the Pools attributable to bond market shifts would likely have
18 been counteracted by an opposite movement in another market.

19 4. The County breached its duties by excessively
20 leveraging investments in the Pools.

21 The County compounded its errors by excessively leveraging
22 investments in the Pools. The Merrill Lynch Complaint admits
23 that the County had leveraged the approximately \$7.5 billion in

24 _____
25 19 As noted above regarding the illegality of the County's
26 investment of the Pools, the County's damage theory in its
27 adversary proceeding against Merrill Lynch is that losses in the
28 Pools were caused by County's investment (under the guidance of
Merrill Lynch) in (i) hyper-interest rate sensitive derivatives,
and (ii) mismatched, and therefor interest rate sensitive,
repurchase agreements.

1 the Pools to a \$21 billion portfolio by way of over \$13 billion
2 in loans (mostly reverse repurchase agreements). (See ¶ 31.)

3 The leverage employed by the County in its investment of the
4 Pools, magnified the sensitivity of the Pool to interest rate
5 increases. Professor Cornell's declaration states that the 10%
6 loss of value attributable to interest rate increases became a
7 33% loss due to leverage. (Cornell Dec., ¶ 12.)

8 The leverage employed by the County contributed to the
9 liquidity crisis which ultimately caused the County to file its
10 bankruptcy petition. In the Merrill Lynch Complaint, the County
11 alleges that it filed for bankruptcy protection as a result of
12 its "inability to meet [margin calls on repurchase agreements]
13 and its on-going cash needs. (Merrill Lynch Complaint, ¶14.)

14 The County's admissions in the Merrill Lynch Complaint
15 further attest to the impropriety of the County's leveraging of
16 the Pools' assets:

17 These leveraged transactions exposed the County to
18 enormous and unacceptable levels of risk and
19 jeopardized principal

20 Merrill Lynch Complaint, ¶ 30(c).

21 In fact, Merrill Lynch implemented an investment
22 program involving the risky and unsafe use of reverse
23 repurchase agreements to obtain leverage for other,
24 risky investment transactions, including long maturity
25 debt securities and structured notes such as inverse
26 floaters. In practice, the investment program
27 implemented by Merrill Lynch constituted a highly
28 leveraged bet on the continuance of stable or declining

1 interest rates, which exposed the County to billions of
2 dollars in losses.

3 Merrill Lynch Complaint, ¶ 46.

4 C. The County breached its duty of loyalty and its duty to
5 avoid conflicts of interest with the Non-County Pool
6 Participants.

7 A trustee has a duty of loyalty, which requires that the
8 trust be administered solely in the interest of the trust
9 beneficiaries. Cal. Prob. Code § 16002 (West 1991). A trustee
10 also has a duty to avoid conflicts of interest. Cal. Prob. Code
11 § 16004 (West 1991). California Probate Code Section 16004(a)
12 provides that a "trustee has a duty not to use or deal with trust
13 property for the trustee's own profit . . . nor to take part in
14 any transaction in which the trustee has an interest adverse to
15 the beneficiary." Cal. Prob. Code § 16004(a) (West 1991).

16 A trustee which profits in a transaction with the trust is
17 presumed to have violated its duty. "A transaction between the
18 trustee and a beneficiary which occurs during the existence of
19 the trust . . . by which the trustee obtains an advantage from
20 the beneficiary is presumed to be a violation of the trustee's
21 fiduciary duties." Cal. Prob. Code § 16004(c) (West 1991). A
22 trustee is liable to the trust for any personal profits derived
23 as a result of its breach of loyalty or duty to avoid conflicts.
24 Restatement (Third) of Trusts, § 227 comment c (1990).

25 The County breached its duties of loyalty and to avoid
26 conflicts of interest by, inter alia, the following actions:

- 27 • The County transferred investments from its specific
28 investment accounts to the Commingled Pool or Bond Pool

1 and recorded the transfers based on book value of the
2 investments instead of market value, even through the
3 market value of the investments was substantially below
4 the book value. These transfers had the effect of
5 reducing the value of the Commingled Pool or Bond Pool
6 to the detriment of Pool Participants and increased the
7 value of the County's specific investment to the
8 benefit of the County. For example, from February,
9 1990 to December 1994, the market value of securities
10 transferred from one of the County's specific
11 investment fund (Fund No. 100) to the Commingled Pool
12 was approximately \$358,000,000 less than the book value
13 of those securities. Thus, by recording the transfers
14 based on the book value of the securities (rather than
15 market value), the County shifted approximately
16 \$358,000,000 of losses from the County to the
17 Commingled Pool Participants.

- 18
- 19 • Interest income of approximately \$93,000,000
- 20 attributable to the Participants was instead credited
- 21 to a County account, and was not reported as income to
- 22 the Pool Participants.

23 (See Declaration of M. Freddie Reiss filed herewith, ¶ 5).

24 Thus, the Committee has a strong argument that the
25 misallocation of interest accrued on trust funds is a breach the
26 County's duties as trustee. Similarly, a trustee's transfer of
27 its individual assets to a trust at an inflated price, (here,
28 County's transfer of assets from its specific account to the

1 Pools at book rather than market value), is a breach of duty.
2 The County, as trustee, is strictly liable for its breaches of
3 the duties of loyalty and to avoid conflicts of interest. The
4 amount of those damages, as set forth in Mr. Reiss' declaration,
5 exceeds the sum of \$450 million.

6 D. Applicable law entitles the participants to full
7 recovery of their invested funds or damages.

8 Both the County's and the Committee's analysis of the
9 County's accounting records has shown that the County engaged in
10 improper transactions which (i) reduced the value of the Non-
11 County Pool Participants' investments and (ii) deprived Non-
12 county Pool Participants of interest on their investments. As a
13 result of these wrongful actions, Non-county Pool Participants
14 sustained damage in a sum exceeding hundreds of millions of
15 dollars.

16 At a minimum, the County's breaches entitle the Participants
17 to full recovery of their invested funds. The County has
18 asserted that the commingled nature of the Pools somehow defeats
19 the Participants' statutory trust protection. The County
20 contends that the necessary elements of a properly-created trust
21 include "a prohibition on the commingling of trust assets with
22 non-trust assets." The County suggests that a trust in which
23 commingling is authorized will not be recognized as a properly-
24 created trust under the Federal Bankruptcy Laws. However, none
25 of the cases referred to by the County with respect to the

26
27
28

1 "necessary" trust elements supports this proposition.²⁰ In
2 addition, the Restatement specifically recognizes the prospect of
3 a trust in which commingling is authorized and permits such
4 authorized commingling. Restatement (Second) of Trusts § 179
5 comment f. Accordingly, no credence should be given to any
6 attempt by the County to discredit the creation and existence of
7 a valid trust based on the theory that commingling of assets had
8 been authorized in advance.

9 As to the effect of the commingling, federal law will
10 determine the assets in the trust. In re B.I. Financial Services
11 Group, Inc., 854 F.2d at 354-355; In re Lusk Corp., 462 F.2d 187,
12 189 (9th Cir. 1972); City of Farrell v. Sharon Steel Corp., 41
13 F.3d 92, 95 (3d Cir. 1994); Wisconsin v. Reese (In re Kennedy &

14 _____
15 20 The County has relied upon the following cases as setting
16 forth the necessary elements of a trust: Schlecht v. Thornton
17 (In re Thornton), 544 F.2d 1005, 1007 (9th Cir. 1976); In re
18 Universal Trend, Inc., 114 B.R. 936, 942 (Bankr. N.D. Ohio 1990);
19 Toys "R" Us, Inc. v. Esgro, Inc. (In re Esgro, Inc.), 645 F.2d
20 794, 798-99th Cir. 1981); and Nelson v. Guaranty Trust Co., 60
21 F.2d 463, 467 Cir. 1932). In Thornton, the Ninth Circuit
22 described the general characteristics of an express trust as "1)
23 sufficient words to create a trust; 2) a definite subject; and 3)
24 a certain and ascertained object or res." 544 F.2d at 1007. The
25 court went on to state that "[h]e intent to create a trust
26 relationship . . . is the key element in determining the
27 existence of an express trust." Id. The court made no mention
28 of any requirement that the terms of the trust must prohibit
commingling.

23 Likewise, none of the other cases relied upon by the County
24 supports the proposition that a trust will not be found to exist
25 if commingling has been authorized by the trust documents. In In
26 re Universal Trend, Inc., the issue of whether a trust had been
27 formed turned on the timing of the filing of the petition in
28 bankruptcy. In re Esgro involved a constructive trust in which
no attempt had been made to trace the funds at issue. The
transaction at issue in Nelson v. Guaranty Trust (applying
Washington law) was found to be a contract of sale which
precluded the plaintiffs from establishing that post-sale
commingling of produce was wrongful.

1 Cohen, Inc.), 612 F.2d 963, 965-66 (5th Cir. 1980), cert. denied
2 449 U.S. 833 (1980). The most common tracing test applied by the
3 federal courts is the lowest intermediate balance test.

4 Under the lowest intermediate balance test, if the funds of
5 multiple trust beneficiaries can be traced to a commingled fund
6 which includes assets of the trustee, courts will hold that
7 withdrawals from that account which are not distributed to the
8 trust beneficiaries are made first from the assets of the trustee
9 which have been commingled in that account. If the balance in
10 the commingled account never dips below the total amounts
11 invested by all trust beneficiaries, the trust beneficiaries are
12 entitled to recover the entirety of their funds. Cunningham v.
13 Brown, 265 U.S. 1, 11-12 (1924); Schuyler v. Littlefield,
14 232 U.S. 707, 713 (1914); Connecticut General Life Ins. Co. v.
15 Universal Ins. Co., 838 F.2d 612, 619 (1st Cir. 1988); Official
16 Committee of Unsecured Creditors of Columbia Gas Transmission
17 Corp. v. Columbia Gas Systems Inc. (In re Columbia Gas Systems
18 Inc.), 997 F.2d 1039, 1059, 1062 (3d Cir. 1993). If the balance
19 drops below that minimum level, the amount the trust
20 beneficiaries are entitled to recover drops by a corresponding
21 amount. In re Columbia Gas Systems Inc., 997 F.2d at 1063-4;
22 Turley v. Mahan & Rowsey, Inc. (In re Mahon & Rowsey, Inc.),
23 817 F.2d 682, 684 (10th Cir. 1987). Here, this test can easily
24 be met with respect to the Participants' funds.²¹ The Price

25
26 21 Moreover, a sufficient nexus exists between the Pool
27 Participants and the monies in the Investment Pools to uphold
28 their trust fund status. Begier v. IRS, 496 U.S. 53, 66-67
(1990); City of Farrell v. Sharon Steel Corp., 41 F.3d 92, 102
(3d Cir. 1994); Wasden v. Florida Dept. of Revenue (In re

(continued...)

1 Waterhouse analysis of the account balances in the Pools for the
2 period from February 1, 1994 through December 6, 1994 shows that
3 the balances never fell below \$5.4 million, the amount of the
4 Participants' investments therein (Reiss Declaration, ¶ 6). An
5 analysis of the asset values of the Pools from February 28, 1994
6 through December 6, 1994 makes a similar point (Reiss
7 Declaration, ¶ 10). No more is required under applicable federal
8 law. Thus, it is likely that the funds in the Pools belong to
9 the Participants.

10 E. The Debtor cannot use Chapter 9 of the Bankruptcy Code
11 to circumvent its state law obligation to provide the
12 Pool Participants access to their assets.

13 Chapter 9 specifically provides for the continued and
14 uninterrupted application of all state statutes which control the
15 political or governmental powers of municipalities. Section 903
16 of the Code provides in pertinent part:

17 This chapter does not limit or impair the
18 power of a State to control, by legislation
19 or otherwise, a municipality of or in such
20 State in the exercise of the political or

21 _____
21 (...continued)
22 Wellington Foods, Inc., 165 B.R. 719, 726-27 (Bankr. S.D. Ga.
23 1994). The holding by the Seventh Circuit Court of Appeals in
24 Heyman v. Kemp (In re Teltronics, Ltd.), 649 F.2d 1236, 1240 (7th
25 Cir. 1981) supports this proposition. In that decision, the
26 court held that where state law does not require tracing (and
27 Government Code Section 27100.1 does not) but does provide a
28 mechanism for all similarly situated claimants (in that case,
defrauded consumers) to share equally in the fund, an exception
to the tracing requirement will be recognized. Otherwise, in
that court's view, the debtor's "creditors would obtain a
windfall at the expense of the defrauded customers, who did not
enter into their contracts with a creditor's acceptance of the
risk of failure of the debtor." Id. at 1241.

1 governmental powers of such municipality,
2 including expenditures for such exercise
3

4 11 U.S.C. § 903.

5 "[T]he primary purpose of Chapter 9 is to allow the
6 municipal unit to continue operating while it adjusts or
7 refinances its creditor claims" H.R. Rep. No. 595, 95th
8 Cong., 1st Sess. 263 (1977). Accordingly, Chapter 9 is carefully
9 drafted to ensure that a debtor retains its political and
10 operational autonomy.

11 Notwithstanding the filing under Chapter 9 of the Bankruptcy
12 Code, Section 903 recognizes, and manifestly preserves, the
13 ability of a Chapter 9 debtor, through the California
14 constitution, laws and other powers, to govern itself in
15 accordance with its own inherent and express powers. S. Rep. No.
16 95-989, 95th Cong., 2d Sess. 110 (1978). Thus, nothing in the
17 Bankruptcy Code is intended to interfere with the County's
18 ability, and obligation, to act as it would absent its Chapter 9
19 filing.

20 Section 904 of the Code limits "any stay, order, or decree"
21 that interferes with, among other things, the political or
22 governmental powers of the debtor. Specifically, Section 904
23 provides:

24 Notwithstanding any power of the court,
25 unless the debtor consents or the plan so
26 provides, the court may not, by any stay,
27 order, or decree, in the case or otherwise,
28 interfere with --

- 1 (1) any of the political or governmental powers of the
2 debtor;
3 (2) any of the property or revenues of the debtor; or
4 (3) the debtor's use or enjoyment of any income-
5 producing property.

6 11 U.S.C. § 904.

7 The Debtors cannot use these Chapter 9 filings to alter or
8 otherwise affect their rights or obligations under the state
9 statutory and constitutional provisions concerning such Debtor's
10 political or governmental powers. In fact, the underlying
11 constitutionality of Chapter 9 depends upon the federal
12 legislation being sufficiently narrow in scope to avoid intrusion
13 by the federal courts on the sovereign power of the state.
14 United States v. Bekins, 304 U.S. 27, 51 (1938); In re Richmond
15 School District, 133 B.R. 221, 224 (Bankr. N.D. Cal. 1991).
16 Here, no provision of Chapter 9 empowers the County to impair the
17 Pool Participants' state law rights with respect to their assets
18 on deposit with the County.

19

20 VI. RISKS OF LITIGATION.

21 If the Comprehensive Settlement is not approved, litigation
22 will likely commence. While the Committee is confident that for
23 the reasons explained above, the Participants have a meritorious
24 litigation position, as explained below, litigation would likely
25 be complex, expensive and protracted.

26

27

28

1 1. Nature of action to enforce Pool
2 Participants' trust claims.

3 In the absence of a settlement, the suit which would be
4 filed against the County by Pool Participants would include
5 causes of action for declaratory relief, reclamation of the Pool
6 Participants' investments in the Pools, breach of fiduciary duty,
7 breach of contract, rescission and breach of trust. The relief
8 sought by the complaint would likely encompass reclamation and
9 would seek equitable subordination of the County's interest in or
10 claim to funds in the Pool or, in the alternative, the imposition
11 of an equitable lien or constructive trust against the County's
12 interest in the Pools for the benefit of the Pool Participants.
13 The Participants would likely file emergency motions for
14 reclamation of the Participants' funds and the imposition of a
15 temporary restraining order and preliminary injunction to prevent
16 the County from withdrawing any further funds from the Pools
17 pending resolution of the Participants' rights therein.

18 To the extent that investments in the Pools are held to be
19 trust funds, they will not be property of the County and would
20 not be subject to the claims of the County's creditors, in
21 particular, holders of the County's bonds or guaranties.

22 Moreover, the Participants could assert damage claims for
23 the County's tortious breach of trust. See, e.g., Cal. Gov't
24 Code § 815.2(a); Alma W. v. Oakland Unified Sch. Dist., 123 Cal.
25 App. 3d 133, 139 (1981). Such claims would allow the
26 Participants to obtain tort judgments against the County. Tort
27 judgments are fully enforceable against the County and are not
28

1 subject to debt limitations. Cal. Gov't Code § 971(b)(2). Such
2 judgments may be paid over ten years. Id. at § 976.

3 2. Assertions of the Debtor and the Orange County
4 Committee.

5 The Debtor and the Orange County Committee have
6 contested the validity of the Participants' position on the trust
7 issues enumerated above. For example, the Debtor has raised the
8 following issues:

9 a. Was a "trust" created when the Funds
10 originally placed in the Investment Pool under the
11 control of the Treasurer? Is this so as to each and
12 every one of the over 190 Pool Participants?

13 b. Do the Funds in the Investment Pool
14 constitute "trust" funds as a matter of applicable
15 California and federal bankruptcy law?

16 c. Under federal bankruptcy law, did a "trust"
17 survive all of the transactions in the Investment Pool?

18 d. If the Funds in the Investment Pool
19 constitute "trust" funds, what is the trust res? Who
20 are the beneficiaries?

21 e. If the Funds in the Investment Pool
22 constitute "trust" funds, how will the losses be
23 allocated? Were breaches of "trust" committed? If so,
24 who is responsible for those breaches?

25 f. What claims, if any, may be asserted against
26 the Debtors as a result of any such breaches and how
27 will those claims be treated in these chapter 9 cases?
28

1 g. If the Funds in the Investment Pool were not
2 deposited in "trust" or the "trust" fails as a matter
3 of federal bankruptcy law, what claims, if any, do Pool
4 Participants hold against the Debtors. How will those
5 claims be allocated under a plan of adjustment or
6 otherwise?

7 Debtor's Combined Opposition To Motion For Relief From Stay, To
8 Commence Turnover Actions and For Declaratory Relief filed
9 March 23, 1995, pp. 3, 4.

10 Similarly the Orange County Committee has contended that:

11 In order to obtain the asserted recovery in
12 compliance with applicable law, each [Participant]
13 must:

- 14 • Establish the existence of a trust in which its funds
15 are held,
- 16 • Identify the trust assets,
- 17 • Show that trust status has not been lost through the
18 Chapter 9 filings, commingling, or dissipation,
- 19 • Establish that any losses were proximately caused by a
20 breach of trust,
- 21 • Establish entitlement to be made whole out of Pool
22 assets in general, and
- 23 • Establish that the [Participant's] own conduct does not
24 limit or preclude its assertion of rights to Pool
25 assets relative to other claimants.

26 [E]ach of these issues is contested[.]

27
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1 Combined Response of Official of Unsecured Creditors of the
2 County of Orange to Various Motions For Relief From Stay, filed
3 on or about February 23, 1995, at pp. 14, 15.

4 Thus, litigating Participants' rights to one hundred percent
5 recovery would likely be sharply contested and quite complex.
6 While the Committee is confident that the Participants have a
7 winning legal position, no litigation is completely free of risk.

8 3. Delay and Prejudice to Participants.

9 In this case, avoiding delay in distribution is the
10 paramount reason to approve the Comprehensive Settlement. Delays
11 inherent in the litigation process could cripple the Participants
12 and the County. For example, if certain of the school districts
13 do not receive cash distributions by mid-May and the Recovery
14 Notes by early June, most districts will be unable to meet
15 payroll and will face extensive layoffs and program cuts. (See
16 Declaration of John Nelson, Ed.d., Asst. Superintendent
17 Business/Child Development and Special Education Services, In
18 Support of Official Investment Pool Participants' Committee's
19 Memorandum of Points and Authorities In Support of Approval of
20 Comprehensive Settlement Agreement Re Orange County Investment
21 Pool Transactions Contemplated Thereby, ¶ 5.) Many of the non-
22 school Participants also need access to their funds as soon as
23 possible. As of March 31, 1995, almost \$1 billion had been
24 distributed pursuant to the emergency distribution facility.
25 (Declaration of M. Freddie Reiss dated March 31, 1995,
26 Exhibit A.)

27 If the Pool Participants initiate litigation against the
28 County, regardless of which party ultimately prevails in the

1 Bankruptcy Court on the issues addressed above, it is quite
2 possible that the remaining funds in the Pools would not be
3 distributed to Pool Participants or the County for two years or
4 more from the date the action is filed. It could easily take
5 more than two years to conclude the appeals process.

6 If litigation is initiated, the Pool Participants would
7 probably seek to enjoin the County from withdrawing funds from
8 the Pools. The County's bankruptcy counsel has threatened that
9 should Pool Participants file an action to reclaim their
10 investments in the Pools, the County would freeze all funds in
11 the Pools. If the motions filed on behalf of the Pool
12 Participants for a temporary restraining order and a preliminary
13 injunction against the County withdrawing further funds from the
14 Pools is successful, the County's funds in the Pools would also
15 be effectively frozen. Regardless of the outcome of litigation,
16 the expense, inconvenience and delay attending it is an
17 unpalatable alternative for most of the Participants. Further
18 dissipation of Pool assets to pay for litigation fees and
19 expenses is also a significant factor to be considered when
20 evaluating the desirability of the Comprehensive Settlement.

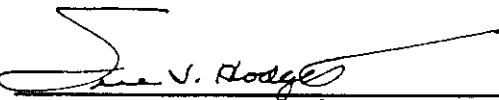
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1 VII. CONCLUSION.

2 For the reasons set forth above, the Committee respectfully
3 requests that the Court approve the Comprehensive Settlement
4 Agreement and the transactions contemplated thereby.

5 Dated: April 7, 1995

6 PILLSBURY MADISON & SUTRO
7 PATRICK C. SHEA
8 SUE J. HODGES
9 LAURA K. LICHT
10 101 W. Broadway, Suite 1800
11 San Diego, CA 92101

12 By 
13 Sue J. Hodges
14 Attorneys for Official
15 Investment Pool Participants'
16 Committee

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DECLARATION OF M. FREDDIE REISS

I, M. Freddie Reiss, hereby declare and state as follows:

1. I am over eighteen (18) years of age and if called upon, would competently testify to the matters set forth herein from my own personal knowledge, except as otherwise stated.

2. I am a Partner in the firm of Price Waterhouse LLP ("Price Waterhouse") and am authorized to make this declaration on its behalf. My business address is 575 Anton Boulevard, Suite 1100, Costa Mesa, California 92626. My business telephone number is (714) 435-8600.

3. I am one of the persons in charge of the records and files regarding Price Waterhouse's financial analysis of the Orange County Investment Pools¹ (the "Pools"). Based upon my review of these records and files, I know the facts set forth herein to be true and correct, and if called upon to be a witness could competently testify thereto.

Accounting Irregularities.

4. Price Waterhouse has conducted extensive analyses of records provided by the County of Orange relating to investments of the Orange County Investment Pools and Participant accounts in the Pools. Our analyses included identifying investments purchased for the Pools, tracking the transfer of securities between the Pools, reconciling Participant accounts per court filings by the County to the

¹ The Pools analyzed are comprised of the Commingled Pool, Bond Pool and Specific Investment Pools.

1 general ledger and to records stored in a computer database
2 which is maintained by SunGard Financial Systems, Inc.,
3 reviewing the supporting documents reallocating interest
4 income which had been misallocated to County-controlled
5 accounts, and reviewing supporting documents allocating
6 interest income which had not yet been allocated to
7 Participant accounts as of December 6, 1994.

8 5. As a result of Price Waterhouse's analyses to
9 date, Price Waterhouse has identified certain events and
10 practices which: (1) accounted for investor balances in
11 Pools investments in a manner which benefited County-
12 controlled accounts at the detriment of Non-County accounts;
13 and (2) adversely affected (i) the amount of the Non-County
14 Pool Participants' investments in the Pools as recorded by
15 the County, and/or (ii) the value of the Non-County Pool
16 Participants' investments in the Pools. Some of those
17 events and practices² are described in the following
18 subparagraphs:

19 a. On many occasions, the County transferred
20 investments from its specific investment account (Fund 100)
21 to the Commingled Pool and recorded the transfers based on
22 book value of the investments instead of market value. In
23 all but one of the instances analyzed the book value was in
24 excess of the market value ultimately realized.

25

26 2 The following subparagraphs do not purport to identify
27 all events and practices by the County which inured to the
28 detriment of the Pool Participants. Moreover, as noted, our
investigation regarding such matters is continuing and may
reveal additional such events and practices.

1 Accordingly, the transfers had "built-in" losses and had the
2 effect of reducing the value of the Commingled Pool to the
3 detriment of Pool Participants and increasing the value of
4 the County's investment to the benefit of the County. Based
5 on the ultimate liquidation values, the transfers of
6 securities during the period February 1990 to December 1994
7 from Fund 100 to the Commingled Pool resulted in shifting
8 approximately \$358 million of losses from the County to the
9 Commingled Pool Participants.³

10 b. Interest income of approximately \$93 million,
11 based on preliminary representations from Arthur Andersen,
12 earned on Pool Participants' investments was credited to
13 County accounts. Accrued interest income was allocated to
14 Pool Participants on a quarterly basis approximately ten
15 weeks following the end of the quarter. The County mailed
16 letters to each Pool Participant to notify them of the
17 interest income which had accrued on their account(s) during
18 the previous quarter. However, the interest income reported
19 in these notices was understated with respect to the
20 interest credited to the County as described above and in
21 certain other instances.

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27 3 Transfers of investments between funds were recorded
28 net of related liabilities; thus the gross magnitude of the
transfer is obscured.

1 Account Balance Calculations.

2 6. Price Waterhouse was asked to review the account
3 balances in the Pools⁴ to determine whether the amounts
4 invested in the Pools ever fell below the sum of \$5.4
5 billion during the period February 1, 1994 to December 6,
6 1994. The results of our analysis are set forth in graph
7 and tabular form and attached hereto as Exhibits "A" and
8 "B," respectively. In brief, our analysis determined that,
9 for the period stated: (1) the investment balances in the
10 Pools never fell below the sum of \$5.4 billion; (2) the
11 lowest total investment balance in the Pools was \$6.48
12 billion, which occurred on February 16, 1994; (3) the
13 greatest total investment balance in the Pools was \$7.76
14 billion, which occurred on July 27, 1994; and (4) the
15 average daily total investment balance in the Pools was
16 \$7.30 billion.

17 7. To develop the information expressed in Exhibits
18 "A" and "B" and in the preceding paragraph, Price Waterhouse
19 did the following:

20 a. From SunGard Financial, we obtained a machine
21 readable copy of the Orange County Treasurer's
22 historical participant account information contained in
23 the MoneyMax Fund Manager computerized records. We
24 utilized the information contained in MoneyMax to
25 calculate the daily ending account balances for all
26 participants identified in the database; general ledger

27 _____
28 4 As used hereinafter, the term "Pools" shall refer only
to the Commingled Pool and Bond Pool.

1 and other County information necessary to reconcile and
2 verify such daily ending account balances were
3 unavailable to us. In previous analyses we were able
4 to reconcile general ledger fund/account balances to
5 those provided by the County through Arthur Andersen.
6 In these previous analyses, we decided to use the
7 general ledger/Arthur Andersen balances since these
8 could be reconciled to the assets composing the
9 Commingled Pool per the MoneyMax system, even though
10 there were unreconciled differences with the
11 Participant balances reflected in the MoneyMax system.

12 b. This data pertained to transactions in the
13 accounts in the Commingled Pool from August 1, 1993
14 through December 6, 1994. Similar data on the Bond
15 Pool from July 1, 1993 to December 6, 1994 was
16 subsequently received from SunGard.

17 c. From this database, we calculated the daily
18 ending balances for each account on the MoneyMax
19 program identified in Exhibits 1, 2 and 3 of the March
20 27, 1995 Comprehensive Settlement Agreement - Schedule
21 of Estimated Balances and Available Recoveries.

22 d. These daily ending balances were summed to
23 create a listing of the daily account balances in the
24 Commingled Pool and Bond Pool for the period from
25 February 1, 1994 to December 6, 1994.

26 e. The results indicate that the total County
27 "family of funds" account balances within the Pools
28 over this period varied over the range from \$1.44

1 billion to \$2.57 billion, and the lowest ending daily
2 balance over this period for all of the County accounts
3 occurred on July 7, 1994 in the amount of
4 \$1.44 billion.

5 f. The results indicate that the total Non-
6 County Pool Participants' account balances within the
7 Pools over this period varied over the range from \$4.79
8 billion to \$5.60 billion, and the lowest ending daily
9 balance over this period for all of the Non-County
10 accounts occurred on July 6, 1994 in the amount of
11 \$4.79 billion.

12 g. The results indicate that the total County
13 and Non-County account balances within the Pools over
14 this period varied over the range from \$6.48 billion to
15 \$7.76 billion, and the lowest ending daily balance over
16 this period for all of the County accounts occurred on
17 February 16, 1994 in the amount of \$6.48 billion.

18 Pools Asset Valuation.

19 8. Price Waterhouse was also asked to compile an
20 estimate of the value of the assets of the Pools during the
21 same period. Our analysis was conducted with the assistance
22 of Saybrook Capital, financial advisor to the Official Pool
23 Investors Committee.

24 9. Because of the large number of securities held in
25 the Pools (due to leverage, the total value of the
26 securities approximated 2-3 times the amount of the
27 Participants' account balances in the Pools), the constant
28 flux in the components of the Pools, and the usual

1 variations in market value of the Pools investments, it was
2 not reasonably possible in the time available to estimate
3 the value of the Pools for each day from February 1, 1994 to
4 December 6, 1994. Accordingly, it was determined that Price
5 Waterhouse would compile Saybrook Capital's estimate of the
6 value of the Pools as of the following dates: February 28,
7 1994, April 30, 1994, June 30, 1994, September 30, 1994,
8 October 31, 1994 and December 6, 1994.

9 10. The method we employed in conducting this analysis
10 is described in the following subparagraphs:

11 a. From Arthur Andersen, we obtained Earned
12 Interest Summaries for the Commingled and Bond Pools
13 for February, April, June, September and October 1994.
14 These summaries list each of the investments (carried
15 at book value) contained in the Pools during the month
16 indicated.

17 b. From this information, we grouped the
18 investments by type (e.g. FNMA, FHLMC) and maturity for
19 purposes of estimating the market value of the pools at
20 the end of each month indicated.

21 c. Mr. Scott Bayliss of Saybrook Capital
22 investigated the estimated market value of these
23 investments during the months in question and assigned
24 a value to each of the security types.

25 d. To arrive at an estimate of market value for
26 each of the pools at the end of each month analyzed, we
27 applied a percentage loss or gain as estimated by
28 Saybrook Capital.

1 e. The results of this analysis indicate that
2 over the period for which a market value was estimated,
3 the estimated values of the Commingled and Bond Pools
4 in relation to the book values appear to be decreasing.

5 f. The lowest estimated value of the Commingled
6 and Bond Pools with respect to their book values over
7 the six data points selected in 1994, February 28,
8 April 30, June 30, September 30, October 31, and
9 December 6 occurred on December 6, 1994 when the
10 estimated market value was approximately 77% of the
11 book value.

12 11. Our analysis compiled an estimate of the value of
13 the Pools as follows: February 28, 1994 - \$7.10 billion,
14 April 30, 1994 - \$6.94 billion, June 30, 1994 - \$6.14
15 billion; September 30, 1994 - \$6.85 billion; and October
16 31, 1994 - \$6.36 billion; December 6, 1994 - \$5.56 billion.

17 12. Our analysis supports the proposition that the
18 Pools declined relatively steadily in value during the
19 above-referenced period. The reductions in value we
20 observed are consistent with losses attributable to the
21 Federal Reserve Board's increases in the Federal Funds Rate
22 in 1994; and we are unaware of any other market factors
23 which would have or did have such a significant effect on
24 bond prices during 1994. We have prepared a graph and chart
25 setting forth the results of this analysis which are
26 attached hereto as Exhibits "C" and "D."

27
28

1 Conclusion.

2 13. Based on the information set forth herein, it can
 3 be estimated that the total value of the Pools did not fall
 4 to an amount less than \$5.4 billion during the period
 5 February 1, 1994 to December 6, 1994. Losses in value
 6 appear to have affected the Pools somewhat equally during
 7 the period tested, and at a rate greater than the increase
 8 in investments in the Pools. Accordingly, the value of the
 9 Pools likely remained above \$5.4 billion during the entire
 10 period February 1, 1994 to December 6, 1994.

11 I declare under penalty of perjury under the laws of
 12 the United States of America that the foregoing is true and
 13 correct to the best of my knowledge, information and belief.
 14 Executed this 10 day of 10 1995 at Costa Mesa,
 15 California.

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 18 M. Freddie Reiss

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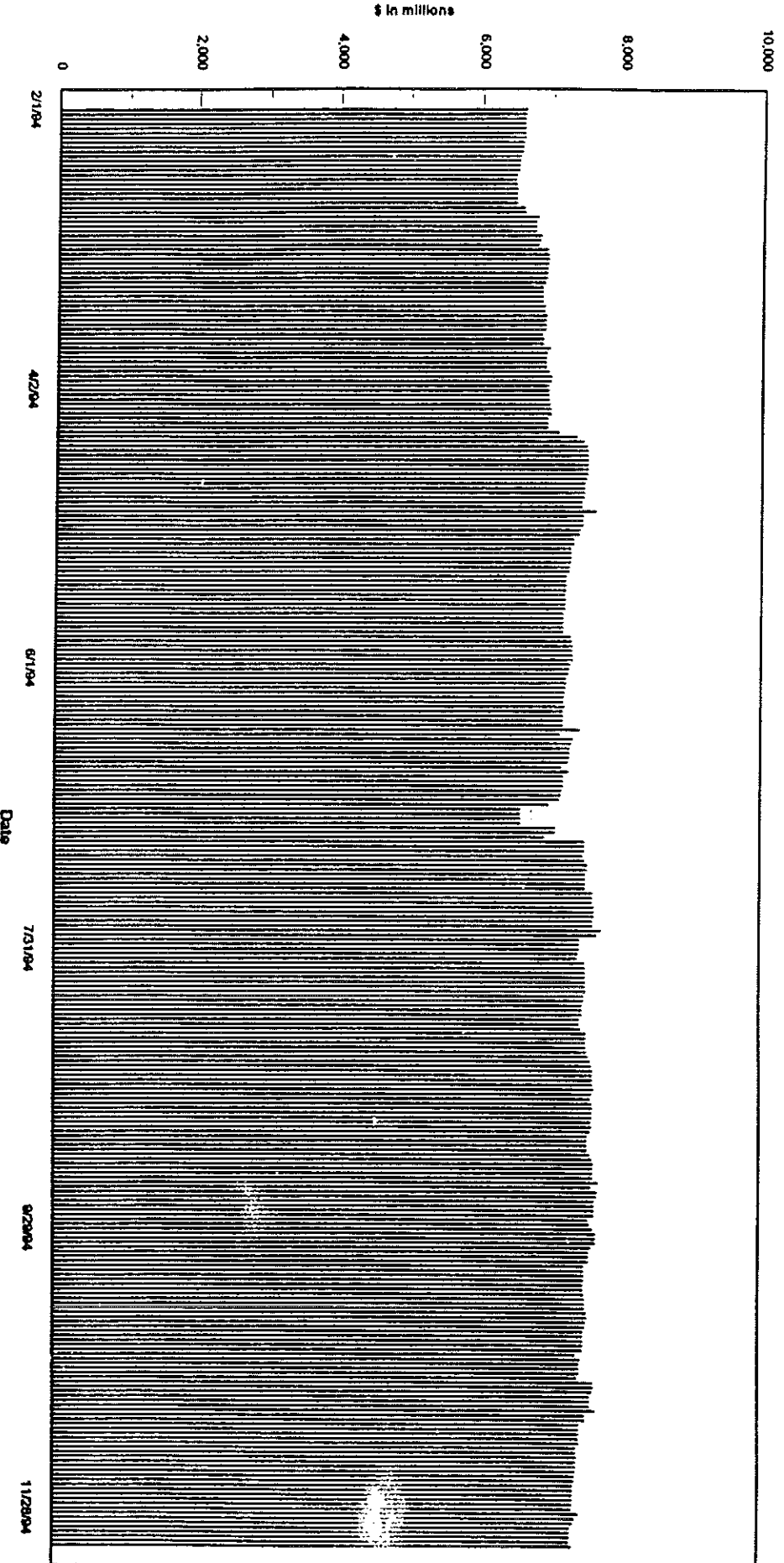
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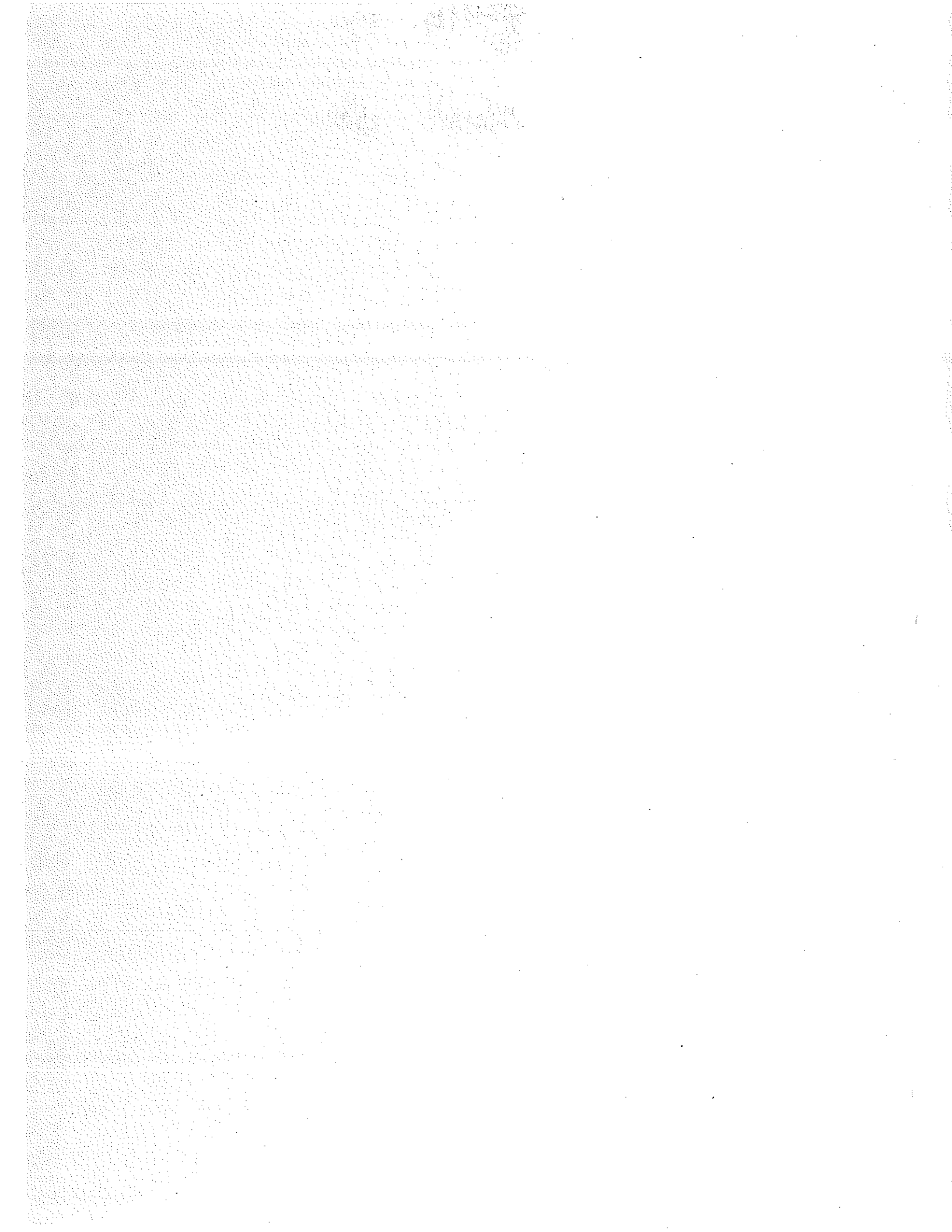
EXHIBIT A

**Commingled and Bond Pool
Daily Balance
County & Non-County Funds**



Average Daily Balance	\$7,302,055,311.95	
Minimum Daily Balance	\$6,479,472,848.60	(2/16/94)
Maximum Daily Balance	\$7,758,908,574.48	(7/27/94)

EXHIBIT B



**Commingled and Bond Pools
Daily Balances
County and Non-County Funds**

<u>Date</u>	<u>Commingled</u>	<u>Bond</u>	<u>Total</u>
2/1/94	\$5,370,221,741.56	\$1,251,252,133.73	\$6,621,473,875.29
2/2/94	5,365,855,589.15	1,245,829,626.48	6,611,685,215.63
2/3/94	5,355,287,701.64	1,245,819,743.23	6,601,107,444.87
2/4/94	5,352,855,692.58	1,242,609,997.50	6,595,465,690.08
2/5/94	5,352,855,692.58	1,242,609,997.50	6,595,465,690.08
2/6/94	5,352,855,692.58	1,242,609,997.50	6,595,465,690.08
2/7/94	5,363,210,281.29	1,242,609,997.50	6,605,820,278.79
2/8/94	5,342,211,479.81	1,240,056,712.31	6,582,268,192.12
2/9/94	5,340,529,617.12	1,240,043,695.09	6,580,573,312.21
2/10/94	5,324,640,990.31	1,240,143,695.09	6,564,784,685.40
2/11/94	5,294,347,143.15	1,240,143,695.09	6,534,490,838.24
2/12/94	5,294,347,143.15	1,237,936,362.59	6,532,283,505.74
2/13/94	5,294,347,143.15	1,234,065,354.83	6,528,412,497.98
2/14/94	5,282,341,230.35	1,234,058,623.65	6,516,399,854.00
2/15/94	5,264,874,254.10	1,226,202,590.89	6,491,076,844.99
2/16/94	5,253,381,168.82	1,226,091,679.78	6,479,472,848.60
2/17/94	5,266,256,538.44	1,225,287,056.78	6,491,543,595.22
2/18/94	5,275,130,875.77	1,225,287,056.78	6,500,417,932.55
2/19/94	5,275,130,875.77	1,224,704,715.11	6,499,835,590.88
2/20/94	5,275,130,875.77	1,223,605,200.10	6,498,736,075.87
2/21/94	5,275,130,875.77	1,223,605,200.10	6,498,736,075.87
2/22/94	5,379,127,695.80	1,222,446,869.87	6,601,574,565.67
2/23/94	5,406,963,180.86	1,214,524,903.73	6,621,488,084.59
2/24/94	5,396,859,453.93	1,408,788,351.41	6,805,647,805.34
2/25/94	5,369,555,801.39	1,408,664,926.13	6,778,220,727.52
2/26/94	5,369,555,801.39	1,408,639,926.13	6,778,195,727.52
2/27/94	5,369,555,801.39	1,408,639,926.13	6,778,195,727.52
2/28/94	5,434,137,670.77	1,415,887,264.60	6,850,024,935.37
3/1/94	5,418,889,848.36	1,415,887,264.60	6,834,777,112.96
3/2/94	5,392,096,998.25	1,415,880,779.61	6,807,977,777.86
3/3/94	5,530,008,811.19	1,415,559,613.16	6,945,568,424.35
3/4/94	5,540,156,230.25	1,415,559,613.16	6,955,715,843.41
3/5/94	5,540,156,230.25	1,415,559,613.16	6,955,715,843.41
3/6/94	5,540,156,230.25	1,415,559,613.16	6,955,715,843.41
3/7/94	5,527,741,999.41	1,415,050,228.36	6,942,792,227.77
3/8/94	5,497,815,862.93	1,439,200,908.34	6,937,016,771.27
3/9/94	5,493,896,614.35	1,439,200,908.34	6,933,097,522.69
3/10/94	5,470,364,377.11	1,439,200,908.34	6,909,565,285.45
3/11/94	5,441,431,150.74	1,439,200,908.34	6,880,632,059.08
3/12/94	5,441,431,150.74	1,438,693,901.98	6,880,125,052.72
3/13/94	5,441,431,150.74	1,438,693,901.98	6,880,125,052.72
3/14/94	5,443,678,358.82	1,438,754,540.60	6,882,432,899.42
3/15/94	5,478,035,865.18	1,430,739,954.85	6,908,775,820.03
3/16/94	5,481,775,199.45	1,425,739,954.85	6,907,515,154.30
3/17/94	5,513,297,865.96	1,428,233,021.93	6,941,530,887.89
3/18/94	5,499,488,550.19	1,425,996,521.93	6,925,485,072.12
3/19/94	5,499,488,550.19	1,425,996,521.93	6,925,485,072.12
3/20/94	5,499,488,550.19	1,425,996,521.93	6,925,485,072.12
3/21/94	5,449,925,812.15	1,426,105,742.41	6,876,031,554.56

**Commingled and Bond Pools
Daily Balances
County and Non-County Funds**

<u>Date</u>	<u>Commingled</u>	<u>Bond</u>	<u>Total</u>
3/22/94	5,464,813,857.12	1,426,105,742.41	6,890,919,599.53
3/23/94	5,464,078,043.53	1,425,923,379.47	6,890,001,423.00
3/24/94	5,464,122,007.30	1,524,656,488.69	6,988,778,495.99
3/25/94	5,419,066,151.40	1,524,958,345.40	6,944,024,496.80
3/26/94	5,419,066,151.40	1,521,644,156.62	6,940,710,308.02
3/27/94	5,419,066,151.40	1,521,644,156.62	6,940,710,308.02
3/28/94	5,436,649,358.70	1,502,656,050.82	6,939,305,409.52
3/29/94	5,474,678,206.19	1,501,844,525.11	6,976,522,731.30
3/30/94	5,522,745,465.82	1,493,141,511.66	7,015,886,977.48
3/31/94	5,501,630,245.95	1,506,092,114.30	7,007,722,360.25
4/1/94	5,473,506,128.55	1,506,092,114.30	6,979,598,242.85
4/2/94	5,473,506,128.55	1,506,092,114.30	6,979,598,242.85
4/3/94	5,473,506,128.55	1,507,081,447.37	6,980,587,575.92
4/4/94	5,481,136,716.07	1,502,061,847.37	6,983,198,563.44
4/5/94	5,491,659,868.81	1,502,059,780.65	6,993,719,649.46
4/6/94	5,505,974,746.40	1,502,059,780.65	7,008,034,527.05
4/7/94	5,510,330,889.27	1,502,059,780.65	7,012,390,669.92
4/8/94	5,464,892,307.89	1,502,783,895.04	6,967,676,202.93
4/9/94	5,464,892,307.89	1,502,782,932.83	6,967,675,240.72
4/10/94	5,464,892,307.89	1,501,262,619.90	6,966,154,927.79
4/11/94	5,620,982,926.86	1,501,262,619.90	7,122,245,546.76
4/12/94	5,881,435,147.38	1,500,762,619.90	7,382,197,767.28
4/13/94	5,985,778,579.65	1,489,605,120.70	7,475,383,700.35
4/14/94	6,034,742,952.84	1,489,605,120.70	7,524,348,073.54
4/15/94	6,053,884,206.33	1,489,605,120.70	7,543,489,327.03
4/16/94	6,053,884,206.33	1,489,605,120.70	7,543,489,327.03
4/17/94	6,053,884,206.33	1,489,605,120.70	7,543,489,327.03
4/18/94	6,051,353,679.18	1,489,602,911.81	7,540,956,590.99
4/19/94	6,051,389,412.56	1,492,602,911.81	7,543,992,324.37
4/20/94	6,048,373,399.43	1,492,600,631.81	7,540,974,031.24
4/21/94	6,035,668,573.31	1,492,389,445.70	7,528,058,019.01
4/22/94	6,003,539,545.42	1,492,388,250.57	7,495,927,795.99
4/23/94	6,003,539,545.42	1,492,386,957.60	7,495,926,503.02
4/24/94	6,003,539,545.42	1,492,386,957.60	7,495,926,503.02
4/25/94	6,000,646,350.41	1,492,386,957.60	7,493,033,308.01
4/26/94	5,979,041,197.32	1,487,056,335.46	7,466,097,532.78
4/27/94	5,975,772,785.40	1,487,056,335.46	7,462,829,120.86
4/28/94	6,172,975,110.97	1,486,842,409.63	7,659,817,520.60
4/29/94	5,997,935,062.33	1,481,958,610.41	7,479,893,672.74
4/30/94	5,997,935,062.33	1,477,958,610.41	7,475,893,672.74
5/1/94	5,998,003,345.78	1,477,713,310.41	7,475,716,656.19
5/2/94	5,952,376,547.62	1,477,556,138.88	7,429,932,686.50
5/3/94	5,955,951,026.08	1,476,734,117.95	7,432,685,144.03
5/4/94	5,879,072,451.07	1,471,191,569.34	7,350,264,020.41
5/5/94	5,879,419,571.69	1,471,186,095.01	7,350,605,666.70
5/6/94	5,836,465,836.06	1,471,186,095.01	7,307,651,931.07
5/7/94	5,836,465,836.06	1,471,186,095.01	7,307,651,931.07
5/8/94	5,836,465,836.06	1,471,186,095.01	7,307,651,931.07
5/9/94	5,834,521,578.31	1,470,755,422.29	7,305,277,000.60

**Commingled and Bond Pools
Daily Balances
County and Non-County Funds**

<u>Date</u>	<u>Commingled</u>	<u>Bond</u>	<u>Total</u>
5/10/94	5,822,381,671.52	1,464,662,036.17	7,287,043,707.69
5/11/94	5,818,253,104.31	1,464,591,994.50	7,282,845,098.81
5/12/94	5,780,081,169.38	1,464,591,994.50	7,244,673,163.88
5/13/94	5,778,233,040.16	1,464,507,950.24	7,242,740,990.40
5/14/94	5,778,233,040.16	1,464,507,950.24	7,242,740,990.40
5/15/94	5,778,233,040.16	1,461,196,887.59	7,239,429,927.75
5/16/94	5,771,041,922.82	1,461,133,643.81	7,232,175,566.63
5/17/94	5,775,000,065.56	1,461,121,784.91	7,236,121,850.47
5/18/94	5,765,369,780.01	1,461,112,934.08	7,226,482,714.09
5/19/94	5,768,022,818.91	1,461,112,636.16	7,229,135,455.07
5/20/94	5,738,968,459.91	1,461,112,636.16	7,200,081,096.07
5/21/94	5,738,968,459.91	1,461,112,636.16	7,200,081,096.07
5/22/94	5,738,968,459.91	1,461,112,636.16	7,200,081,096.07
5/23/94	5,740,946,727.93	1,461,111,469.49	7,202,058,197.42
5/24/94	5,738,210,754.98	1,461,111,177.82	7,199,321,932.80
5/25/94	5,845,165,867.50	1,468,376,751.06	7,313,542,618.56
5/26/94	5,856,922,613.76	1,466,297,623.41	7,323,220,237.17
5/27/94	5,892,630,129.90	1,450,526,793.41	7,343,156,923.31
5/28/94	5,892,630,129.90	1,450,526,793.41	7,343,156,923.31
5/29/94	5,892,630,129.90	1,450,526,793.41	7,343,156,923.31
5/30/94	5,892,630,129.90	1,450,526,793.41	7,343,156,923.31
5/31/94	5,852,590,288.76	1,450,512,543.41	7,303,102,832.17
6/1/94	5,837,219,068.02	1,449,150,037.43	7,286,369,105.45
6/2/94	5,830,823,619.72	1,449,150,037.43	7,279,973,657.15
6/3/94	5,798,320,097.02	1,449,150,037.43	7,247,470,134.45
6/4/94	5,798,320,097.02	1,449,150,037.43	7,247,470,134.45
6/5/94	5,798,320,097.02	1,449,150,037.43	7,247,470,134.45
6/6/94	5,776,664,767.04	1,449,148,043.68	7,225,812,810.72
6/7/94	5,770,216,001.40	1,443,996,418.42	7,214,212,419.82
6/8/94	5,767,386,541.52	1,441,286,463.53	7,208,673,005.05
6/9/94	5,791,453,325.53	1,436,398,742.24	7,227,852,067.77
6/10/94	5,767,874,944.95	1,436,216,162.77	7,204,091,107.72
6/11/94	5,767,874,944.95	1,436,216,162.77	7,204,091,107.72
6/12/94	5,767,874,944.95	1,436,216,162.77	7,204,091,107.72
6/13/94	5,772,064,754.60	1,436,137,513.14	7,208,202,267.74
6/14/94	5,998,763,298.65	1,447,025,997.37	7,445,789,296.02
6/15/94	5,714,359,008.21	1,446,351,997.37	7,160,711,005.58
6/16/94	5,906,163,326.15	1,443,898,511.96	7,350,061,838.11
6/17/94	5,882,126,133.47	1,443,898,511.96	7,326,024,645.43
6/18/94	5,882,126,133.47	1,421,590,321.46	7,303,716,454.93
6/19/94	5,882,126,133.47	1,421,590,321.46	7,303,716,454.93
6/20/94	5,877,462,755.65	1,421,589,310.35	7,299,052,066.00
6/21/94	5,856,665,283.12	1,418,732,979.06	7,275,398,262.18
6/22/94	5,774,606,485.32	1,413,732,979.06	7,188,339,464.38
6/23/94	5,867,153,598.81	1,421,248,000.27	7,288,401,599.08
6/24/94	5,812,317,931.61	1,403,517,397.36	7,215,835,328.97
6/25/94	5,812,317,931.61	1,403,517,397.36	7,215,835,328.97
6/26/94	5,812,317,931.61	1,403,517,397.36	7,215,835,328.97
6/27/94	5,789,816,032.32	1,400,725,609.40	7,190,541,641.72

**Commingled and Bond Pools
Daily Balances
County and Non-County Funds**

<u>Date</u>	<u>Commingled</u>	<u>Bond</u>	<u>Total</u>
6/28/94	5,777,111,144.75	1,402,067,813.37	7,179,178,958.12
6/29/94	5,751,759,737.26	1,401,950,402.78	7,153,710,140.04
6/30/94	5,612,918,361.63	1,401,841,523.82	7,014,759,885.45
7/1/94	5,207,300,176.14	1,402,102,470.00	6,609,402,646.14
7/2/94	5,207,300,176.14	1,402,102,470.00	6,609,402,646.14
7/3/94	5,207,300,176.14	1,402,102,470.00	6,609,402,646.14
7/4/94	5,207,300,176.14	1,402,125,074.12	6,609,425,250.26
7/5/94	5,707,124,769.66	1,401,953,074.12	7,109,077,843.78
7/6/94	5,710,445,813.46	1,397,895,190.79	7,108,341,004.25
7/7/94	5,543,399,053.33	1,411,648,718.22	6,955,047,771.55
7/8/94	6,107,317,887.51	1,411,598,718.22	7,518,916,605.73
7/9/94	6,107,317,887.51	1,411,302,943.03	7,518,620,830.54
7/10/94	6,107,317,887.51	1,412,142,645.61	7,519,460,533.12
7/11/94	6,080,408,296.31	1,412,142,645.61	7,492,550,941.92
7/12/94	6,108,529,045.85	1,412,092,290.73	7,520,621,336.58
7/13/94	6,153,904,412.93	1,408,968,932.26	7,562,873,345.19
7/14/94	6,147,609,107.90	1,408,165,854.26	7,555,774,962.16
7/15/94	6,119,691,659.69	1,408,819,545.68	7,528,511,205.37
7/16/94	6,119,691,659.69	1,408,819,545.68	7,528,511,205.37
7/17/94	6,119,691,659.69	1,408,819,545.68	7,528,511,205.37
7/18/94	6,125,687,481.92	1,408,819,545.68	7,534,507,027.60
7/19/94	6,229,361,570.02	1,408,819,545.68	7,638,181,115.70
7/20/94	6,230,995,338.82	1,398,564,545.68	7,629,559,884.50
7/21/94	6,230,146,591.81	1,399,756,611.92	7,629,903,203.73
7/22/94	6,264,610,448.91	1,389,862,793.87	7,654,473,242.78
7/23/94	6,264,610,448.91	1,389,862,793.87	7,654,473,242.78
7/24/94	6,264,610,448.91	1,389,862,793.87	7,654,473,242.78
7/25/94	6,257,719,394.17	1,380,561,828.87	7,638,281,223.04
7/26/94	6,263,030,841.82	1,380,561,828.87	7,643,592,670.69
7/27/94	6,380,695,526.61	1,378,213,047.87	7,758,908,574.48
7/28/94	6,317,479,234.22	1,376,798,055.77	7,694,277,289.99
7/29/94	6,071,768,879.95	1,376,798,055.77	7,448,566,935.72
7/30/94	6,071,768,879.95	1,376,798,055.77	7,448,566,935.72
7/31/94	6,071,768,879.95	1,376,660,758.15	7,448,429,638.10
8/1/94	6,054,553,326.56	1,376,473,430.37	7,431,026,756.93
8/2/94	6,045,984,629.68	1,375,472,687.38	7,421,457,317.06
8/3/94	6,152,352,636.14	1,375,426,379.38	7,527,779,015.52
8/4/94	6,156,041,397.56	1,375,406,293.27	7,531,447,690.83
8/5/94	6,154,961,268.89	1,382,816,440.49	7,537,777,709.38
8/6/94	6,154,961,268.89	1,382,816,440.49	7,537,777,709.38
8/7/94	6,154,961,268.89	1,382,816,440.49	7,537,777,709.38
8/8/94	6,156,600,583.84	1,382,811,331.53	7,539,411,915.37
8/9/94	6,162,390,340.14	1,382,786,563.83	7,545,176,903.97
8/10/94	6,133,381,149.78	1,382,548,806.32	7,515,929,956.10
8/11/94	6,149,738,103.21	1,366,059,218.43	7,515,797,321.64
8/12/94	6,123,038,907.72	1,366,059,218.43	7,489,098,126.15
8/13/94	6,123,038,907.72	1,366,059,218.43	7,489,098,126.15
8/14/94	6,123,038,907.72	1,366,059,218.43	7,489,098,126.15
8/15/94	6,094,150,238.42	1,362,559,218.43	7,456,709,456.85

**Commingled and Bond Pools
Daily Balances
County and Non-County Funds**

<u>Date</u>	<u>Commingled</u>	<u>Bond</u>	<u>Total</u>
8/16/94	6,092,592,165.11	1,360,909,955.84	7,453,502,120.95
8/17/94	6,105,705,391.77	1,365,470,443.00	7,471,175,834.77
8/18/94	6,188,789,464.71	1,360,895,942.56	7,549,685,407.27
8/19/94	6,187,907,195.55	1,360,895,942.56	7,548,803,138.11
8/20/94	6,187,907,195.55	1,360,895,942.56	7,548,803,138.11
8/21/94	6,187,907,195.55	1,359,796,427.56	7,547,703,623.11
8/22/94	6,197,734,158.69	1,359,771,136.56	7,557,505,295.25
8/23/94	6,216,832,478.26	1,361,374,679.29	7,578,207,157.55
8/24/94	6,240,918,332.57	1,374,285,952.68	7,615,204,285.25
8/25/94	6,274,394,573.79	1,355,385,952.68	7,629,780,526.47
8/26/94	6,244,947,339.19	1,400,106,596.07	7,645,053,935.26
8/27/94	6,244,947,339.19	1,399,736,308.18	7,644,683,647.37
8/28/94	6,244,947,339.19	1,399,736,308.18	7,644,683,647.37
8/29/94	6,296,654,691.80	1,351,061,774.76	7,647,716,466.56
8/30/94	6,311,120,913.80	1,350,569,424.76	7,661,690,338.56
8/31/94	6,281,754,653.65	1,347,369,424.76	7,629,124,078.41
9/1/94	6,269,338,114.90	1,344,598,662.08	7,613,936,776.98
9/2/94	6,291,103,751.97	1,344,598,662.08	7,635,702,414.05
9/3/94	6,291,103,751.97	1,344,598,662.08	7,635,702,414.05
9/4/94	6,291,103,751.97	1,341,029,438.00	7,632,133,189.97
9/5/94	6,291,103,751.97	1,341,029,438.00	7,632,133,189.97
9/6/94	6,281,320,068.03	1,341,433,737.53	7,622,753,805.56
9/7/94	6,295,479,055.59	1,329,038,545.29	7,624,517,600.88
9/8/94	6,277,769,270.91	1,329,038,545.29	7,606,807,816.20
9/9/94	6,235,722,280.98	1,329,038,545.29	7,564,760,826.27
9/10/94	6,235,722,280.98	1,329,038,545.29	7,564,760,826.27
9/11/94	6,235,722,280.98	1,329,741,620.15	7,565,463,901.13
9/12/94	6,237,540,928.59	1,329,741,620.15	7,567,282,548.74
9/13/94	6,237,661,308.28	1,369,373,936.94	7,607,035,245.22
9/14/94	6,272,609,636.10	1,364,203,634.63	7,636,813,270.73
9/15/94	6,298,499,933.09	1,361,203,634.63	7,659,703,567.72
9/16/94	6,288,102,307.40	1,361,081,808.24	7,649,184,115.64
9/17/94	6,288,102,307.40	1,361,081,808.24	7,649,184,115.64
9/18/94	6,288,102,307.40	1,357,356,047.06	7,645,458,354.46
9/19/94	6,369,141,760.99	1,356,606,522.79	7,725,748,283.78
9/20/94	6,272,871,810.57	1,354,357,036.78	7,627,228,847.35
9/21/94	6,363,353,039.28	1,349,357,036.78	7,712,710,076.06
9/22/94	6,362,564,667.95	1,337,194,164.07	7,699,758,832.02
9/23/94	6,330,014,154.19	1,337,197,860.14	7,667,212,014.33
9/24/94	6,330,014,154.19	1,337,197,860.14	7,667,212,014.33
9/25/94	6,330,014,154.19	1,337,197,860.14	7,667,212,014.33
9/26/94	6,329,216,974.70	1,337,357,774.24	7,666,574,748.94
9/27/94	6,237,150,573.06	1,337,004,277.22	7,574,154,850.28
9/28/94	6,261,203,373.76	1,336,939,578.23	7,598,142,951.99
9/29/94	6,314,887,627.81	1,335,012,288.23	7,649,899,916.04
9/30/94	6,352,238,506.23	1,335,021,411.06	7,687,259,917.29
10/1/94	6,352,325,153.54	1,334,934,763.75	7,687,259,917.29
10/2/94	6,352,325,153.54	1,334,934,763.75	7,687,259,917.29
10/3/94	6,290,735,118.69	1,334,955,997.03	7,625,691,115.72

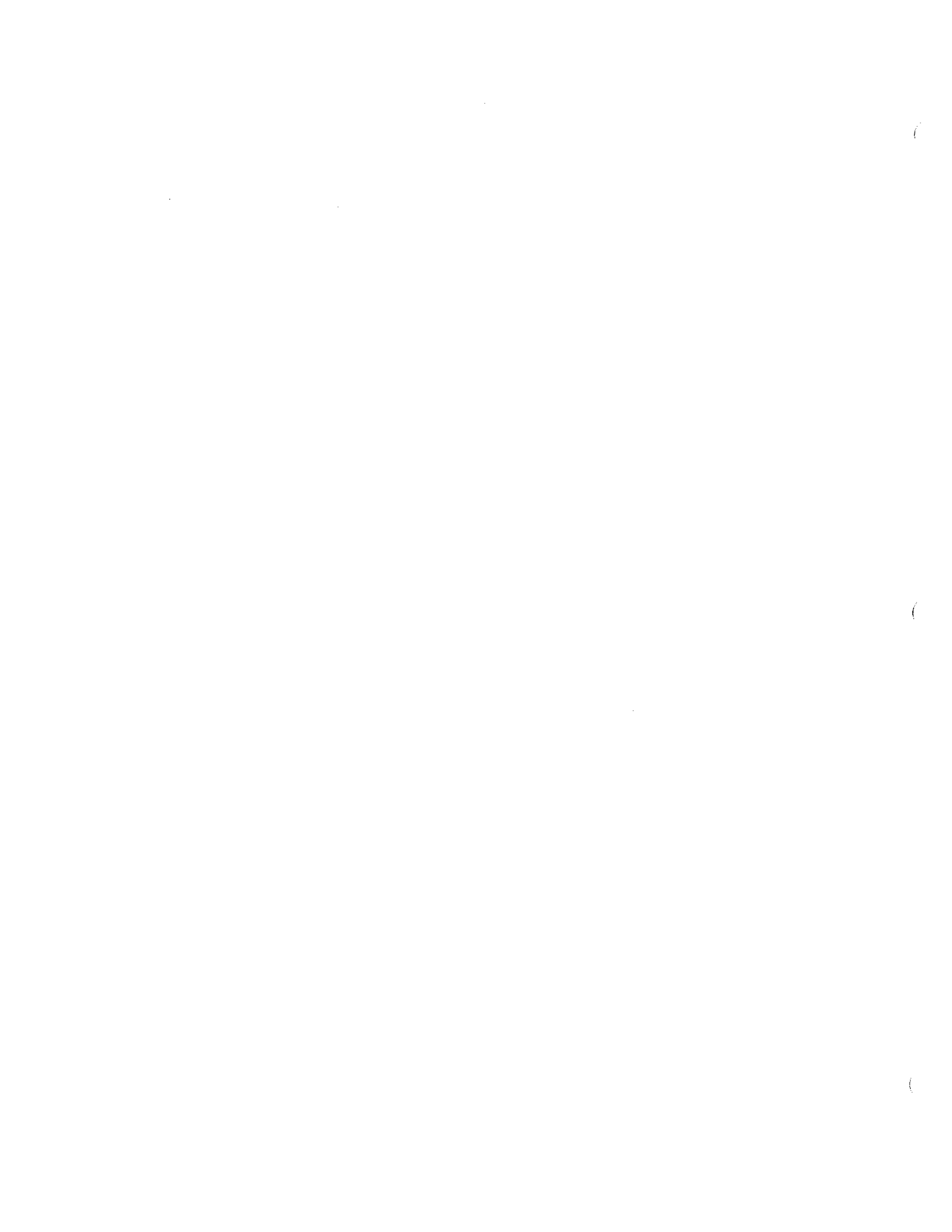
Commingled and Bond Pools
Daily Balances
County and Non-County Funds

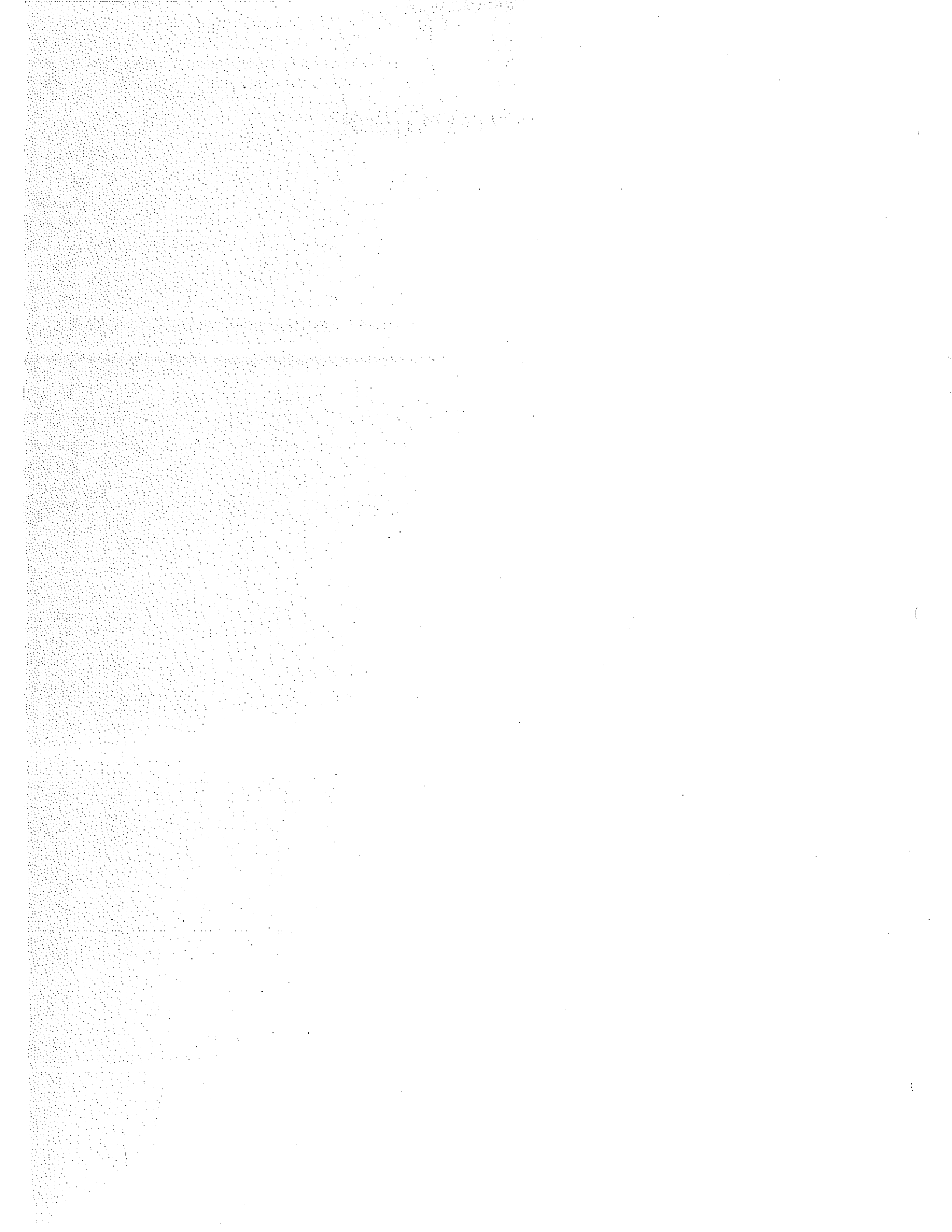
<u>Date</u>	<u>Commingled</u>	<u>Bond</u>	<u>Total</u>
10/4/94	6,259,160,178.40	1,329,197,757.09	7,588,357,935.49
10/5/94	6,268,506,995.52	1,322,451,815.05	7,590,958,810.57
10/6/94	6,269,105,089.94	1,317,018,192.47	7,586,123,282.41
10/7/94	6,205,867,144.93	1,317,018,192.47	7,522,885,337.40
10/8/94	6,205,867,144.93	1,317,018,192.47	7,522,885,337.40
10/9/94	6,205,867,144.93	1,317,705,679.00	7,523,572,823.93
10/10/94	6,205,867,144.93	1,317,705,679.00	7,523,572,823.93
10/11/94	6,188,833,341.62	1,317,455,803.32	7,506,289,144.94
10/12/94	6,197,406,383.15	1,317,455,803.32	7,514,862,186.47
10/13/94	6,204,535,820.90	1,317,628,081.21	7,522,163,902.11
10/14/94	6,209,735,029.61	1,322,243,790.51	7,531,978,820.12
10/15/94	6,209,735,029.61	1,322,243,790.51	7,531,978,820.12
10/16/94	6,209,735,029.61	1,322,243,790.51	7,531,978,820.12
10/17/94	6,240,879,271.91	1,322,243,790.51	7,563,123,062.42
10/18/94	6,244,617,004.82	1,322,243,790.51	7,566,860,795.33
10/19/94	6,231,491,207.03	1,322,243,790.51	7,553,734,997.54
10/20/94	6,216,666,487.11	1,322,089,691.25	7,538,756,178.36
10/21/94	6,189,553,965.27	1,322,089,691.25	7,511,643,656.52
10/22/94	6,189,553,965.27	1,322,089,691.25	7,511,643,656.52
10/23/94	6,189,553,965.27	1,322,089,691.25	7,511,643,656.52
10/24/94	6,192,219,976.71	1,318,610,765.09	7,510,830,741.80
10/25/94	6,184,825,613.60	1,323,076,289.47	7,507,901,903.07
10/26/94	6,096,420,374.16	1,306,475,289.47	7,402,895,663.63
10/27/94	6,168,319,018.67	1,306,344,289.47	7,474,663,308.14
10/28/94	6,152,691,125.08	1,306,344,217.19	7,459,035,342.27
10/29/94	6,152,691,125.08	1,306,344,217.19	7,459,035,342.27
10/30/94	6,153,156,785.24	1,306,344,217.19	7,459,501,002.43
10/31/94	6,127,466,181.79	1,304,876,271.92	7,432,342,453.71
11/1/94	6,350,840,484.35	1,302,876,271.92	7,653,716,756.27
11/2/94	6,354,098,032.25	1,308,197,617.32	7,662,295,649.57
11/3/94	6,334,389,282.20	1,308,197,617.32	7,642,586,899.52
11/4/94	6,303,407,607.74	1,308,197,617.32	7,611,605,225.06
11/5/94	6,303,407,607.74	1,308,197,617.32	7,611,605,225.06
11/6/94	6,303,407,607.74	1,308,197,617.32	7,611,605,225.06
11/7/94	6,382,715,633.01	1,308,035,357.14	7,690,750,990.15
11/8/94	6,231,800,800.61	1,308,035,357.14	7,539,836,157.75
11/9/94	6,236,540,942.52	1,308,035,357.14	7,544,576,299.66
11/10/94	6,155,655,308.15	1,304,881,578.14	7,460,536,886.29
11/11/94	6,154,655,308.15	1,304,881,578.14	7,459,536,886.29
11/12/94	6,154,655,308.15	1,304,799,314.00	7,459,454,622.15
11/13/94	6,154,655,308.15	1,304,799,314.00	7,459,454,622.15
11/14/94	6,163,886,949.43	1,303,790,109.91	7,467,677,059.34
11/15/94	6,122,869,863.60	1,295,406,759.76	7,418,276,623.36
11/16/94	6,126,077,759.35	1,294,405,417.76	7,420,483,177.11
11/17/94	6,141,870,333.93	1,294,405,417.76	7,436,275,751.69
11/18/94	6,116,140,006.36	1,294,405,417.76	7,410,545,424.12
11/19/94	6,116,140,006.36	1,294,405,417.76	7,410,545,424.12
11/20/94	6,116,140,006.36	1,294,405,417.76	7,410,545,424.12
11/21/94	6,110,310,630.29	1,291,315,417.76	7,401,626,048.05

**Commingled and Bond Pools
Daily Balances
County and Non-County Funds**

<u>Date</u>	<u>Commingled</u>	<u>Bond</u>	<u>Total</u>
11/22/94	6,107,091,533.04	1,288,315,417.76	7,395,406,950.80
11/23/94	6,092,556,107.97	1,283,315,417.76	7,375,871,525.73
11/24/94	6,092,556,107.97	1,283,315,417.76	7,375,871,525.73
11/25/94	6,085,736,008.73	1,283,315,417.76	7,369,051,426.49
11/26/94	6,085,736,008.73	1,283,315,417.76	7,369,051,426.49
11/27/94	6,085,736,008.73	1,283,315,417.76	7,369,051,426.49
11/28/94	6,089,738,169.19	1,269,924,217.76	7,359,662,386.95
11/29/94	6,183,187,586.69	1,269,924,217.76	7,453,111,804.45
11/30/94	6,130,788,430.20	1,269,598,011.33	7,400,386,441.53
12/1/94	6,105,097,324.52	1,269,548,011.33	7,374,645,335.85
12/2/94	6,061,320,871.63	1,269,548,011.33	7,330,868,882.96
12/3/94	6,061,320,871.63	1,269,548,011.33	7,330,868,882.96
12/4/94	6,061,320,871.63	1,269,548,011.33	7,330,868,882.96
12/5/94	6,058,306,692.34	1,266,803,011.33	7,325,109,703.67
12/6/94	6,100,487,687.33	1,258,783,566.89	7,359,271,254.22

Average	\$5,920,267,441.56	\$1,381,787,870.39	\$7,302,055,311.95	Date
Minimum	\$5,207,300,176.14	\$1,214,524,903.73	\$6,479,472,848.60	2/16/94
Maximum	\$6,382,715,633.01	\$1,524,958,345.40	\$7,758,908,574.48	7/27/94

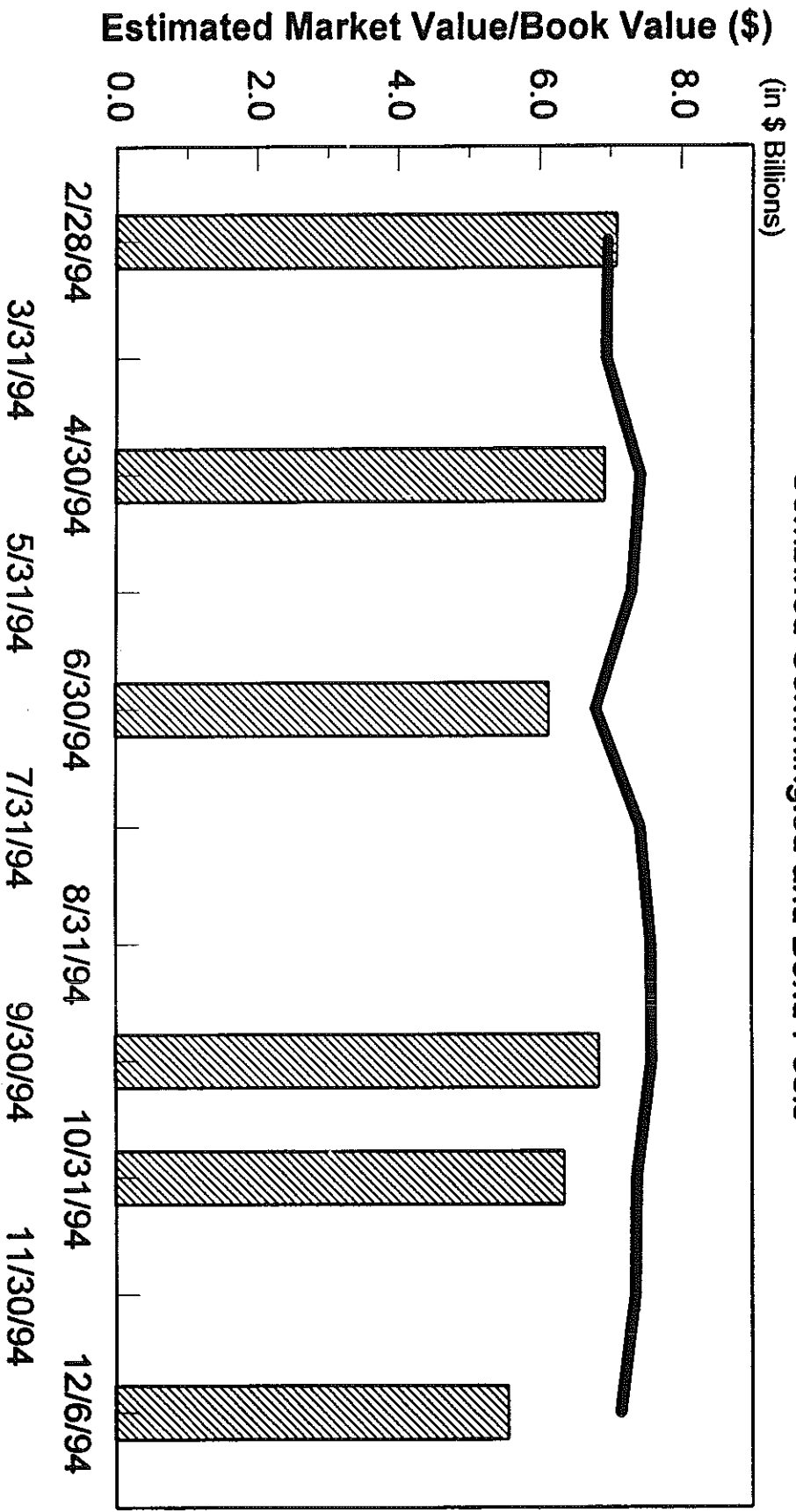




OCIP

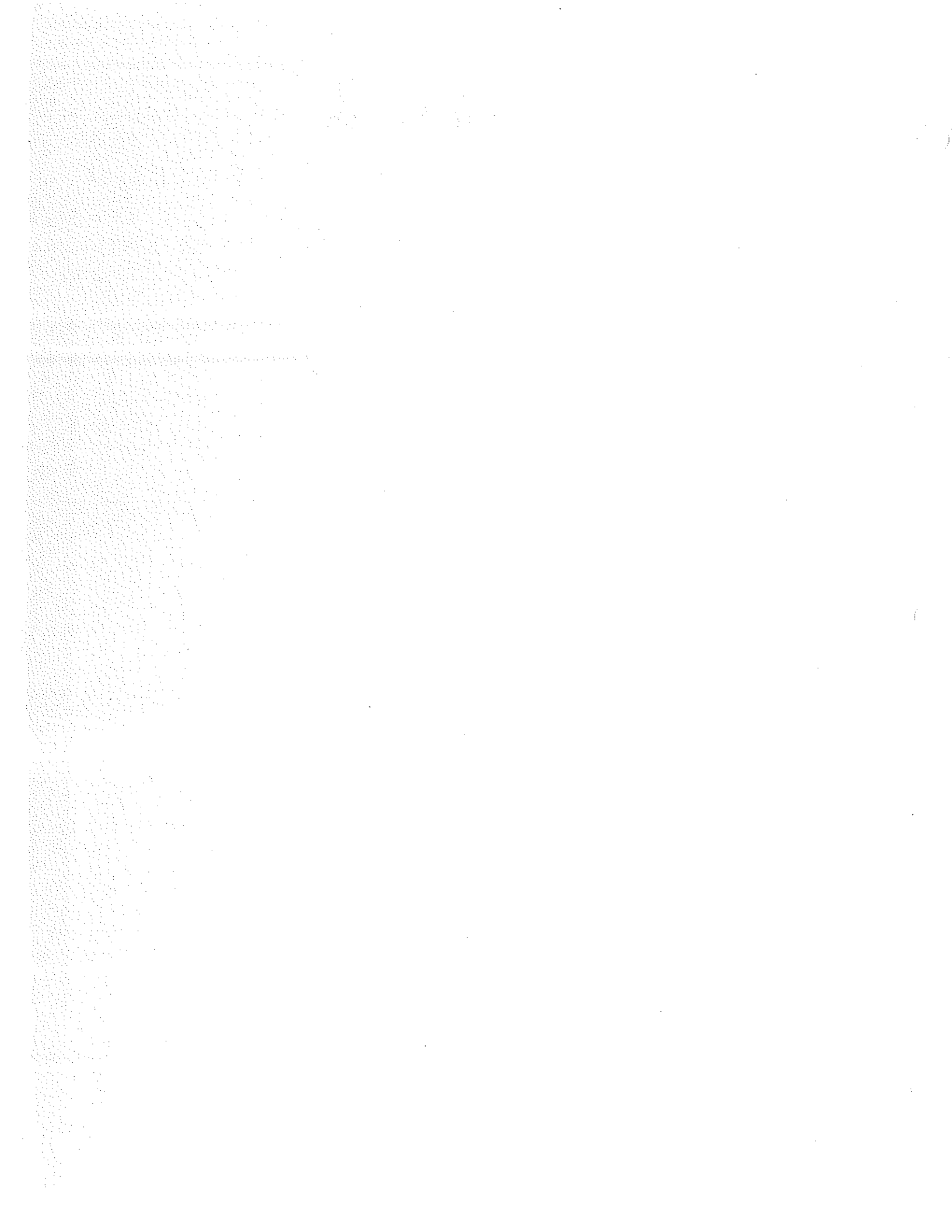
Book Value vs. Estimated Market Value

Combined Commingled and Bond Pools



Estimated Market Value Book Value

Note: Market values were estimated on 2/28/94, 4/30/94, 6/30/94, 9/30/94 and 10/31/94. The estimated market value on 12/6/94 is the cash value of securities upon liquidation, the liquidated value of securities seized by various securities firms, the estimated market values of the unliquidated securities per Salomon Brothers, less the amount distributed as Pre-petition property taxes. Book Values are taken from monthly Earned Income Summary reports generated from MoneyMax.



OCIP

Book Value vs. Estimated Market Value

Combined Commingled and Bond Pools

<u>Date</u>	<u>Estimated Market Value (b) 683</u>	<u>Estimated Market Value (b) 690</u>	<u>Estimated Total Market Value</u>
2/28/94	\$5,798,021,275.80	\$1,304,205,124.00	\$7,102,226,399.80
3/31/94			
4/30/94	5,579,126,906.00	1,357,098,862.00	\$6,936,225,768.00
5/31/94			
6/30/94	4,936,971,940.00	1,203,830,444.00	6,140,802,384.00
7/31/94			
8/31/94			
9/30/94	5,646,147,622.00	1,206,577,994.00	6,852,725,616.00
10/31/94	5,239,047,266.00	1,120,842,592.00	6,359,889,858.00
11/30/94			
12/6/94	4,501,219,335.75	1,061,957,212.64	5,563,176,548.39

I, Karen J. Costa, declare:

1. I am over the age of eighteen years and a resident of San Diego County, California; my business address is Pillsbury Madison & Sutro, 101 West Broadway, Suite 1800, San Diego, California 92101; I am not a party to the above--entitled action.

2. On April 7, 1995, pursuant to this Court's December 16, 1994 Order (1) Establishing Time for Compliance with 11 U.S.C. §924; (2) Establishing Time for Compliance with Local rule 105(6)(c); (3) Establishing Special Notice Procedure, Including Abrogation of Bankruptcy Rule 7004(h); and (4) Authorizing Publication of "Notice of Commencement of Cases and Orders For Relief Under Chapter 9" In Compliance With 11 U.S.C. §923, I caused to be served on all parties on the attached list, via United States Mail, First Class postage prepaid the following document(s):

1. OFFICIAL INVESTMENT POOL PARTICIPANTS' COMMITTEE'S MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF APPROVAL OF COMPREHENSIVE SETTLEMENT AGREEMENT RE ORANGE COUNTY INVESTMENT POOLS AND TRANSACTIONS CONTEMPLATED THEREBY; DECLARATION OF M. FREDDIE REISS
2. DECLARATION OF JOHN L. NELSON, ED.D., ASST. SUPERINTENDENT BUSINESS/CHILD DEVELOPMENT AND SPECIAL EDUCATION SERVICES, IN SUPPORT OF OFFICIAL INVESTMENT POOL PARTICIPANTS' COMMITTEE'S MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF APPROVAL OF COMPREHENSIVE SETTLEMENT AGREEMENT RE ORANGE COUNTY INVESTMENT POOL TRANSACTIONS CONTEMPLATED THEREBY
3. REQUEST FOR JUDICIAL NOTICE (SERVED WITHOUT EXHIBITS DUE TO VOLUME)

I declare under penalty of perjury under the laws of the United States and the State of California that the foregoing is true and correct. Executed this 7th day of April, 1995, at San Diego, California.


KAREN J. COSTA

ALISO WATER DISTRICT
LISA OHLUND
30290 RANCHO VIEJO
SAN JUAN CAPISTRANO, CA
92675

ANAHEIM, CITY OF
CHARLENE JUNG
200 S. ANAHEIM BLVD., 5TH FL.
ANAHEIM, CA 92805

ANAHEIM CITY SCH. DIST.
MELITON LOPEZ
1001 S. EAST ST.
ANAHEIM, CA 95805

ANAHEIM UNION H.S. DIST.
CYNTHIA F. GRENNAN
501 CRESCENT WAY
ANAHEIM, CA 92803

ATASCADERO, CITY OF
ANDREW J. TAKATA
6500 PALMA AVENUE
ATASCADERO, CA 93422-4299

BANK OF CA - PARS
RAYMOND HAMMERAS, TRUSTEE
350 E. 17TH ST., STE. 212
COSTA MESA, CA 92627

BREA, CITY OF/RDA
LAWRENCE HURST
ONE CIVIC CENTER CIRCLE
BREA, CA 92621-5758

BREA-OLINDA USD/BREA HOPE
GARY GOFF
ONE CIVIC CENTER CIRCLE
BREA, CA 92621-9990

BUENA PARK, CITY OF/RDA
GREG BEAUBIEN
6850 Beach Blvd.
BUENA PARK, CA 90622

BUENA PARK LIBRARY
COLLEEN MCGREGOR
7150 LA PALMA AVE.
BUENA PARK, CA 92622

BUENA PARK SCH. DIST.
LINDA GIBBS
6885 ORANGETHORPE AVENUE
BUENA PARK, CA 90620

CAPISTRANO BCH SANITARY DIST
HENRY WEINROTH
25751 VICTORIA BLVD.
CAPISTRANO BEACH, CA 92624

CAPISTRANO BEACH WATER DIST.
WILLIAM MEADOWS
26101 VICTORIA BLVD.
CAPISTRANO BEACH, CA 92624

CAPISTRANO/LAGUNA BCH ROP
PATTY MARKUM
31522 EL CAMINO REAL
SAN JUAN CAPISTRANO, CA
92675

CAPISTRANO USD
CARLEEN CHANDLER
32972 CALLE PERFECTO
SAN JUAN CAPISTRANO, CA
92675

CAPISTRANO VALLEY WTR DIST
RAY AUERBACH
32450 PASEO ADELANTO
SAN JUAN CAPISTRANO, CA
92675

CAPO. BAY COMM. SVCS. DIST.
MICHAEL FARRIER
3500 BEACH ROAD
CAPISTRANO BEACH, CA 92624

CENTRALIA SCHOOL DISTRICT
PAUL BURKART
6625 LA PALMA AVENUE
BUENA PARK, CA 90620

CLAREMONT, CITY OF
JOHN STARK
207 HARVARD AVENUE
CLAREMONT, CA 91711-0880

COAST COMM. COLLEGE DIST.
C. M. BRAHMBHATT
1370 ADAMS AVE.
COSTA MESA, CA 92626

COASTAL MUN WTR DIST
HUNTER T. COOK
#3 MONARCH BAY PLAZA STE 205
DANA POINT, CA 92629

COASTLINE ROP
MARCY GOWDY
1001 PRESIDIO SQUARE
COSTA MESA, CA 92626-1548

CODESP JPA (OCEANVIEW)
JAN KLEIN
17200 PINEHURST LANE
HUNTINGTON BEACH, CA 92647

COSTA MESA, CITY OF/RDA
SUSAN TEMPLE
77 FAIR DRIVE
COSTA MESA, CA 92628-1200

CUYAMA COMM SVC DIST
LINDA FORD - PARENT & HATCH
21 EAST CARRILLO ST.
SANTA BARBARA, CA 93101-2782

COSTA MESA SANITARY DISTRICT
ROBIN HAMERS
234 E. 17TH ST., STE. 205
COSTA MESA, CA 92627

CYPRESS, CITY OF
JUNE LAMBERT
5275 ORANGE AVENUE
CYPRESS, CA 90630

CYPRESS SCH. DIST.
JOAN UPTON
9470 MOODY STREET
CYPRESS, CA 90630

DANA POINT, CITY OF
ANDREW GLASS
33282 GOLDEN LANTERN
DANA POINT, CA 92629

DANA POINT SANITARY
SHERMAN SALONEN
34152 DEL OBISPO
DANA POINT, CA 92629

EMERALD BAY SERVICE DISTRICT
WILLIAM McCREA
600 EMERALD BAY
LAGUNA BEACH, CA 92651

FOUNTAIN VALLEY, CITY OF/CDA
ELIZABETH FOX
10200 SLATER AVE.
FOUNTAIN VALLEY, CA 92708

FOUNTAIN VALLEY SCH. DIST.
ROBERT SAMPICA
17210 OAK STREET
FOUNTAIN VALLEY, CA 92708

FULLERTON, CITY OF
BARBARA HENDERSON
303 W. COMMONWEALTH
FULLERTON, CA 92632

FULLERTON SCH. DIST.
DUNCAN JOHNSON
1401 W. VALENCIA DRIVE
FULLERTON, CA 92633

FULLERTON UNION H.S. DIST.
KENNETH JONES
780 BEECHWOOD AVENUE
FULLERTON, CA 92635

GARDEN GROVE SANITARY DIST
RON CATES
11400 STANFORD #A
GARDEN GROVE, CA 92642

GARDEN GROVE USD
RONALD N. WALTER
10331 STANFORD AVENUE
GARDEN GROVE, CA 92640

GREATER ANAHEIM SELPA
DAWN WALSH
501 CRESCENT WAY
ANAHEIM, CA 92803

HUNTINGTON BCH. SCH. DIST.
JERRY BUCHANAN
20451 CRAIMER LANE
HUNTINGTON BEACH, CA 92648

HUNTINGTON BCH. H.S. DIST.
VERNER DEFFNER
10251 YORKTOWN AVENUE
HUNTINGTON BEACH, CA 92646

HUNTINGTON BEACH, CITY OF
DONALD WATSON
2000 MAIN ST.
HUNTINGTON BEACH, CA 92648

IRVINE, CITY OF
JEFF NIVEN
ONE CIVIC CENTER PLAZA
IRVINE, CA 92713

IRVINE RANCH WATER DIST
RON ZENK
15600 SAND CANYON AVE.
IRVINE, CA 92619

IRVINE USD
RON SMILEY
5050 BARRANCA PARKWAY
IRVINE, CA 92714

LA HABRA, CITY OF
SHERI PEASLEY
201 E. LA HABRA BLVD.
LA HABRA, CA 90633-0337

LA HABRA CITY SCH. DIST.
RICHARD HERMANN
500 N. WALNUT STREET
LA HABRA, CA 90631-3769

LA PALMA, CITY OF
PAMELA GIBSON
7822 WALKER STREET
LA PALMA, CA 90623

LAGUNA BEACH, CITY OF
KEN FRANK
505 FOREST AVENUE
LAGUNA BEACH, CA 92651

LAGUNA BEACH USD
TERRY BUSTILLOS
550 BLUMONT
LAGUNA BEACH, CA 92651

LAGUNA HILLS, CITY OF
DONALD WHITE
25201 PASEO DE ALICIA #150
LAGUNA HILLS, CA 92653

LAGUNA NIGUEL, CITY OF
TIMOTHY CASEY
27821 LA PAZ RD
LAGUNA NIGUEL, CA 92656

LAKE FOREST, CITY OF
DAVID BASS
23778 MERCURY RD.
LAKE FOREST, CA 92630

LOS ALAMITOS, CITY OF
ROBERT DUNEK
3191 KATELLA AVENUE
LOS ALAMITOS, CA 90720

LOS ALAMITOS CO WTR DIST
SANDRA MONTEZ
3231 KATELLA AVE.
LOS ALAMITOS, CA 90720

LOS ALAMITOS USD
RON MURREY
10293 BLOOMFIELD ST.
LOS ALAMITOS, CA 90720-2200

LOWELL JOINT ELEMENTARY
RALD T. RANDOLPH
19 VALLEY HOME AVENUE
WHITTIER, CA 90603

MADERA COUNTY OFFICE OF ED.
c/o DAVID A. PIKE, ESQ.
7108 N. FRESNO ST., STE. 400
FRESNO, CA 93720-2938

MAGNOLIA SCH. DIST.
RICHARD TURRENTINE
2705 W. ORANGE AVENUE
ANAHEIM, CA 92804

MIDWAY CITY SAN. DIST. DONALD SNAVELY 14451 CEDARWOOD AVENUE WESTMINSTER, CA 92683	MILPITAS, CITY OF GENE SCHWAB 455 E. CALAVERAS MILPITAS, CA 95035	MISSION VIEJO, CITY OF/CDA DANIEL JOSEPH 25909 PALA, STE. 150 MISSION VIEJO, CA 92691
MONTEBELLO, CITY OF/RDA RICHARD TORRES 1600 WEST BEVERLY BLVD. MONTEBELLO, CA 90640	MOULTON NIGUEL WATER DIST. DAVID HAWLEY 27500 LA PAZ ROAD LAGUNA NIGUEL, CA 92607-0203	MOUNTAIN VIEW, CITY OF PATTY KONG 500 CASTRO STREET MOUNTAIN VIEW, CA 94039
MUNICIPAL WTR DIST OF OC JAN L. ALLNUTT 10500 ELLIS AVE. FOUNTAIN VALLEY, CA 92728	NEWPORT BEACH, CITY OF RICHARD KURTH 3300 NEWPORT BLVD. NEWPORT BEACH, CA 92663	NEWPORT-MESA USD/CFD MAC BERND, Ed.D 1601 SIXTEENTH ST. NEWPORT BEACH, CA 92663
NORTH O.C. CC DIST. GILBERT R. MORENO 1000 NORTH LEMON STREET FULLERTON, CA 92632-1318	NORTH O.C. ROP WILLIAM DEPEW 2360 WEST LA PALMA AVE ANAHEIM, CA 92801	O.C. CEMETARY DISTRICT ANDREW LIGHTMAN, ESQ. 23046 AVE DE LA CARLOTA #600 LAGUNA HILLS, CA 92653-1519
O.C. DEPT. OF EDUCATION JOHN NELSON 200 KALMUS DR. COSTA MESA, CA 92626	O.C. DEVELOPMENT AGENCY THOMAS SACCO 10 CIVIC CENTER PLAZA SANTA ANA, CA 92701	O.C. SANITATION DISTRICT BLAKE ANDERSON 10644 ELLIS AVE. FOUNTAIN VALLEY, CA 92726
O.C. VECTOR CONTROL DIST. GILBERT CHALLET 13001 GARDEN GROVE BLVD. GARDEN GROVE, CA 92643	OCEANVIEW SCH. DIST. JAMES TARWATER 17200 PINEHURST LN. HUNTINGTON BEACH, CA 92647	OCERS MARY JEAN HACKWOOD 2942 DAIMLER STREET SANTA ANA, CA 92705
OCTA STAN OFTELIE 550 S. MAIN STREET ORANGE, CA 92613-1584	OPTIMA OF ORANGE COUNTY JEFFREY J. ETINGER 401 CIVIC CTR.DR.W., #900. SANTA ANA, CA 92702	ORANGE, CITY OF/RDA DAVID F. DIXON 300 E. CHAPMAN AVENUE ORANGE, CA 92666-1591
ORANGE CO WATER DIST ANDREW CZORNY 10500 ELLIS AVE. FOUNTAIN VLY., CA 92708	ORANGE COUNTY LAW LIBRARY MARYRUTH STORER 515 N. FLOWER ST. SANTA ANA, CA 92703	ORANGE, COUNTY OF CHUCK HULSE 10 CIVIC CENTER PLAZA SANTA ANA, CA 92701
ORANGE USD ROBERT L. FRENCH 1401 N. HANDY ST. ORANGE, CA 92666	PLACENTIA, CITY OF HOWARD LONGBALLA 401 E. CHAPMAN AVENUE PLACENTIA, CA 92670	PLACENTIA LIBRARY DIST. ELIZABETH MINTER 411 E. CHAPMAN AVE. PLACENTIA, CA 92670
PLACENTIA/YORBA LINDA USD KIM STALLINGS 1301 E. ORANGETHORPE AVE. PLACENTIA, CA 92670	RANCHO SANTIAGO CC DIST. DR. VIVIAN B. BLEVINS 1530 W. 17TH STREET SANTA ANA, CA 92706	ROSSMOOR COMM SVC DIST WILLIAM SHELDON 3232 HEDWING RD. ROSSMOOR, CA 90720

SADDLEBACK CC DIST.
ROBERT A. LOMBARDI
100 MARGUERITE PKWY
MISSION VIEJO, CA 92692

SADDLEBACK VALLEY USD/CFD'S
ROBERT CORNELIUS
25631 DISENO DRIVE
MISSION VIEJO, CA 92691

SAN CLEMENTE, CITY OF
PAUL GUDGEIRSSON
100 AVENIDA PRESIDIO
SAN CLEMENTE, CA 92672

SAN JOAQUIN ELEMENTARY
8535 S. NINTH ST.
SAN JOAQUIN, CA 93660

SANTA ANA, CITY OF/RDA
DAVID N. REAM
20 CIVIC CENTER PLAZA
SANTA ANA, CA 92701

SANTA ANA RVR. FLD. PROTECT.
DON MARTINSON
300 N. FLOWER, #615
SANTA ANA, CA 92703

SANTA ANA USD/INS. COMP
DON CHAMPLIN
1405 FRENCH STREET
SANTA ANA, CA 92701

SANTA BARBARA, CITY OF/RDA
MARK A. PAUL
740 STATE ST., SUITE 201
SANTA BARBARA, CA 93102

SANTA MARGARITA WTR DIST
KENNETH WEEL
2611 ANTONIO
RANCHO SANTA MARGARITA, CA
92688

SANTIAGO CO WTR DIST
CARL SCHOONOVER
3222 CAMINO CAPISTRANO
SAN JUAN CAPISTRANO, CA
92675

SAVANNA SCHOOL DISTRICT
DR. MARIE PLAKOS
1330 S. KNOTT AVENUE
ANAHEIM, CA 92804

SELF
KAREN NIXON
1531 I STREET STE 300
SACRAMENTO, CA 95814

SEAL BEACH, CITY OF
JERRY BANKSTON
211 EIGHTH STREET
SEAL BEACH, CA 90740

SHANDON USD
RICHARD L. SUMMERS
101 S. FIRST ST.
SHANDON, CA 93461

SIL-MOD RECREATION & PARKS
STEVE TOKER
P.O. BOX 36
SILVERADO, CA 92676

SCWD/SO LAGUNA SANITARY
LINDA JONES
31592 WEST ST.
LAGUNA NIGUEL, CA 92677

SO. CA. CSTL. WTR. RESEARCH
CHRISTOPHER FRANCISCO
7171 FENWICK LANE
WESTMINSTER, CA 92683-5218

SO. O.C. PROP/LIA JT PWRS
BARBARA BOWEN
1401 N. HANDY ST.
ORANGE, CA 92666

SPEC. DIST. RISK MGMT. AUTH.
C. PAUL FRYENDAL
2400 VENTURE OAKS WAY #460
SACRAMENTO, CA 95833

STANTON, CITY OF
DEAN PORTER
7800 KATELLA AVENUE
STANTON, CA 90680

SUNSET BEACH SANITARY
MIKE VAN VOORHIS
16891 S. PACIFIC
SUNSET BEACH, CA 90742

TRANSP. CORR. AGENCIES
WALTER KREUTZEN
291 E. SANDPOINT AVE, #200
SANTA ANA, CA 92799-8870

TRI CITIES WATER DIST
CRAIG STRICKLAND
851 CALLE AGUA
SAN CLEMENTE, CA 92672

TUSTIN, CITY OF
LARRY SCHUTZ
300 CENTENNIAL WAY
TUSTIN, CA 92680

TUSTIN USD
PAUL FISHER
300 SOUTH C STREET
TUSTIN, CA 92680

VILLA PARK, CITY OF
FRED MALEY
17855 SANTIAGO BLVD.
VILLA PARK, CA 92667

JNTEER CTR. OF O.C. WEST
DEBBIE ELLIS
16168 BEACH BLVD STE 121
HUNTINGTON BEACH, CA 92647

WESTMINSTER, CITY OF
JIM ANTONIONO
8200 WESTMINSTER BLVD.
WESTMINSTER, CA 92683

WESTMINSTER SCH. DIST.
GAIL WICKSTROM
14121 CEDARWOOD AVENUE
WESTMINSTER, CA 92683

YORBA LINDA, CITY OF/RDA
VICKI BAKER
4845 CASALOMA AVE
YORBA LINDA, CA 92686-8714

YORBA LINDA WATER DISTRICT
BEVERLY MEZA
4622 PLUMOS DRIVE
YORBA LINDA, CA 92686

Newport-Mesa USD
1601 16th St.
Newport Beach, CA 92663

Three Arch Bay Comm. Service
5 Bay Drive
South Laguna, CA 92677

JTPA c/o OC Comm Serv Agency
Special Projects Division
1300 S. Grand Ave., Bldg. B
Santa Ana, CA 92705

OC Marine Institute
24200 Dana Point Harbor Dr.
Dana Point, CA 92629

Capistrano Bay Park & Rec Dist
James Curran
34052 Del Obispo Road
Dana Point, CA 92629

Laguna Beach Water District
P.O. Box 987
Laguna Beach, CA 92652

Santiago Library System
c/o OC Public Library
1501 East St., Andrew Place
Sanat Ana, CA 92705

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Office of the U.S. Trustee
221 N. Figueroa St., Ste. 800
Los Angeles, CA 90012

Arthur Marquis
Office of the U.S. Trustee
600 W. Santa Ana Blvd., Ste. 601
Santa Ana, CA 92701

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Office of the Attorney General
1515 K Street
P.O. Box 944255
Sacramento, CA 94244-2550

Attorney General's Office
10th and Constitution N.W.
Washington, D.C. 20530

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Lee Bogdanoff
Stutman, Treister & Glatt
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Los Angeles, CA 90010

Bruce Bennett
Lee Bogdanoff
Stutman, Treister & Glatt
c/o 10 Civic Center Plaza
Santa Ana, CA 92702

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Howrey & Simon
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Los Angeles, CA 90071

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Office of County Counsel
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Los Angeles, Ca 90067

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Murphy, Weir & Butler
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Bank of America N.T. & S.A.
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Chicago, IL 60611-3608

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Sheppard, Mullin, Richter & Hampton
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Los Angeles, CA 90071-1406

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Latham & Watkins
633 W. Fifth St., Ste. 400
Los Angeles, Ca 90071

G. Larry Engel, Esq.
Joseph E. Thomas, Esq.
Phillip Ashman, Esq.
Brobeck, Phleger & Harrison
4675 MacArthur Ct., Ste. 1000
Newport Beach, CA 92660-1846

Richard A. Marshack, Esq.
Howard Rutten, Esq.
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c/o Lasky, Haas & Cohler
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7
8 Attorneys for The Official School and
College Districts Subcommittee of
9 The Investment Pool Participants Committee

10 UNITED STATES BANKRUPTCY COURT
11 CENTRAL DISTRICT OF CALIFORNIA
12

13 In re:) Bk. No. SA 94-22272-JR
14) [Administratively
ORANGE COUNTY INVESTMENT POOLS,) Consolidated with
15 an instrumentality of the) SA 94-22273-JR]
County of Orange, and COUNTY)
16 OF ORANGE,) Chapter 9
17)
Debtors.) DECLARATION OF JOHN L.
18) NELSON, ED.D., ASST.
19) SUPERINTENDENT BUSINESS/
CHILD DEVELOPMENT AND SPECIAL
20) EDUCATION SERVICES, IN
21) SUPPORT OF OFFICIAL
INVESTMENT POOL PARTICIPANTS'
22) COMMITTEE'S MEMORANDUM OF
POINTS AND AUTHORITIES IN
23) SUPPORT OF APPROVAL OF
COMPREHENSIVE SETTLEMENT
24) AGREEMENT RE ORANGE COUNTY
INVESTMENT POOL TRANSACTIONS
25) CONTEMPLATED THEREBY
DATE: May 2, 1995
26) TIME: 9:30 a.m.
27) CTRM: 606
28)

1 Committee since that time. I understand that the debtors, the
2 County of Orange ("County") and the Orange County Investment Pools
3 ("Pool"), are collectively filing a motion with this Court seeking
4 approval of the Comprehensive Settlement Agreement ("Settlement
5 Agreement").

6
7 5. The Districts are facing dire financial straits
8 because of their potential inability to withdraw necessary funds
9 from the Pool to meet obligations in May through July 1995 and
10 thereafter. Under the facts and circumstances as I presently
11 understand them, the Settlement Agreement provides the best
12 opportunity for the Districts to mitigate the adverse financial
13 consequences stemming from the Pool's bankruptcy. The Settlement
14 Agreement enables all Districts to receive as early as mid-May
15 1995 cash distributions equal to approximately 75% of their
16 December 6, 1994 balance in the Pool as well as certain pre-
17 petition and post-petition interest ("Cash Distribution"). Those
18 Districts electing Option A will also receive shortly thereafter
19 "Recovery Notes" representing approximately another 14% of the
20 Districts' December 6, 1994 Pool balance which are convertible at
21 par into cash by early June 1995 (the "Recovery Note
22 Distribution"). As detailed below, if the Districts do not
23 receive both the Cash Distribution by mid-May and the Recovery
24 Note Distribution by early June 1995, most Districts will be
25 unable to meet payroll and face extensive layoffs, program cuts,
26 increased class size, loss of critical goods and services,
27 potential defaults on taxable notes and SCHOOL TRANS (as defined

28

1 below), and possible state take over. As a result, I anticipate
2 that most Districts will elect Option A.

3
4 6. Virtually all funds necessary for the operation of
5 public schools in Orange County are required by state statute to
6 be deposited in the Orange County Treasury. Each month, our
7 office processes the payment of approximately \$250 million from
8 the Orange County Treasury for payroll and vendor payments for the
9 Districts. Payroll constitutes some \$150 million each month
10 (approximately \$1.5 billion annually), while vendor payments
11 average \$100 million per month (\$1.2 billion annually), for a
12 total annual budget of approximately \$2.7 billion.

13
14 7. Approximately 410,000 K-12 students and 103,000
15 community college students attend public schools within our
16 jurisdiction. To provide educational services to these students,
17 funds must be available to pay not only employees, but also fund
18 bus transportation, food and other supplies, instructional
19 materials, utilities and all other operational expenses. The
20 individual Districts are not authorized to, and do not have cash
21 on hand to, pay for these expenses. If the Districts do not
22 receive the Cash Distributions by mid-May 1995 via the Settlement
23 Agreement, not only will employees go unpaid, but the Districts
24 will no longer receive essential services and goods.
25 Additionally, businesses which provide Districts goods and
26 services will go unpaid and will suffer financial hardship.

1 8. The Districts employ approximately 51,000
2 individuals (approximately 22,000 classified and approximately
3 29,000 certificated). The Districts' 22,000 classified employees
4 are regularly paid twice a month, on the 10th and 25th,
5 respectively. The 29,000 certificated employees of the Districts
6 are regularly paid only once per month, on the last working day of
7 that month. In the event the Settlement Agreement is not approved
8 and the Districts do not receive access to their Cash
9 Distributions by mid-May 1995, most Districts' classified
10 employees will go unpaid on May 25th and thereafter, and their
11 certificated employees would not receive their compensation for
12 May 1995 and thereafter. This resulting default in payment of
13 employees may violate numerous state labor laws and, more
14 significantly, specific collective bargaining agreements, which in
15 the aggregate, may expose the Districts to substantial additional
16 liability.

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9. Based upon my 28 continuous years of public school
management service, I know that a substantial number of employees
in public education, including those of the Districts, rely solely
on their school compensation for support. Interruption of that
support by the failure to make payroll distributions in a timely
and consistent manner would result in a devastating effect upon
the lives of many of our 51,000 employees and their families, as
well as upon the morale and performance of these education
professionals.

1 10. In addition, if the Districts do not receive the
2 Cash Distributions by mid-May , they will be unable to make time
3 payment of employer contributions to the employees' group health
4 insurance plans for employee and dependent health care coverage.
5 This, too, could result in tragic circumstances for many people.

6
7 11. Pursuant to Government Code Sections 53850 et seq.,
8 the Districts are authorized to issue tax-exempt TRANS on the
9 basis of income and expenses for the first six months of each
10 school year ("SCHOOL TRANS"). The SCHOOL TRANS, which are sold on
11 or about the first of July, allow the Districts to meet their
12 expenses through the end of each calendar year until revenues from
13 property taxes are received. Almost all the Districts issued
14 SCHOOL TRANS for the fiscal year 1994-95. Full repayment of the
15 SCHOOL TRANS is due on July 28, 1995. Under the SCHOOL TRANS
16 agreements, the Districts are required at the end of May 1995 to
17 set aside 20% of the total SCHOOL TRANS obligations due on
18 July 28, 1995. For the 1994-95 SCHOOL TRANS, the 20% set aside
19 totals \$68,612,000. If the Districts do not receive the Cash
20 Distribution in Mid-May, many will be unable to meet this set
21 aside obligation. Moreover, there will not be sufficient funds to
22 repay the SCHOOL TRANS obligations due on July 28, 1995. Of
23 course, if the Settlement Agreement does not become effective in a
24 timely manner, or if the Recovery Note Distribution does not
25 occur by early June 1995, and Districts which initially elect
26 Option A convert to Option B, those Districts would reserve all
27 their rights, including their rights of setoff under the SCHOOL
28 TRANS.

1 12. As the Settlement Agreement recites, five Districts
2 have issued taxable notes totalling approximately \$250,000,000.
3 The maturity date on the taxable notes for four Districts is
4 June 13, 1995. The taxable note maturity date for the fifth
5 District is in August 1995. As those notes are currently
6 structured, if those Districts do not receive both the Cash
7 Distribution by mid-May and the Recovery Note Distribution by
8 early June 1995, they will likely default on their taxable note
9 obligations. Any default or delay in taxable note repayment will
10 likely increase the costs of future borrowings and make additional
11 borrowing difficult, if not impossible for the Districts.

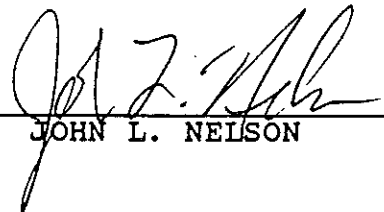
12
13 13. The Districts are in the midst of their annual
14 budget preparation process. The Districts are required by state
15 law to finalize a budget for the 1995-96 school year by July 1,
16 1995. If the Districts do not receive the Recovery Note
17 Distributions by early June, they will have to establish 1995-96
18 budgets which assume that the sums represented by such notes will
19 be unavailable to them. As a result, budgets will be drastically
20 curtailed and may result in, among other things, class size
21 increases, substantial layoffs, substantial elimination of
22 critical programs, and reduction or elimination of extra-
23 curricular activities such as sports programs and the loss of
24 essential classroom supplies, including computer technology.
25 Districts may have to eliminate all transportation except for
26 special education. Moreover, most Districts may be unable to meet
27 the reserve levels required by the state and would face
28 insolvency.

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14. If a District is unable to meet the reserve requirements and requires a state loan to maintain solvency, the state may require the appointment of a state trustee to manage the District. The trustee would assume almost all control of the operations of the District, abrogating the authority of the District's local board.

I declare under penalty of perjury under the laws of the United States and under the laws of the State of California that the foregoing is true and correct.

Executed this 5th day of April, 1995, at Newport Beach, California.



JOHN L. NELSON

1 PILLSBURY MADISON & SUTRO
PATRICK C. SHEA #069391
2 SUE J. HODGES #137808
LAURA K. LICHT #166297
3 101 W. Broadway, Suite 1800
San Diego, CA 92101
4 Telephone: (619) 234-5000

5 Attorneys for Official Investment Pool Participants'
Committee

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7

8 UNITED STATES BANKRUPTCY COURT
9 CENTRAL DISTRICT OF CALIFORNIA

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_____)
In re)
COUNTY OF ORANGE, a political)
subdivision of the State of)
California, ORANGE COUNTY)
INVESTMENT POOLS, an)
instrumentality of the County)
of Orange,)
Debtors.)
_____)

Case No. SA 94-22272-JR
(Administratively Consolidated with
Case No. SA 94-22273-JR)
Chapter 9
REQUEST FOR JUDICIAL NOTICE
Date: May 2, 1995
Time: 9:30 A.M.
Place: Courtroom 606
6th Floor
34 Civic Center Plaza
Santa Ana, CA 92701

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Pursuant to Federal Rule of Evidence 201, made applicable
herein by Federal Rule of Bankruptcy Procedure 9017, the Official
Investment Pool Participants' Committee (the "Committee"),
respectfully requests that the Court take judicial notice of the
following facts:

1. On January 12, 1995, the County of Orange and the
Orange County Investment Pool (collectively the "Debtors") filed
a Complaint against Merrill Lynch for: 1) Restitution and Other
Equitable Relief for Violation of California Constitution Article
XVI, Section 18 and Government Code Sections 25256, 29120, 27000,

1 53601, and 53635; 2) Declaratory Relief re Bankruptcy Code
2 Sections 362 and 922; 3) Breach of Fiduciary Duty; and 4)
3 Violation of Federal and State Securities Laws, Adv. No. SA95-
4 1045JR; and is attached hereto as Exhibit A.

5 2. On January 12, 1995, the Debtors filed, in Adv. No.
6 SA95-1045JR, a Plaintiffs' Ex Parte Application for Temporary
7 Restraining Order and Order to Show Cause for Issuance of a
8 Preliminary Injunction and Imposition of a Constructive Trust;
9 Memorandum of Points and Authorities in Support Thereof; and is
10 attached hereto as Exhibit B.

11 3. On January 12, 1995, the Debtors filed, in Adv. No.
12 SA95-1045JR, an Appendix of Authorities and Documents re
13 Legislative History re Plaintiff's Ex Parte Application for A
14 Temporary Restraining Order and Order to Show Cause for Issuance
15 of A Preliminary Injunction and Imposition of a Constructive
16 Trust; and is attached hereto as Exhibit C.

17 4. On January 12, 1995 the Debtors filed, in Adv. No.
18 SA95-1045JR, an Appendix of Authorities and Documents re
19 Plaintiffs' Ex Parte Application for a Temporary Restraining
20 Order and Order to Show Cause for Issuance of A Preliminary
21 Injunction and Imposition of a Constructive Trust, of which
22 Exhibit D is the Orange County Treasurer-Tax Collector Statement
23 of Investment Policy; and is attached hereto as Exhibit D.

24 5. On January 12, 1995, the Debtors filed, in Adv. No.
25 SA95-1045JR, a Declaration of Professor Bradford Cornell in
26 Support of Application for a Temporary Restraining Order and
27 Order to Show Cause for Issuance of a Preliminary Injunction and
28

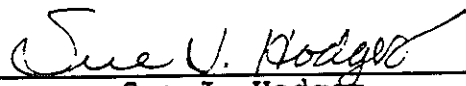
1 Imposition of a Constructive Trust; and is attached hereto as
2 Exhibit E.

3 6. On January 12, 1995, the Debtors filed, in Adv. No.
4 SA95-1045JR, a Declaration of Thomas W. Hayes in Support of
5 Plaintiff's Ex Parte Application for A Temporary Restraining
6 Order and Order to Show Cause for Issuance of A Preliminary
7 Injunction and Imposition of a Constructive Trust; and is
8 attached hereto as Exhibit F.


9 7. On March 30, 1995, a Declaration of M. Freddie Reiss,
10 was filed in support of the Combined Reply of Official Investment
11 Pool Participants' Committee to Responses to Omnibus Motion for
12 Order Modifying and Extending to April 30, 1995 This Court's
13 Previous "Final Order Authorizing Distributions of Cash From
14 County Investment Pool Pursuant to Agreement Regarding
15 Disbursement of Funds for Certain Emergency Purposes"; and is
16 attached hereto as Exhibit G.

17 Dated: April 5, 1995

18 PILLSBURY MADISON & SUTRO
19 PATRICK C. SHEA
20 SUE J. HODGES
21 LAURA K. LICHT
22 101 W. Broadway, Suite 1800
23 San Diego, CA 92101

24 By 
25 Sue J. Hodges
26 Attorneys for Official
27 Investment Pool Participants'
28 Committee

TO: Library Board of Trustees

FROM: Elizabeth D. Minter, Library Director 

DATE: April 17, 1995

SUBJECT: Professional Liability Insurance Renewals for 1994-1995

BACKGROUND:

The District's property and liability insurance broker, Shipkey Insurance Agency, Inc., has prepared a renewal contract with Federal Insurance Company for the District's Professional Liability Insurance coverage. This is the District's second year of coverage with Federal Insurance Company having switched from coverage through the American Library Association in May, 1994.

Mr. Shipkey discussed this coverage with the Trustees at the Board Meeting on March 20, 1995.

RECOMMENDATIONS:

1. Approve renewal of directors and officers liability insurance coverage with Federal Insurance Company through Shipkey Insurance Agency at a rate of \$3,393.91 for May 1, 1994 through April 30, 1995.
2. Approve payment of Claim 3267 in the amount of \$3,393.91.

LOCALLY GOVERNED DISTRICT
CLAIMS TRANSMITTED FOR PAYMENT

DATE April 17, 1995
REPORT NO 3267

Placentia Library District
411 E. Chapman Ave.
Placentia, CA 92670

THE COUNTY AUDITOR IS AUTHORIZED TO DRAW
HIS CHECK FROM FUND 707

APPROVED CLAIMS

Payee Name and Address Social Security/Tax ID	Date/ Invoice#	Orgn	Obj/ Rev/ BS Accf	Sub Obj/ Rev	Rept Cat	AMOUNT	A.C.'s Use Only	
							Doc Number	SC
N09139 Shipkey Insurance Agency P.O.Box 686 Tustin, CA 92681	March 29, 1995		1100	00		3,393.91		

The claims listed above (totaling \$ 3,393.91) are approved for payment pursuant to an order entered in the Minutes of the Board of Directors of this District and I certify that the payees named who are described in Government Code Section 3101 have taken oath or affirmation required by Government Code Section 3102.

APPROVED BY _____

COUNTERSIGNED BY _____

ATTESTED AND/OR COUNTERSIGNED BY _____

Page Total

3,393.91

INVOICE

Agenda Item 29
Attachment B 9139

1100-00

S/ SHIPKEY

INSURANCE AGENCY, INC.

14751 PLAZA DRIVE, SUITE K

P.O. BOX 686

TUSTIN, CA 92681

PHONE: (714) 731-5801 FAX (714) 730-4876

Placentia Library District
411 E. Chapman Ave.
Placentia, CA 92670

CUSTOMER NO.

NAMED INSURED

INVOICE DATE:

3/29/95

076305

PLEASE DETACH AND RETURN WITH PAYMENT

AMOUNT REMITTED \$

CO. NO.	POLICY PERIOD	CL & TR	POLICY NUMBER AND DESCRIPTION	PREMIUM		BALANCE
				CHARGE	CREDIT	
BUR	5/1/95		7942-3852 Directors & Officers Liability - \$1,000,000	\$3,050.00		
BUR	5/1/95		7942-3852 -- Brokers Fee	\$ 325.00		
BUR	5/1/95		7942-38052 -- CIGA	\$ 18.91		
						\$3,393.91

PREMIUMS DUE AND PAYABLE ON EFFECTIVE DATE OF POLICY

SHIPKEY INSURANCE AGENCY, INC.

TO: Library Board of Trustees
FROM: Elizabeth D. Minter, Library Director *edm*
DATE: April 17, 1995
SUBJECT: Storage Space Rental Contract

BACKGROUND:

The District has a number of items of furniture, doors and other architectural pieces, and steel shelving parts that are stored in the furnace room. These take up a considerable amount of space and make it difficult for the HVAC maintenance staff to work on the equipment.

While it is desirable to keep these items for possible future use since they match other items in the building, it is not necessary to keep them so close at hand.

Extra Storage, 480 West Crowther, and Placentia Self Storage, 585 Porter Way Place, have provided the Library Director with storage rental information. Both vendors provide a manager on site and regular pest/rodent control.

The adjusted monthly cost for six-month prepayment of a 10' x 10' unit is \$63.14 at Extra Storage and \$55.71 plus a one time \$5.00 administrative Fee at Discount Self Storage.

If Discount Self Storage is selected the Library Director would try to get an 8' x 11' unit at an adjusted monthly cost of \$51.43 or an 8' x 10' unit at an adjusted monthly cost of \$49.71. The unit size selected will depend on what is actually available on the day the contract is signed.

The cost of movers (bonded and insured) to transport the items to the storage is \$71.50 per hour with a two hour minimum. It is unlikely that the move will take more than two hours.

RECOMMENDATION

Approve contract with Discount Self Storage, Placentia, at a cost not to exceed \$60.00 per month, with six month prepayment; and moving costs by a vendor to be selected by the Library Director at an amount not to exceed \$300.00.



TO: Library Board of Trustees
FROM: Elizabeth D. Minter, Library Director
DATE: April 17, 1995
SUBJECT: **Travel Authorizations**

BACKGROUND:

1. California State University, Fullerton, offers a seven course program leading to a Certificate in Operations and Administration of Microcomputers in Libraries. Attachment A is a description of the courses in this program.

At the request of the Library Director, Principal Librarian Suad Ammar and Reference Librarian Julie Shook have completed the introductory course, "Microcomputer Hardware and Operating Systems for Libraries" at a cost of \$390.00.

Library Director Minter, Principal Librarian Ammar, Reference Librarian Shook, and Children's Librarian Schneider are interested in taking other courses in this program without necessarily committing to completion of the certificate.

The next course for Ammar and Shook is Future Developments in Microcomputer Applications for Libraries, April 29 through May 13. The cost will be \$200.00 *book*.

Local Area Networks (LANs) for Libraries is offered only once per year in the summer, June 1 through July 6. The cost will be \$195 per person. All four staff are interested in taking this course since it applies directly to the Library's plans for development during the next fiscal year.

It is recommended that payment of registration fees for these courses be approved for staff who are willing to attend and complete each course.

2. During the past several years staff have attended the exhibits at the American Booksellers Association Conference in Anaheim. This year the Conference is in Chicago.

At the request of the Library Director, Principal Librarian Ammar has expressed a willingness to attend the Chicago exhibits to explore collection development possibilities for the Library during the next fiscal year. The exhibits will include electronic publications.

Ms. Ammar is able to provide her own meal and lodging expenses in Chicago. The Library would provide travel, ground transportation and conference expenses at a cost not to exceed \$600.00. In order to get the best airfare she will depart on May 31 and return on June 6.

RECOMMENDATION

Approve travel expenses as follows:

1. Registration fees at California State University, Fullerton, for classes in the Operations and Administration of Microcomputers in Libraries Certificate Program, as requested, for Elizabeth Minter, Suad Ammar, Kay Schneider and Julie Shook.
2. Registration, airline and ground travel expenses for Suad Ammar to attend the American Bookseller's Association Conference and Exhibits in Chicago, June 1-5, 1995, at a cost not to exceed \$600.00.

Certificate in

Operations and Administration of MICROCOMPUTERS IN LIBRARIES

Co-sponsored by the Computer Science Department, School of Engineering and Computer Science and the University Library.

THE PROGRAM

New technology, automation, computers, on-line databases and other emerging technologies are changing the nature of libraries and their services. Increasingly, the librarian's job requires the use of advanced electronic technology. By the year 2000, librarians and library staff will be dependent on microcomputer technology for many of their operations, administration activities, and patron services. Librarians will need improved skills in guiding patrons in the use of computers, as patrons also become increasingly dependent on libraries for access to information.

The purpose of this program is to provide instruction that will enable certificate graduates to respond to current and future requirements of their patrons, facilitate increased use of various types of information technologies, and plan, implement and evaluate microcomputer based systems for their particular work settings.

PROGRAM FEATURES

Seven courses cover the fundamentals of microcomputer hardware and software and their applications, advantages, and limitations for library staff and patrons. Instruction is conducted in laboratory settings for classes requiring hands-on practice with microcomputers and includes discussion of both IBM compatible and Macintosh work environments.

The following learning outcomes have been identified for all certificate program graduates. Specific objectives are for students to be able to:

- Discuss advantages and disadvantages of microcomputer operating systems and applications for libraries and their patrons
- Compare the IBM PC and Macintosh microcomputers and related software applications
- Identify, evaluate and select commercially available software for library use
- Troubleshoot hardware and software problems
- Discuss issues and solutions for hardware/software program security
- Design and set up a workstation for libraries
- Evaluate, select, and use on-line databases
- Create and document databases for common library functions
- Describe factors associated with the selection, installation, and administration of local area networks (LANs)
- Conduct a needs analysis and develop recommendations for the microcomputer needs of a library.

ELIGIBILITY

There are no prerequisites for admittance to the program, however, a working knowledge of library operations is highly recommended since the classes are structured for those with a library background. It would be advantageous for students to take Microcomputer Hardware and Operating Systems course first if they have some knowledge of computers. Attendance is required and students may miss no more than 15 hours of classroom instruction to receive the certificate. In addition, candidates must design, create, and develop documentation for a database useful for a library application. Participants also are required to conduct a needs analysis and produce a set of recommendations for the selection and implementation of a microcomputer based system for an existing library. Certificate candidates must file a study plan during their first class. When students satisfactorily complete each class, the study plan is signed off by the instructor.

CERTIFICATE COORDINATOR

The certificate program is co-sponsored by the Department of Computer Science in the School of Engineering and Computer Science and the University Library. The academic coordinator is Gay Toltl Kinman, M.L.S., J.D., Library Management Consultant.

ADVISORY BOARD

Pamela Cibbarelli, *Library Automation Consultant*
Joanne Hardy, *Senior Librarian,*
Fullerton Public Library and President, Orange County
Library Association
Mona Kratzert, *Head Librarian, Reference Section,*
California State University, Fullerton Library
Norm Reeder, *Library Programs Administrator,*
City of Torrance
Ted Stecheson, *Senior Librarian,*
Buena Park Library District

THE SCHEDULE

The entire certificate can be completed in three academic semesters but participants have two years to complete the certificate requirements. The first class in the sequence is offered each fall and spring semester to enable certificate candidates to begin the program either term. The remaining classes are scheduled in the fall, spring, summer, and intersession.

THE CLASSES

The seven classes are designed to meet for three hours at each meeting, for a total of 192 hours of instruction. Classes are listed in recommended order.

Microcomputer Hardware and Operating Systems for Libraries (18 hours--1.8 CEUs)

NOTE: This course is designed as the first course to be taken in the program.

Microcomputers are helping librarians provide better and faster services for patrons, from checking out books to retrieving esoteric information. But how do computers work? In this introductory class, the focus is on what a microcomputer is, what an operating system is, and how the two work together. It offers a hands-on introduction to both Macintosh and IBM microcomputers for learners with little or no practical experience. The lecture, laboratory, discussion format is designed to provide participants with theoretical and practical knowledge to select, understand and assemble various hardware components of a stand-alone microcomputer workstation. Practical exercises teach the participant to deal effectively with workstation problems commonly encountered, and to function as a qualified partner when working with the technical support staff of software vendors.

Developing In-House Databases for Libraries

(27 hours--2.7 CEUs)

Ready-reference files, indexes, bibliographies, and similar types of information files are perfect candidates for in-house databases. Setting up databases on microcomputers means that the information can be accessed quickly and more information can be easily added. Through lecture, demonstration, and laboratory activities, participants will explore the principles of designing and implementing a database for library-type applications. During the class, participants design, layout, implement, and document a database for a library. Instruction focuses on the needs analysis, data organization considerations, and software alternatives for databases as well as how to maintain, modify, and update existing databases, and estimate resources for database management.

Microcomputer Software Selection for Libraries

(30 hours--3.0 CEUs)

This course is an overview of the uses of software in libraries, designed to provide background for selecting and using microcomputer software in libraries. Through lecture, demonstration, group discussions and laboratory activities, participants will build knowledge and skills to inventory, evaluate, and prioritize library operations as suitable for automation; understand features and functions of software types and their library applications; and critically review software packages. A brief introduction to word processors, spreadsheets, charts, graphics, integrated software packages, utility software, and CD Rom products. Topics include foundations for selection, evaluation criteria for purchase, sources for acquisition, and management of software. This course is targeted to help librarians know which

Local Area Networks (LANs) for Libraries

(18 hours--1.8 CEUs)

Prerequisite: working knowledge of computer hardware and software. Local Area Networks (LANs) link several microcomputers so that each can access many CD-ROMs and on-line databases easier, faster, and more simply. Using, managing, and troubleshooting local area networks can be challenging, even to an experienced workstation user. The purpose of this course is to help learners avoid some of the costs and consequences of learning by trial and error, and to learn how to evaluate, plan for, and implement the best configuration for a particular library. Instruction is designed for librarians and staff already knowledgeable in the administration of stand-alone workstations. It covers factors to consider in making decisions to install a LAN, which LAN configuration to implement, and many of the practical problems of installing, troubleshooting, and administering a local area network. Connections to the network also will be discussed.

Telecommunications Fundamentals for Libraries

(12 hours--1.2 CEUs)

Electronic highways of interconnected networks linking business, industry, government, education, and libraries is part of telecommunications. Microcomputers talking to other microcomputers, whether across campuses or across the ocean requires modems and specialized software. Learn how to use a microcomputer workstation to network with internal and external resources. Hardware options for both the Macintosh and IBM personal computers are explored as well as their advantages and disadvantages for libraries. Modems, and their use, telecommunications software, and commercial on-line services are reviewed and procedures for troubleshooting possible hardware conflicts are discussed.

Assessing Microcomputer Needs for Libraries

(18 hours--1.8 CEUs)

The use of microcomputers in libraries, whether special, law, public, school, academic, or public libraries, can affect their mission statements. The goals of the institution, which flow from the mission statement, may need to be changed to reflect the impact of microcomputers. Participants study the process and design of the needs assessment survey, and how to use and analyze the information collected. Determining the needs and wants of the staff and patrons is an outcome of the process. Participants will develop a plan of action for organizing and implementing a needs assessment for their libraries, conduct the analysis, and produce usable information and recommendations for their libraries.

Future Developments in Microcomputer

Applications for Libraries (9 hours--.9 CEUs)

Discussions focus on future developments in microcomputer hardware and software design, and the implications of these planned products on the delivery of library services and operations. Issues affecting libraries such as copyright infringement and software standardization are

TO: Library Board of Trustees

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

DATE: April 17, 1995

SUBJECT: Extension of Contract with Munson, Cronick & Associates for Audit Services for Fiscal Year 1994-1995

BACKGROUND:

Upon request of the Library Director, Charles A. Munson, CPA of Munson, Cronick & Associates, submitted on March 17, 1995, a proposal to provide audit services for Placentia Library District for the fiscal year ending June 30, 1995 (Fiscal Year 1994-1995).

If approved this agreement will extend the firm's current two year contract to three years.

The contract amount and terms are identical to those in the previous contract.

Staff at Munson, Cronick & Associates also provide the District with accounting consulting services for various matters on an hourly rate throughout the year. During the past year District staff has used these services for assistance with payroll and tax related inquiries in addition to technical questions about the operation of the office general ledger system.

RECOMMENDATION:

Approve contract with Munson, Cronick & Associates for Audit Services for Fiscal Year 1994-1995 at an amount not to exceed \$2,950 without disclosure to the Library Director and presentation of a new fee estimate before incurring additional costs.

Munson,
Cronick &
Associates
CERTIFIED PUBLIC ACCOUNTANTS

March, 17, 1995

Board of Trustees
Placentia Library District
411 East Chapman Avenue
Placentia, California 92670

Attn: Elizabeth Minter
Library Director

Dear Elizabeth:

We are pleased to present our proposal to provide professional services for the Placentia Library District for the years ended June 30, 1995.

We will audit the balance sheet of Placentia Library District as of June 30, 1995, and the related statements of revenue, expenditures and changes in fund balances for the years then ended.

Our audits will be made in accordance with generally accepted auditing standards and will include tests of your accounting records and other procedures we consider necessary to enable us to express an unqualified opinion that your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. If our opinion is other than unqualified, we will fully discuss the reasons with you in advance.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected banks and the County of Orange. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audits will involve judgment about the number of transactions to be examined and the areas to be tested. Also, we will plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. However, because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcations, may exist and not be detected by us. We will advise you, however, of any matters of that nature that come to our attention. Our responsibility as auditors is limited to the period covered by our audits.

We understand that you will provide us with the basic information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. This responsibility includes the maintenance of adequate records and related internal control policies and procedures, the selection and application of accounting principles, and the safeguarding of assets. We understand that your employees will type all cash and other confirmations we request and will locate any invoices selected by us for testing.

Our audits are not specifically designed and cannot be relied on to disclose reportable conditions, that is, significant deficiencies in the design or operation of the internal control structure. However, during the audit, if we become aware of such reportable conditions or ways that we believe management practices can be improved, we will communicate them to you in a separate letter.

We would expect to begin our audit as soon as the books and records are closed for the year and available for audit and to complete and issue our report on or before September 1, 1995.

Our fees for these services will be based on the actual time spent at our standard hourly rates. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Based on our preliminary estimates, we anticipate a target fee of \$2,950 for the year ended June 30, 1995.

This estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Please be advised that we are experienced in conducting audits of governmental and quasi governmental entities and we have participated in applicable continuing education programs as required to conduct these audits.

As a general practice, we include names of associates that are additional contacts within our firm. You are encouraged to ask for any of these people in my absence:

Merrilyce McHenry	-	Audit Manager
Melana Taylor	-	Audit Senior
Nancy Cronick	-	Director of Computer Systems

We appreciate the opportunity to present our proposal to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

MUNSON, CRONICK & ASSOCIATES
Certified Public Accountants

Charles A. Munson
Charles A. Munson, CPA

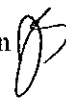
RESPONSE:

This letter correctly sets forth the understanding of Placentia Library District

Authorized signature: _____

Title: _____

Date: _____

TO: Elizabeth Minter, Library Director
 FROM: Julie Shook, Reference Librarian 
 DATE: April 17, 1995
 SUBJECT: Acquisitions Report

Dollars Spent 3/1/95 to 3/31/95

Adult Continuations Print	\$272.40
Adult Continuations Electronic	
Adult Fiction	412.15
Adult Non-Fiction	39.14
Adult Reference	2.19
Adult Audio	
Adult Video	
Juvenile Continuations Print	133.62
Juvenile Continuations Electronic	
Juvenile Fiction	
Juvenile Reference	2.18
Juvenile Non-Fiction	100.17
Juvenile Audio	
Juvenile Video	
Gifts	1,634.19
Total	\$2,596.04

Dollars Spent 7/1/94 to 3/31/95

Adult Continuations Print	\$11,133.54
Adult Continuations Electronic	7,753.75
Adult Fiction	5,094.50
Adult Non-Fiction	2,967.71
Adult Reference	784.23
Adult Audio	32.22
Adult Video	101.90
Juvenile Continuations Print	371.28
Juvenile Continuations Electronic	
Juvenile Fiction	683.91
Juvenile Reference	1,525.24
Juvenile Non-Fiction	4,945.78
Juvenile Audio	
Juvenile Video	
Gifts	4,854.25
Total	\$40,248.31

Acquisitions Report, April 17, 1995, Page 2.

Outstanding Orders:	Dollars Encumbered:
Regular Accounts	\$368.47
Gift Accounts	2,341.90

Donated Items 7/1/94 to 3/31/95

Adult Books	668	\$11,444.00
Juvenile Books	95	986.10
Adult Videos	125	2,900.00
Juvenile Videos	34	635.00

(These figures do not include paperbacks.)

TO: Elizabeth Minter, Library Director
FROM: Suad Ammar, Principal Librarian ^{AA}
DATE: April 13, 1995
SUBJECT: **Program Committee Report for the Month of March.**

National Library Week: The " Night of a Thousand Stars " featured eleven readers with Dixie Shaw as the Master of Ceremonies. Mrs. Peggy Dinsmore, President of the Library Board of Trustees welcomed the audience and introduced the program by giving a brief history of National Library Week and the " Night of the Thousand Stars."

The "Stars" included Mr. Michael Maertzweiler, the Placentia City Mayor; Mr. Manuel Ortega, Placentia Chief of Police; Mrs. Sandra Stark, the Library Board of Trustees Secretary; Mrs. Elizabeth Minter, the Library Director; Mr. Ed Marestang, a Sierra Vista teacher portraying Abraham Lincoln; Ms. Doris Hand from the Orange County Storytellers Guild; Ms. Gai Jones, Drama Director from El Dorado High School; Mr. Larry Reese "The Ramblings of a Mad Man;" Drs. Voiza Arnold and Sue Toman from Rio Hondo College Communication and History Departments. Bell, from the Disneyland Beauty and the Beast production was a surprise guest.

The "Stars" read favorite poems, excerpts from books, inspirational materials and speeches, to a growing audience of approximately forty people.

Refreshments were provided by the Friends and served after the program.

Pass a Buck for Libraries: During the program, the Library will participated in a national awareness campaign co-sponsored by the American Library Association and Library Journal. The campaign called "Pass a Buck for Libraries. " A booth was set up and patrons were encouraged to write personal messages on pre-printed cards urging their Congressman to support library funding. The cards were addressed and stamped by Library volunteers.

TO: Elizabeth Minter, Library Director
 FROM: Suad Ammar, Principal Librarian *SA*
 DATE: April 13, 1995
 SUBJECT: Program Committee Report for the Month of March 1995.

PLACENTIA LIBRARY DISTRICT		
PROGRAM STATISTICS		
DEPARTMENT	MARCH 95	
	# PROGRAMS	# ATTENDEES
<i>ADULT SERVICES</i>		
National Library Week	1	40
Placentia Pride	1	64
<i>CHILDREN'S SERVICES</i>		
Tours of Library	3	278
Story Hours	3	30
<i>LITERACY SERVICES</i>		
Families For Literacy	5	172
Tutor Training	1	9

TO: Elizabeth Minter, Director
FROM: Kay Schneider, Librarian II *KS by CEW*
DATE: April 11, 1995
SUBJECT: **March Activities in the Children's Department**

March Mystery Madness! Solve a Mystery Message in the Library. - This activity was designed to encourage children to use the computer catalog in a variety of ways in order to solve a puzzle. Children needed to use the title, title keyword and author indexes in order to gather the information they needed to read the secret message and be eligible to enter a drawing to win paperback books. There were three different puzzles to solve and three chances to enter.

This activity was promoted with a very large and colorful bulletin board that was displayed for the month of March. The children who participated seemed to enjoy the challenge and the parents liked the idea of the children practicing their library skills.

This activity was also accompanied by a display of mystery books to stimulate the young readers interest in this particular genre.

School Visits - School visits have been increasing somewhat and this month we were visited by 11 classes with 308 children. Several of the John Tynes Elementary School classes come on a regular 3 week schedule for book selection. Two of these classes come together for their visits. There is one 5th grade class and one 2nd grade class. These children have been paired by their teachers as "Book Buddies" and spend much of their time in the Library reading to each other. They are having a great Library experience!

North Orange County C.A.B.E. Chapter - Several of E.S.L. teachers at John Tynes Elementary are members of this educational organization and have long been bringing their classes to visit the children's department.

They have also been concerned that the Library has so few books in Spanish for their classes. This group is giving a breakfast and fashion show as a special fund raising activity on April 22, 1995 at the Yorba Linda Library. They have advertised that part of the proceeds will go to the Placentia Library to purchase Spanish titles. They are very interested in helping the Library.

This breakfast will be attended by Elizabeth and Kay.

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TO: Elizabeth Minter, Library Director
FROM: Cheryl Willauer, Library Assistant CW
DATE: April 11, 1995
SUBJECT: Publicity materials produced for March 1995

Information on the Placentia Library cable channel #53:

1. National Library Week Celebration of Star Readers.
2. Friends of the Library Spring Booksale..
3. Story Time for Children.
4. North Story Circle meeting featuring storytelling and workshops.
5. Literacy asking for volunteers to take the tutor training program.
6. After School Specials for children 7-12 years old.
7. Library Hours.
8. Volunteers needed for the Library.
9. Placentia Library Trustees.

Newspaper articles published:

1. This week in history: March 1927: formal dedication of the Placentia Library.
2. Library director confirms slashed-hours likelihood.
3. Community calendar on display in the Library lobby.
4. Placentia Library hours.
5. Library plans gather steam..
6. Professional Storyteller Jim Lewis at the Library.
7. Placentia Library and Placentia Pride Council's free legal seminar.
8. Elizabeth George helps raise money for Library book fund.
9. Library subscribes to want ad service.
10. Orchid Society meeting.
11. Story Time.
12. Friends of Placentia Library, Pat Irot, president.
13. Elizabeth Minter, Placentia Public Library executive director says.....

pacific clippings

**post office box 11789
santa ana, calif. 92711**

The Register
Daily **MAR 15 1995**

PLACENTIA

Elizabeth Minter, Placentia Public Library executive director, says she hopes to see the deal with county supervisors for an immediate payout of 77 cents on the dollar go through. The library has \$583,079 tied up in the bankrupt county investment pool. The bankruptcy has permanently changed how the county will do its business, she says, adding that the decision to close county libraries would be painful but probably necessary. "The long and the short of it is, if they don't close a few facilities, then staff will be thinned down at all libraries, and we'd be forced to cut back our hours," she said. "We could stay open only two to three days a week."

- Sharilyn Miller/(714) 704-3704

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Placentia News
Weekly

MAR 30 1995



LEARNING TO TELL

Jim Lewis, professional story teller, demonstrates a few techniques to hold an audience spellbound. Story-telling class was at the Placentia library

Stan F. Placentia
News-Times

Placentia News
Weekly

MAR 30 1995

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BECOMING CITIZENS

A man holding his very tired daughter reviews an application for U.S. citizenship at the Placentia Pride Council's and the Placentia Library District's free 'How to Become a United States Citizen' seminar Thursday. Michael Eng, attorney and immigration and citizenship law specialist, said, 'It's not unusual for people to come here with a green card and never go through the process of becoming a citizen.' Eng has helped more than 10,000 people achieve legal status in this country over the past 21 years.

Bill Farroux
Placentia News-Times



Placentia News
Weekly

MAR 30 1995

Elizabeth George explains her British detective novels

By Sharilyn Miller
Placentia News-Times

Celebrated mystery writer Elizabeth George is recognized for her many talents: teacher, speaker, creative-fiction writer.

She holds a master's degree in marriage and family counseling, has taught college-level writing courses, speaks frequently at writers' conferences, and holds a worldwide audience enthralled with her British detective novels.

But for patrons of the Placentia Public Library, George will probably go down in history as the woman who helped raise \$4,500 for its book fund.

The award-winning author hosted a luncheon and book signing last month at the Alta Vista Country Club, and was introduced to her audience of fans and their families by Pat Irot, president of Friends of the Library.

"Elizabeth George is known for writing stories with tightly woven plots, three-dimensional characters and vivid descriptive passages that transport the reader to far-away lands," Irot said.

"She grew up in California, loved Nancy Drew, and taught a high school class in mystery literature that inspired her to write a novel of her own. She's now an award-winning author with fans all over the world."

Entertaining her audience with tales of suspense and excitement, George described her jaunts through the wilds of Cornwall, jotting down reams of notes, looking for the little details that would lend authenticity to her work.

George must have done something right. Her first book, "A Great Deliverance," took the Agatha and Anthony awards for outstanding first novel.

"I'm often asked why I write the British detective novel, since I was born and raised in the United



Elizabeth George, celebrated mystery writer, helped raise \$4,500 for Placentia Public Library's book fund last month.

States," George said.

"I think it's important to write about what gives you joy. I love England and have a background in British literature. But most importantly, I like to write about detectives with families and relationships and problems."

George explained the mystery story is a logical jumping-off point for her writing because it provides a natural, inherent structure upon which to hang all the little nuances of familial relationships.

"There is no black and white in this world," she said. "It's all a tremendous shade of gray."

George said she likes the linear plot structure of the detective novel because it's a story with a purpose and a sense of justice at the end.

"The story comes full circle. Each of my characters has a unique story," she said. "I commit myself to moving them forward at a different pace, and put in as much detail as I can to make them authentically English."

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The Register
Daily

MAR - 5 1995

FREEZE FRAME



Photo courtesy First American Title Insurance

John and Antoinette Nenzo were Pasadena residents who moved to Placentia in 1892. They bought nine acres, built this small home on the northwest corner of Palm and Placentia, and became citrus farmers. They were highly involved in the community, lending their large barn for Christmas celebrations. Antoinette Nenzo ran a singing school and was a member of the local Round Table Club. Shown with the Nenzos in front of their home in about 1897 are their daughters

Beatrice and Faustina.

— JOHN WESTCOTT/The Orange County Register

pacific clipping

post office box 1171
santa ana, calif. 92711

Placentia News
Weekly

MAR 30 1995

Library subscribes to want ad service

The Placentia Library now subscribes to a service that compiles the "help wanted" ads from 64 cities, publishes the ads on microfiche, and delivers the ads weekly to the library.

The ads are complete and unedited, providing full-time job opportunities for experienced or entry-level, white and blue collar positions. Cities include Atlanta, Ga.; San Francisco and San Diego; St. Louis, Mo.; Boston, Mass.; and Dallas and Houston, Texas, to name a

To view the microfiche, ask at the library's reference desk for Help Wanted USA. The library is at 411 E. Chapman Ave. Hours are: noon to 8 p.m. Monday-Wednesday; 10 a.m. to 6 p.m. Thursday; Friday closed; 10 a.m. to 6 p.m. Saturday; and 1 to 5 p.m. Sunday.

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Los Angeles Times
OC Edition
Daily

MAR - 2 1995

■ Story time (Orange public library, 101 N. Center St., Orange, [714] 288-2420). For preschool through 2nd grade, the programs feature picture books, read aloud stories, finger plays, flannel board stories and more. Saturdays at 10:30 a.m. FREE

■ Story time (Placentia Library, 411 E. Chapman Ave., Placentia, [714] 528-1906). Preschool story time with books, puppets, flannel board programs, crafts and movies, continues Mondays at 1 p.m. and Thursdays at 10:30 a.m. through March 6. FREE

THIS WEEK IN HISTORY

- ▶ In 1886: Santa Fe lowers rail fare from Kansas City to Los Angeles to \$1.
- ▶ In 1889: Gov. Robert W. Waterman signs bill enabling creation of Orange County.
- ▶ In 1933: Los Alamitos incorporates.

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Placentia News
Weekly

MAR - 2 1995

March 1927: The formal dedication of the Placentia Library. Presented at the event was a copy of the New York Herald dated April 16, 1865, announcing the death of President Abraham Lincoln. The vintage newspaper, donated by the Bradford family, has been kept sealed under glass since.

Los Angeles Times
OC Edition MAR 1 1 1995
Daily

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post office box 11789
santa ana, calif. 92711

Placentia News
Weekly MAR 1 6 1995

Orchid Species Society of Southern
California: Second Sunday. Monthly
at 2 p.m., Placentia Library, 411 E.
Chapman Ave., Placentia.

Library director confirms slashed-hours likelihood

332
By Sharilyn Miller
Placentia News-Times

If all goes well, they'll be tearing up the library this summer.

Elizabeth Minter, Placentia Public Library's executive director, said she's counting on a 77-cent payout from the county by the end of May.

In that case, the library will continue to operate as usual, and that includes going forward with some needed remodeling to bring the library up to compliance with American Disabilities Act requirements.

"I hope we get the 77 cents on the dollar," Minter said. "If we do, there will be no change in service."

The library has \$583,079 tied up in the county pool, and has so far been able to withdraw \$41,887 to meet payroll expenses in January. If the deal with county supervisors goes through, the library will re-

ceive \$402,296.

"The balance (of money owed from the county) will go into a claim against the county, and it could take years before we see it," she said. "Right now, we'd be happy to see a cash settlement."

Not that the library would actually see the money, since it will simply roll over into another account. Minter said she isn't concerned about that, however, because she believes this new account will be watched very carefully by County Services.

"The bankruptcy has permanently changed how the county will do its business in the future," she said. "Our biggest concern right now would be any tampering by legislature with our property-tax allocation."

Minter explained the library is regularly funded by property-tax revenue and some small state

grants. She said the decision to close county libraries would be a painful move, but will probably be necessary.

"The long and the short of it is, if they don't close a few facilities then staff will be thinned down at all libraries," she said. "All of us would be forced to cut back our hours. We could stay open for only two to three days a week."

For now, Placentia's library continues to function as usual. Plans are going forward to remodel the bathrooms, water fountains and some circulation desks to bring them into compliance with ADA standards, and Minter's staff is eager to order new books. The library also receives donations of hard-bound best-sellers from book-club members and others in the community, and a recent fund-raiser garnered \$4,500 for the purchase of new books.

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Yorba Linda Star
Weekly
MAR 3 0 1995

332
Friends of Placentia Library, 411
E. Chapman, Placentia, 928-1906.
Pat Irot, president, 996-... resi-
dence.

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santa ana, calif. 92711

Los Angeles Times
OC Edition
Daily MAR 1 8 1995

Orchid Species Society of Southern
California: Second Sunday. Monthly
at 2 p.m., Placentia Library, 411 E.
Chapman Ave., Placentia.

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santa ana, calif. 92711

Placentia News
Weekly MAR - 9 1995

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The point where democracy and education intersect is the point often called "community." As we enter the Placentia Library, on the right is the Community Calendar listing events of general interest involving non-profit organizations and their activities. Dixie Shaw, a tireless volunteer, keeps the calendar date. Take a minute and check out the "We Salute" display. Sponsored by the Placentia Pride Council, the salute project highlights the exceptional work done by organizations which makes this a pleasant place.

Library plans gather steam

³³²
GOVERNMENT: Supporters of two branches targeted for closure work to keep them open with volunteers or by raising funds.

By ANN PEPPER
The Orange County Register

Supporters of two of the six county branch libraries targeted for closure by midsummer are working to keep them open with volunteers or by raising new funds.

Community leaders in Silverado Canyon and Villa Park hope to have agreements with the county before the public hearing on branch closures May 9, Chairman Gaddi Vasquez announced at Tuesday's Board of Supervisors meeting.

Similar agreements have not been discussed — but are possible — with the remaining four: La Palma, Leisure World in Seal Beach, and the Chapman and West Garden Grove branches in Garden Grove.

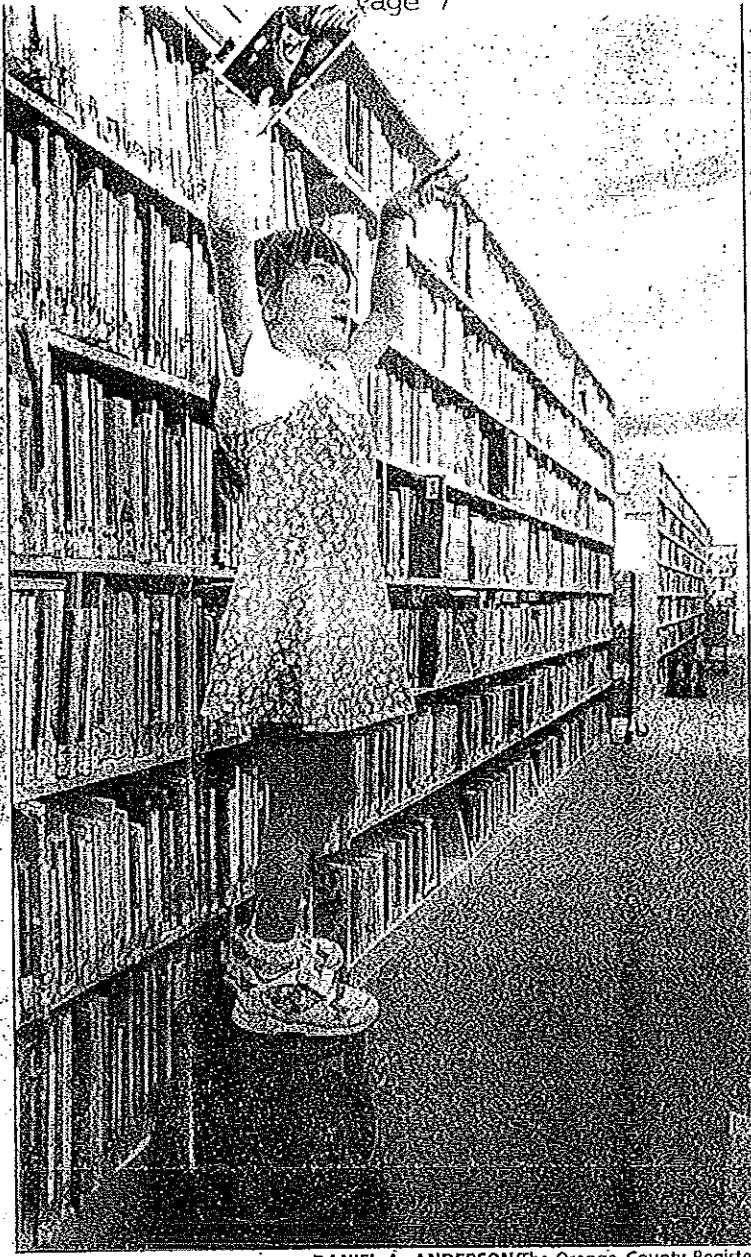
"I understand it costs \$400,000 a year to operate the Chapman branch," Garden Grove Mayor Bruce Broadwater said. "It's probably the same for the other one. I don't know if we can keep both, but we're certainly going to try."

Even in Villa Park, where a citizens committee has been working for weeks to keep its branch, progress has been tenuous at best.

According to the county, the annual cost to run the tiny Villa Park branch for 25 hours over a four-day week is approximately \$309,000, said Bill Baker, president of the community group trying to save the branch.

"Unless the City Council this month agrees to fund the library on a month-to-month basis or people donate in volumes to keep it open, it's not going to happen," he said.

Most residents interviewed this week at libraries in jeopardy said they were willing do whatever is needed to save their local



DANIEL A. ANDERSON/The Orange County Register

Nicole Weekly, 5, fantasizes about being a space witch after reading from a book with that title at the Orange County Public Library, Chapman Branch. The library is on a closure list.

branch. "I come here several times a month and my wife even more often," said Dan Gudgel, who was returning books to the Chapman branch Monday. "I wouldn't like it to close. I'd volunteer or even pay a small fee to keep it open."

The package presented to supervisors Tuesday would cut 45 positions, raise or add fees and charges, boost fund raising, use more volunteers and have librarians spend less time assisting patrons.

At Tuesday's meeting, Vasquez reiterated his support for forming a joint-powers authority to run the county library system, noting that 26 of the county's 28 library branches are within city

limits. The setup would give cities more control, but cost them more money, for their libraries.

Beatrice Hoffman, president of the Friends of the Crown Valley Library in Laguna Niguel, favored the plan, noting that her library would stay open.

"After two years of living with libraries half open, they just do not work," Hoffman said.

In other business, supervisors approved paying \$1,010 in travel expenses for Texas corporate takeover specialist B.J. Rone's interview for the job of county chief executive Feb. 9. He was not hired.

Register staff writer Ricky Young contributed to this report

The Register
Daily
APR - 5 1985



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TO: Elizabeth Minter, Library Director
FROM: Katie Matas, Literacy Coordinator *KCM*
DATE: April 17, 1995
SUBJECT: **Placentia Library Literacy Services Report for the month of March**

Program Statistics *minter*

Active tutors: 52
Active students: 69
Students waiting to be matched: 18
Percentage of tutors reporting (March hours): 98%
Tutoring hours reported: 338
Other volunteer hours reported: 171
Total volunteer hours: 509

Tutor Training. A one day tutor training workshop was held on Saturday, March 11, 1995. Eight new tutors successfully completed the workshop and were matched with students from the list of students waiting to be matched.

National Institute for Literacy. Literacy Coordinator Matas attended the Western States Regional Meeting of the National Institute for Literacy on March 9, 1995 at the Los Angeles Airport Doubletree Hotel. There were panel discussions on various literacy issues as we proceed into the 21st century, followed by work groups focussing on provider/program issues and strategies for collaboration.

Southern California Library Literacy Network (SCLLN). On March 21, 1995, Literacy Coordinator Matas and Library Director Minter attended the SCLLN meeting at Newport Beach Public Library. California State Librarian, Dr. Kevin Starr was the guest speaker. Dr. Starr spoke about his vision for literacy in California. There was an update on the L.A. Times Literacy 800-Number. During the months of September through December there were 2,231 calls made to that number. There has not as yet been a breakdown of which zip codes were requested by the callers.

Rotary Breakfast. The program for the March 22, 1995 Rotary Club of Placentia breakfast featured Placentia Library Literacy Services(PLLS). Literacy Coordinator Walters gave an overview of the literacy program and presented the Rotary Club with a certificate of recognition for their continued support. A tutor and students shared their tutoring experiences.

Networking. Literacy Coordinator Matas represented PLLS at the Chamber Mixer and Placentia Community Network.



TO: Elizabeth D. Minter, Library Director
FROM: Jeannine Walters, Families For Literacy Coordinator *JW*
DATE: April 17, 1995
SUBJECT: Families For Literacy Report for the month of March .

Program Statistics.

Attendance

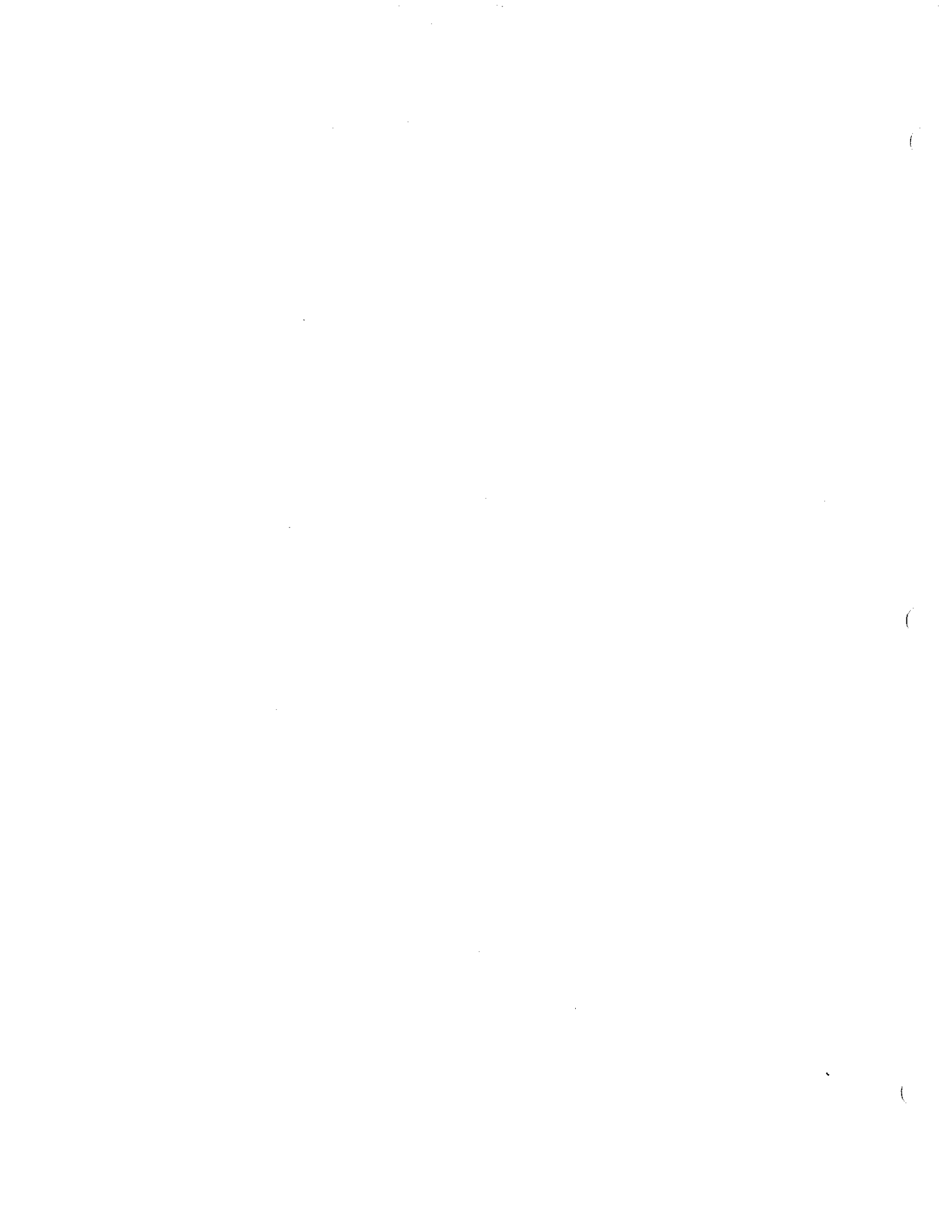
March 1	14 adults	14 children	28 TOTAL
March 8	13 adults	13 children	26 TOTAL
March 15	18 adults	16 children	34 TOTAL
March 22	16 adults	19 children	35 TOTAL
March 29	24 adults	25 children	49 TOTAL

Books distributed

March 1	22 books
March 8	26 books
March 13	21 books
March 29	23 books

The Library's Literacy program was highlighted at the Placentia Rotary Club breakfast on March 22. A tutor and two students spoke about their experiences with the Literacy program and how it has impacted their lives. Both of the students who spoke are regular participants in the Families for Literacy program.

The State Library grant application for 1995-1996 program funding has been received.



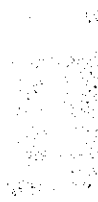
TO: Elizabeth Minter, Library Director
FROM: Suad Ammar, Principal Librarian ^{SA}
DATE: April 13, 1995
SUBJECT: **Placentia Pride Council Report for the Month of March.**

Legal workshops: The "How to Become a United States Citizen" seminar was presented by Attorney Michael Eng on Thursday March 23, at 7:30 P.M. in the Library's meeting room. Sixty-four people attended, asked numerous questions, and stayed after the presentation to ask more questions and inquire about future workshops.

Mr. Eng's style distributed the citizenship application forms. He walked the attendees through the questions stressing the importance of each point, all in a humorous and very unthreatening style. He then asked them sample questions of what may be asked during the final interview.

The April legal seminar is on " Bankruptcy " followed by " Patents and Copyright " in May.

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