A2566

CRA/LA
Building communities with jobs & housing

Community Redevelopment Agency
of the CITY OF LOS ANGELES

DATE / MAY 27 2008

FILE CODE /

354 South Spring Street / Suite 800
Los Angeles / California 90013-1258

T 213 977 1600 / F 213 977 1665
www.crala.org

RECEIVED
JUN 26 2008
KAREN E. KALFAYAN

Karen Kalfayan, City Clerk
City of Los Angeles
200 North Main Street
City Hall, Room 360
Los Angeles, CA 90012

RE: CRA/LA INVESTMENT REPORT (COUNCIL FILE NO. 96-1630)

Dear Ms. Kalfayan:

The CRA/LA's Investment Policy, adopted by the CRA/LA Board of Commissioners on July 20, 2000 and approved by the City Council on November 21, 2000, requires that quarterly investment reports be submitted to the CRA/LA Board of Commissioners and forwarded to the City Clerk for inclusion in Council File No. 96-1630. Accordingly, the CRA/LA is forwarding herewith a Report to CRA/LA Board of Commissioners on CRA/LA Investments, dated May 15, 2008. Kindly place such report in Council File No. 96-1630.

Thank you for your attention to this matter.

Very truly yours,

Cecilia V. Estolano
Chief Executive Officer

Attachment

R-1

REPORT TO CRA/LA BOARD OF COMMISSIONERS

ON

CRA/LA INVESTMENTS AS OF MARCH 31, 2008

MAY 15, 2008

PURPOSE

To report to the CRA/LA Board of Commissioners investment activities as of March 31, 2008, in accordance with the CRA/LA's Investment Policy.

REPORT

The CRA/LA's Investment Policy requires that an Investment Report (Attachment A) be submitted quarterly to the CRA/LA Board of Commissioners and forwarded to the City Clerk for inclusion in the Council File. The stated objectives of the Investment Policy are safety, liquidity and yield.

As of March 31, 2008, the investment portfolio totaled $457,768,989, and had an overall yield of 3.04 percent. Invested funds include unexpended bond proceeds, tax increment revenues, loan proceeds, income from lease and loan payments, interest income and other financial resources which are invested prior to their expenditure consistent with the CRA/LA's adopted annual budget.

More than ninety-six percent (96.95%) of the investment portfolio was comprised of: securities issued by various Federal agencies (80.15%), United States Treasury obligations (2.17%), and investments in the Local Agency Investment Fund (14.63%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Commercial Paper (3.03%) and Time Certificates of Deposit (.02%). Attachment B depicts the CRA/LA's investment asset allocation as of March 31, 2008. The total cash balance on March 31, 2008, was $8,632,909, consisting primarily of monies in the CRA/LA's principal disbursement accounts needed to fund outstanding expenditures, and/or funds pledged to repay certain existing obligations.

In accordance with the Investment Policy, the attached Investment Report summarizes the types of investments held in the CRA/LA's investment portfolio; the institutions holding CRA/LA cash/investment deposits; maturity dates; amounts of deposits; current market value of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the relevant community involvement/reinvestment activities of banks holding CRA/LA funds (Attachment C).

Cecilia V. Estolano
Chief Executive Officer

By

Glenn F. Wasserman
Chief Operating Officer

Attachment A – Investment Report
Attachment B – Investment Asset Allocation Chart
Attachment C – Banks Holding CRA/LA Cash / Investments

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES

INVESTMENT REPORT
AS OF MARCH 31, 2008

DIVERSIFICATION OF INVESTMENTS

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD (%)	PERCENTAGE OF PORTFOLIO (%)	MATURITY DATES
Time Certificates of Deposit	$ 100,000	$ 101,681	5.00	0.02	05/29/08
Commercial Paper	$ 13,863,879 1/	$ 14,000,000	4.05	3.03	04/07/08 - 04/10/08
Federal Agencies					
Federal Farm Credit Banks	$ 11,998,126	$ 12,905,614	3.30	2.62	07/29/09 - 03/24/11
Federal Home Loan Banks	125,386,323	126,795,188	2.84	27.39	04/02/08 - 12/17/10
Federal Home Loan Mtge Corp	103,592,666	104,757,000	2.76	22.63	04/03/08 - 08/06/10
Federal National Mtge Assn	110,045,949	111,149,750	2.85	24.04	04/01/08 - 06/04/09
Federal Agricultural Mtge Corp	15,870,098	16,000,000	3.28	3.47	04/09/08 - 05/08/08
Total Federal Agencies	$ 366,893,162	$ 371,607,552	4.40	80.15	
U.S. Treasury Bills	$ 9,931,231	$ 10,000,000	1.50	2.17	08/28/08 - 09/25/08
Local Agency Investment Fund (LAIF)					
LAIF Regular	$ 40,000,000	$ 40,415,929	4.18	8.74	04/01/08
LAIF Bond Proceeds	26,980,717	27,260,431	4.18	5.89	04/01/08
Total LAIF	$ 66,980,717	$ 67,676,360	4.18	14.63	
TOTALS	$ 457,768,989	$ 463,385,593	3.04	100.00	

1/ Includes $4 million of Mainsail II LLC commercial paper which was not paid at maturity, as discussed in the Report on CRA/LA Investments as of December 31, 2007, submitted to CRA/LA Board of Commissioners on March 6, 2008.

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES

INVESTMENT REPORT
AS OF MARCH 31, 2008

INSTITUTION AND CASH / INVESTMENT DEPOSIT AMOUNTS

NAME OF BANK / DEPOSITORY	CASH *	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular North America	$ 6,804	$ -	$ -
Bank of America	161,206	5,053,195	5,118,000
Cathay Bank	308,441	2,573,339	2,600,000
Central Pacific Bank	986,769	-	-
OneUnited Bank	-	100,000	101,681
State of California	-	66,980,717	67,676,360
Union Bank of California, N.A.	5,562,661	381,387,051 **	386,196,552
Wells Fargo Bank, N.A.	1,607,028	1,674,687	1,693,000
TOTALS	$ 8,632,909	$ 457,768,989	$ 463,385,593

* With the exception of the cash deposits with Bank of America, Central Pacific Bank and a small portion of the funds held at Wells Fargo Bank, all cash is held in interest-bearing checking accounts.
** Consists of investment securities purchased from various securities dealers that are held in safekeeping accounts by Union Bank of California, N.A., which receives a nominal custodial fee for this service.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS)

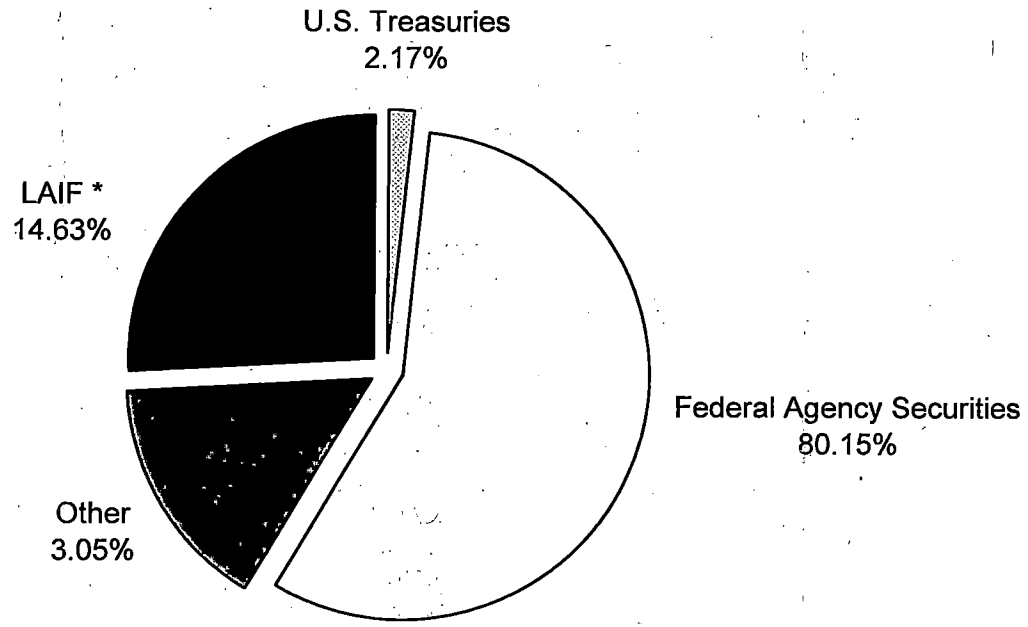
TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$ 12,000,000	$ 11,998,126	$ 12,087,043	07/29/09 - 03/24/11
Federal Home Loan Banks	4,000,000	3,999,672	4,066,857	12/03/09 - 12/17/10
Federal Home Loan Mortgage Corp	3,500,000	3,500,000	3,523,926	02/26/10 - 08/06/10
Federal National Mtge Assn	1,000,000	1,000,000	1,021,885	06/04/09
TOTALS	$ 20,500,000	$ 20,497,798	$ 20,699,711	

UNUSUAL INVESTMENT ACTIVITY

None

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
AS OF MARCH 31, 2008



*Local Agency Investment Fund administered by the State of California

ATTACHMENT B

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES

COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING CRA/LA CASH AND INVESTMENTS AS OF MARCH 31, 2008

BANK	COMMUNITY INVOLVEMENT / REINVESTMENT ACTIVITIES
BANCO POPULAR NORTH AMERICA	Provided letters of credit for several Spring Street projects; provided financing for supermarket in Pico Union in 1998; maintains banking office in the Historic Core portion of the City Center Redevelopment Project and in the Westlake and Wilshire-Koreatown Redevelopment Projects.
BANK OF AMERICA	Provided loans to the Beacon Street and Exposition/University Park (formerly Hoover) Redevelopment Projects; maintains offices in several redevelopment project areas; a major source of construction financing for low income rental housing and permanent loans to moderate income homebuyers.
CATHAY BANK	Minority-owned bank that serves Chinatown and other redevelopment project areas.
CENTRAL PACIFIC BANK	Provided a $5.3 million loan to the CRA/LA in August 2005 to refinance a loan which provided "start-up" funds for thirteen newly adopted redevelopment project areas. Also provided a $6.1 million loan to CRA/LA in December 2005 for the Marlton Square project in the Crenshaw project area.
ONEUNITED BANK (Formerly Founder's National Bank and Family Savings Bank)	Minority-owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills. An active home mortgage initiator in South Los Angeles.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, City Center, Little Tokyo and Mid-City Corridors redevelopment projects; provided a loan for relocation and other activities in the Los Angeles Harbor Redevelopment Project in 1998; successor to Bank of California and Union Bank, which merged. Bank of California provided construction financing for redevelopment activity in the Central Business District Historic Core and for affordable housing development in Little Tokyo.
WELLS FARGO BANK, N.A.	Maintains a banking office in the Broadway-Spring Center; purchased CRA/LA's only Marks Foran rehabilitation bond issue; provided a letter of credit that is renewable periodically through 2014, to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association.

CRA/LA
Building communities with jobs & housing

Community Redevelopment Agency
of the CITY OF LOS ANGELES

354 South Spring Street / Suite 800
Los Angeles / California 90013-1258

T 213 977 1600 / F 213 977 1665
www.crala.org

DATE / OCT 23 2007

FILE CODE /

RECEIVED
OCT 25 2007
FRANK T. MARTINEZ

Please Attach to CF# A2566 96-1630

Frank Martinez, City Clerk
City of Los Angeles
200 North Main Street
City Hall, Room 360
Los Angeles, CA 90012

RE: AGENCY INVESTMENT REPORT (COUNCIL FILE NO. 96-1630)

Dear Mr. Martinez:

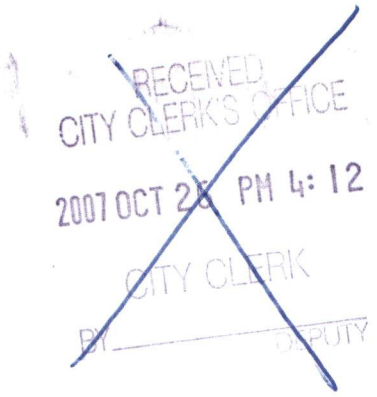
The Agency's Investment Policy, adopted by the Agency Commissioners on July 20, 2000 and approved by the City Council on November 21, 2000, requires that quarterly investment reports be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in Council File No. 96-1630. Accordingly, the Agency is forwarding herewith a Report to Agency Commissioners on Agency Investments, dated October 18, 2007. Kindly place such report in Council File No. 96-1630.

Thank you for your attention to this matter.

Very truly yours,

Cecilia V. Estolano
Chief Executive Officer

Attachment


RECEIVED
CITY CLERK'S OFFICE
2007 OCT 26 PM 4:12
CITY CLERK
BY DEPUTY

R-2

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF JUNE 30, 2007

OCTOBER 18, 2007

PURPOSE

To report Agency investment activities as of June 30, 2007, in accordance with the Agency's Investment Policy.

REPORT

The Agency's Investment Policy requires that an Investment Report (Attachment A) be submitted quarterly to the Agency Commissioners and forwarded to the City Clerk for inclusion in the Council File. The stated objectives of the Investment Policy are safety, liquidity and yield.

As of June 30, 2007, the investment portfolio totaled $424,954,026, and had an overall yield of 5.20 percent. Invested funds include unexpended bond proceeds, tax increment revenues, loan proceeds, income from lease and loan payments, interest income and other financial resources which are invested prior to their expenditure consistent with the Agency's adopted annual budget.

More than eighty-seven percent (87.08%) of the investment portfolio was comprised of: securities issued by various Federal agencies (69.91%), United States Treasury obligations (1.65%), and investments in the Local Agency Investment Fund (15.52%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Commercial Paper (12.90%) and Time Certificates of Deposit (.02%). Attachment B depicts the Agency's investment asset allocation as of June 30, 2007. The total cash balance on June 30, 2007, was $12,591,221 consisting primarily of monies in the Agency's principal disbursement accounts needed to fund outstanding expenditures, and/or funds pledged to repay certain existing obligations.

In accordance with the Investment Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market value of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the community involvement / reinvestment activities of banks holding Agency funds (Attachment C).

Cecilia V. Estolano
Chief Executive Officer

By

Glenn F. Wasserman
Chief Operating Officer

Attachment A – Investment Report
Attachment B – Investment Asset Allocation Chart
Attachment C – Banks Holding Agency Cash / Investments

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES

INVESTMENT REPORT
AS OF JUNE 30, 2007

DIVERSIFICATION OF INVESTMENTS

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD (%)	PERCENTAGE OF PORTFOLIO (%)	MATURITY DATES
Time Certificates of Deposit	$ 100,000	$ 101,411	2.79	0.02	07/02/07
Commercial Paper	$ 54,802,933	$ 55,666,000	5.39	12.90	07/10/07 - 12/03/07
Federal Agencies					
Federal Farm Credit Banks	$ 18,989,792	$ 19,852,760	4.91	4.47	07/19/07 - 05/06/09
Federal Home Loan Banks	53,395,230	55,915,036	5.07	12.56	07/05/07 - 06/25/10
Federal Home Loan Mtge Corp	82,683,894	84,643,088	5.23	19.46	07/09/07 - 05/21/10
Federal National Mtge Assn	142,015,365	144,467,980	5.22	33.42	07/02/07 - 06/04/09
Total Fedetral Agencies	$ 297,084,281	$ 304,878,864	20.43	69.91	
U.S. Treasury Notes	$ 7,001,197	$ 7,193,750	4.40	1.65	10/31/07 - 01/31/08
Local Agency Investment Fund (LAIF)					
LAIF Regular	$ 40,000,000	$ 40,521,567	5.23	9.41	07/01/07
LAIF Bond Proceeds	25,965,615	26,303,623	5.23	6.11	07/01/07
Total LAIF	$ 65,965,615	$ 66,825,190	5.23	15.52	
TOTALS	$ 424,954,026	$ 434,665,215	5.20	100.00	

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES

INVESTMENT REPORT
AS OF JUNE 30, 2007

INSTITUTION AND CASH / INVESTMENT DEPOSIT AMOUNTS

NAME OF BANK / DEPOSITORY	CASH *	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular North America	$ 6,131	$ -	$ -
Bank of America	26,387	5,049,563	5,110,000
Cathay Bank	80,195	2,500,797	2,530,000
Central Pacific	757,990	-	-
OneUnited Bank	-	100,000	101,411
State of California	-	65,965,615	66,825,190
Union Bank of California, N.A.	8,887,783	349,681,768 **	358,420,614
Wells Fargo Bank, N.A.	2,832,735	1,656,283	1,678,000
TOTALS	$ 12,591,221	$ 424,954,026	$ 434,665,215

* With the exception of the cash deposits with Bank of America, Central Pacific Bank and a small portion of the funds held at Wells Fargo Bank, all cash is held in interest-bearing checking accounts.
** Consists of securities purchased from various securities dealers that are held in safekeeping accounts by Union Bank of California, N.A., which receives a nominal custodial fee for this service.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS)

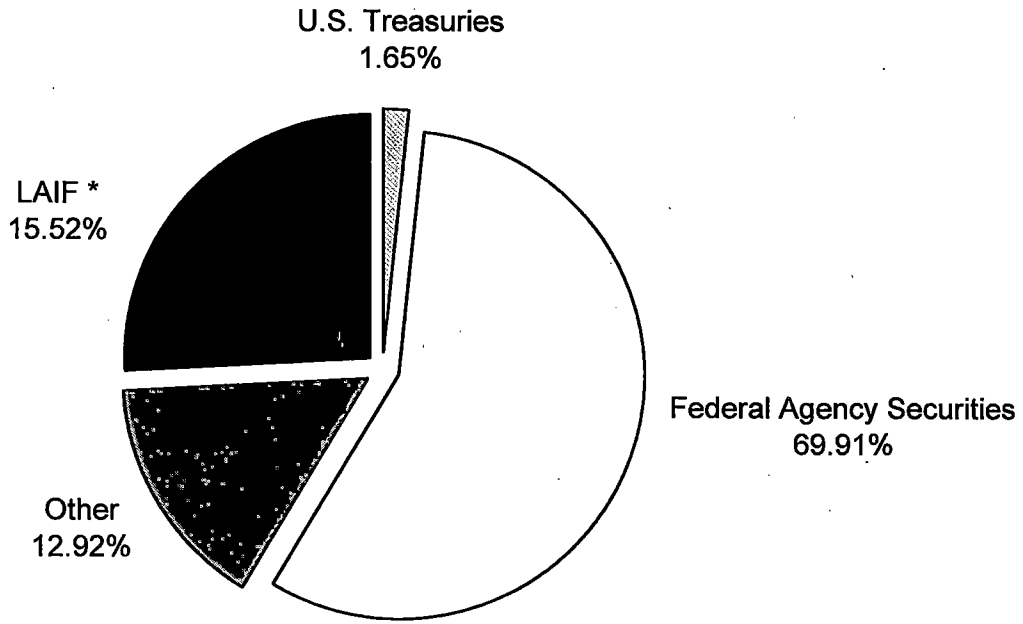
TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$ 7,570,000	$ 7,569,667	$ 7,647,910	07/03/08 - 05/06/09
Federal Home Loan Banks	16,920,000	16,918,940	17,101,029	07/17/08 - 06/25/10
Federal Home Loan Mtge Corp	5,000,000	5,000,125	5,062,992	09/15/08 - 05/21/10
Federal National Mtge Assn	2,000,000	2,000,000	2,002,081	12/22/08 - 06/04/09
TOTALS	$ 31,490,000	$ 31,488,732	$ 31,814,012	

UNUSUAL INVESTMENT ACTIVITY

NONE

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
AS OF JUNE 30, 2007



*Local Agency Investment Fund administered by the State of California

ATTACHMENT B

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES

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J. MICHAEL CAREY
City Clerk

FRANK T. MARTINEZ
Executive Officer

When making inquiries relative to this matter refer to File No.

96-1630

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 615, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705
Fax: (213) 847-0636
Fax: (213) 485-8944

HELEN GINSBURG
Chief, Council and Public Services Division

PLACE IN FILES
DEC 0 4 2000
DEPUTY

November 27, 2000

Linked Banking Community
Oversight Committee
c/o Community Redevelopment Agency
Honorable Richard Riordan, Mayor
Chief Legislative Analyst
Office of Administrative and
Research Services
Community Redevelopment Agency,
Admin. Office

RE: ADOPTION OF THE COMMUNITY REDEVELOPMENT AGENCY (CRA) ANNUAL INVESTMENT POLICY

At the meeting of the Council held November 21, 2000, the following action was taken:

Attached report adopted	X
Attached motion () adopted	
Attached resolution adopted ()	
Mayor concurred	
FORTHWITH	
Ordinance adopted	
Ordinance number	
Effective date	
Publication date	
Mayor vetoed	
Mayor approved	

J. Michael Carey

City Clerk
crm

steno\961630

Cal
12/4/00

Recyclable and made from recycled waste.

File No. 96-1630

TO THE COUNCIL OF THE CITY OF LOS ANGELES

Your HOUSING AND COMMUNITY REDEVELOPMENT Committee reports as follows:

	Yes	No
Public Comments:	XXX	

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE REPORT relative to the adoption of the Community Redevelopment Agency (CRA) Annual Investment Policy.

Recommendations for Council action:

CONCUR with the CRA Board actions to:

a. Adopt the annual Statement of Investment Policy (attached to the CRA Memorandum dated July 20, 2000, on the Council file.)

b. Delegate authority to formulate, execute and administer the investment of CRA funds to the Administrator, the Chief Financial, or designee, pursuant to California Government Code Section 53607.

Fiscal Impact Statement: The CRA states that there is no fiscal impact to the City's General fund as a result of this recommendation. Neither the CLA nor OARS has completed a financial analysis of this report.

SUMMARY

On October 11, 2000, the Housing and Community Redevelopment (HCR) Committee considered a CRA report relative to the adoption of the Community Redevelopment Agency (CRA) Annual Investment Policy.

The CRA reported that the policy was virtually identical to that approved by Council in previous years. The exception is a request by the CRA to gain authorization to be able to purchase commercial paper investments that extend for 270 days rather than 180 days. This will allow the CRA access to commercial paper investments, since a maximum of 270 days is the industry norm, and this would also benefit the CRA with greater returns on its investments.

With respect to the City's linked banking criteria, the CRA reported that its own criteria are similar. For example, banks must

offer the necessary services, be located in redevelopment project areas, and that the banks have done something in those neighborhoods to extend credit.

The HCR Committee concurred with the CRA Board recommendations and forwarded the item to Council for its consideration.

Respectfully submitted,

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

mick pacheco

Jackie Goldberg

CAL
10/12/00
#961630

OCT 18 2000 - Continued to NOV. 1, 2000 & IN THE INTERIM REFERRED TO LINKED BANKING COMMUNITY OVERSIGHT COMMITTEE

NOV 01 2000 - Continued to NOV. 21, 2000 & IN THE INTERIM REFERRED TO LINKED BANKING COMMUNITY OVERSIGHT COMMITTEE

Report

ADOPTED

NOV 21 2000

LOS ANGELES CITY COUNCIL

COUNCIL VOTE

21-Nov-00 10:34:24 AM, #2

Items for Which Public Hearings Have Been Held - Items 2-13
Voting on Item(s): 2,5-8,10,12-13
Roll Call

BERNSON	Yes
CHICK	Yes
FEUER	Yes
GALANTER	Absent
GOLDBERG	Yes
HERNANDEZ	Yes
HOLDEN	Yes
MISCIKOWSKI	Yes
PACHECO	Yes
PADILLA	Yes
RIDLEY-THOMAS	Yes
SVORINICH	Yes
WACHS	Absent
WALTERS	Absent
*FERRARO	Yes

Present: 12, Yes: 12 No: 0

Linked Banking Program Community Oversight Board
City of Los Angeles

RECEIVED
NOV 21 2000
FC

November 21, 2000

Honorable Members of the City Council
c/o City Clerk's Office
Room 615, City Hall East
200 N. Main Street
Los Angeles, California 90012

STATUS REPORT
LINKED BANKING PROGRAM COMMUNITY OVERSIGHT BOARD

RE: REVIEW OF COMMUNITY REDEVELOPMENT AGENCY ANNUAL INVESTMENT POLICY (C.F. 96-1630)

Pursuant to City Council action on November 1, 2000 (C.F. 96-1630), the Community Redevelopment Agency's ("Agency") Annual Investment Policy ("Policy") was referred to the Linked Banking Program Community Oversight Board ("Linked Banking Board" or "Board") for further consideration. The following is a status report of the Board's review of said Policy with findings and recommendations.

RECOMMENDATIONS

1. That the Agency and all Departments of the City, including Proprietary Departments, be instructed and/or encouraged to annually submit their individual Investment Policies to the Linked Banking Board for review prior to their submission to the City Council for information or adoption. A memo or letter from the Board attesting to its most recent review should accompany each submission to City Council.

2. That the Linked Banking Board be instructed to report its findings to the City Council, regarding its review of all such departmental or agency Investment Policies or related matters.

3. That the City Council approve and fund, a Secretary II position, for the Office of Finance, Treasury Division, Linked Banking Staff to assist with the actualization of the foregoing instructions and other related Linked Banking tasks.

SUMMARY

The Linked Banking Board convened its regular meeting on November 14, 2000 at 10:00 a.m. in the Conference Room of the Office of Finance, Treasury Division. Two representatives of the Agency, Raymond Fors and Randall Wilkins ("Agency"), were present to answer questions regarding the Agency's Policy. The Board and Treasury Staff performed a cursory review of the Policy and attachments, but only as they relate to the Board's emerging evaluation criteria and the Community Reinvestment Act (Policy Section 9). Health and safety issues of the Agency's Investment Portfolio were also discussed and noted, but are believed to be beyond the purview of the Linked Banking Board.

The Agency seemed very receptive to the Board's suggestions and expressed a willingness to establishing an on-going, two-way line of communication to share ideas and knowledge in implementing a joint evaluation of mutually reviewed financial institutions.

The analytical framework with which the Board and Treasury intend to perform more thorough evaluations of financial institutions, is still being developed and is expected to be ready for testing in the near future. In light of this, the Agency suggested that it be allowed to move forward with the Council adoption of its current Policy, in its present form, and agreed to submit its next Policy [FY-2001-02] to the Board for review after the analytical framework has been completely defined and in place. Its next Policy is due before the City Council in approximately seven months. The Board will request that the Proposed Annual Policy be submitted to the Linked Banking Board approximately two months before it is due for review by the City Council.

Neither the Board nor the Treasury had anticipated that it would be called upon to review matters such as the Agency's Policy. However, the Board appreciates the positive response received from the Agency and would like to thank the Agency for its cooperation. The Board would also like to thank the City Council for referring this matter and would strongly encourage the continued referral, to this body, of all such matters that the Council believes are relevant to the spirit of the Linked Banking Ordinance.

FINDINGS

All banks listed on the Agency's Investment Report were found to have received a "Satisfactory" or higher Community Reinvestment Act Rating. The institution that handles the Agency's primary banking disbursements, Union Bank of California, received a Community Reinvestment Act Rating of "Outstanding" issued by its federal regulatory agency (last rated, 12-31-97).

Where practical, the Agency reportedly applies its employment diversification policy as set out in the Agency's Request for Proposals (RFP) for banking services. The Agency feels that to rigidly apply the diversification policy to the institutions that hold a relatively small amount of Agency funds, in some cases, might not be financially prudent.

One of the Agency's primary areas of focus seems to be that of encouraging banks to participate in its redevelopment projects. These projects seem to benefit the businesses and residents of the targeted redevelopment areas in an indirect way. Even though a bank may participate in a redevelopment project and receive Community Reinvestment Act credit toward its Rating, it may not necessarily have a strong presence of branches located in the low-moderate income neighborhoods of the City. The Board's primary focus is that of encouraging banks to make their products and services available throughout the City, especially in low-moderate income communities. This banking access benefits the individual residents and businesses in a more direct way.

Though there are differences in priorities, the Agency's goal of eliminating blight by encouraging private investment in redevelopment project areas and its policy that depository institutions must demonstrate their commitment to the project area, are in keeping with the spirit of the Linked Banking Ordinance.

Timothy J. Yoo

Timothy J. Yoo, Chair
Linked Banking Board

J. MICHAEL CAREY
City Clerk

FRANK T. MARTINEZ
Executive Officer

When making inquiries relative to this matter refer to File No.

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 615, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705
Fax: (213) 847-0636
Fax: (213) 485-8944

HELEN GINSBURG
Chief, Council and Public Services Division

96-1630

November 2, 2000

Linked Banking Community
Oversight Committee (with file)
c/o Community Redevelopment Agency
Honorable Richard Riordan, Mayor
Chief Legislative Analyst
Office of Administrative and
Research Services
Community Redevelopment Agency,
Admin. Office

At the meeting of the Council held November 1, 2000, motion was adopted that Housing and Community Redevelopment Committee Report relative to the adoption of the Community Redevelopment Agency Annual Investment Policy BE CONTINUED to November 21, 2000 and in the interim REFERRED TO Linked Banking Community Oversight Committee for further consideration.

J. Michael Carey

City Clerk
bs

steno\961630

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Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

An Affirmative Action
Equal Opportunity
Employer

Date October 23, 2000

File Code

13

RECEIVED
CITY CLERK'S OFFICE
00 OCT 26 AM 6:58
CITY CLERK
BY

J. Michael Carey, City Clerk
City of Los Angeles
200 North Main Street, Room 615
Los Angeles, CA 90012

CRA
LA

RE: AGENCY INVESTMENT REPORT (COUNCIL FILE NO. 96-1630)

Dear Mr. Carey:

The Agency's Investment Policy, adopted by the Agency Commissioners on April 1, 1999 and approved by the City Council on May 19, 1999, requires that quarterly investment reports be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in Council File No. 96-1630. Accordingly, the Agency is forwarding herewith a Report to Agency Commissioners on Agency Investments, dated October 19, 2000. Kindly place such report in Council File No. 96-1630.

Thank you for your attention to this matter.

Very truly yours,

Jerry A. Scharlin
Administrator

Attachment

RECEIVED
OCT 24 2000
FRANK T. MARTINEZ

Peggy Moore, Chair

Armando Vergara, Sr., Vice Chair
Javier O. Lopez, Treasurer
Greta T. Hutton
Dr. Keith S. Richman
Douglas R. Ring
Christine M. Robert

Jerry A. Scharlin
Administrator

R-2

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF SEPTEMBER 30, 2000

OCTOBER 19, 2000

PURPOSE

To report Agency investment activities as of September 30, 2000, in accordance with the Agency's Investment Policy.

REPORT

The Agency's current Investment Policy, adopted by the Agency Commissioners on April 1, 1999 and approved by the City Council on May 19, 1999, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in the Council File relating to the Investment Policy.

The Investment Policy has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties in the mid-1990's.

As of September 30, 2000, the investment portfolio totaled $99,772,466. The overall yield was 6.23 percent. Invested funds include unexpended bond proceeds, tax increment revenues, loan proceeds, income from lease and loan payments, interest income and other financial resources, which are invested prior to their expenditure consistent with the Agency's adopted annual budget.

More than ninety-eight percent (98%) of the investment portfolio was comprised of: securities issued by various Federal agencies (55.96%), United States Treasury obligations (4.14%), and investments in the Local Agency Investment Fund (38.30%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Commercial Paper (1.36%), Time Certificates of Deposit (0.21%) and a Special Savings Account (0.03%). Exhibit A depicts the investment asset allocation as of September 30, 2000. The total cash balance on September 30, 2000, was $3,059,571, consisting primarily of monies in the Agency's principal disbursement accounts needed to fund outstanding expenditures. Virtually all cash is held in interest-bearing checking accounts.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or

developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.

Jerry Scharlin
Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF SEPTEMBER 30, 2000

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD %	PERCENTAGE OF PORTFOLIO	MATURITY DATES
Time Certificates of Deposit	$210,000	$214,713	5.80	0.21	11/13/00-01/02/01
Commercial Paper	1,358,646	1,422,000	6.94	1.36	12/18/00-03/12/01
Federal Farm Credit Banks	8,085,868	9,517,525	6.00	8.10	09/23/02-12/08/03
Federal Home Loan Banks	17,074,747	19,889,896	6.02	17.11	11/17/00-08/23/04
Federal Home Loan Mtge Corp	8,583,030	10,017,169	6.25	8.60	04/26/01-01/13/04
Federal National Mtge Assn	22,099,281	25,833,573	6.00	22.15	12/07/00-03/01/04
Special Savings Account	25,000	25,543	4.25	0.03	12/31/00
U.S. Treasury Bills	924,735	939,000	6.16	0.93	11/30/00
U.S. Treasury Notes	3,199,867	3,433,948	6.24	3.21	12/31/01
Local Agency Investment Fund	38,211,292	38,830,623	6.45	38.30	10/01/00
T O T A L S	**$99,772,466**	**$110,123,990**	**6.23**	**100.00**	

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular North America	$5,850	$633,444	$675,157
Bank of America	59,466	4,628,049	5,374,739
Bay Cities National Bank	-	10,000	10,295
Cathay Bank	27,339	1,238,202	1,274,000
City National Bank	6,000	-	-
Family Savings Bank	-	100,000	101,501
Founders National Bank	-	100,000	102,917

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Imperial Bank	$7,790	$0	$0
Manufacturers Bank	80,867	401,720	440,500
State of California	-	38,211,292	38,830,623
Tokai Bank of California	526,349	-	-
Union Bank of California, N.A.	879,104	53,930,498	62,768,715
Watts United Credit Union	-	25,000	25,543
Wells Fargo Bank, N.A.	1,466,806	494,261	520,000
T O T A L S	**$3,059,571**	**$99,772,466**	**$110,123,990**

* With the exception of the cash deposits with Bank of America, all cash is held in interest-bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$8,090,000	$8,085,868	$8,049,722	09/23/02-12/08/03
Federal Home Loan Banks	13,880,000	13,868,279	13,811,262	10/17/01-08/23/04
Federal Home Loan Mtge Corp	7,750,000	7,746,295	7,782,964	04/05/02-01/13/04
Federal National Mtge Assn	21,640,000	21,620,473	21,598,245	12/17/01-03/01/04
U.S. Treasury Notes	3,145,000	3,139,681	3,189,873	12/31/01
	$54,505,000	**$54,460,596**	**$54,432,066**	

UNUSUAL INVESTMENT ACTIVITY :

N O N E

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of September 30, 2000

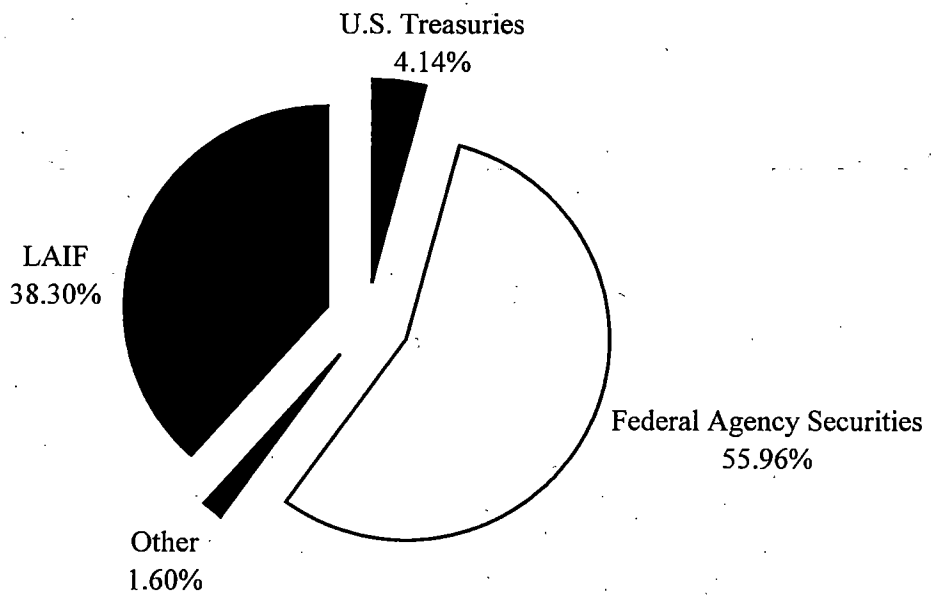


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED SEPTEMBER 30, 2000

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR NORTH AMERICA	Provided letters of credit for several Spring Street projects, provided financing for supermarket in Pico Union in 1998; maintains banking office in the Historic Core portion of the Central Business District Redevelopment Project and in the Westlake and Wilshire-Koreatown Redevelopment Projects.
BANK OF AMERICA	Provided loans in the Beacon Street and Hoover Redevelopment Projects; maintains offices in several redevelopment projects; a major source of construction financing for low income rental housing and permanent loans to moderate income homebuyers.
BAY CITIES NATIONAL BANK	Maintains an office in San Pedro, which serves the Beacon Street and Los Angeles Harbor redevelopment project areas.
CATHAY BANK	Minority-owned bank that serves the Chinatown and other project areas.
CITY NATIONAL BANK	Maintains an office in the Central Business District project area; provided bridge and permanent loans for rehabilitation of very low income housing units.
FAMILY SAVINGS BANK	Minority-owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills. A very active home mortgage initiator in South Los Angeles.

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
FOUNDERS NATIONAL BANK	Minority-owned bank that maintains its headquarters and a branch office in the Crenshaw Redevelopment Project.
IMPERIAL BANK	Purchased tax-exempt Agency bond issue for neighborhood center in the Pico Union I Redevelopment Project and provided letter of credit in connection with the development of the Los Angeles Actor's Theatre in 1983; maintains offices in various project areas.
MANUFACTURERS BANK	Maintains offices in the Little Tokyo Redevelopment Project and the East Side Industrial Area of the Central Business District Redevelopment Project.
TOKAI BANK OF CALIFORNIA	Provided a $10 million line of credit to the Agency in January 1997, and through its parent, Tokai Bank Ltd., has provided letters of credit to secure the Promenade Towers and Grand Promenade bond issues in the Bunker Hill Project in 1989 and 1990, respectively.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, Central Business District and Little Tokyo Redevelopment Projects; provided a loan for relocation and other activities in the Los Angeles Harbor Redevelopment Project in 1998; successor to Bank of California and Union Bank, which merged on April 1, 1996. Bank of California provided construction financing for redevelopment activity in the Central Business District Hictoric Core and for an affordable housing development in Little Tokyo.
WATTS UNITED CREDIT UNION	Minority-owned financial institution that is headquartered in the Watts Redevelopment Project and has served the Watts community since 1966.
WELLS FARGO BANK, N.A.	Maintains a banking office in the Broadway-Spring Center; purchased Agency's only Marks Foran rehabilitation bond issue; provided letter of credit in 1984 to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center that are currently outstanding; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association.

J. MICHAEL CAREY
City Clerk

FRANK T. MARTINEZ
Executive Officer

When making inquiries relative to this matter refer to File No.

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 615, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705
Fax: (213) 847-0636
Fax: (213) 485-8944

HELEN GINSBURG
Chief, Council and Public Services Division

96-1630

October 23, 2000

Honorable Richard Riordan, Mayor
Chief Legislative Analyst
Office of Administrative and
Research Services
Community Redevelopment Agency,
Admin. Office

Linked Banking Community
Oversight Committee
c/o Council Member Goldberg

At the meeting of the Council held October 18, 2000, motion was adopted that Housing and Community Redevelopment Committee Report relative to the adoption of the Community Redevelopment Agency Annual Investment Policy BE CONTINUED to November 1, 2000 and in the interim REFERRED TO Linked Banking Community Oversight Committee for further consideration.

J. Michael Carey

City Clerk
bs

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14

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
Report/~~Communication~~ for Signature

Council File Number 96-1630

Committee Meeting Date 10-11-00

Council Date 10-18-00

COMMITTEE MEMBER	YES	NO	ABSENT
COUNCILMEMBER PACHECO, CHAIR	✓		
COUNCILMEMBER GOLDBERG	✓		
COUNCILMEMBER HOLDEN			✓

Remarks CRA annual investment policy

Cynthia Landis, Legislative Assistant ★★★★ Telephone 485-5733

File No. 96-1630

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your HOUSING AND COMMUNITY REDEVELOPMENT Committee

reports as follows:

	Yes	No
Public Comments:	XXX	

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE REPORT relative to the adoption of the Community Redevelopment Agency (CRA) Annual Investment Policy.

Recommendations for Council action:

CONCUR with the CRA Board actions to:

a. Adopt the annual Statement of Investment Policy (attached to the CRA Memorandum dated July 20, 2000, on the Council file.)

b. Delegate authority to formulate, execute and administer the investment of CRA funds to the Administrator, the Chief Financial, or designee, pursuant to California Government Code Section 53607.

Fiscal Impact Statement: The CRA states that there is no fiscal impact to the City's General fund as a result of this recommendation. Neither the CLA nor OARS has completed a financial analysis of this report.

SUMMARY

On October 11, 2000, the Housing and Community Redevelopment (HCR) Committee considered a CRA report relative to the adoption of the Community Redevelopment Agency (CRA) Annual Investment Policy.

The CRA reported that the policy was virtually identical to that approved by Council in previous years. The exception is a request by the CRA to gain authorization to be able to purchase commercial paper investments that extend for 270 days rather than 180 days. This will allow the CRA access to commercial paper investments, since a maximum of 270 days is the industry norm, and this would also benefit the CRA with greater returns on its investments.

With respect to the City's linked banking criteria, the CRA reported that its own criteria are similar. For example, banks must

offer the necessary services, be located in redevelopment project areas, and that the banks have done something in those neighborhoods to extend credit.

The HCR Committee concurred with the CRA Board recommendations and forwarded the item to Council for its consideration.

Respectfully submitted,

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

nick pacheco
Jackie Goldberg

CAL
10/12/00
#961630

OCT 18 2000 - Continued to NOV. 1, 2000 & IN THE INTERIM REFERRED TO LINKED BANKING COMMUNITY OVERSIGHT COMMITTEE

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

SUGGESTED NOTIFICATION OF COUNCIL ACTION

Council File No. 96-1630

- ☐ Council Member(s) _____
- ☐ Interested Department _____
- ☒ Mayor (with/without file) _____
- ☑ Chief Legislative Analyst _____
- ☑ City Administrative Officer _____
- ☑ Community Redevelopment Agency (Admin. Office) _____
- ☐ Community Redevelopment Agency (Budget Office) _____
- ☐ Los Angeles Housing Department _____
- ☐ Housing Authority of City of L.A. _____
- ☐ Community Development Dept. _____
- ☐ Controller _____
- ☐ City Clerk _____
- ☐ City Attorney (with / without file) _____
- ☐ Department of Transportation _____
- ☐ City Planning Department _____
- ☐ _____
- ☐ _____
- ☐ _____
- ☐ _____

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

An Affirmative Action
Equal Opportunity
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Date July 20, 2000

File Code

Council File No. 2962
Council District: Various
Contact Person: Raymond L. Fors
(213) 977-1883

Honorable City Council of the City of Los Angeles
Room 615, City Hall East

CRA
LA

COUNCIL TRANSMITTAL:

Transmitted herewith, is a Board Memorandum, adopted by the Agency Board on July 20, 2000 for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

ADOPTION OF ANNUAL AGENCY INVESTMENT POLICY

RECOMMENDATION:

That the City Council approve recommendations 1. and 2. on the attached Board Memorandum.

ENVIRONMENTAL REVIEW:

The recommended action does not constitute a "project" as defined by the California Environmental Quality Act ("CEQA").

FISCAL IMPACT STATEMENT:

There is no fiscal impact to the City's General fund as a result of this recommendation.

Jerry A. Scharlin, Administrator

cc: Cynthia Landis, Office of the City Clerk (Original & 10 Copies)
Terry Sauer, Office of the CAO
Robert Kodomatsu, Office of the CAO
Paul Smith, Office of the CLA
Jennifer Roth, Office of the Mayor
James Santa Maria, CD 14
Mirta Ocana, CD 13
Stacey Anthony, CD 10
Neil Blumenkopf, City Attorney's office

CITY CLERK
00 JUL 25 AM 7:15
HOUSING & COMMUNITY REDEVELOP
JUL 25 2000

Peggy Moore, Chair

Armando Vergara, Sr., Vice Chair
Javier O. Lopez, Treasurer
Greta T. Hutton
Dr. Keith S. Richman
Douglas R. Ring
Christine M. Robert

Jerry A. Scharlin
Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CA

M E M O R A N D U M

17

DATE: JULY 20, 2000 AD000

TO: AGENCY COMMISSIONERS

FROM: JERRY A. SCHARLIN, ADMINISTRATOR

SUBJECT: ADOPTION OF ANNUAL AGENCY INVESTMENT POLICY

RECOMMENDATION

That the Agency, subject to City Council review and approval:

1. Adopt the attached annual Statement of Investment Policy ("Investment Policy"); and

2. Delegate authority to formulate, execute and administer the investment of Agency funds to the Administrator, the Chief Financial Officer, or designee, pursuant to California Government Code Section 53607.

RE

April 1, 1999 - Agency adoption of current Investment Policy.
May 19, 1999 - City Council approval of current Agency Investment Policy.

SOURCE OF FUNDS

No Agency funds are required for the recommended action.

ENVIRONMENTAL REVIEW

The proposed action does not constitute a "project" as defined by the California Environmental Quality Act ("CEQA").

SUMMARY

The Agency's investment and cash management practices and procedures are governed by a formal written Investment Policy. The three fundamental considerations, in order of priority, for

managing the Agency's investments are safety, liquidity and yield.

Government Code Section 53646 requires that all local government agencies annually review and adopt, at a public meeting, formal investment policies. The governing body and City Council must receive investment reports at least quarterly.

Under State law the governing body and responsible investment officers are deemed to be trustees and fiduciaries legally subject to prudent investor standards. The delegation of authority from the Agency Board to the person(s) responsible for investing Agency funds must be renewed annually, pursuant to Government Code Section 53607.

PROGRAM AND BUDGET IMPACT

The recommended action is in conformance with the proposed FY01 Budget and Work Program.

There is no fiscal impact to the City's General Fund as a result of the recommended action.

BACKGROUND

On March 24, 1996, the Agency adopted a revised Investment Policy which incorporated provisions of new State laws enacted at that time. Such State legislation was adopted following hearings on the events which gave rise to the Orange County investment debacle and bankruptcy of the mid-1990s. One of the requirements in such laws is that all local government agencies must annually review and adopt, at a public meeting, a formal investment policy. On April 1, 1999, the Agency adopted the current Investment Policy.

The attached proposed Statement of Investment Policy is organized as follows:

1.0 Purpose

2.0 Scope

3.0 Authority

4.0 Objectives

5.0 Standards of Prudence

6.0 Authorized and Suitable Investments

7.0 Diversification of Investments

8.0 Maximum Maturities

9.0 Selection Criteria for Depository Institutions

10.0 Selection Criteria for Financial Dealers and Institutions

11.0 Safekeeping and Custody

12.0 Annual Audit

13.0 Reporting

14.0 Ethics and Conflicts of Interest

15.0 Investment Policy Adoption

The proposed Agency Investment Policy is virtually identical to the current version, with the only notable change being a provision which would extend the maximum allowable maturity for commercial paper investments from 180 days to 270 days. This would give the Agency greater flexibility, and potentially increased yields, with respect to commercial paper investments. Proposed additions to the current Agency Investment Policy have been underlined and proposed deletions have been lined-out on the attachment.

On January 31, 1997, Fitch Investors Service, L.P., now Fitch, assigned ratings of "AAA/V-1+" to the Agency's investment portfolio. Such ratings are still in effect and are the highest achievable for a government investment portfolio. According to Fitch, investment portfolios having a credit rating of "AAA" "meet the highest credit quality standards for underlying

assets, diversification, management and operational capabilities." Investment portfolios assigned a market risk rating of "V-1+" by Fitch are considered to have "low market risk and a strong capacity to return stable principal values to meet cash flow requirements even in severly adverse interest rate environments." A copy of the latest Fitch Research Report (dated June 27, 2000) on the Agency's investment portfolio is also attached.

Richard L. Benbow

for Jerry A. Scharlin

Attachments

There is no conflict of interest known to me which exists with regard to any Agency officer or employee concerning this action.

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA STATEMENT OF INVESTMENT POLICY

1.0 PURPOSE:

The purpose of this Statement is to set forth an Investment Policy governing the investment activities of The Community Redevelopment Agency of the City of Los Angeles, California ("Agency"). This Statement contains principles and guidelines for the Agency Administrator acting through the ~~Deputy Administrator Financial Services and~~ Chief Financial Officer or designee (collectively, the "Administrator or designee") to formulate, execute and administer investment transactions.

2.0 SCOPE:

This Investment Policy applies to all investment activities of the Agency. Pursuant to Government Code Section 5903 (e), proceeds of bonds and any moneys set aside or pledged to secure payment of bonds may be invested in securities or obligations described in the ordinance, resolution, indenture, agreement or other instrument providing for the issuance of the bonds. In the event this Investment Policy conflicts with any ordinance, resolution, indenture, agreement or other instrument providing for the issuance of bonds, the bond document shall apply.

3.0 AUTHORITY:

The authority to invest Agency funds rests with the Administrator or designee. All investment decisions and investment of funds shall be made in full compliance with California Health and Safety Code Section 33603, California Government Code Sections 16429.1, 5903 (e), and 53600 et seq., and California Financial Code Sections 7250 et seq., and all other relevant state and federal requirements as well as any amendments or additions to such requirements.

4.0 OBJECTIVES:

The Agency strives to obtain a reasonable and competitive yield on investments while meeting the criteria required for safety and liquidity. The Agency's investment portfolio shall be invested in legally permitted investments on a continuous basis and shall be invested with the care, skill, and diligence that a prudent person acting in his/her capacity would undertake.

The three fundamental considerations, in order of priority, for managing the Agency's investments are safety, liquidity and yield. At no time should safety or liquidity be compromised in exchange for higher yields.

1. ***Safety:*** Preservation of invested capital is of primary importance. The Agency shall only invest in investments that are considered safe. The safety and risk associated with an investment refers to the potential loss of principal, accrued interest, or a combination of these amounts. Each investment transaction shall seek to ensure that capital losses are avoided.

2. ***Liquidity:*** The Agency's investment portfolio shall contain a diversified mix of investments which are liquid and marketable, with minimal penalty, to satisfy the timely payment of Agency obligations.

3. ***Return on Investments:*** The Agency's investment portfolio shall be designed with the objective of obtaining a reasonable and competitive market rate of return for comparable (i.e. similar risk level) portfolios or categories of assets, taking into consideration risk constraints, prudent investment principles, and the cash flow characteristics of the portfolio.

5.0 STANDARDS OF PRUDENCE:

Investments shall be made with judgment and care which persons of prudence, discretion and intelligence would exercise in the management of their own affairs, not for speculation, but for investment considering the general economic conditions and the anticipated needs of the Agency. The objective is to minimize the interest rate risk and credit risk of each investment. Also, the Agency shall maintain a diversified portfolio of investments to minimize the total volatility of the portfolio.

6.0 AUTHORIZED AND SUITABLE INVESTMENTS:

Authorized and suitable investments shall mean and include any of the following securities to the extent the same are permitted by applicable federal and state laws:

Direct Obligations of the United States of America, specifically U.S. Treasury bills, notes, bonds, or certificates of indebtedness.

Direct Obligations of U.S. Government Agencies, guaranteed directly or indirectly by the United States Government and/or directly or indirectly by any of

the following: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Banks, Federal Land Banks, Federal Farm Credit Bank, Federal Agricultural Mortgage Corporation, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Housing Administration, Tennessee Valley Authority, Student Loan Marketing Association, the Small Business Administration, and the Resolution Funding Corporation.

Cash Deposits and Certificates of Deposit in a nationally or state-chartered bank or federal savings and loan association, or credit union in the State of California. The institution shall be fully insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or other federal insurance covering deposits. All deposits in excess of the amount covered by federal insurance must be fully collateralized. The aggregate of all deposits and certificates of deposit with any one institution must not exceed 5% of the total capital of that institution.

Banker's Acceptances with maximum maturities of 270 days, issued by banks with a rating of "A" or higher by Standard and Poor's ("S&P"), Moody's, Bank Watch, and/or Keefe, Bruyette & Woods, Inc.

Repurchase Agreements with any federally insured state or national bank or primary government bond dealer on the Federal Reserve reporting dealer list. The term of such repurchase agreement may not exceed one year. The repurchase agreement must be 102% collateralized by U.S. Treasury securities that are free and clear of any third-party lien or claim. The collateral must be delivered to the custodian or third party acting as agent for the Agency.

Local Agency Investment Fund administered by the State of California.

Commercial Paper with maturities of 1- ~~180~~ 270 days. Must be "prime" quality, rated "A-1" or better by Standard and Poor's and/or "P-1" or better by Moody's. The issuing corporation shall have total assets in excess of $500 million, a minimum long term debt rating of "A", and be organized and operating within the United States. The maximum amount with any single issuer must be the lesser of 10% of the investment portfolio or $5 million; and may not exceed 10% of the outstanding paper of the issuer.

Guaranteed Investment Contracts which are guaranteed by insurance companies rated "AA" or better by S&P or the two highest ratings by A.M. Best.

Other Permitted Investments: As described in Section 53601 of the California Government Code.

Prohibited Investments: Investments excluded from both this investment guideline and from Section 53601 of the California Government Code are strictly prohibited from use in the Investment Portfolio. Also, there shall be no derivative investments of any kind at any time.

7.0 DIVERSIFICATION OF INVESTMENTS:

It is the Agency's policy to minimize portfolio risk by diversifying maturity, sector, and class allocations. Default risk shall be minimized by investing in an assortment of permitted investments as mentioned above. To minimize overall portfolio risk, the following not-to-exceed diversification goals shall guide the Agency's investment decisions. Such guidelines may be exceeded in certain limited instances and in accordance with the state law, and any such deviations shall be discussed in the quarterly report investment activity to the Agency.

Investment-Type	Not-To-Exceed Limit	Other limits
U.S. Treasury Obligations Notes and Bills	No limit	None
Direct Obligations of U.S. Federal Agencies	80%	Maximum of 35% of investment portfolio in any one agency.
Certificates of Deposit	20%	The maximum amount with any one institution may not exceed the lesser of 5% of investment portfolio or $5 million per issuer.

Demand Deposits	No limit	FDIC or other federally insured institutions with amounts above $100,000 fully collateralized.
Bankers Acceptances	10%	The maximum amount with any one issuer may not exceed the lesser of 10% of the investment portfolio or $5 million of a single issuer.
Repurchase Agreements	20%	Maximum maturity of 1 year. Not to exceed $5 million per dealer. Marked-to-market at 102%.
Local Agency Investment Fund	$30 Million or subsequent limit established by State plus eligible bond proceeds.	Limitations ~~are~~ established by the State Treasurer are revised periodically. Current limits are $30 million plus bond proceeds not subject to arbitrage provisions of 1986 Tax Reform Act.

Commercial Paper	15%	Maturities of 1-~~180~~ 270 days. The maximum amount with any one issuer may not exceed the lesser of 10% of the investment portfolio or $5 million per issuer. Also, the maximum amount with one issuer must be less than 10% of the issuer's outstanding paper, or such lesser amount as State law may require
Other Permitted Investments	5%	As described in Section 53601 of the Government Code

8.0 MAXIMUM MATURITIES:

The average dollar weighted maturity of the total portfolio shall not exceed two (2) years, excluding investments held by a trustee, fiscal agent or escrow bank in connection with an Agency bond, note or certificate of participation issue. No investment shall have a maturity date in excess of five years from date of purchase. No more than 50% of the portfolio shall be invested in instruments with maturities beyond two years. Maturities shall be staggered to minimize liquidity risk and to enhance the stability of incoming cashflow. At least 10% of the portfolio shall be invested in instruments which can be liquidated on one day's notice.

9.0 SELECTION CRITERIA FOR DEPOSITORY INSTITUTIONS:

The following criteria shall apply to the selection of depository institutions for cash deposits and certificates of deposit:

First, the depository institution must be financially stable and its accounts must be federally insured.

Second, the depository institution must cost-effectively be able to provide the Agency with each of the following services: checking accounts, savings accounts, the ability to handle investment activity, and the ability to safekeep securities.

Third, in order to further the Agency's goals of eliminating blight by encouraging private investment in redevelopment project areas and in concert with the Community Reinvestment Act, depository institutions receiving funds generated by a project area (i.e. tax increment funds or proceeds of tax allocation bonds) must demonstrate a commitment to the project area. Without limiting the manner in which such commitment may be demonstrated, a depository institution which directly finances development within a project area, issues a letter of credit or renders some other financial service needed for development, or is responsive to community needs within the project area as evidenced by the depository institution's disclosures pursuant to the Home Mortgage Disclosure Act may qualify for the deposit of project area funds. In addition, a depository bank may qualify to receive funds generated by a project area by locating its headquarters or a branch within the project area or its vicinity.

Depository banks which have met the above three criteria will be eligible to receive deposits of Agency funds based upon their cost-effective ability to handle the specific banking needs of the project area. If a minority or female-owned bank has met the above criteria and is able to meet the banking needs of the project area for the same or lesser cost than the most cost-effective non minority or non female-owned bank, the Agency may give preference to depositing its funds with such minority or female owned bank. For purposes of this Investment Policy, "minority-owned" and "female-owned" shall mean at least 51% owned and controlled by minority persons or female persons, respectively, pursuant to the Agency's Equal Opportunity and Affirmative Action Policies.

In selecting financial institutions from which the Agency will purchase certificates of deposit, the Agency will apply the criteria set forth for the selection of depository banks. In addition, the Agency may grant a preference to minority and/or female-owned banks in the purchase of certificates of deposit provided that the yield the Agency will receive on such certificates of deposit is within 25 basis points (i.e. one quarter of one percent (1/4 of 1%) of the yield offered by the qualifying non minority or non female-owned bank which is offering the highest

yield. Such preference shall apply to a maximum of $2 million of certificates of deposit owned by the Agency at any one time.

10.0 SELECTION CRITERIA FOR FINANCIAL DEALERS AND INSTITUTIONS:

The Administrator or designee shall select all security dealers and depositories. The Agency shall conduct its investment transactions with several competing, reputable security broker/dealers as set forth in the Agency's cash management procedures.

The selection process shall focus on a prospective firm's financial stability, ability to deliver securities in a timely manner, knowledge, experience, and ethics in the fixed-income securities industry. The Agency will maintain a list and a written agreement with financial institutions authorized to provide investment services.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Agency with an audited financial statement and certification of having read the Agency's Investment Policy.

11.0 SAFEKEEPING AND CUSTODY:

The Agency will select custodians of Agency securities on the basis of their financial stability and cost effective ability to handle custody services as trustee for the Agency.

All securities purchased by the Agency shall be held in a third party safekeeping account by the trust department of a bank insured by Federal Deposit Insurance Corporation and approved by the Administrator or designee. In all instances, the safekeeping agent shall receive the securities prior to or concurrent with payment therefor, and shall receive payment at maturity or sale of the securities prior to releasing the securities from its books or vault.

All security transactions, including collateral for repurchase agreements, entered into by the Agency shall be conducted on a delivery-versus-payment basis.

12.0 ANNUAL AUDIT:

As required by Section 33080.1 of the Health & Safety Code, an independent financial audit ~~is~~ shall be conducted annually of the Agency's combined financial statements within six months of the end of the Agency's fiscal year. As part of such audit, a review will be conducted of the Agency's overall system of internal control over investments.

13.0 REPORTING:

The Administrator or designee shall submit a quarterly report to the Agency which includes, at a minimum, the following information: the type of investments held in the Agency's Investment Portfolio; issuer or institution; purchase date; maturity date; current market value of all securities with a maturity date of more than 12 months; the overall yield on the Investment Portfolio during the reporting period; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Such quarterly reports shall be forwarded to the City Clerk who shall be instructed to note and file each report in the Council File relating to this Investment Policy.

14.0 ETHICS AND CONFLICTS OF INTEREST:

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Administrator any personal financial or investment position that could be related to the Agency's investment practices.

15.0 INVESTMENT POLICY ADOPTION:

The Agency Board shall, at least annually and subject to City Council review and approval, review, update (as necessary) and adopt, at a public meeting, an Investment Policy in compliance with all applicable state laws. The existing Investment Policy shall remain in effect until the Agency Board and City Council approve a new Investment Policy.

Managed Funds
Special Report

Community Redevelopment Agency of the City of Los Angeles, California Investment Portfolio

Ratings

Community Redevelopment Agency
of the City of Los Angeles, CA
Investment Portfolio.....AAA/V1+

Analysts

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Company Contact

Raymond L. Fors
Finance Director
1 213 977-1883

Summary

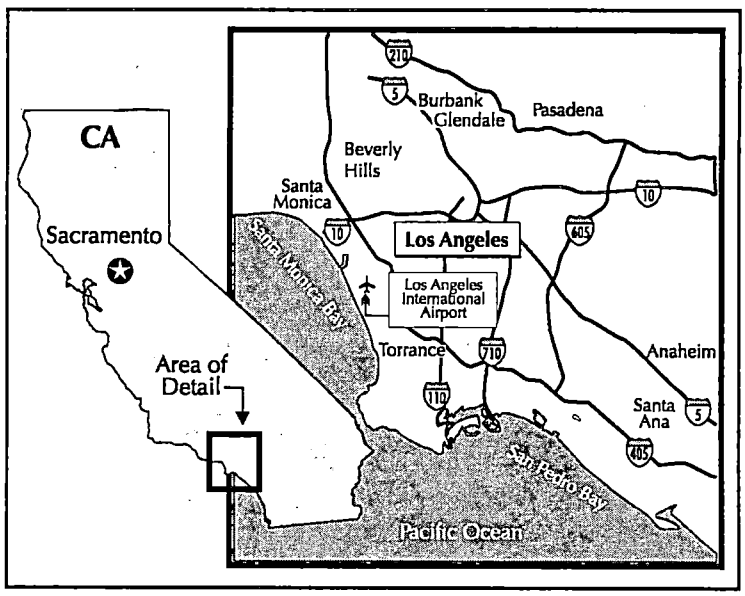
The Community Redevelopment Agency of the City of Los Angeles (CRA/LA, or the agency), CA Investment Portfolio, a local government investment portfolio with approximately $118 million in assets, is rated 'AAA/V1+'. Investment portfolios and pools rated 'AAA' meet the highest credit quality standards for underlying assets, diversification, management, and operational capabilities. The portfolio's 'V1+' volatility rating reflects low market risk and a strong capacity to return stable principal values to meet cash flow requirements, even in severely adverse interest rate environments. Portfolio valuation reports are submitted to Fitch monthly.

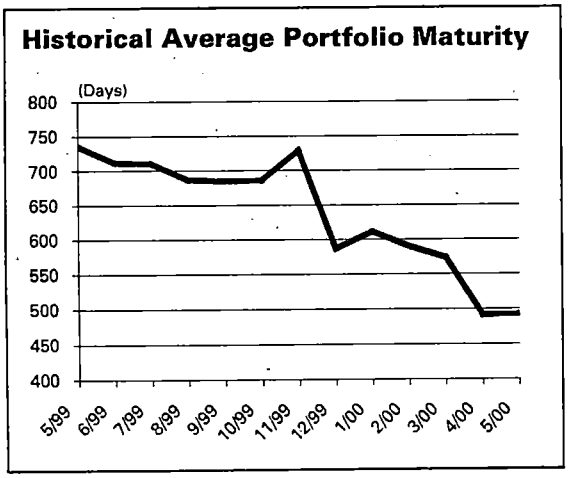
Rating Considerations

- Conservative investment policies and practices, as evidenced by tight maturity limits and avoidance of volatile derivative securities, no use of leverage, and high standards for credit quality and diversification.
- High degree of liquidity resulting from maturity profile and strong ability to forecast ongoing cash requirements.
- Solid management oversight and operational controls.

Overview

The CRA/LA is an agency of the City of Los Angeles that was established as the prime entity responsible for devising and

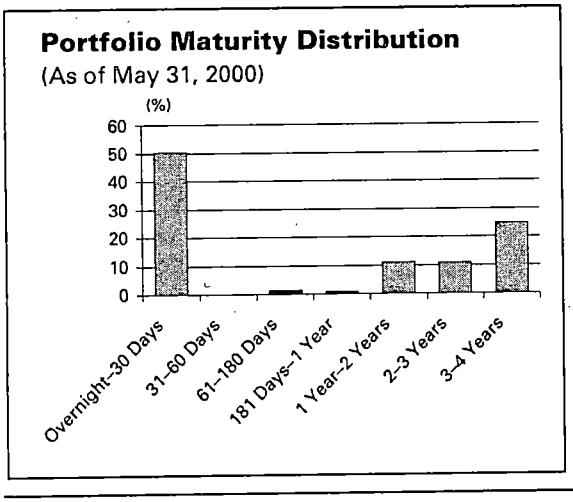


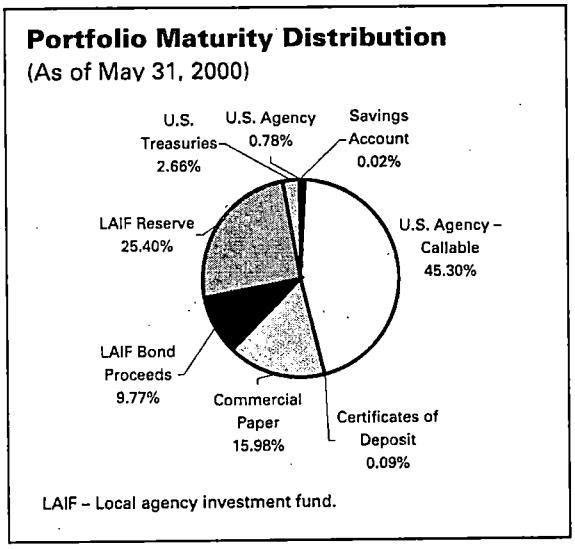


implementing geographic-based action strategies to check and reverse deterioration in Los Angeles' most troubled urban neighborhoods. The CRA/LA investment portfolio consists of the pool of assets held in the agency's operating fund for specific redevelopment projects. The investment portfolio is managed by the agency administrator, acting through the chief financial officer for the benefit of the agency and its 31 redevelopment project areas. In priority order, the three fundamental considerations for managing the agency's investments are safety, liquidity, and yield.

■ Investment Practices

The CRA/LA pursues its investment objectives by investing in a diversified portfolio of high-quality securities, including U.S. Treasury and agency securities, commercial paper, certificates of deposit, bankers' acceptances, and the local agency investment fund (LAIF), which is California's investment pool. No floating-rate notes are held in the portfolio, and derivative investments of any kind are expressly prohibited. U.S. Treasury and agency securities accounted for approximately 48.7% of portfolio assets as of May 31, 2000. The portfolio's weighted average maturity (WAM) was approximately 492 days on May 31, 2000. By policy, the portfolio must maintain a WAM of two years or less, and at least 10% of the portfolio shall be invested in instruments that can be liquidated on one day's notice. The portfolio follows additional diversification policies by maturity, sector, and issuer. The portfolio does not engage in any investment leveraging activities through reverse repurchase agreements or other methods.





■ Liquidity

The fund's maturity profile and regular monitoring of expected cash flow needs provide strong liquidity support. The investment manager conservatively maintains a significant portion of the portfolio in overnight and short-term securities; this ensures a high degree of liquidity to meet the agency's and its redevelopment projects' anticipated and unanticipated cash outflows for operating and capital needs. All invested funds are under the control of CRA/LA; therefore, the portfolio has added cash flow stability not present in a local government investment pool that includes voluntary participants who may withdraw their funds at any time for reinvestment elsewhere. As of May 31, 2000, more than 50.6% of portfolio assets matured within 60 days.

■ Credit Quality

The portfolio has the highest credit quality on the basis of investment practices, diversification standards,

operational controls, and management oversight. The portfolio invests in securities issued only by highly rated entities and diversifies across issuers. As of May 31, 2000, approximately 48.7% of the portfolio was invested in U.S. Treasury and agency securities, with the balance in highly rated securities. To support redevelopment efforts, the portfolio invests a nominal amount in certificates of deposit of lower rated banks; however, these are held in amounts of $100,000 or less to qualify for Federal Deposit Insurance Corp. protection. As of May 31, 2000, these holdings accounted for less than 0.1% of the portfolio.

The portfolio also uses numerous custodian banks to support redevelopment efforts, although the lead custodian, Union Bank of California, N.A. is custodian for approximately 54% of the portfolio's assets as of May 31, 2000.

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Telephone: New York, 1-800-753-4824, (212) 908-0500. Fax (212) 480-4435; Chicago, IL, (312) 368-3100. Fax (312) 263-1032;
London, 011 44 20 7417 4222, Fax 011 44 20 7417 4242; San Francisco, CA, 1-800-953-4824, (415) 732-5770. Fax (415) 732-5610
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Fitch mutual fund volatility ratings are an opinion as to the relative sensitivity of the total return (including price) of a fund's shares to a broad array of assumed changes in (where relevant) interest rates, mortgage prepayment speeds, liquidity of the portfolio, spreads, currency exchange rates, and other market conditions. Volatility ratings are expressed on a scale of 'V1+' (least volatile) through 'V10' (most volatile). The 'V1+' rating is assigned only to money market funds or local government investment pools that should not experience loss of principal value to shareholders or participants even in severely adverse interest rate environments. Volatility ratings, however, do not predict the direction or magnitude of changes in such market conditions and, therefore, do not predict whether, or the extent to which, any particular bond fund will perform favorably or adversely in the future.
Also, the total returns of bond funds with the same volatility ratings but dissimilar portfolio securities may move in different directions and magnitudes under the same market conditions. For example, while both a high-yield bond fund, which is sensitive primarily to changes in credit risk, and an international bond fund, which is sensitive primarily to changes in currency exchange rates, might have 'V6' ratings, they are likely to perform differently under the same market conditions. The price of one can increase while that of the other can decrease, or each might increase or decrease in different magnitudes. Moreover, a fund with a 'V6' rating might increase in price, while a fund with a 'V3' rating might decrease in price. Nevertheless, a fund with a lower risk volatility rating is likely to exhibit less total return sensitivity than a fund with a higher risk volatility rating across a broad and varied range of market conditions.
Investors should understand that funds with any volatility rating other than a 'V1+' may experience losses in the event of adverse changes in market conditions. Moreover, these ratings do not constitute a recommendation to purchase, sell, or hold any securities or funds, as they do not comment on the adequacy of the price paid for any security or fund or the suitability of any security or fund for any investor. Fitch's mutual fund volatility ratings are based on information provided to Fitch by sources deemed to be reliable. However, Fitch does not verify the accuracy of this underlying information. Due to the relative efficiency of electronic publishing and distribution, Fitch Research may be available to electronic subscribers up to three days earlier than print subscribers.

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

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Equal Opportunity
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Date July 20, 2000

File Code

J. Michael Carey, City Clerk
City of Los Angeles
200 North Main Street, Room 615
Los Angeles, CA 90012

CRA
LA

RE: AGENCY INVESTMENT REPORT (COUNCIL FILE NO. 96-1630)

Dear Mr. Carey:

The Agency's Investment Policy, adopted by the Agency Commissioners on April 1, 1999 and approved by the City Council on May 19, 1999, requires that quarterly investment reports be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in Council File No. 96-1630. Accordingly, the Agency is forwarding herewith a Report to Agency Commissioners on Agency Investments, dated July 20, 2000. Kindly place such report in Council File No. 96-1630.

Thank you for your attention to this matter.

Very truly yours,

Richard A. Benbrook

Jerry A. Scharlin
Administrator

Attachment

Peggy Moore, Chair

Armando Vergara, Sr., Vice Chair
Javier O. Lopez, Treasurer
Greta T. Hutton
Dr. Keith S. Richman
Douglas R. Ring
Christine M. Robert

Jerry A. Scharlin
Administrator

R-2

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF JUNE 30, 2000

JULY 20, 2000

PURPOSE

To report Agency investment activities as of June 30, 2000, in accordance with the Agency's Investment Policy.

REPORT

The Agency's current Investment Policy, adopted by the Agency Commissioners on April 1, 1999 and approved by the City Council on May 19, 1999, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in the Council File relating to the Investment Policy.

The Investment Policy has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties in the mid-1990's.

As of June 30, 2000, the investment portfolio totaled $102,912,130. The overall yield was 6.11 percent. Invested funds include unexpended bond proceeds, tax increment revenues, loan proceeds, income from lease and loan payments, interest income and other financial resources, which are invested prior to their expenditure consistent with the Agency's adopted annual budget.

More than ninety-six percent (96%) of the investment portfolio was comprised of: securities issued by various Federal agencies (53.06%), United States Treasury obligations (3.11%), and investments in the Local Agency Investment Fund (40.36%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Commercial Paper (3.25%), Time Certificates of Deposit (0.20%) and a Special Savings Account (0.02%). Exhibit A depicts the investment asset allocation as of June 30, 2000. The total cash balance on June 30, 2000, was $7,136,258, consisting primarily of monies in the Agency's principal disbursement accounts needed to fund outstanding expenditures. Virtually all cash is held in interest-bearing checking accounts.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or

developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.

Jerry Scharlin
Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF JUNE 30, 2000

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD %	PERCENTAGE OF PORTFOLIO	MATURITY DATES
Time Certificates of Deposit	$210,000	$213,716	5.68	0.20	07/03/00-12/01/00
Commercial Paper	3,348,410	3,422,000	6.79	3.25	07/11/00-03/12/01
Federal Farm Credit Banks	8,085,868	9,624,531	6.00	7.86	09/23/02-12/08/03
Federal Home Loan Banks	16,074,903	18,827,295	5.94	15.62	11/17/00-03/24/04
Federal Home Loan Mtge Corp	8,583,030	10,121,907	6.26	8.34	04/26/01-01/13/04
Federal National Mtge Assn	21,855,260	25,868,211	5.99	21.24	12/07/00-03/01/04
Special Savings Account	25,000	25,543	4.25	0.02	12/31/00
U.S. Treasury Notes	3,199,867	3,433,948	6.24	3.11	12/31/01
Local Agency Investment Fund	41,529,792	42,144,581	6.15	40.36	07/01/00
T O T A L S	**$102,912,130**	**$113,681,732**	**6.11**	**100.00**	

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular North America	$63,216	$633,444	$675,157
Bank of America	57,684	4,628,049	5,374,739
Bay Cities National Bank	-	10,000	10,295
Cathay Bank	51,388	313,467	335,000
City National Bank	5,968	-	-
Family Savings Bank	-	100,000	100,504
Founders National Bank	-	100,000	102,917

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Imperial Bank	$7,742	$0	$0
Manufacturers Bank	67,242	401,720	454,000
State of California	-	41,529,792	42,144,581
Tokai Bank of California	734,676	-	-
Union Bank of California, N.A.	3,082,065	54,676,397	63,938,996
Watts United Credit Union	-	25,000	25,543
Wells Fargo Bank, N.A.	3,066,277	494,261	520,000
T O T A L S	**$7,136,258**	**$102,912,130**	**$113,681,732**

* With the exception of the cash deposits with Bank of America, all cash is held in interest-bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$8,090,000	$8,085,867	$7,936,251	09/23/02-12/08/03
Federal Home Loan Banks	14,455,000	14,444,353	14,231,265	09/24/01-03/24/04
Federal Home Loan Mtge Corp	8,250,000	8,244,732	8,183,712	08/03/01-01/13/04
Federal National Mtge Assn	21,640,000	21,620,473	21,351,977	12/17/01-03/01/04
U.S. Treasury Notes	3,145,000	3,139,681	3,130,781	12/31/01
	$55,580,000	**$55,535,106**	**$54,833,986**	

UNUSUAL INVESTMENT ACTIVITY :

NONE

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of June 30, 2000

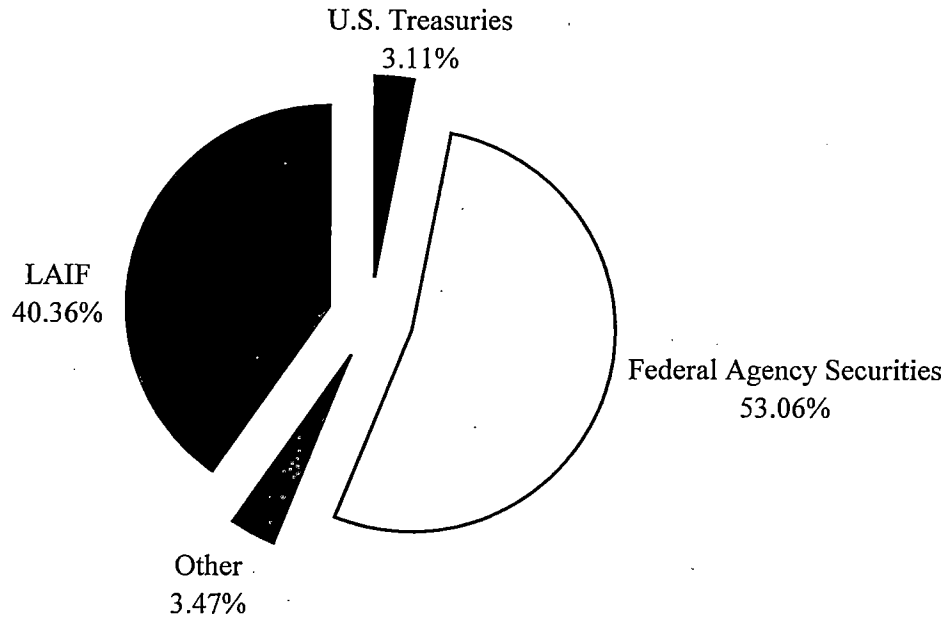


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED JUNE 30, 2000

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR NORTH AMERICA	Provided letters of credit for several Spring Street projects, provided financing for supermarket in Pico Union in 1998; maintains banking office in the Historic Core portion of the Central Business District Redevelopment Project and in the Westlake and Wilshire-Koreatown Redevelopment Projects.
BANK OF AMERICA	Provided loans in the Beacon Street and Hoover Redevelopment Projects; maintains offices in several redevelopment projects; a major source of construction financing for low income rental housing and permanent loans to moderate income homebuyers.
BAY CITIES NATIONAL BANK	Maintains an office in San Pedro, which serves the Beacon Street and Los Angeles Harbor redevelopment project areas.
CATHAY BANK	Minority-owned bank that serves the Chinatown and other project areas.
CITY NATIONAL BANK	Maintains an office in the Central Business District project area; provided bridge and permanent loans for rehabilitation of very low income housing units.
FAMILY SAVINGS BANK	Minority-owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills. A very active home mortgage initiator in South Los Angeles.

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
FOUNDERS NATIONAL BANK	Minority-owned bank that maintains its headquarters and a branch office in the Crenshaw Redevelopment Project.
IMPERIAL BANK	Purchased tax-exempt Agency bond issue for neighborhood center in the Pico Union I Redevelopment Project and provided letter of credit in connection with the development of the Los Angeles Actor's Theatre in 1983; maintains offices in various project areas.
MANUFACTURERS BANK	Maintains offices in the Little Tokyo Redevelopment Project and the East Side Industrial Area of the Central Business District Redevelopment Project.
TOKAI BANK OF CALIFORNIA	Provided a $10 million line of credit to the Agency in January 1997, and through its parent, Tokai Bank Ltd., has provided letters of credit to secure the Promenade Towers and Grand Promenade bond issues in the Bunker Hill Project in 1989 and 1990, respectively.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, Central Business District and Little Tokyo Redevelopment Projects; provided a loan for relocation and other activities in the Los Angeles Harbor Redevelopment Project in 1998; successor to Bank of California and Union Bank, which merged on April 1, 1996. Bank of California provided construction financing for redevelopment activity in the Central Business District Hictoric Core and for an affordable housing development in Little Tokyo.
WATTS UNITED CREDIT UNION	Minority-owned financial institution that is headquartered in the Watts Redevelopment Project and has served the Watts community since 1966.
WELLS FARGO BANK, N.A.	Maintains a banking office in the Broadway-Spring Center; purchased Agency's only Marks Foran rehabilitation bond issue; provided letter of credit in 1984 to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center that are currently outstanding; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association.

Community Redevelopment Agency

of the City
of Los Angeles

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California 90013-1258

213 977 1600

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Number 213 977 1665

An Affirmative Action
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Date May 3, 2000

File Code

J. Michael Carey, City Clerk
City of Los Angeles
200 North Main Street, Room 615
Los Angeles, CA 90012

CRA
LA

RE: AGENCY INVESTMENT REPORT (COUNCIL FILE NO. 96-1630)

Dear Mr. Carey:

The Agency's Investment Policy, adopted by the Agency Commissioners on April 1, 1999 and approved by the City Council on May 19, 1999, requires that quarterly investment reports be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in Council File No. 96-1630. Accordingly, the Agen[illegible] forwarding herewith a Report to Agency Commissioners on Agency I[illegible] April 20, 2000. Kindly place such report in Council File N[illegible]

Thank you for your attenti[illegible]

Very

ATTACH TO CF 96-1630
PER HELEN G.

Jerry Sch
Administr

Attachmen

RECEIVED
CITY CLERK'S OFFICE
4M 8:50
RK
FROM

Peggy Moore, Chair

Armando Vergara, Sr., Vice Chair
Javier O. Lopez, Treasurer
Greta T. Hutton
Dr. Keith S. Richman
Douglas R. Ring
Christine M. Robert

Jerry A. Scharlin
Administrator

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of Los Angeles

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Number 213 977 1665

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Date May 3, 2000

File Code

J. Michael Carey, City Clerk
City of Los Angeles
200 North Main Street, Room 615
Los Angeles, CA 90012

CRA
LA

RE: AGENCY INVESTMENT REPORT (COUNCIL FILE NO. 96-1630)

Dear Mr. Carey:

The Agency's Investment Policy, adopted by the Agency Commissioners on April 1, 1999 and approved by the City Council on May 19, 1999, requires that quarterly investment reports be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in Council File No. 96-1630. Accordingly, the Agency is forwarding herewith a Report to Agency Commissioners on Agency Investments, dated April 20, 2000. Kindly place such report in Council File No. 96-1630.

Thank you for your attention to this matter.

Very truly yours,

Jerry Scharlin
Administrator

Attachment

RECEIVED
CITY CLERK'S OFFICE
00 MAY -5 AM 8:50
CITY CLERK
BY _____
DEPUTY

Peggy Moore, Chair

Armando Vergara, Sr., Vice Chair
Javier O. Lopez, Treasurer
Greta T. Hutton
Dr. Keith S. Richman
Douglas R. Ring
Christine M. Robert

Jerry A. Scharlin
Administrator

R-1

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF MARCH 31, 2000

APRIL 20, 2000

PURPOSE

To report Agency investment activities as of March 31, 2000, in accordance with the Agency's Investment Policy.

REPORT

The Agency's current Investment Policy, adopted by the Agency Commissioners on April 1, 1999 and approved by the City Council on May 19, 1999, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in the Council File relating to the Investment Policy.

The Investment Policy has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties in the mid-1990's.

As of March 31, 2000, the investment portfolio totaled $102,972,312. The overall yield was 5.89 percent. Invested funds include unexpended bond proceeds, tax increment revenues, loan proceeds, income from lease and loan payments, interest income and other financial resources, which are invested prior to their expenditure consistent with the Agency's adopted annual budget.

Almost ninety-four percent (94%) of the investment portfolio was comprised of: securities issued by various Federal agencies (51.19%), United States Treasury obligations (3.11%), and investments in the Local Agency Investment Fund (39.69%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Commercial Paper (5.78%), Time Certificates of Deposit (0.20%) and a Special Savings Account (0.03%). Exhibit A depicts the investment asset allocation as of March 31, 2000. The total cash balance on March 31, 2000, was $2,318,024, consisting primarily of monies in the Agency's principal disbursement accounts needed to fund outstanding expenditures. Virtually all cash is held in interest-bearing checking accounts.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or

developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.

for Richard Berkowitz

Jerry Scharlin
Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF MARCH 31, 2000

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD %	PERCENTAGE OF PORTFOLIO	MATURITY DATES
Time Certificates of Deposit	$210,000	$214,258	5.31	0.20	05/15/00-07/03/00
Commercial Paper	5,952,254	5,988,000	6.15	5.78	04/05/00-06/15/00
Federal Farm Credit Banks	7,086,180	8,546,458	5.84	6.88	09/23/02-12/08/03
Federal Home Loan Banks	16,484,445	19,448,120	5.84	16.01	05/01/00-03/24/04
Federal Home Loan Mtge Corp	6,974,861	8,384,718	6.02	6.77	06/13/00-01/13/04
Federal National Mtge Assn	22,171,663	26,526,755	5.96	21.53	05/03/00-03/01/04
Special Savings Account	25,000	25,537	4.25	0.03	06/30/00
U.S. Treasury Notes	3,199,867	3,530,264	6.24	3.11	12/31/01
Local Agency Investment Fund	40,868,042	41,443,503	5.80	39.69	04/01/00
T O T A L S	**$102,972,312**	**$114,107,613**	**5.89**	**100.00**	

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular North America	$42,818	$633,444	$691,876
Bank of America	59,064	4,480,165	5,325,416
Bay Cities National Bank	-	10,000	10,254
Cathay Bank	52,131	299,288	314,000
City National Bank	5,936	-	-
Family Savings Bank	-	100,000	101,436
Founders National Bank	-	100,000	102,568

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Imperial Bank	$7,703	$0	$0
Manufacturers Bank	67,130	401,720	454,000
State of California	-	40,868,042	41,443,503
Tokai Bank of California	603,047	-	-
Union Bank of California, N.A.	597,262	55,581,357	65,151,023
Watts United Credit Union	-	25,000	25,537
Wells Fargo Bank, N.A.	882,933	473,296	488,000
T O T A L S	**$2,318,024**	**$102,972,312**	**$114,107,613**

* With the exception of the cash deposits with Bank of America, all cash is held in interest-bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$7,090,000	$7,086,180	$6,892,052	09/23/02-12/08/03
Federal Home Loan Banks	13,955,000	13,944,353	13,658,106	09/24/01-03/24/04
Federal Home Loan Mtge Corp	6,750,000	6,745,211	6,639,233	08/03/01-01/13/04
Federal National Mtge Assn	21,640,000	21,620,473	21,262,339	12/17/01-03/01/04
U.S. Treasury Notes	3,145,000	3,145,544	3,174,031	12/31/01
	$52,580,000	**$52,541,761**	**$51,625,761**	

UNUSUAL INVESTMENT ACTIVITY :

N O N E

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of March 31, 2000

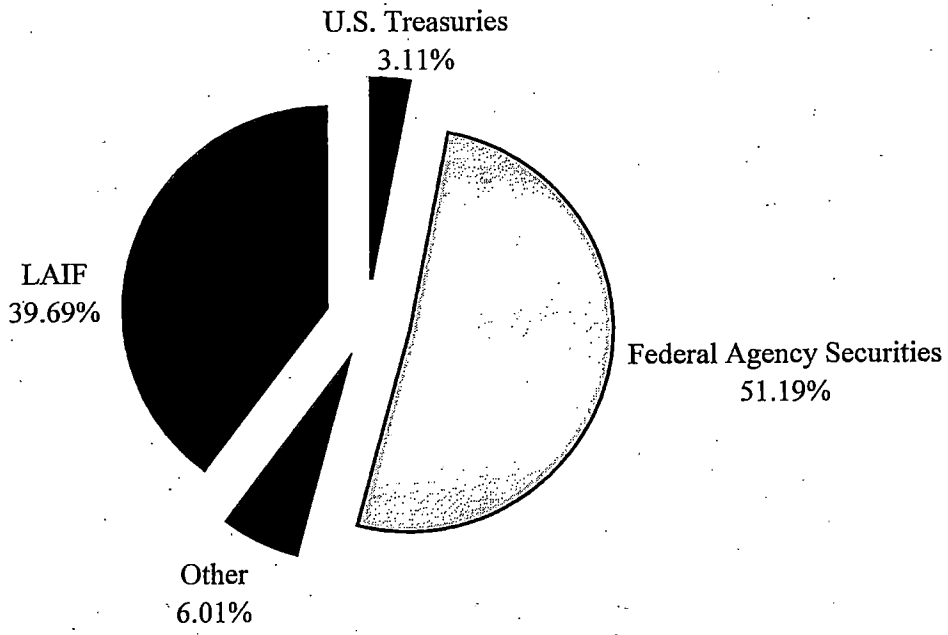


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED MARCH 31, 2000

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR NORTH AMERICA	Provided letters of credit for several Spring Street projects, provided financing for supermarket in Pico Union in 1998; maintains banking office in the Historic Core portion of the Central Business District Redevelopment Project and in the Westlake and Wilshire-Koreatown Redevelopment Projects.
BANK OF AMERICA	Provided loans in the Beacon Street and Hoover Redevelopment Projects; maintains offices in several redevelopment projects; a major source of construction financing for low income rental housing and permanent loans to moderate income homebuyers.
BAY CITIES NATIONAL BANK	Maintains an office in San Pedro; which serves the Beacon Street and Los Angeles Harbor redevelopment project areas.
CATHAY BANK	Minority-owned bank that serves the Chinatown and other project areas.
CITY NATIONAL BANK	Maintains an office in the Central Business District project area; provided bridge and permanent loans for rehabilitation of very low income housing units.
FAMILY SAVINGS BANK	Minority-owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills. A very active home mortgage initiator in South Los Angeles.

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
FOUNDERS NATIONAL BANK	Minority-owned bank that maintains its headquarters and a branch office in the Crenshaw Redevelopment Project.
IMPERIAL BANK	Purchased tax-exempt Agency bond issue for neighborhood center in the Pico Union I Redevelopment Project and provided letter of credit in connection with the development of the Los Angeles Actor's Theatre in 1983; maintains offices in various project areas.
M JFACTURERS BANK	Maintains offices in the Little Tokyo Redevelopment Project and the East Side Industrial Area of the Central Business District Redevelopment Project.
TO BANK OF CALIFORNIA	Provided a $10 million line of credit to the Agency in January 1997, and through its parent, Tokai Bank Ltd., has provided letters of credit to secure the Promenade Towers and Grand Promenade bond issues in the Bunker Hill Project in 1989 and 1990, respectively.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, Central Business District and Little Tokyo Redevelopment Projects; provided a loan for relocation and other activities in the Los Angeles Harbor Redevelopment Project in 1998; successor to Bank of California and Union Bank, which merged on April 1, 1996. Bank of California provided construction financing for redevelopment activity in the Central Business District Hictoric Core and for an affordable housing development in Little Tokyo.
WATTS UNITED CREDIT UNION	Minority-owned financial institution that is headquartered in the Watts Redevelopment Project and has served the Watts community since 1966.
W S FARGO BANK, N.A.	Maintains a banking office in the Broadway-Spring Center; purchased Agency's only Marks Foran rehabilitation bond issue; provided letter of credit in 1984 to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center that are currently outstanding; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association.

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

An Affirmative Action
Equal Opportunity
Employer

Date January 28, 2000

File Code

J. Michael Carey, City Clerk
City of Los Angeles
200 North Main Street, Room 615
Los Angeles, CA 90012

CRA
LA

RE: AGENCY INVESTMENT REPORT (COUNCIL FILE NO. 96-1630)

Dear Mr. Carey:

The Agency's Investment Policy, adopted by the Agency Commissioners on April 1, 1999 and approved by the City Council on May 19, 1999, requires that quarterly investment reports be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in Council File No. 96-1630. Accordingly, the Agency is forwarding herewith a Report to Agency Commissioners on Agency Investments, dated January 20, 2000. Kindly place such report in Council File No. 96-1630.

Thank you for your attention to this matter.

Very truly yours,

Jerry Scharlin
Interim Administrator

Attachment

RECEIVED
CITY CLERK'S OFFICE
00 JAN 31 PM 3:15
CITY CLERK

Peggy Moore, *Chair*

Armando Vergara, Sr., *Vice Chair*
Juanita G. Chavez, *Treasurer*
Javier O. Lopez
Dr. Keith S. Richman
Christine M. Robert
Clinton F. Rosemond

BY CITY CLERK
00 JAN 31 PM

R2

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF SEPTEMBER 30, 1999

NOVEMBER 4, 1999

PURPOSE

To report Agency investment activities as of September 30, 1999, in accordance with the Agency's Investment Policy.

REPORT

The Agency's current Investment Policy, adopted by the Agency Commissioners on April 1, 1999 and approved by the City Council on May 19, 1999, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in the Council File relating to the Investment Policy.

The Investment Policy has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties earlier this decade.

As of September 30, 1999, the investment portfolio totaled $96,618,046. The overall yield was 5.58 percent. Invested funds include unexpended bond proceeds, tax increment revenues, loan proceeds, income from lease and loan payments, interest income and other financial resources, which are invested prior to their expenditure consistent with the Agency's adopted annual budget.

More than ninety-eight percent (98%) of the investment portfolio was comprised of: securities issued by various Federal agencies (53.60%), United States Treasury obligations (5.37%), and investments in the Local Agency Investment Fund (39.47%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Time Certificates of Deposit (0.32%), Commercial Paper (1.21%) and a Special Savings Account (0.03%). Exhibit A depicts the investment asset allocation as of September 30, 1999. The total cash balance on September 30, 1999, was $2,550,371, consisting primarily of monies in the Agency's principal disbursement accounts needed to fund outstanding expenditures. Virtually all cash is held in interest-bearing checking accounts.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes

the community involvement/reinvestment activities of the banks holding Agency cash/investments.

Jerry Scharlin
Interim Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF SEPTEMBER 30, 1999

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD %	PERCENTAGE OF PORTFOLIO	MATURITY DATES
Time Certificates of Deposit	$308,087	$312,486	4.76	0.32	11/08/99-01/02/00
Commercial Paper	1,168,551	1,205,000	5.15	1.21	12/10/99-02/25/00
Federal Farm Credit Banks	7,086,180	8,753,141	5.84	7.33	09/23/02-12/08/03
Federal Home Loan Banks	16,082,725	19,436,469	5.81	16.64	05/01/00-03/24/04
Federal Home Loan Mtge Corp	6,770,032	8,376,519	6.03	7.01	08/03/01-01/13/04
Federal National Mtge Assn	21,854,211	26,864,263	5.97	22.62	12/08/99-03/01/04
Special Savings Account	25,000	25,543	4.25	0.03	12/31/99
U.S. Treasury Notes	5,184,627	5,339,956	5.91	5.37	01/31/00-02/15/00
Local Agency Investment Fund	38,138,633	38,639,422	5.22	39.47	10/01/99
T O T A L S	**$96,618,046**	**$108,952,799**	**5.58**	**100.00**	

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular North America	$23,547	$633,444	$708,595
Bank of America	88,300	4,372,869	5,314,093
Bay Cities National Bank	-	10,000	10,220
California Federal Bank	-	98,087	98,583
Cathay Bank	20,860	299,288	314,000
City National Bank	5,872	-	-
Family Savings Bank	-	100,000	101,240
Founders National Bank	-	100,000	102,443

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Imperial Bank	$7,627	$0	$0
Manufacturers Bank	68,663	384,690	400,000
State of California	-	38,138,633	38,639,422
Tokai Bank of California	441,074	-	-
Union Bank of California, N.A.	1,486,647	51,672,174	62,433,660
Watts United Credit Union	-	25,000	25,543
Wells Fargo Bank, N.A.	407,781	783,861	805,000
T O T A L S	**$2,550,371**	**$96,618,046**	**$108,952,799**

* With the exception of the cash deposits with Bank of America, all cash is held in interest-bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$7,090,000	$7,086,180	$6,996,566	09/23/02-12/08/03
Federal Home Loan Banks	15,055,000	15,041,227	14,969,473	11/17/00-03/24/04
Federal Home Loan Mtge Corp	6,750,000	6,753,326	6,736,214	08/03/01-01/13/04
Federal National Mtge Assn	21,640,000	21,621,491	21,557,771	12/17/01-03/01/04
	$50,535,000	**$50,502,224**	**$50,260,024**	

UNUSUAL INVESTMENT ACTIVITY :

NONE

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of SEPTEMBER 30, 1999

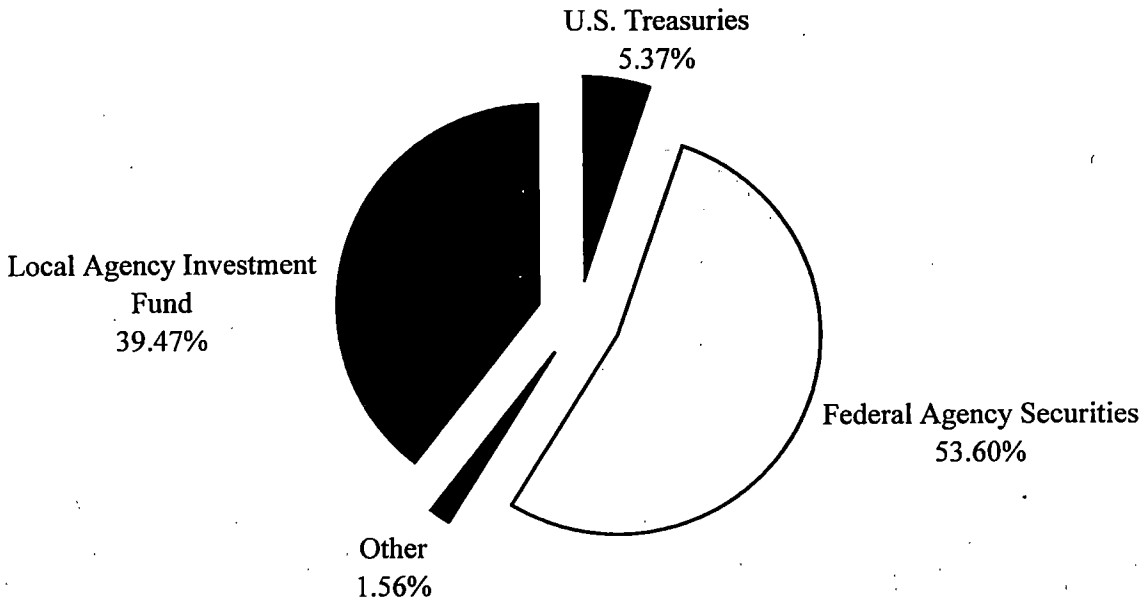


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED SEPTEMBER 30, 1999

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR NORTH AMERICA	Provided letters of credit for several Spring Street projects, provided financing for supermarket in Pico Union in 1998; maintains a banking office in the Historic Core portion of the Central Business District Redevelopment Project.
BANK OF AMERICA	Provided loans in the Beacon Street, Hoover, and Rodeo-La Cienega projects; maintains offices in several redevelopment projects; a major source of construction financing for low income rental housing and permanent loans to moderate income homebuyers.
BAY CITIES NATIONAL BANK	Maintains an office in San Pedro, which serves the Beacon Street and Los Angeles Harbor redevelopment project areas.
CALIFORNIA FEDERAL BANK	Maintains an office in the Martin Luther King, Jr. Shopping Center in Watts as well as several other project areas; assisted in the early financing of the Martin Luther King, Jr. Shopping Center and provided a letter of credit for the Promenade Towers bond issue in Bunker Hill in 1985.
CATHAY BANK	Minority-owned bank that serves the Chinatown project area.
CITY NATIONAL BANK	Maintains an office in the Central Business District project area; provided bridge and permanent loans for rehabilitation of very low income housing units.
FAMILY SAVINGS BANK	Minority-owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills. A very active home mortgage initiator in South Los Angeles.

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
FOUNDERS NATIONAL BANK	Minority-owned bank that maintains its headquarters and a branch office in the Crenshaw Redevelopment Project.
IMPERIAL BANK	Purchased tax-exempt Agency bond issue for neighborhood center in the Pico Union I Redevelopment Project and provided letter of credit in connection with the development of the Los Angeles Actor's Theatre in 1983; maintains offices in various project areas.
MANUFACTURERS BANK	Maintains offices in the Little Tokyo Redevelopment Project and the East Side Industrial Area of the Central Business District Redevelopment Project.
TOKAI BANK OF CALIFORNIA	Provided a $10 million line of credit to the Agency in January 1997, and through its parent, Tokai Bank Ltd., has provided letters of credit to secure the Promenade Towers and Grand Promenade bond issues in the Bunker Hill Project in 1989 and 1990, respectively.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, Central Business District and Little Tokyo Redevelopment Projects; provided a loan for relocation and other activities in the Los Angeles Harbor Redevelopment Project in 1998; successor to Bank of California and Union Bank, which merged on April 1, 1996. Bank of California provided construction financing for redevelopment activity in the Central Business District Hictoric Core and for an affordable housing development in Little Tokyo.
WATTS UNITED CREDIT UNION	Minority-owned financial institution that is headquartered in the Watts Redevelopment Project and has served the Watts community since 1966.
WELLS FARGO BANK, N.A.	Maintains a banking office in the Broadway-Spring Center; purchased Agency's only Marks Foran rehabilitation bond issue; provided letter of credit in 1984 to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center that are currently outstanding; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association.

J. MICHAEL CAREY
City Clerk

When making inquiries relative to this matter refer to File No.

CITY OF LOS ANGELES
CALIFORNIA

Office of the
CITY CLERK
Council and Public Services
Room 615, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

RICHARD J. RIORDAN
MAYOR

96-1630

November 15, 1999

HOUSING & COMMUNITY REDEVELOPMENT COMMITTEE

In accordance with Council Rules, communication from the Community Redevelopment Agency (CRA) relative to Agency's Investment Report, was referred on November 15, 1999, to the HOUSING & COMMUNITY REDEVELOPMENT COMMITTEE.

J. Michael Carey

City Clerk
amm

Recyclable and made from recycled waste.

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

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Equal Opportunity
Employer

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CITY CLERK'S OFFICE
99 NOV 10 AM 11:09
CITY CLERK
BY

Date November 8, 1999

File Code

J. Michael Carey, City Clerk
City of Los Angeles
200 North Main Street, Room 615
Los Angeles, CA 90012

RE: AGENCY INVESTMENT REPORT (COUNCIL FILE NO. 96-1630)

Dear Mr. Carey:

The Agency's Investment Policy, adopted by the Agency Commissioners on April 1, 1999 and approved by the City Council on May 19, 1999, requires that quarterly investment reports be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in Council File No. 96-1630. Accordingly, the Agency is forwarding herewith a Report to Agency Commissioners on Agency Investments, dated November 4, 1999. Kindly place such report in Council File No. 96-1630.

Thank you for your attention to this matter.

Very truly yours,

Jerry Scharlin
Interim Administrator

Attachment

Peggy Moore, *Chair*

Armando Vergara, Sr., *Vice Chair*
Juanita G. Chavez, *Treasurer*
Javier O. Lopez
Dr. Keith S. Richman
Christine M. Robert
Clinton F. Rosemond

HOUSING & COMMUNITY REDEVELOP

NOV 15 1999

RI

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF SEPTEMBER 30, 1998

October 15, 1998

PURPOSE

To report Agency investment activities as of September 30, 1998, to the Agency Commissioners, in accordance with the Agency's Investment Policy.

REPORT

The Agency's current Investment Policy, adopted by the Agency Commissioners on March 19, 1998 and approved by the City Council on April 22, 1998, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in the Council File relating to the Investment Policy.

The Agency continues to be in compliance with all provisions of the Investment Policy, which has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties.

As of September 30, 1998, the investment portfolio totaled $110,274,608 including $669,779 of Central Library Construction Trust Fund monies managed by the Agency. The overall yield was 5.84 percent. Invested funds include unexpended bond proceeds, tax increment revenues, loan proceeds, income from lease and loan payments, interest income and other financial resources, which are invested prior to their expenditure consistent with the Agency's adopted annual budget.

More than ninety-seven percent (97%) of the investment portfolio was comprised of: Federal securities, e.g. Federal Farm Credit Bank, Federal Home Loan Bank, etc., (55.35%), United States Treasury obligations (7.41%), and investments in the Local Agency Investment Fund (34.90%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Time Certificates of Deposit (0.28%), Commercial Paper (2.04%) and a Special Savings Account (0.02%). Exhibit A depicts the investment asset allocation as of September 30, 1998. The total cash balance on September 30, 1998, was $2,091,916, consisting primarily of monies in the Agency's principal disbursement accounts needed to fund outstanding expenditures. Virtually all cash is held in interest-bearing checking accounts.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment

portfolio; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.

John E. Molloy, Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF SEPTEMBER 30, 1998

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD %	PERCENTAGE OF PORTFOLIO	MATURITY DATES
Time Certificates of Deposit	$308,042	$314,448	5.58	0.28	11/16/98-02/05/99
Commercial Paper	2,239,552	2,242,677	5.50	2.04	10/01/98
Federal Farm Credit Banks	11,456,444	13,698,718	5.94	10.39	10/06/98-09/30/03
Federal Home Loan Banks	16,926,642	19,555,629	5.90	15.35	12/09/98-09/09/03
Federal Home Loan Mtge Corp	11,016,509	12,503,909	6.05	9.99	10/13/98-08/20/03
Federal National Mtge Assn	14,821,411	17,808,836	6.16	13.44	11/10/98-06/30/03
Special Savings Account	25,000	25,543	4.25	0.02	12/31/98
Student Loan Mktg Assn	6,816,640	7,281,554	5.71	6.18	12/17/98-02/20/01
U.S. Treasury Notes	8,174,080	8,727,993	5.96	7.41	01/31/99-02/15/00
Local Agency Investment Fund	38,490,288	38,845,578	5.65	34.90	10/01/98
T O T A L S	**$110,274,608**	**$121,004,885**	**5.84**	**100.00**	

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular de Puerto Rico	$9,182	$589,173	$658,264
Bank of America	62,137	6,806,032	7,232,950
Bay Cities National Bank	-	10,000	10,250
California Federal Bank	-	98,042	100,054
Cathay Bank	89,373	284,764	299,000
City National Bank	6,879	1,240,000	1,242,677
Family Savings Bank	-	100,000	101,501
Founders National Bank	-	100,000	102,643

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Imperial Bank	$7,514	$0	$0
Manufacturers Bank	62,840	369,621	390,000
State of California	-	38,490,288	38,845,578
Tokai Bank of California	843,936	-	-
Union Bank of California, N.A.	102,328	59,723,072	69,485,463
Watts United Credit Union	-	25,000	25,543
Wells Fargo Bank, N.A.	907,727	2,438,616	2,510,962
T O T A L S	**$2,091,916**	**$110,274,608**	**$121,004,885**

* With the exception of the cash deposits with Bank of America, all cash is held in interest-bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$9,735,000	$9,729,451	$9,921,100	04/06/00-09/30/03
Federal Home Loan Banks	12,865,000	12,859,156	13,080,275	01/28/00-09/09/03
Federal Home Loan Mtge Corp	8,700,000	8,702,164	8,907,859	12/01/99-08/20/03
Federal National Mtge Assn	11,120,000	11,112,055	11,451,023	03/26/01-06/30/03
Student Loan Mktg Assn	3,000,000	2,983,330	3,028,883	02/25/00-02/20/01
U.S. Treasury Notes	5,190,000	5,173,640	5,316,878	01/31/00-02/15/00
	$50,610,000	**$50,559,796**	**$51,706,018**	

UNUSUAL INVESTMENT ACTIVITY :

N O N E

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of SEPTEMBER 30, 1998

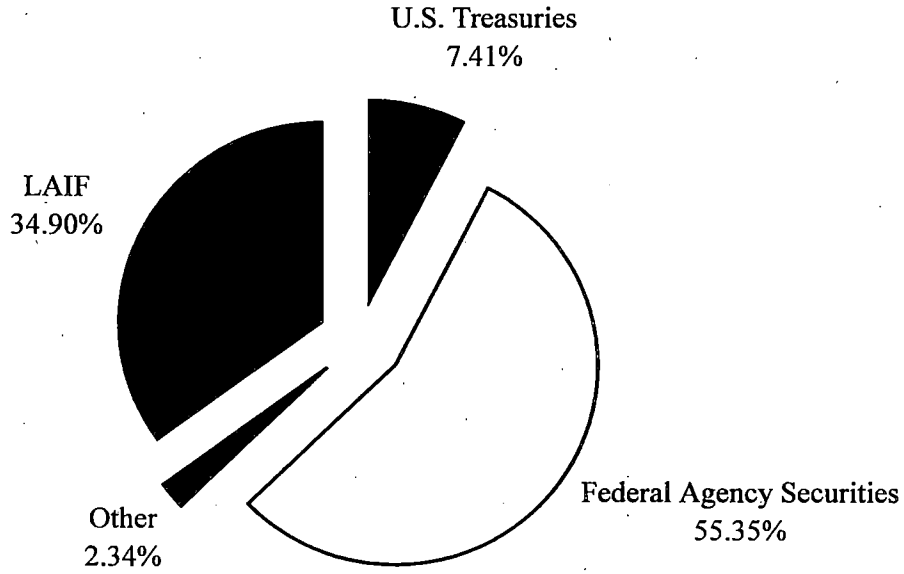


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED SEPTEMBER 30, 1998

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR DE PUERTO RICO	Provided letters of credit for several Spring Street projects and maintains a banking office in the Historic Core portion of the Central Business District Redevelopment Project.
BANK OF AMERICA	Provided loans in the Beacon Street, Hoover, and Rodeo-La Cienega projects; maintains offices in several redevelopment projects; founding member of the California Community Reinvestment Corporation, a consortium of 57 banks formed in 1989 to finance low income housing throughout California, which has financed 3,831 housing units to date, 832 of which are located in Los Angeles.
BAY CITIES NATIONAL BANK	Maintains an office in San Pedro, which serves the Beacon Street and Los Angeles Harbor Redevelopment project areas.
CALIFORNIA FEDERAL BANK	Maintains an office in the Martin Luther King, Jr. Shopping Center in Watts as well as several other project areas; assisted in the early financing of the Martin Luther King, Jr. Shopping Center and provided a letter of credit for the Promenade Towers bond issue in Bunker Hill.
CATHAY BANK	Minority-owned bank that serves the Chinatown project area; member of the California Community Reinvestment Corporation.
CITY NATIONAL BANK	Active in the California Community Reinvestment Corporation and serves on its loan committee. Provides bridge loans and some permanent loans for rehabilitation of very low income projects.
F[illegible]Y SAVINGS BANK	Minority-owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills.

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
FOUNDERS NATIONAL BANK	Minority-owned bank that maintains its headquarters and a branch office in the Crenshaw Redevelopment Project.
IMPERIAL BANK	Purchased tax-exempt Agency bond issue for neighborhood center in the Pico Union I Redevelopment Project and provided letter of credit in connection with the development of the Los Angeles Actor's Theatre; maintains offices in various project areas.
MANUFACTURERS BANK	Maintains offices in the Little Tokyo Redevelopment Project and the East Side Industrial Area of the Central Business District Redevelopment Project.
TOKAI BANK OF CALIFORNIA	Provided a $10 million line of credit to the Agency in January 1997, and through its parent, Tokai Bank Ltd., has provided letters of credit to secure the Promenade Towers and Grand Promenade bond issues in the Bunker Hill Project.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, Central Business District and Little Tokyo Redevelopment Projects; member and loan committee member of California Community Reinvestment Corporation. Recently provided a loan for relocation and other activities in the Los Angeles Harbor Redevelopment Project. Successor to Bank of California and Union Bank, which merged on April 1, 1996. Bank of California provided construction financing for redevelopment activity in the Central Business District Core and for an affordable housing development in Little Tokyo.
WATTS UNITED CREDIT UNION	Minority-owned financial institution that is headquartered in the Watts Redevelopment Project and has served the Watts community since 1966.
WELLS FARGO BANK, N.A.	Maintains a banking office in the Broadway-Spring Center; purchased Agency's only Marks Foran rehabilitation bond issue; provided letters of credit to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association and Chinatown Grand Plaza (housing project for senior citizens); issued a letter of of credit to secure an Agency FHA bond issue; member and loan committee member of California Community Reinvestment Corporation.

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Telecopier
Number 213 977 1665

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Equal Opportunity
Employer

Date October 15, 1998

File Code

J. Michael Carey, City Clerk
City of Los Angeles
200 North Main Street, Room 615
Los Angeles, CA 90012

CRA
LA

RE: AGENCY INVESTMENT REPORT (COUNCIL FILE NO. 96-1630)

Dear Mr. Carey:

The Agency's Investment Policy, adopted by the Agency Commissioners on March 19, 1998 and approved by the City Council on April 22, 1998, requires that quarterly investment reports be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in Council File No. 96-1630. Accordingly, the Agency is forwarding herewith a Report to Agency Commissioners on Agency Investments, dated October 15, 1998. Kindly place such report in Council File No. 96-1630.

Thank you for your attention to this matter.

Very truly yours,

John E. Molloy
Administrator

Attachment

R4

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF DECEMBER 31, 1997

JANUARY 22, 1998

PURPOSE

To report Agency investment activities as of December 31, 1997, to the Agency Commissioners, in accordance with the Agency's Investment Policy.

REPORT

The Agency's Investment Policy, adopted by the Agency Commissioners on March 20, 1997 and approved by the City Council on April 2, 1997, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in the Council File relating to the Investment Policy.

The Agency continues to be in compliance with all provisions of the Investment Policy, which has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties.

As of December 31, 1997, the investment portfolio totaled $130,709,566 including $1,578,088 of Central Library Construction Trust Fund monies managed by the Agency, and $21,851,005 which the Agency is required to remit to bond fiscal agents and trustees to fund debt service on outstanding tax allocation bond issues. The overall yield was 5.91 percent. Invested funds include unexpended bond proceeds, tax increment revenues, loan proceeds, income from lease and loan payments, interest income and other financial resources, which are invested prior to their expenditure consistent with the Agency's adopted annual budget.

More than ninety-six percent (96%) of the investment portfolio was comprised of: Federal securities, e.g. Federal Farm Credit Bank, Federal Home Loan Bank, etc., (69.20%), United States Treasury obligations (11.36%), and investments in the Local Agency Investment Fund (16.14%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Time Certificates of Deposit (0.24%), Commercial Paper (3.04%), and a Special Savings Account (0.02%). Exhibit A depicts the investment asset allocation as of December 31,1997. The total cash balance on December 31, 1997 was $3,273,340, consisting primarily of monies in the Agency's principal disbursement accounts needed to fund outstanding expenditures. Virtually all cash is held in interest-bearing checking accounts.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or

developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.

John E. Molloy, Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF DECEMBER 31, 1997

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD %	PERCENTAGE OF PORTFOLIO	MATURITY DATES
Time Certificates of Deposit	$307,986	$312,445	5.40	0.24	01/02/98-06/15/98
Commercial Paper	3,979,262	4,000,000	6.11	3.04	01/06/98-01/21/98
Federal Farm Credit Banks	9,839,567	10,678,532	5.89	7.53	01/15/98-12/04/00
Federal Home Loan Banks	23,286,630	25,846,826	6.06	17.82	01/14/98-12/30/02
Federal Home Loan Mtge Corp	35,401,790	37,021,850	5.97	27.08	01/14/98-02/11/00
Federal National Mtge Assn	18,098,568	19,332,072	5.91	13.85	01/27/98-02/19/02
Special Savings Account	25,000	25,534	4.25	0.02	06/30/98
Student Loan Mktg Assn	3,817,421	4,142,783	5.85	2.92	02/25/98-02/20/01
U.S. Treasury Notes	14,851,547	15,848,031	5.83	11.36	06/30/98-02/15/00
Local Agency Investment Fund	21,101,795	21,404,240	5.70	16.14	01/01/98
T O T A L S	**$130,709,566**	**$138,612,313**	**5.91**	**100.00**	

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	CASH*	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular de Puerto Rico	$11,374	$549,518	$580,000
Bank of America	64,260	7,082,105	7,615,600
Bay Cities National Bank	-	10,000	10,255
California Federal Bank	-	97,986	98,098
Cathay Bank	31,709	-	-
City National Bank	3,658	1,185,000	1,406,832
Family Savings Bank	-	100,000	101,449
Founders National Bank	-	100,000	102,643

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	CASH*	INVESTMENT AMOUNT	MATURITY VALUE
Imperial Bank	$6,652	$1,026,471	$1,070,000
Manufacturers Bank	63,715	374,334	385,000
State of California	-	21,101,795	21,404,240
Tokai Bank of California	183,538	-	-
Union Bank of California, N.A.	2,424,318	94,433,366	100,923,737
Watts United Credit Union	-	25,000	25,534
Wells Fargo Bank, N.A.	484,116	4,623,991	4,888,925
TOTALS	**$3,273,340**	**$130,709,566**	**$138,612,313**

* With the exception of the cash deposits with Bank of America, all cash is held in interest-bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$4,185,000	$4,184,375	$4,241,447	02/25/99-12/04/00
Federal Home Loan Banks	11,855,000	11,851,732	11,966,362	01/14/99-12/30/02
Federal Home Loan Mtge Corp	9,055,000	9,014,547	9,181,470	12/01/99-02/11/00
Federal National Mtge Assn	4,000,000	4,000,000	4,097,935	08/18/99-02/19/02
Student Loan Mktg Assn	1,000,000	984,580	1,015,219	02/20/01
U.S. Treasury Notes	7,190,000	7,166,530	7,378,074	01/31/99-02/15/00
	$37,285,000	**$37,201,764**	**$37,880,507**	

UNUSUAL INVESTMENT ACTIVITY :

NONE

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of DECEMBER 31, 1997

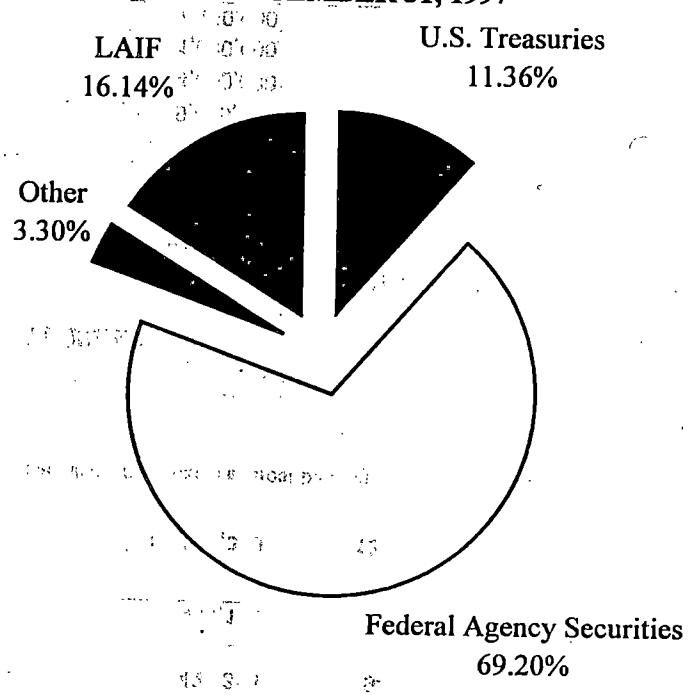


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED DECEMBER 31, 1997

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR DE PUERTO RICO	Provided letters of credit for several Spring Street projects and maintains a banking office in the Historic Core portion of the Central Business District Redevelopment Project.
BANK OF AMERICA	Provided loans in the Beacon Street, Hoover, and Rodeo-La Cienega projects; maintains offices in several redevelopment projects; founding member of the California Community Reinvestment Corporation, a consortium of 57 banks formed in 1989 to finance low income housing throughout California, which has financed 3,831 housing units to date, 832 of which are located in Los Angeles.
BAY CITIES NATIONAL BANK	Maintains an office in San Pedro, which serves the Beacon Street and Los Angeles Harbor Redevelopment project areas.
CALIFORNIA FEDERAL BANK	Maintains an office in the Martin Luther King, Jr. Shopping Center in Watts as well as several other project areas; assisted in the early financing of the Martin Luther King, Jr. Shopping Center and provided a letter of credit for the Promenade Towers bond issue in Bunker Hill.
CATHAY BANK	Minority-owned bank that serves the Chinatown project area; member of the California Community Reinvestment Corporation.
CITY NATIONAL BANK	Active in the California Community Reinvestment Corporation and serves on its loan committee. Provides bridge loans and some permanent loans for rehabilitation of very low income projects.
FA SAVINGS BANK	Minority-owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills.

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
FOUNDERS NATIONAL BANK	Minority-owned bank that maintains its headquarters and a branch office in the Crenshaw Redevelopment Project.
IMPERIAL BANK	Purchased tax-exempt Agency bond issue for neighborhood center in the Pico Union I Redevelopment Project and provided letter of credit in connection with the development of the Los Angeles Actor's Theatre; maintains offices in various project areas.
MANUFACTURERS BANK	Maintains offices in the Little Tokyo Redevelopment Project and the East Side Industrial Area of the Central Business District Redevelopment Project.
TOKAI BANK OF CALIFORNIA	Provided a $10 million line of credit to the Agency in January 1997, and through its parent, Tokai Bank Ltd., has provided letters of credit to secure the Promenade Towers and Grand Promenade bond issues in the Bunker Hill Project.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, Central Business District and Little Tokyo Redevelopment Projects; member and loan committee member of California Community Reinvestment Corporation. Recently provided a loan for relocation and other activities in the Los Angeles Harbor Redevelopment Project. Successor to Bank of California and Union Bank, which merged on April 1, 1996. Bank of California provided construction financing for redevelopment activity in the Central Business District Core and for an affordable housing development in Little Tokyo.
WATTS UNITED CREDIT UNION	Minority-owned financial institution that is headquartered in the Watts Redevelopment Project and has served the Watts community since 1966.
WELLS FARGO BANK, N.A.	Maintains a banking office in the Broadway-Spring Center; purchased Agency's only Marks Foran rehabilitation bond issue; provided letters of credit to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association and Chinatown Grand Plaza (housing project for senior citizens); issued a letter of of credit to secure an Agency FHA bond issue; member and loan committee member of California Community Reinvestment Corporation.

Community Redevelopment Agency

of the City
of Los Angeles

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Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

An Affirmative Action
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Index 96-1630

Date February 2, 1998

File Code

J. Michael Carey, City Clerk
City of Los Angeles
200 North Main Street, Room 615
Los Angeles, CA 90012

CRA
LA

RE: AGENCY INVESTMENT REPORT (COUNCIL FILE NO. 96-1630)

Dear Mr. Carey:

The Agency's Investment Policy, adopted by the Agency Commissioners on March 20, 1997 and approved by the City Council on April 2, 1997, requires that quarterly investment reports be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in Council File No. 96-1630. Accordingly, the Agency is forwarding herewith a Report to Agency Commissioners, dated January 22, 1998 on Agency investments. Kindly place such report in Council File No. 96-1630.

Thank you for your attention to this matter.

Very truly yours,

John E. Molloy
Administrator

Attachment

Christine Essel
Chair

Juanita G. Chavez
Mee Hae Lee
Peggy Moore
Christine M. Robert
Armando Vergara, Sr.

John E. Molloy
Administrator

R-4

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF DECEMBER 31, 1999

JANUARY 20, 2000

PURPOSE

To report Agency investment activities as of December 31, 1999, in accordance with the Agency's Investment Policy.

REPORT

The Agency's current Investment Policy, adopted by the Agency Commissioners on April 1, 1999 and approved by the City Council on May 19, 1999, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in the Council File relating to the Investment Policy.

The Investment Policy has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties in the mid-1990's.

As of December 31, 1999, the investment portfolio totaled $107,757,369 including $17,900,000 of tax increment revenues which will be remitted in January, 2000 to Fiscal Agents to pay debt service on Agency tax allocation bonds. The overall yield was 5.79 percent. Invested funds include unexpended bond proceeds, tax increment revenues, loan proceeds, income from lease and loan payments, interest income and other financial resources, which are invested prior to their expenditure consistent with the Agency's adopted annual budget.

More than eighty-seven percent (87%) of the investment portfolio was comprised of: securities issued by various Federal agencies (48.56%), United States Treasury obligations (2.04%), and investments in the Local Agency Investment Fund (36.53%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Commercial Paper (12.66%), Time Certificates of Deposit (0.19%) and a Special Savings Account (0.02%). Exhibit A depicts the investment asset allocation as of December 31, 1999. The total cash balance on December 31, 1999, was $3,420,841, consisting primarily of monies in the Agency's principal disbursement accounts needed to fund outstanding expenditures. Virtually all cash is held in interest-bearing checking accounts.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the

community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.

Jerry Scharlin
Interim Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF DECEMBER 31, 1999

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD %	PERCENTAGE OF PORTFOLIO	MATURITY DATES
Time Certificates of Deposit	$210,000	$214,062	4.95	0.19	01/02/00-06/05/00
Commercial Paper	13,641,544	13,726,000	6.43	12.66	01/13/00-06/15/00
Federal Farm Credit Banks	7,086,180	8,653,464	5.84	6.58	09/23/02-12/08/03
Federal Home Loan Banks	16,082,725	19,218,019	5.82	14.93	05/01/00-03/24/04
Federal Home Loan Mtge Corp	6,974,861	8,489,456	6.02	6.47	06/13/00-01/13/04
Federal National Mtge Assn	22,171,663	26,879,393	5.96	20.58	05/03/00-03/01/04
Special Savings Account	25,000	25,537	4.25	0.02	06/30/00
U.S. Treasury Notes	2,203,226	2,407,764	6.03	2.04	12/31/01
Local Agency Investment Fund	39,362,170	39,775,100	5.45	36.53	01/01/00
T O T A L S	**$107,757,369**	**$119,388,795**	**5.79**	**100.00**	

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular North America	$41,441	$633,444	$691,876
Bank of America	58,322	4,480,165	5,325,416
Bay Cities National Bank	-	10,000	10,254
Cathay Bank	91,982	299,288	314,000
City National Bank	5,893	-	-
Family Savings Bank	-	100,000	101,240
Founders National Bank	-	100,000	102,568

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Imperial Bank	$7,653	$0	$0
Manufacturers Bank	68,739	384,690	400,000
State of California	-	39,362,170	39,775,100
Tokai Bank of California	634,812	-	-
Union Bank of California, N.A.	1,152,923	61,889,316	72,154,804
Watts United Credit Union	-	25,000	25,537
Wells Fargo Bank, N.A.	1,359,076	473,296	488,000
T O T A L S	**$3,420,841**	**$107,757,369**	**$119,388,795**

* With the exception of the cash deposits with Bank of America, all cash is held in interest-bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$7,090,000	$7,086,180	$6,924,140	09/23/02-12/08/03
Federal Home Loan Banks	13,555,000	13,542,633	13,318,753	09/24/01-03/24/04
Federal Home Loan Mtge Corp	6,750,000	6,745,211	6,663,196	08/03/01-01/13/04
Federal National Mtge Assn	21,640,000	21,620,473	21,353,318	12/17/01-03/01/04
U.S. Treasury Notes	2,145,000	2,148,603	2,140,669	12/31/01
	$51,180,000	**$51,143,100**	**$50,400,076**	

UNUSUAL INVESTMENT ACTIVITY :

NONE

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of December 31, 1999

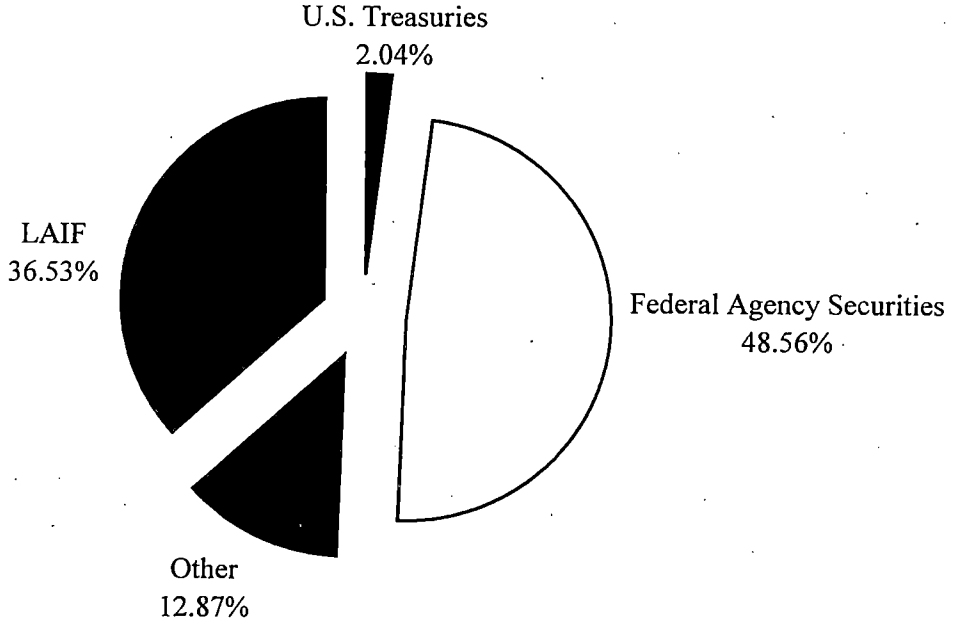


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED DECEMBER 31, 1999

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR NORTH AMERICA	Provided letters of credit for several Spring Street projects, provided financing for supermarket in Pico Union in 1998; maintains a banking office in the Historic Core portion of the Central Business District Redevelopment Project.
BANK OF AMERICA	Provided loans in the Beacon Street, Hoover, and Rodeo-La Cienega projects; maintains offices in several redevelopment projects; a major source of construction financing for low income rental housing and permanent loans to moderate income homebuyers.
BAY CITIES NATIONAL BANK	Maintains an office in San Pedro, which serves the Beacon Street and Los Angeles Harbor redevelopment project areas.
CATHAY BANK	Minority-owned bank that serves the Chinatown project area.
CITY NATIONAL BANK	Maintains an office in the Central Business District project area; provided bridge and permanent loans for rehabilitation of very low income housing units.
FAMILY SAVINGS BANK	Minority-owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills. A very active home mortgage initiator in South Los Angeles.

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
FOUNDERS NATIONAL BANK	Minority-owned bank that maintains its headquarters and a branch office in the Crenshaw Redevelopment Project.
IMPERIAL BANK	Purchased tax-exempt Agency bond issue for neighborhood center in the Pico Union I Redevelopment Project and provided letter of credit in connection with the development of the Los Angeles Actor's Theatre in 1983; maintains offices in various project areas.
MANUFACTURERS BANK	Maintains offices in the Little Tokyo Redevelopment Project and the East Side Industrial Area of the Central Business District Redevelopment Project.
TOKAI BANK OF CALIFORNIA	Provided a $10 million line of credit to the Agency in January 1997, and through its parent, Tokai Bank Ltd., has provided letters of credit to secure the Promenade Towers and Grand Promenade bond issues in the Bunker Hill Project in 1989 and 1990, respectively.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, Central Business District and Little Tokyo Redevelopment Projects; provided a loan for relocation and other activities in the Los Angeles Harbor Redevelopment Project in 1998; successor to Bank of California and Union Bank, which merged on April 1, 1996. Bank of California provided construction financing for redevelopment activity in the Central Business District Hictoric Core and for an affordable housing development in Little Tokyo.
WATTS UNITED CREDIT UNION	Minority-owned financial institution that is headquartered in the Watts Redevelopment Project and has served the Watts community since 1966.
WELLS FARGO BANK, N.A.	Maintains a banking office in the Broadway-Spring Center; purchased Agency's only Marks Foran rehabilitation bond issue; provided letter of credit in 1984 to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center that are currently outstanding; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association.

J. MICHAEL CAREY
City Clerk

When making inquiries relative to this matter refer to File No.

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 615, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

96-1630

PLACE IN FILES
SEP 15 1999
DEPUTY

September 9, 1999

Community Development Agency
Office of Administrator
cc: Budget Office, 5th Flr
City Administrative Officer

Controller, Room 1200
Accounting Division, F&A
Disbursement Division
Chief Legislative Analyst

RE: COMMUNITY REDEVELOPMENT AGENCY QUARTERLY INVESTMENT REPORT

At the meeting of the Council held September 8, 1999 the following action was taken:

Attached report adopted	X
" motion " ( )	
" resolution " ( )	
Ordinance adopted	
Motion adopted to approve attached report	
" " " " communication	
To the Mayor FORTHWITH	
Ordinance Number	
Publication date	
Effective date	
Mayor vetoed	
Mayor approved	
Mayor failed to act - deemed approved	
Findings adopted	
Negative Declaration adopted	
Categorically exempt	
Generally exempt	
EIR certified	
Tract map approved for filing with the County Recorder	
Parcel map approved for filing with the County Recorder	
Bond approved is No. _____ of Contract	
Agreement mentioned therein is/are No. _____ _____ of contracts	

J. Michael Carey
City Clerk
dng

AR 5-14-99

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26

HOUSING & COMMUNITY REDEVELOPMENT COMMITTEE
Report/Communication for Signature

Council File Number 96-1630

Committee Meeting Date 8-18

Council Date 9-8

COMMITTEE MEMBER	YES	NO	ABSENT
COUNCILMEMBER PACHECO, CHAIR	✓		
COUNCILMEMBER GOLDBERG	✓		
~~COUNCILMEMBER HOLDEN~~			✓

Remarks CRA Investment Report

Adrienne Bass, Legislative Assistant II ---- Telephone 847-0379

File No. 96-1630

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

reports as follows:

	Yes	No
Public Comments	XX	

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE REPORT relative to the Community Redevelopment Agency quarterly Investment report.

Recommendation for Council action:

NOTE and FILE the Community Redevelopment Agency (CRA) quarterly investment report, summarizing investments as of June 30, 1999, inasmuch as this report was submitted for informational purposes only and no Council action is required.

Fiscal Impact Statement: None submitted by the CRA. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Summary:

In a report dated 7-15-99, the Community Redevelopment Agency (CRA) reports that on 5-19-99 the City Council approved the CRA's current Investment Policy. This policy requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Council. This Policy has the stated objectives of safety, liquidity and yield. As of 6-30-99, the investment portfolio totaled $101,392,011. The overall yield was 5.51% and invested funds include unexpended bond proceeds, tax increment revenues, loan proceeds, income from lease and loan payments, interest income and other financial resources, which are invested prior to their expenditure consistent with the Agency's adopted annual budget. The Investment Report dated 7-15-99 summarizes the types of investments held in the Agency's investment portfolio, the institutions holding Agency cash/investment deposits, maturity dates, amounts of deposits, current market values of all securities having a maturity date of more than 12 months, the overall yield on the investment portfolio, a discussion of any unusual investment activity or developments during the reporting period, and a summary of the community involvement/reinvestment activities of banks holding Agency funds.

Respectfully submitted,

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

RPT.
ADOPTED
SEP 08 1999
LOS ANGELES CITY COUNCIL

AB
8-19-99

COUNCIL VOTE

08-Sep-99 10:51:03 AM, #8

Items For Which Public Hearings Have Been Held - Items 12-37
Voting on Item(s): 12,15-24,26,28-35
Roll Call

BERNSON	Absent
CHICK	Yes
FEUER	Yes
GALANTER	Yes
GOLDBERG	Yes
HERNANDEZ	Yes
HOLDEN	Yes
MISCIKOWSKI	Yes
PACHECO	Yes
PADILLA	Yes
RIDLEY-THOMAS	Yes
SVORINICH	Absent
WACHS	Absent
WALTERS	Yes
*FERRARO	Yes

Present: 12, Yes: 12 No: 0

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
SUGGESTED NOTIFICATION OF COUNCIL ACTION

Council File No. _____

- [ ] Petitioner/Communicant _____
- [ ] Council Member(s) _____
- [ ] Mayor (with/without file)
- [x] Community Redevelopment Agency (Office of Administrator)
- [x] Community Redevelopment Agency (Budget Office, 5th Floor)
- [x] City Administrative Officer
- [x] Chief Legislative Analyst
- [ ] City Attorney
- [ ] Community Development Department
- [ ] Los Angeles Housing Department
- [ ] Housing Authority of the City of L.A.
- [ ] Department of Transportation
- [ ] City Planning Department
- [ ] Department of Building and Safety
- [x] Controller - Accounting and Disbursement
- [ ] City Clerk, Administrative Services Division
- [ ] _____
- [ ] _____
- [ ] _____

J. MICHAEL CAREY
City Clerk

When making inquiries relative to this matter refer to File No.

CITY OF LOS ANGELES
CALIFORNIA

Office of the
CITY CLERK
Council and Public Services
Room 615, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

RICHARD J. RIORDAN
MAYOR

96-1630

August 2, 1999

HOUSING & COMMUNITY REDEVELOPMENT COMMITTEE

In accordance with Council Rules, communication from the Community Redevelopment Agency relative to the Agency's Investment Report, was referred on August 2, 1999, to the HOUSING & COMMUNITY REDEVELOPMENT COMMITTEE.

J. Michael Carey
City Clerk
amm

Recyclable and made from recycled waste.

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

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Equal Opportunity
Employer

RECEIVED
CITY CLERK'S OFFICE
99 JUL 28 AM 10:27
BY CITY CLERK
DEPUTY

Date July 23, 1999

File Code

J. Michael Carey, City Clerk
City of Los Angeles
200 North Main Street, Room 615
Los Angeles, CA 90012

RE: AGENCY INVESTMENT REPORT (COUNCIL FILE NO. 96-1630)

CRA
LA

Dear Mr. Carey:

The Agency's Investment Policy, adopted by the Agency Commissioners on April 1, 1999 and approved by the City Council on May 19, 1999, requires that quarterly investment reports be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in Council File No. 96-1630. Accordingly, the Agency is forwarding herewith a Report to Agency Commissioners on Agency Investments, dated July 15, 1999. Kindly place such report in Council File No. 96-1630.

Thank you for your attention to this matter.

Very truly yours,

Jerry Scharlin
Interim Administrator

Attachment

Peggy Moore, *Chair*

Armando Vergara, Sr., *Vice-Chair*
Juanita G. Chavez, *Treasurer*
Javier O. Lopez
Dr. Keith S. Richman
Christine M. Robert
Clinton F. Rosemond

John E. Molloy
Administrator

HOUSING & COMMUNITY REDEVELOP

JUL 30 1999

R-2

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF JUNE 30, 1999

July 15, 1999

PURPOSE

To report Agency investment activities as of June 30, 1999, in accordance with the Agency's Investment Policy.

REPORT

The Agency's current Investment Policy, adopted by the Agency Commissioners on April 1, 1999 and approved by the City Council on May 19, 1999, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in the Council File relating to the Investment Policy.

The Investment Policy has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties.

As of June 30, 1999, the investment portfolio totaled $101,392,011. The overall yield was 5.51 percent. Invested funds include unexpended bond proceeds, tax increment revenues, loan proceeds, income from lease and loan payments, interest income and other financial resources, which are invested prior to their expenditure consistent with the Agency's adopted annual budget.

More than ninety-six percent (96%) of the investment portfolio was comprised of: Federal securities, e.g. Federal Farm Credit Bank, Federal Home Loan Bank, etc., (50.58%), United States Treasury obligations (5.11%), and investments in the Local Agency Investment Fund (40.37%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Time Certificates of Deposit (0.30%), Commercial Paper (3.61%) and a Special Savings Account (0.03%). Exhibit A depicts the investment asset allocation as of June 30, 1999. The total cash balance on June 30, 1999, was $2,639,897, consisting primarily of monies in the Agency's principal disbursement accounts needed to fund outstanding expenditures. Virtually all cash is held in interest-bearing checking accounts.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding

Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.

Diana B. Webb
Chief Deputy Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF JUNE 30, 1999

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD %	PERCENTAGE OF PORTFOLIO	MATURITY DATES
Time Certificates of Deposit	$308,087	$314,870	4.76	0.30	11/08/99-01/02/00
Commercial Paper	3,660,474	3,705,000	5.19	3.61	07/07/99-02/25/00
Federal Farm Credit Banks	7,086,180	8,860,147	5.84	6.99	09/23/02-12/08/03
Federal Home Loan Banks	16,082,725	19,660,368	5.81	15.86	05/01/00-03/24/04
Federal Home Loan Mtge Corp	6,257,758	7,907,567	6.03	6.17	10/22/02-01/13/04
Federal National Mtge Assn	21,854,211	27,248,227	5.97	21.56	12/08/99-03/01/04
Special Savings Account	25,000	25,543	4.25	0.03	12/31/99
U.S. Treasury Notes	5,184,627	5,489,912	5.91	5.11	01/31/00-02/15/00
Local Agency Investment Fund	40,932,949	41,442,324	5.12	40.37	07/01/99
T O T A L S	**$101,392,011**	**$114,653,958**	**5.51**	**100.00**	

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular North America	$22,005	$633,444	$708,595
Bank of America	82,529	4,372,869	5,314,093
Bay Cities National Bank	-	10,000	10,220
California Federal Bank	-	98,087	99,753
Cathay Bank	44,510	299,288	314,000
City National Bank	5,840	-	-
Family Savings Bank	-	100,000	102,454
Founders National Bank	-	100,000	102,443

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Imperial Bank	$7,589	$0	$0
Manufacturers Bank	68,542	384,690	400,000
State of California	-	40,932,949	41,442,324
Tokai Bank of California	783,337	-	-
Union Bank of California, N.A.	1,419,302	53,651,823	65,329,533
Watts United Credit Union	-	25,000	25,543
Wells Fargo Bank, N.A.	206,243	783,861	805,000
T O T A L S	**$2,639,897**	**$101,392,011**	**$114,653,958**

* With the exception of the cash deposits with Bank of America, all cash is held in interest-bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$7,090,000	$7,086,180	$7,031,731	09/23/02-12/08/03
Federal Home Loan Banks	15,055,000	15,041,227	15,030,931	11/17/00-03/24/04
Federal Home Loan Mtge Corp	6,250,000	6,257,758	6,255,837	10/22/02-01/13/04
Federal National Mtge Assn	21,640,000	21,624,939	21,658,450	12/17/01-03/01/04
	$50,035,000	**$50,010,104**	**$49,976,949**	

UNUSUAL INVESTMENT ACTIVITY :

N O N E

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of JUNE 30, 1999

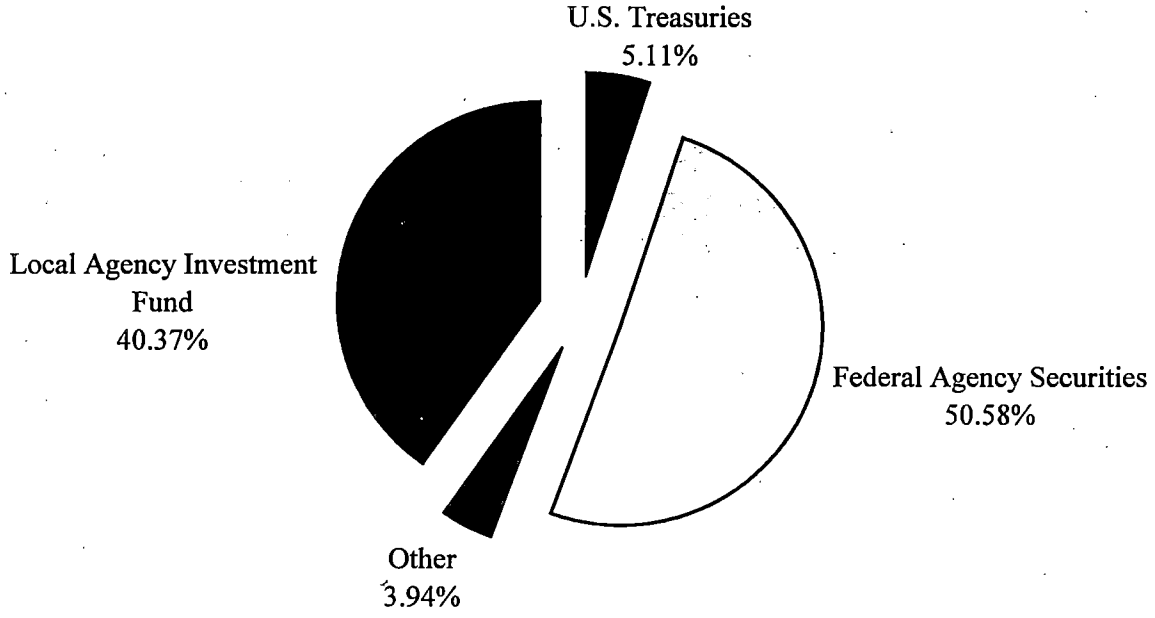


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED JUNE 30, 1999

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR NORTH AMERICA	Provided letters of credit for several Spring Street projects, provided financing for supermarket in Pico Union in 1998; maintains a banking office in the Historic Core portion of the Central Business District Redevelopment Project.
BANK OF AMERICA	Provided loans in the Beacon Street, Hoover, and Rodeo-La Cienega projects; maintains offices in several redevelopment projects; serves on the Agency's loan committee; a major source of construction financing for low income rental housing and permanent loans to moderate income homebuyers.
BAY CITIES NATIONAL BANK	Maintains an office in San Pedro, which serves the Beacon Street and Los Angeles Harbor redevelopment project areas.
CALIFORNIA FEDERAL BANK	Maintains an office in the Martin Luther King, Jr. Shopping Center in Watts as well as several other project areas; assisted in the early financing of the Martin Luther King, Jr. Shopping Center and provided a letter of credit for the Promenade Towers bond issue in Bunker Hill in 1985.
CATHAY BANK	Minority-owned bank that serves the Chinatown project area.
CITY NATIONAL BANK	Maintains an office in the Central Business District project area; provided bridge and permanent loans for rehabilitation of very low income housing units.
FAMILY SAVINGS BANK	Minority-owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills. A very active home mortgage initiator in South Los Angeles.

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
FOUNDERS NATIONAL BANK	Minority-owned bank that maintains its headquarters and a branch office in the Crenshaw Redevelopment Project.
IMPERIAL BANK	Purchased tax-exempt Agency bond issue for neighborhood center in the Pico Union I Redevelopment Project and provided letter of credit in connection with the development of the Los Angeles Actor's Theatre in 1983; maintains offices in various project areas.
MANUFACTURERS BANK	Maintains offices in the Little Tokyo Redevelopment Project and the East Side Industrial Area of the Central Business District Redevelopment Project.
TOKAI BANK OF CALIFORNIA	Provided a $10 million line of credit to the Agency in January 1997, and through its parent, Tokai Bank Ltd., has provided letters of credit to secure the Promenade Towers and Grand Promenade bond issues in the Bunker Hill Project in 1989 and 1990, respectively.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, Central Business District and Little Tokyo Redevelopment Projects; provided a loan for relocation and other activities in the Los Angeles Harbor Redevelopment Project in 1998; successor to Bank of California and Union Bank, which merged on April 1, 1996. Bank of California provided construction financing for redevelopment activity in the Central Business District Hictoric Core and for an affordable housing development in Little Tokyo.
WATTS UNITED CREDIT UNION	Minority-owned financial institution that is headquartered in the Watts Redevelopment Project and has served the Watts community since 1966.
WELLS FARGO BANK, N.A.	Maintains a banking office in the Broadway-Spring Center; serves on the Agency's loan committee; purchased Agency's only Marks Foran rehabilitation bond issue; provided letter of credit in 1984 to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center that are currently outstanding; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association.

J. MICHAEL CAREY
City Clerk

When making inquiries relative to this matter refer to File No.

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 615, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

96-1630

PLACE IN FILES
MAY 2 1 1999
DEPUTY

May 20, 1999

Honorable Richard Riordan, Mayor
Community Redevelopment Agency,
Office of Administrator
cc: Budget Office, 5th Floor
City Administrative Officer

Chief Legislative Analyst
City Attorney
Controller, Room 1200
Accounting Division, F & A
Disbursement Division

RE: COMMUNITY REDEVELOPMENT AGENCY'S INVESTMENT AND CASH MANAGEMENT POLICY

At the meeting of the Council held May 19, 1999, the following action was taken:

Attached report adopted	X
Attached motion () adopted	
Attached resolution adopted ()	
Mayor concurred	
FORTHWITH	X
Ordinance adopted	
Motion adopted to approve attached report	
Motion adopted to approve communication	
To the Mayor FORTHWITH	
Ordinance Number	
Publication date	
Effective date	
Mayor vetoed	
Mayor approved	
Mayor failed to act - deemed approved	
Findings adopted	
Negative Declaration adopted	
Categorically exempt	

J. Michael Carey

City Clerk
bs

steno\961630

FF 5/21/99

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#9

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
Report/~~Communication~~ for Signature

Council File Number 96-1630

Committee Meeting Date 5/12/99

Council Date 5/19/99

COMMITTEE MEMBER	YES	NO	ABSENT
COUNCILMEMBER SVORINICH, Chair	✓		
COUNCILMEMBER ALATORRE, Vice-Chair			✓
COUNCILMEMBER ~~WALTERS~~, Member	✓		

Remarks

Legislative Assistant: Sandra L. Grange ♦♦♦♦♦ Phone 485-4836

File No. 96-1630

TO THE COUNCIL OF THE CITY OF LOS ANGELES

Your HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE reports as follows:

	Yes	No
Public Comments	XX	

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE REPORT relative to the Community Redevelopment Agency's (CRA) investment and cash management policy.

Recommendations for Council action:

1. CONCUR in the CRA Board's adoption of the CRA's "State of Investment Policy."

2. DELEGATE authority to formulate, execute and administer the investment of CRA funds to the CRA Administrator, the Deputy Administrator Financial Services, the Chief Financial Officer or designee.

3. INSTRUCT the CRA to provide current investment ratings, when presenting its "State of Investment Policy" to the City Council.

Fiscal Impact Statement: The City Administrative Officer (CAO), the Chief Legislative Analyst (CLA) and the CRA report that the requested action is a policy matter and no funds are required for its approval. There is no General Fund impact.

SUBJECT FILE TO BE TRANSMITTED FORTHWITH TO CONCERNED DEPARTMENTS

Summary:

On May 12, 1999, the Housing and Community Redevelopment (H&CR) Committee concurred with the CRA Board's action of April 1, 1999 in its adoption of a "Statement of Investment Policy." However, since the last rating was on March 31, 1998, the H&CR Committee's approval was with the contingency that a current rating be provided to the City Council prior to the Council's action. The H&CR Committee also approved the delegation of authority to formulate, execute and administer the investment of CRA funds as stated above in Recommendation No. 2.

The investment policy governs the CRA's investment and cash-management practices and procedures. This policy was updated in 1996 to reflect State Legislative changes made in 1995 following the Orange County financial crisis. The CAO/CLA indicate that

the City Council last considered and approved the CRA's Investment Policy in April 1998. Its current submission is substantially the same as the submitted in 1998. According to the CAO/CLA, the 1999 Investment Policy is consistent with the City's current Investment Policy (i.e., safety, liquidity and yield; compliance with State law; diversification of investment products and investment prohibitions).

As of March 31, 1998, Fitch IBCA, an investment rating agency, stated that CRA's portfolio has the highest credit rating available for underlying assets, diversification standards, operational controls and management oversight. A new Fitch rating is expected by the end of next week. According to the CAO/CLA, a preliminary finding has been review by CRA with the rating remaining the same. Because the Fitch rating is not current, the H&CR Committee instructed the Agency to provide the City Council with a current rating, prior to the Council's action. Although the matter will be scheduled for Council consideration on May 19, 1999, if a current rating is not available, the H&CR Committee instructed that the matter be continued.

State law provides that CRA's governing body (CRA Board) and responsible investment officers (CRA Administrator, Deputy Administrator Financial Services and Chief Financial Officer) are deemed to be trustees and fiduciaries legally subject to prudent investor standards. The CAO/CLA reports that the delegation of authority from the CRA Board to its investment officers must be renewed annually under State law (Government code Section 53646). It is noted that the City Council delegates its investment authority to the City Treasurer.

CRA currently manages an estimated $102 million investment portfolio that yields approximately $5.5 million annual in interest revenues. The basic guiding objectives of the Investment Policy are safety, liquidity and the return on investment.

Contained in the CAO/CLA report dated May 12, 1999, is background information on the CRA's investment and cash-management activities and the three fundamental considerations that will guide it in managing its idle funds. These three considerations, in priority order, are: safety, liquidity and return on investment.

Attachment 1 of the CAO/CLA report is a brief overview of the significant portions of the CRA's 1998 Statement of Investment Policy.

In March 1998, Fitch's Investor Services gave the CRA's investment portfolio a rating of AAA/V=1+. According to CRA, such ratings are the highest achievable for a government investment portfolio. Such portfolios "meet the highest credit quality standards for underlying assets, diversification, management and

operational capabilities." For a list rating considerations, please refer to the CAO/CLA report.

Respectfully submitted,

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

SLG
4/13/99

#961630

REPT.

ADOPTED

MAY 19 1999

LOS ANGELES CITY COUNCIL

FORTHWITH

COUNCIL VOTE

19-May-99 10:45:50 AM, #4

Items for Which Public Hearings Have Been Held - Items 4-11
Voting on Item(s): 4,6-10
Roll Call

ALATORRE	Yes
BERNSON	Yes
CHICK	Yes
FEUER	Yes
GALANTER	Absent
GOLDBERG	Yes
HERNANDEZ	Yes
HOLDEN	Yes
MISCIKOWSKI	Yes
RIDLEY-THOMAS	Yes
SVORINICH	Yes
WACHS	Yes
WALTERS	Yes
*FERRARO	Yes
	Absent

Present: 13, Yes: 13 No: 0

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

An Affirmative Action
Equal Opportunity
Employer

Date May 3, 1999

File Code

J. Michael Carey, City Clerk
City of Los Angeles
200 North Main Street, Room 615
Los Angeles, CA 90012

RE: AGENCY INVESTMENT REPORT (COUNCIL FILE NO. 96-1630)

CRA
LA

Dear Mr. Carey:

The Agency's Investment Policy, adopted by the Agency Commissioners on March 19, 1998 and approved by the City Council on April 22, 1998, requires that quarterly investment reports be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in Council File No. 96-1630. Accordingly, the Agency is forwarding herewith a Report to Agency Commissioners on Agency Investments, dated April 15, 1999. Kindly place such report in Council File No. 96-1630.

Thank you for your attention to this matter.

Very truly yours,

John E. Molloy
Administrator

Attachment

John E. Molloy
Administrator

RI

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF MARCH 31, 1999

April 15, 1999

PURPOSE

To report Agency investment activities as of April 15, 1999, in accordance with the Agency's Investment Policy.

REPORT

The Agency's current Investment Policy, adopted by the Agency Commissioners on March 19, 1998 and approved by the City Council on April 22, 1998, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in the Council File relating to the Investment Policy.

The Investment Policy has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties.

As of March 31, 1999, the investment portfolio totaled $98,455,172 including $298,538 of Central Library Construction Trust Fund monies managed by the Agency. The overall yield was 5.61 percent. Invested funds include unexpended bond proceeds, tax increment revenues, loan proceeds, income from lease and loan payments, interest income and other financial resources, which are invested prior to their expenditure consistent with the Agency's adopted annual budget.

Nearly ninety-eight percent (98%) of the investment portfolio was comprised of: Federal securities, e.g. Federal Farm Credit Bank, Federal Home Loan Bank, etc., (56.61%), United States Treasury obligations (5.27%), and investments in the Local Agency Investment Fund (36.01%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Time Certificates of Deposit (0.31%), Commercial Paper (1.77%) and a Special Savings Account (0.03%). Exhibit A depicts the investment asset allocation as of March 31, 1999. The total cash balance on March 31, 1999, was $4,388,612, consisting primarily of monies in the Agency's principal disbursement accounts needed to fund outstanding expenditures. Virtually all cash is held in interest-bearing checking accounts.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the

developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.

John E. Molloy, Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF MARCH 31, 1999

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD %	PERCENTAGE OF PORTFOLIO	MATURITY DATES
Time Certificates of Deposit	$308,087	$317,402	4.85	0.31	05/17/99-01/02/00
Commercial Paper	1,740,280	1,757,000	5.04	1.77	04/07/99-05/10/99
Federal Farm Credit Banks	8,638,775	10,837,283	5.87	8.77	05/25/99-12/08/03
Federal Home Loan Banks	14,501,427	18,197,416	5.94	14.73	06/04/99-03/24/04
Federal Home Loan Mtge Corp	7,688,294	9,752,338	6.04	7.81	05/21/01-01/13/04
Federal National Mtge Assn	23,258,683	29,102,056	6.02	23.62	04/05/99-03/01/04
Private Export Funding Co	1,657,502	1,693,542	4.98	1.68	05/28/99
Special Savings Account	25,000	25,534	4.25	0.03	06/30/99
U.S. Treasury Notes	5,184,627	5,489,912	5.91	5.27	01/31/00-02/15/00
Local Agency Investment Fund	35,452,497	35,906,868	5.21	36.01	04/01/99
T O T A L S	**$98,455,172**	**$113,079,351**	**5.61**	**100.00**	

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular North America	$29,313	$589,173	$641,198
Bank of America	64,109	4,351,239	5,368,770
Bay Cities National Bank	-	10,000	10,208
California Federal Bank	-	98,087	100,910
Cathay Bank	63,523	284,764	299,000
City National Bank	5,809	-	-
Family Savings Bank	-	100,000	103,655
Founders National Bank	-	100,000	102,629

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Imperial Bank	$7,551	$0	$0
Manufacturers Bank	63,133	369,621	390,000
State of California	-	35,452,497	35,906,868
Tokai Bank of California	280,967	-	-
Union Bank of California, N.A.	1,531,675	55,252,431	68,267,458
Watts United Credit Union	-	25,000	25,534
Wells Fargo Bank, N.A.	2,342,532	1,822,360	1,863,121
T O T A L S	**$4,388,612**	**$98,455,172**	**$113,079,351**

* With the exception of the cash deposits with Bank of America, all cash is held in interest-bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$8,190,000	$8,185,148	$8,248,207	09/23/02-12/08/03
Federal Home Loan Banks	14,145,000	14,131,711	14,278,476	05/18/00-03/24/04
Federal Home Loan Mtge Corp	7,695,000	7,688,294	7,812,546	05/21/01-01/13/04
Federal National Mtge Assn	22,085,000	22,099,420	22,378,601	04/30/01-03/01/04
	$52,115,000	**$52,104,573**	**$52,717,830**	

UNUSUAL INVESTMENT ACTIVITY :

N O N E

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of MARCH 31, 1999

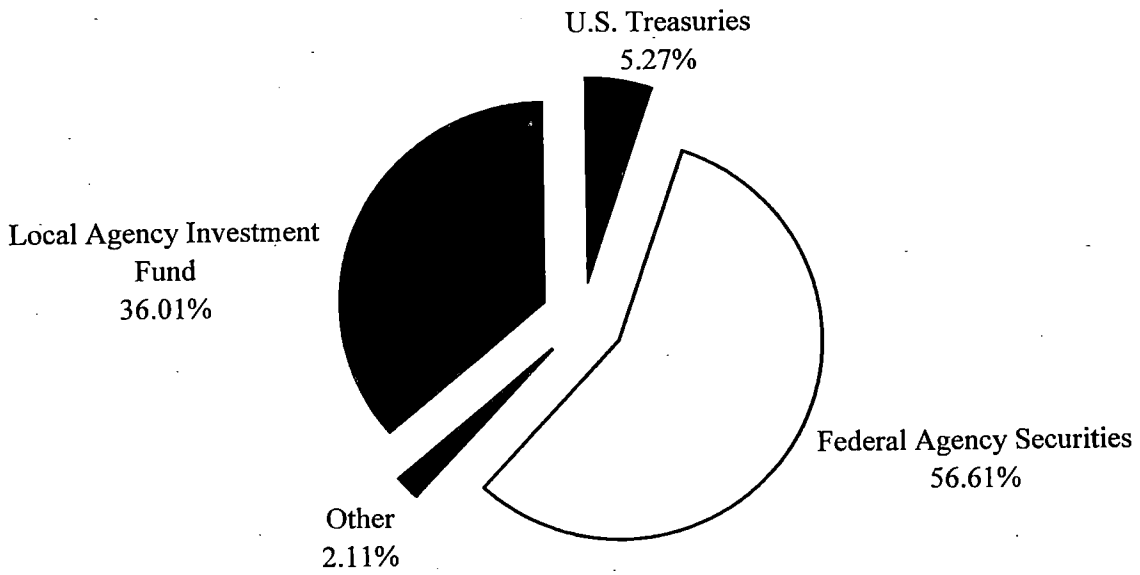


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED MARCH 31, 1999

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR NORTH AMERICA	Provided letters of credit for several Spring Street projects, provided financing for supermarket in Pico Union in 1998; maintains a banking office in the Historic Core portion of the Central Business District Redevelopment Project.
BANK OF AMERICA	Provided loans in the Beacon Street, Hoover, and Rodeo-La Cienega projects; maintains offices in several redevelopment projects; serves on the Agency's loan committee; a major source of construction financing for low income rental housing and permanent loans to moderate income homebuyers.
BAY CITIES NATIONAL BANK	Maintains an office in San Pedro, which serves the Beacon Street and Los Angeles Harbor redevelopment project areas.
CALIFORNIA FEDERAL BANK	Maintains an office in the Martin Luther King, Jr. Shopping Center in Watts as well as several other project areas; assisted in the early financing of the Martin Luther King, Jr. Shopping Center and provided a letter of credit for the Promenade Towers bond issue in Bunker Hill in 1985.
CATHAY BANK	Minority-owned bank that serves the Chinatown project area.
CITY NATIONAL BANK	Maintains an office in the Central Business District project area; provided bridge and permanent loans for rehabilitation of very low income housing units.
FAMILY SAVINGS BANK	Minority-owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills. A very active home mortgage initiator in South Los Angeles.

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
FOUNDERS NATIONAL BANK	Minority-owned bank that maintains its headquarters and a branch office in the Crenshaw Redevelopment Project.
IMPERIAL BANK	Purchased tax-exempt Agency bond issue for neighborhood center in the Pico Union I Redevelopment Project and provided letter of credit in connection with the development of the Los Angeles Actor's Theatre in 1983; maintains offices in various project areas.
MANUFACTURERS BANK	Maintains offices in the Little Tokyo Redevelopment Project and the East Side Industrial Area of the Central Business District Redevelopment Project.
TOKAI BANK OF CALIFORNIA	Provided a $10 million line of credit to the Agency in January 1997, and through its parent, Tokai Bank Ltd., has provided letters of credit to secure the Promenade Towers and Grand Promenade bond issues in the Bunker Hill Project in 1989 and 1990, respectively.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, Central Business District and Little Tokyo Redevelopment Projects; provided a loan for relocation and other activities in the Los Angeles Harbor Redevelopment Project in 1998; successor to Bank of California and Union Bank, which merged on April 1, 1996. Bank of California provided construction financing for redevelopment activity in the Central Business District Hictoric Core and for an affordable housing development in Little Tokyo.
WATTS UNITED CREDIT UNION	Minority-owned financial institution that is headquartered in the Watts Redevelopment Project and has served the Watts community since 1966.
WELLS FARGO BANK, N.A.	Maintains a banking office in the Broadway-Spring Center; serves on the Agency's loan committee; purchased Agency's only Marks Foran rehabilitation bond issue; provided letter of credit in 1984 to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center that are currently outstanding; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association.

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
SUGGESTED NOTIFICATION OF COUNCIL ACTION

Council File No. 96-1630

- [ ] Petitioner/Communicant _____
- [ ] Council Member(s) _____
- [x] Mayor (with/without file)
- [x] Community Redevelopment Agency (Office of Administrator)
- [x] Community Redevelopment Agency (Budget Office, 5th Floor)
- [x] City Administrative Officer
- [x] Chief Legislative Analyst
- [x] City Attorney
- [ ] Community Development Department
- [ ] Los Angeles Housing Department
- [ ] Housing Authority of the City of L.A.
- [ ] Department of Transportation
- [ ] City Planning Department
- [ ] Department of Building and Safety
- [x] Controller - Accounting and Disbursement
- [ ] _____
- [ ] _____
- [ ] _____
- [ ] _____

Managed Funds
Special Report

Community Redevelopment Agency of the City of Los Angeles, California Investment Portfolio

Rating

Community Redevelopment Agency
of the City of Los Angeles, CA
Investment Portfolio.....AAA/V1+

Analysts

Steve M. Lee
212 908-0734
smlee@fitchibca.com

Jennifer F. Williams
212 908-0773
jwilliams@fitchibca.com

John L. Schiavetta, CFA
212 908-0619
jschiavetta@fitchibca.com

Company Contact

Peirre E. Lorenger
Deputy Administrator Financial Services
and Chief Financial Officer
213 977-1890

Summary

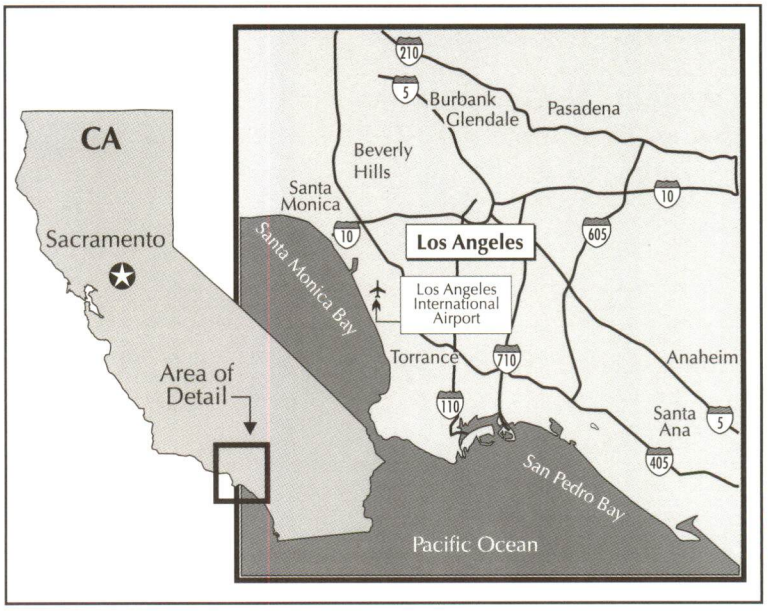
The Community Redevelopment Agency of the City of Los Angeles (CRA/LA, or the agency), CA Investment Portfolio, a local government investment portfolio with approximately $100.5 million in assets, is rated 'AAA/V1+'. Investment portfolios and pools rated 'AAA' meet the highest credit quality standards for underlying assets, diversification, management, and operational capabilities. The portfolio's 'V1+' volatility rating reflects low market risk and a strong capacity to return stable principal values to meet cash flow requirements, even in severely adverse interest rate environments. Portfolio valuation reports are submitted to Fitch IBCA monthly.

Rating Considerations

- Conservative investment policies and practices, as evidenced by tight maturity limits and avoidance of volatile derivative securities, no use of leverage, and high standards for credit quality and diversification.
- High degree of liquidity resulting from maturity profile and strong ability to forecast ongoing cash requirements.
- Solid management oversight and operational controls.

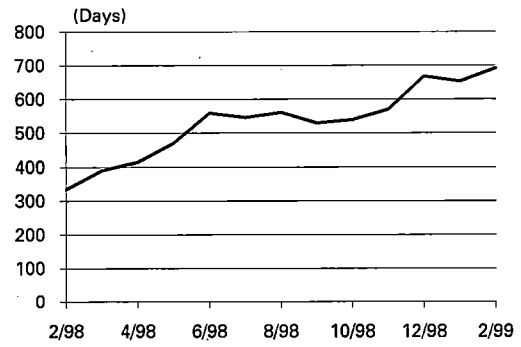
Overview

The CRA/LA is an agency of the City of Los Angeles that was established as the prime entity responsible for devising and implementing geographic-based action strategies to check and reverse deterioration in Los Angeles' most troubled urban neighborhoods. The CRA/LA investment portfolio consists of the pool of assets held in the agency's



May 3, 1999

Portfolio Weighted Average Maturity

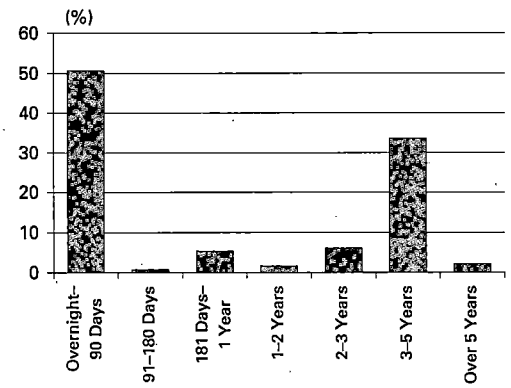


operating fund for specific redevelopment projects. The investment portfolio is managed by the agency administrator, acting through the deputy administrator financial services and chief financial officer for the benefit of the agency and its 29 redevelopment projects. In priority order, the three fundamental considerations for managing the agency's investments are safety, liquidity, and yield.

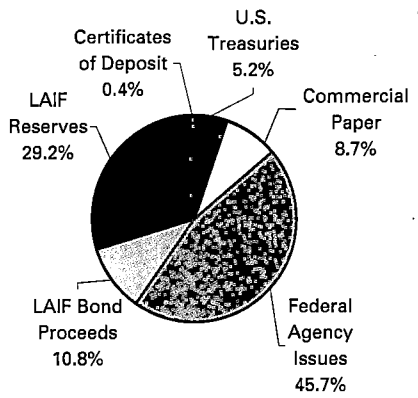
■ Investment Practices

The CRA/LA pursues its investment objectives by investing in a diversified portfolio of high-quality securities, including U.S. Treasury and agency securities, commercial paper, certificates of deposit, bankers' acceptances, and the local agency investment fund (LAIF), which is California's investment pool. No floating-rate notes are held in the portfolio, and derivative investments of any kind are expressly prohibited. U.S. Treasury and agency securities accounted for approximately 50.9% of portfolio assets as of Feb. 28, 1999. The portfolio's weighted average maturity (WAM) was approximately 692 days on Feb. 28, 1999. By policy, the portfolio must maintain a WAM of two years or less, and at least 10% of the portfolio shall be invested in instruments that can be liquidated on one day's notice. The portfolio follows additional diversification policies by maturity, sector, and issuer. The portfolio does not engage in any investment leveraging activities through reverse repurchase agreements or other methods.

Portfolio Maturity Profile
(As of Feb. 28, 1999)



Portfolio Composition
(As of Feb. 28, 1999)



LAIF – Local agency investment fund.

■ Liquidity

The fund's maturity profile and regular monitoring of expected cash flow needs provide strong liquidity support. The investment manager conservatively maintains a significant portion of the portfolio in overnight and short-term securities; this ensures a high degree of liquidity to meet the agency's and its redevelopment projects' anticipated and unanticipated cash outflows for operating and capital needs. All invested funds are under the control of CRA/LA; therefore, the portfolio has added cash flow stability not present in a local government investment pool that includes voluntary participants who may withdraw their funds at any time for reinvestment elsewhere. As of Feb. 28, 1999, more than 50.6% of portfolio assets matured within 90 days.

■ Credit Quality

The portfolio has the highest credit quality on the basis of investment practices, diversification standards, operational controls, and management oversight. The portfolio invests in securities issued only by highly rated entities and diversifies across issuers. As of Feb. 28, 1999, approximately 50.9% of the portfolio

was invested in 'AAA' quality U.S. Treasury and agency securities, with the balance in highly rated securities. To support redevelopment efforts, the portfolio invests a nominal amount in certificates of deposit of lower rated banks; however, these are held in amounts of $100,000 or less to qualify for Federal Deposit Insurance Corp. protection. As of Feb. 28, 1999, these holdings accounted for less than 0.4% of the portfolio.

The portfolio also uses numerous custodian banks to support redevelopment efforts, although the lead custodian, Union Bank of California, is custodian for approximately 52% of the portfolio's assets as of Feb. 28, 1999.

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Telephone: New York, 1-800-753-4824, (212) 908-0500, Fax (212) 480-4435; Chicago, IL, 1-800-483-4824, (312) 214-3434, Fax (312) 214-3110;
London, 011 44 171 417 4222, Fax 011 44 171 417 4242; San Francisco, CA, 1-800-953-4824, (415) 732-5770, Fax (415) 732-5610
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Fitch IBCA mutual fund volatility ratings are an opinion as to the relative sensitivity of the total return (including price) of a fund's shares to a broad array of assumed changes in (where relevant) interest rates, mortgage prepayment speeds, liquidity of the portfolio, spreads, currency exchange rates, and other market conditions. Volatility ratings are expressed on a scale of 'V1+' (least volatile) through 'V10' (most volatile). The 'V1+' rating is assigned only to money market funds or local government investment pools that should not experience loss of principal value to shareholders or participants even in severely adverse interest rate environments. Volatility ratings, however, do not predict the direction or magnitude of changes in such market conditions and, therefore, do not predict whether, or the extent to which, any particular bond fund will perform favorably or adversely in the future.

Also, the total returns of bond funds with the same volatility ratings but dissimilar portfolio securities may move in different directions and magnitudes under the same market conditions. For example, while both a high-yield bond fund, which is sensitive primarily to changes in credit risk, and an international bond fund, which is sensitive primarily to changes in currency exchyange rates, might have 'V6' ratings, they are likely to perform differently under the same market conditions. The price of one can increase while that of the other can decrease, or each might increase or decrease in different magnitudes. Moreover, a fund with a 'V6' rating might increase in price, while a fund with a 'V3' rating might decrease in price. Nevertheless, a fund with a lower risk volatility rating is likely to exhibit less total return sensitivity than a fund with a higher risk volatility rating across a broad and varied range of market conditions.

Investors should understand that funds with any volatility rating other than a 'V1+' may experience losses in the event of adverse changes in market conditions. Moreover, these ratings do not constitute a recommendation to purchase, sell, or hold any securities or funds, as they do not comment on the adequacy of the price paid for any security or fund or the suitability of any security or fund for any investor. Fitch IBCA's mutual fund volatility ratings are based on information provided to Fitch IBCA by sources deemed to be reliable. However, Fitch IBCA does not verify the accuracy of this underlying information. Due to the relative efficiency of electronic publishing and distribution, Fitch IBCA Research may be available to electronic subscribers up to three days earlier than print subscribers.

FORM GEN. 160 (Rev. 6-80)

CITY OF LOS ANGELES

INTER-DEPARTMENTAL CORRESPONDENCE

Date: *May 12, 1999*

TO: Members, Housing and Community Redevelopment Committee

FROM: Ronald F. Deaton
Chief Legislative Analyst RFD by [illegible]

Paul K. Cauley PKC
Acting City Administrative Officer

SUBJECT: **Community Redevelopment Agency - Investment and Cash Management Policy**

Summary:
The Community Redevelopment Agency (Agency) is requesting City Council approval of its 1999 "Statement of Investment Policy" (Investment Policy) which governs the Agency's investment and cash management practices and procedures. The Agency's Investment Policy was updated in 1996 to reflect State Legislative changes made in 1995 following the Orange County financial crisis. The City Council last considered and approved the Agency's Investment Policy in April 1998. Its current submission is substantially the same as the one submitted in 1998. The Agency's 1999 Investment Policy is consistent with the City's current Investment Policy (i.e., safety, liquidity, and yield; compliance with state law; diversification of investment products; and investment prohibitions).

Fitch IBCA (an investment rating agency) states, as of March 31,1998, that the Agency's portfolio has the highest credit rating available for underlying assets, diversification standards, operational controls, and management oversight. A new Fitch rating is expected by the end of next week. A preliminary finding has been reviewed by the Agency with the rating remaining the same.

State law provides that the Agency's governing body (Agency Board) and responsible investment officers (Administrator, Deputy Administrator Financial Services and Chief Financial Officer) are deemed to be trustees and fiduciaries legally subject to prudent investor standards. The delegation of authority from the Agency Board to its investment officers must be renewed annually under State law (Government Code Sec. 53646). It is noted that the City Council delegates its investment authority to the City Treasurer.

The Agency currently manages an estimated $102 million investment portfolio that yields approximately $5.5 million annually in interest revenues. The basic guiding objectives of the Agency's Investment Policy are safety, liquidity, and return on investment.

Recommendations:
That the City Council approve the following actions:

1. **Approve** Agency actions of April 1, 1999, in its adoption of a "Statement of Investment Policy"; and,
2. **Delegate** authority to formulate, execute, and administer the investment of Agency funds to the Administrator, the Deputy Administrator Financial Services and Chief Financial Officer, or designee.

Fiscal Impact:
The requested action is a policy matter and no funds are required for its approval. There is no general fund impact.

Discussion:
Background:
The Agency has historically undertaken its investment and cash management activities "in-house" subject to practices, procedures and guidelines adopted by the Agency Board. In March 1990, the Agency submitted a formal Investment Policy for consideration by the City Council. Such policy was approved by the Council in January 1991.

In 1995 and in the wake of the Orange County bankruptcy, the state legislature enacted SB 564 and SB 866 (effective January 1996), modifying investment activities of "local government agencies" including community redevelopment agencies. The Agency modified its investment policy in keeping with these statutory changes; such changes were approved by the City Council.

The 1995 changes in state law require, in part, that local agencies (including community redevelopment agencies):

- Prepare an annual statement of investment policy for consideration by the local agency's legislative body which must be considered at a public meeting. (Note: the City Attorney advises that state law in this context is unclear as to the meaning of "legislative body"; it could refer to the City Council or the Agency Board. But, under community redevelopment law, the term "legislative body" refers to the City Council. Given this imprecision, the City Attorney advises that the term "legislative body" should read City Council.)

- Prepare quarterly investment reports to be submitted to its legislative body (see above).

The investment policy sets forth three fundamental considerations that will guide the Agency in the managing of its idle funds (in priority order):

- **Safety:**
  Preservation of invested capital is of primary importance.

- **Liquidity:**
  The Agency's investment portfolio shall contain a diversified mix of investments which are liquid and marketable, with minimal penalty, to satisfy the timely payment of Agency obligations.

- **Return on Investment:**
  The portfolio is to be designed with the objective of obtaining a reasonable and competitive market rate of return, taking into consideration risk constraints, prudent investment principles, and the cash flow characteristics of the portfolio.

Set forth in Attachment I is a brief overview of the significant portions of the Agency' 1998 Statement of Investment Policy.

Fitch IBCA:
In March 1998, Fitch's Investor Services (Fitch IBCA) gave the Agency's investment portfolio a rating of "AAA/V=1+." According to the Agency, such ratings are the highest achievable for a government investment portfolios. Such portfolio "meet the highest credit quality standards for underlying assets, diversification, management and operational capabilities." New ratings should be available mid-May 1999.

Rating considerations include the following:

- Conservative investment policies and practices, as evidenced by tight maturity limits and avoidance of volatile derivative securities; high standards for credit quality and diversification.
- High degree of liquidity.
- Solid management and oversight controls.

Paul M. Smith
Legislative Analyst

Terry Sauer
Principal Administrative Analyst

RFD:KC:KK:PS
O:\PSMITH\crainvestment.wpd

Attachment I

Overview
"Statement of Investment Purpose"
1999

- Purpose:
  Governs the investment practices of the Agency;

- Scope:
  Applies to all investment activities of the Agency;

- Authority:
  Rests with the Administrator or designee;

- Objectives:
  Safety, liquidity and return on investment.

- Standards of Prudence:
  The objective is to minimize the interest rate risk and credit risk of each investment.

- Authorized and Suitable Investments:
  Obligations of the United States of America; obligations of U.S. Government Agencies; Cash deposits and certificates of deposit; Bankers' Acceptance; Repurchase Agreements; Local Agency Investment Fund; Commercial Paper; Guaranteed Investment Contracts. Derivative investments are prohibited.

- Diversification of Investments:
  The Policy contains "not-to-exceed" diversification goals that guide the Agency's decisions, such as: U.S. Treasury Obligations and Notes - no limit; Direct Obligations of U.S. Federal Agencies - 80%; Certificates of Deposit - 20%; Demand Deposits - no limit; Bankers' Acceptance - 10%; Repurchase Agreements - 20%; Local Agency Investment Funds - $20 million; Commercial Paper - 15%.

- Annual Audit:
  A financial audit is to be conducted annually.

- Reporting:
  Quarterly, to Board and City Council.

J. MICHAEL CAREY
City Clerk

When making inquiries relative to this matter refer to File No.

CITY OF LOS ANGELES
CALIFORNIA



RICHARD J. RIORDAN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 615, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

96-1630
Var CDs

April 9, 1999

HOUSING & COMMUNITY REDEVELOPMENT COMMITTEE

In accordance with Council Rules, communication from the Community Redevelopment Agency relative to adoption of Annual Agency Investment Policy, was referred on April 9, 1999, to the HOUSING & COMMUNITY REDEVELOPMENT COMMITTEE.

J. Michael Carey
City Clerk
amm

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Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

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Date April 5, 1999

File Code

Council File No.
Council District: Various
Contact Person: Peirre E. Lorenger
(213) 977-1890

Honorable City Council of the City of Los Angeles
Room 615, City Hall East

COUNCIL TRANSMITTAL:

CRA
LA

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on April 1, 1999 for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

ADOPTION OF ANNUAL AGENCY INVESTMENT POLICY

RECOMMENDATION:

That the City Council approve recommendations 1. through 2. on the attached Board Memorandum.

ENVIRONMENTAL REVIEW:

The recommended actions do not constitute a "project" as defined by the California Environmental Quality Act (CEQA).

FISCAL IMPACT STATEMENT:

There is no fiscal impact to the City's General fund as a result of this recommendation.

John E. Molloy, Administrator

John E. Molloy
Administrator

C: Bill Speedie, Office of the City Clerk (original & 10 Copies)
Kelly Martin, Office of the Mayor
James Santa Maria, CD 15
John Henschel, Office of the CAO
Terry Sauer, Office of the CAO
Jennifer Pogue, Office of the CLA
Paul Smith, Office of the CLA

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CITY CLERK

HOUSING & COMMUNITY REDEVELOP
APR 8 1999

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CA

7

M E M O R A N D U M

DATE: APRIL 1, 1999 VARIOUS

TO: AGENCY COMMISSIONERS

FROM: JOHN E. MOLLOY, ADMINISTRATOR

SUBJECT: ADOPTION OF ANNUAL AGENCY INVESTMENT POLICY

RECOMMENDATION

That the Agency, subject to City Council review and approval:

1. Adopt the attached annual Statement of Investment Policy ("Investment Policy"); and

2. Delegate authority to formulate, execute and administer the investment of Agency funds to the Administrator, the Deputy Administrator Financial Services and Chief Financial Officer, or designee, pursuant to California Government Code Section 53607.

RE

March 19, 1998 - Agency adoption of annual Investment Policy.
April 22, 1998 - City Council approval of annual Agency Investment Policy.

SOURCE OF FUNDS

No Agency funds are required for the recommended action.

ENVIRONMENTAL REVIEW

The proposed action does not constitute a "project" as defined by the California Environmental Quality Act ("CEQA").

SUMMARY

The Agency's investment and cash management practices and procedures are governed by a formal written Investment Policy. The three fundamental considerations, in order of priority, for managing the Agency's investments are safety, liquidity and yield.

Government Code section 53646 requires that all local government agencies annually review and adopt, at a public meeting, formal

investment policies. The governing body and City Council must receive investment reports at least quarterly.

Under State law the governing body and responsible investment officers are deemed to be trustees and fiduciaries legally subject to prudent investor standards. The delegation of authority from the Agency Board to the person(s) responsible for investing Agency funds must be renewed annually, pursuant to Government Code Section 53607.

PROGRAM AND BUDGET IMPACT

The recommended action is in conformance with the adopted FY '99 Budget and Work Program.

There is no fiscal impact to the City's General Fund as a result of the recommended action.

BACKGROUND

On March 24, 1996, the Agency adopted a revised Investment Policy which incorporated provisions of new State laws enacted at that time. Such State legislation was adopted following hearings on the events which gave rise to the Orange County investment debacle and bankruptcy. One of the requirements in such laws is that all local government agencies must annually review and adopt, at a public meeting, a formal investment policy. On March 19, 1998, the Agency adopted the current Investment Policy.

The attached proposed Statement of Investment Policy is organized as follows:

1.0 Purpose

2.0 Scope

3.0 Authority

4.0 Objectives

5.0 Standards of Prudence

6.0 Authorized and Suitable Investments

7.0 Diversification of Investments

8.0 Maximum Maturities

9.0 Selection Criteria for Depository Institutions

10.0 Selection Criteria for Financial Dealers and Institutions

11.0 Safekeeping and Custody

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

An Affirmative Action
Equal Opportunity
Employer

Date February 17, 1999

File Code

J. Michael Carey, City Clerk
City of Los Angeles
200 North Main Street, Room 615
Los Angeles, CA 90012

CRA
LA

RE: AGENCY INVESTMENT REPORT (COUNCIL FILE NO. 96-1630)

Dear Mr. Carey:

The Agency's Investment Policy, adopted by the Agency Commissioners on March 19, 1998 and approved by the City Council on April 22, 1998, requires that quarterly investment reports be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in Council File No. 96-1630. Accordingly, the Agency is forwarding herewith a Report to Agency Commissioners on Agency Investments, dated January 21, 1999. Kindly place such report in Council File No. 96-1630.

Thank you for your attention to this matter.

Very truly yours,

John E. Molloy
Administrator

Attachment

Christine Essel, Chair

Peggy Moore, Vice-Chair
Armando Vergara, Sr., Treasurer
Juanita G. Chavez
Dr. Keith S. Richman
Clinton F. Rosemond
Christine M. Robert

John E. Molloy
Administrator

R-2

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF DECEMBER 31, 1998

January 21, 1999

PURPOSE

To report Agency investment activities as of December 31, 1998, in accordance with the Agency's Investment Policy.

REPORT

The Agency's current Investment Policy, adopted by the Agency Commissioners on March 19, 1998 and approved by the City Council on April 22, 1998, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in the Council File relating to the Investment Policy.

The Agency continues to be in compliance with all provisions of the Investment Policy, which has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties.

As of December 31, 1998, the investment portfolio totaled $100,440,325 including $689,492 of Central Library Construction Trust Fund monies managed by the Agency. The overall yield was 5.73 percent. Invested funds include unexpended bond proceeds, tax increment revenues, loan proceeds, income from lease and loan payments, interest income and other financial resources, which are invested prior to their expenditure consistent with the Agency's adopted annual budget.

Nearly ninety-seven percent (97%) of the investment portfolio was comprised of: Federal securities, e.g. Federal Farm Credit Bank, Federal Home Loan Bank, etc., (50.76%), United States Treasury obligations (8.14%), and investments in the Local Agency Investment Fund (38.05%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Time Certificates of Deposit (0.31%), Commercial Paper (2.72%) and a Special Savings Account (0.02%). Exhibit A depicts the investment asset allocation as of December 31, 1998. The total cash balance on December 31, 1998, was $4,357,706, consisting primarily of monies in the Agency's principal disbursement accounts needed to fund outstanding expenditures. Virtually all cash is held in interest-bearing checking accounts.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or

developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.

John E. Molloy, Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF DECEMBER 31, 1998

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD %	PERCENTAGE OF PORTFOLIO	MATURITY DATES
Time Certificates of Deposit	$308,042	$312,910	5.52	0.31	01/02/99-06/10/99
Commercial Paper	2,736,576	2,757,000	5.68	2.72	01/06/99-05/10/99
Federal Farm Credit Banks	10,026,227	12,235,331	5.69	9.99	05/25/99-12/08/03
Federal Home Loan Banks	15,500,908	18,602,738	5.91	15.43	01/14/99-12/10/03
Federal Home Loan Mtge Corp	7,693,540	9,672,588	6.07	7.66	03/16/01-12/29/03
Federal National Mtge Assn	14,748,981	18,269,715	6.09	14.68	01/04/99-11/25/03
Special Savings Account	25,000	25,534	4.25	0.02	06/30/99
Student Loan Mktg Assn	3,011,683	3,313,550	5.81	3.00	02/25/00-02/20/01
U.S. Treasury Notes	8,174,080	8,727,993	5.96	8.14	01/31/00-02/15/00
Local Agency Investment Fund	38,215,288	38,719,811	5.48	38.05	01/01/99
T O T A L S	**$100,440,325**	**$112,637,170**	**5.73**	**100.00**	

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular North America	$9,182	$589,173	$641,198
Bank of America	44,327	4,351,239	5,368,770
Bay Cities National Bank	-	10,000	10,208
California Federal Bank	-	98,042	98,608
Cathay Bank	79,643	284,764	299,000
City National Bank	5,768	-	-
Family Savings Bank	-	100,000	101,465
Founders National Bank	-	100,000	102,629

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Imperial Bank	$7,490	$0	$0
Manufacturers Bank	62,935	369,621	390,000
State of California	-	38,215,288	38,719,811
Tokai Bank of California	572,405	-	-
Union Bank of California, N.A.	1,578,425	54,276,087	64,811,826
Watts United Credit Union	-	25,000	25,534
Wells Fargo Bank, N.A.	1,997,531	2,021,111	2,068,121
T O T A L S	**$4,357,706**	**$100,440,325**	**$112,637,170**

* With the exception of the cash deposits with Bank of America, all cash is held in interest-bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$8,190,000	$8,185,148	$8,276,814	09/05/00-12/08/03
Federal Home Loan Banks	13,140,000	13,127,984	13,339,475	02/25/00-12/10/03
Federal Home Loan Mtge Corp	7,695,000	7,683,127	7,789,833	03/16/01-12/29/03
Federal National Mtge Assn	14,120,000	14,106,072	14,333,470	03/26/01-11/25/03
Student Loan Mktg Assn	3,000,000	2,983,330	3,065,371	02/25/00-02/20/01
U.S. Treasury Notes	5,190,000	5,173,640	5,324,757	01/31/00-02/15/00
	$51,335,000	**$51,259,301**	**$52,129,720**	

UNUSUAL INVESTMENT ACTIVITY :

N O N E

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of DECEMBER 31, 1998

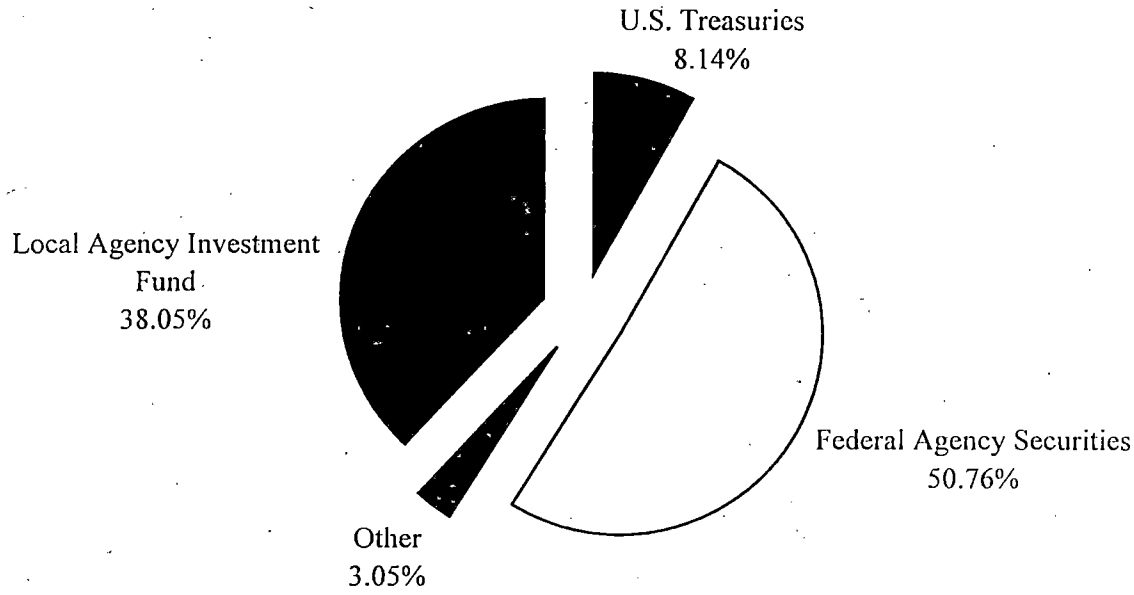


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED DECEMBER 31, 1998

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR NORTH AMERICA	Provided letters of credit for several Spring Street projects, provided financing for supermarket in Pico Union in 1998; maintains a banking office in the Historic Core portion of the Central Business District Redevelopment Project.
NK OF AMERICA	Provided loans in the Beacon Street, Hoover, and Rodeo-La Cienega projects; maintains offices in several redevelopment projects; serves on the Agency's loan committee; a major source of construction financing for low income rental housing and permanent loans to moderate income homebuyers.
BAY CITIES NATIONAL BANK	Maintains an office in San Pedro, which serves the Beacon Street and Los Angeles Harbor redevelopment project areas.
CALIFORNIA FEDERAL BANK	Maintains an office in the Martin Luther King, Jr. Shopping Center in Watts as well as several other project areas; assisted in the early financing of the Martin Luther King, Jr. Shopping Center and provided a letter of credit for the Promenade Towers bond issue in Bunker Hill.
CATHAY BANK	Minority-owned bank that serves the Chinatown project area.
CITY NATIONAL BANK	Maintains an office in the Central Business District project area; provided bridge and permanent loans for rehabilitation of very low income housing units.
FAMILY SAVINGS BANK	Minority-owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills.

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
FOUNDERS NATIONAL BANK	Minority-owned bank that maintains its headquarters and a branch office in the Crenshaw Redevelopment Project.
IMPERIAL BANK	Purchased tax-exempt Agency bond issue for neighborhood center in the Pico Union I Redevelopment Project and provided letter of credit in connection with the development of the Los Angeles Actor's Theatre; maintains offices in various project areas.
MANUFACTURERS BANK	Maintains offices in the Little Tokyo Redevelopment Project and the East Side Industrial Area of the Central Business District Redevelopment Project.
TOKAI BANK OF CALIFORNIA	Provided a $10 million line of credit to the Agency in January 1997, and through its parent, Tokai Bank Ltd., has provided letters of credit to secure the Promenade Towers and Grand Promenade bond issues in the Bunker Hill Project.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, Central Business District and Little Tokyo Redevelopment Projects; provided a loan for relocation and other activities in the Los Angeles Harbor Redevelopment Project in 1998; successor to Bank of California and Union Bank, which merged on April 1, 1996. Bank of California provided construction financing for redevelopment activity in the Central Business District Hictoric Core and for an affordable housing development in Little Tokyo..
WATTS UNITED CREDIT UNION	Minority-owned financial institution that is headquartered in the Watts Redevelopment Project and has served the Watts community since 1966.
WELLS FARGO BANK, N.A.	Maintains a banking office in the Broadway-Spring Center; serves on the Agency's loan committee; purchased Agency's only Marks Foran rehabilitation bond issue; provided letter of credit in 1984 to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center that are currently outstanding; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association.

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

An Affirmative Action
Equal Opportunity
Employer

Date September 9, 1998

File Code

J. Michael Carey, City Clerk
City of Los Angeles
200 North Main Street, Room 615
Los Angeles, CA 90012

CRA
LA

RE: AGENCY INVESTMENT REPORT (COUNCIL FILE NO. 96-1630)

Dear Mr. Carey:

The Agency's Investment Policy, adopted by the Agency Commissioners on March 19, 1998 and approved by the City Council on April 22, 1998, requires that quarterly investment reports be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in Council File No. 96-1630. Accordingly, the Agency is forwarding herewith a Report to Agency Commissioners on Agency Investments, dated July 16, 1998. Kindly place such report in Council File No. 96-1630.

Thank you for your attention to this matter.

Very truly yours,

John E. Molloy
Administrator

Attachment

Christine Essel, Chair

Peggy Moore, Vice-Chair
Armando Vergara, Sr., Treasurer
Juanita G. Chavez
Dr. Keith S. Richman
Christine M. Robert
Clinton F. Rosemond

John E. Molloy
Administrator

R3

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF JUNE 30, 1998

JULY 16, 1998

PURPOSE

To report Agency investment activities as of June 30, 1998, to the Agency Commissioners, in accordance with the Agency's Investment Policy.

REPORT

The Agency's Investment Policy, adopted by the Agency Commissioners on March 19, 1998 and approved by the City Council on April 22, 1998, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in the Council File relating to the Investment Policy.

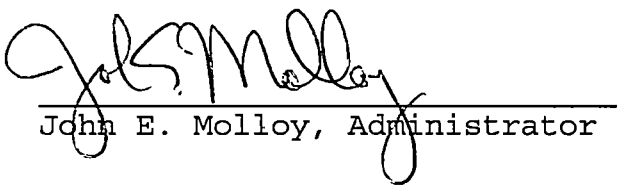
The Agency continues to be in compliance with all provisions of the Investment Policy, which has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties.

As of June 30, 1998, the investment portfolio totaled $117,290,740 including $730,397 of Central Library Construction Trust Fund monies managed by the Agency and $6,549,553 which the Agency is required to remit to bond fiscal agents and trustees to fund debt service on outstanding tax allocation bond issues. The overall yield was 5.89 percent. Invested funds include unexpended bond proceeds, tax increment revenues, loan proceeds, income from lease and loan payments, interest income and other financial resources, which are invested prior to their expenditure consistent with the Agency's adopted annual budget.

More than ninety-five percent (95%) of the investment portfolio was comprised of: Federal securities, e.g. Federal Farm Credit Bank, Federal Home Loan Bank, etc., (62.17%), United States Treasury obligations (7.43%), and investments in the Local Agency Investment Fund (25.78%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Time Certificates of Deposit (0.26%), Commercial Paper (4.34%) and a Special Savings Account (0.02%). Exhibit A depicts the investment asset allocation as of June 30, 1998. The total cash balance on June 30, 1998, was $4,299,115, consisting primarily of monies in the Agency's principal disbursement accounts needed to fund outstanding expenditures. Virtually all cash is held in interest-bearing checking accounts.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency

cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.



John E. Molloy, Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF JUNE 30, 1998

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD %	PERCENTAGE OF PORTFOLIO	MATURITY DATES
Time Certificates of Deposit	$308,042	$317,363	5.58	0.26	11/16/98-02/05/99
Commercial Paper	5,093,578	5,100,000	5.95	4.34	07/07/98-07/30/98
Federal Farm Credit Banks	8,823,091	10,438,033	5.97	7.52	12/11/98-05/12/03
Federal Home Loan Banks	25,810,477	30,271,968	5.97	22.01	07/15/98-05/20/03
Federal Home Loan Mtge Corp	10,005,182	11,228,745	6.04	8.53	08/21/98-04/29/03
Federal National Mtge Assn	21,460,246	24,555,171	6.00	18.30	09/25/98-06/30/03
Special Savings Account	25,000	25,543	4.25	0.02	12/31/98
Student Loan Mktg Assn	6,816,640	7,365,789	5.72	5.81	12/17/98-02/20/01
U.S. Treasury Notes	8,716,540	9,530,512	5.97	7.43	07/31/98-02/15/00
Local Agency Investment Fund	30,231,944	30,597,440	5.67	25.78	07/01/98
T O T A L S	**$117,290,740**	**$129,430,564**	**5.89**	**100.00**	

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular de Puerto Rico	$6,967	$589,173	$658,264
Bank of America	44,538	6,849,113	7,277,950
Bay Cities National Bank	-	10,000	10,250
California Federal Bank	-	98,042	101,500
Cathay Bank	11,749	284,764	299,000
City National Bank	8,235	1,219,238	1,481,539
Family Savings Bank	-	100,000	102,970
Founders National Bank	-	100,000	102,643

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Imperial Bank	$7,443	$0	$0
Manufacturers Bank	62,649	369,621	390,000
State of California	-	30,231,944	30,597,440
Tokai Bank of California	486,878	-	-
Union Bank of California, N.A.	2,372,596	74,802,044	85,688,065
Watts United Credit Union	-	25,000	25,543
Wells Fargo Bank, N.A.	1,298,060	2,611,801	2,695,400
T O T A L S	**$4,299,115**	**$117,290,740**	**$129,430,564**

* With the exception of the cash deposits with Bank of America, all cash is held in interest-bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$7,100,000	$7,096,098	$7,189,876	04/06/00-05/12/03
Federal Home Loan Banks	21,550,000	21,548,267	21,895,544	09/03/99-05/20/03
Federal Home Loan Mtge Corp	6,700,000	6,701,730	6,764,024	12/01/99-04/29/03
Federal National Mtge Assn	11,120,000	11,124,089	11,258,890	03/26/01-06/30/03
Student Loan Mktg Assn	3,000,000	2,983,330	3,052,099	02/25/00-02/20/01
U.S. Treasury Notes	5,190,000	5,184,627	5,324,162	01/31/00-02/15/00
	$54,660,000	**$54,638,141**	**$55,484,595**	

UNUSUAL INVESTMENT ACTIVITY :

NONE

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of JUNE 30, 1998

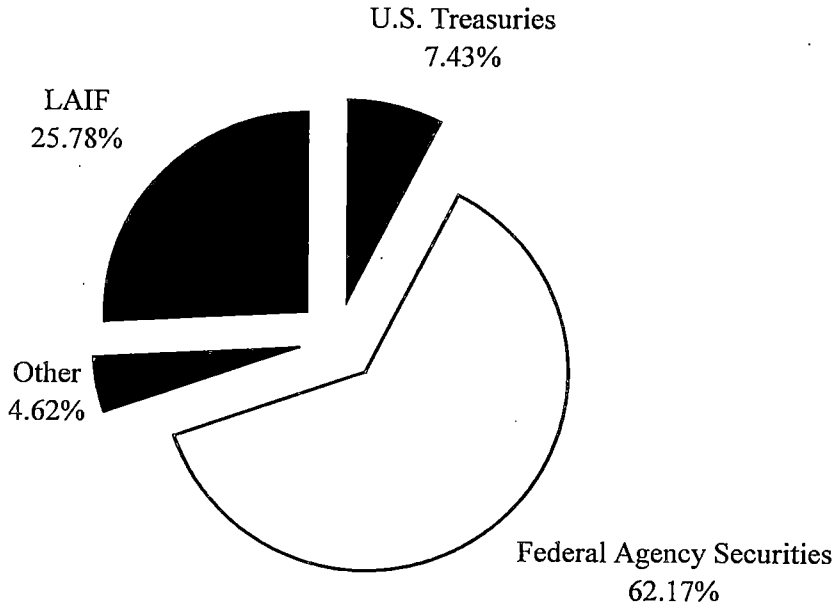


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED JUNE 30, 1998

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR DE PUERTO RICO	Provided letters of credit for several Spring Street projects and maintains a banking office in the Historic Core portion of the Central Business District Redevelopment Project.
BANK OF AMERICA	Provided loans in the Beacon Street, Hoover, and Rodeo-La Cienega projects; maintains offices in several redevelopment projects; founding member of the California Community Reinvestment Corporation, a consortium of 57 banks formed in 1989 to finance low income housing throughout California, which has financed 3,831 housing units to date, 832 of which are located in Los Angeles.
BAY CITIES NATIONAL BANK	Maintains an office in San Pedro, which serves the Beacon Street and Los Angeles Harbor Redevelopment project areas.
CALIFORNIA FEDERAL BANK	Maintains an office in the Martin Luther King, Jr. Shopping Center in Watts as well as several other project areas; assisted in the early financing of the Martin Luther King, Jr. Shopping Center and provided a letter of credit for the Promenade Towers bond issue in Bunker Hill.
CATHAY BANK	Minority-owned bank that serves the Chinatown project area; member of the California Community Reinvestment Corporation.
CITY NATIONAL BANK	Active in the California Community Reinvestment Corporation and serves on its loan committee. Provides bridge loans and some permanent loans for rehabilitation of very low income projects.
FAMILY SAVINGS BANK	Minority-owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills.

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
FOUNDERS NATIONAL BANK	Minority-owned bank that maintains its headquarters and a branch office in the Crenshaw Redevelopment Project.
IMPERIAL BANK	Purchased tax-exempt Agency bond issue for neighborhood center in the Pico Union I Redevelopment Project and provided letter of credit in connection with the development of the Los Angeles Actor's Theatre; maintains offices in various project areas.
MANUFACTURERS BANK	Maintains offices in the Little Tokyo Redevelopment Project and the East Side Industrial Area of the Central Business District Redevelopment Project.
TOKAI BANK OF CALIFORNIA	Provided a $10 million line of credit to the Agency in January 1997, and through its parent, Tokai Bank Ltd., has provided letters of credit to secure the Promenade Towers and Grand Promenade bond issues in the Bunker Hill Project.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, Central Business District and Little Tokyo Redevelopment Projects; member and loan committee member of California Community Reinvestment Corporation. Recently provided a loan for relocation and other activities in the Los Angeles Harbor Redevelopment Project. Successor to Bank of California and Union Bank, which merged on April 1, 1996. Bank of California provided construction financing for redevelopment activity in the Central Business District Core and for an affordable housing development in Little Tokyo.
WATTS UNITED CREDIT UNION	Minority-owned financial institution that is headquartered in the Watts Redevelopment Project and has served the Watts community since 1966.
WELLS FARGO BANK, N.A.	Maintains a banking office in the Broadway-Spring Center; purchased Agency's only Marks Foran rehabilitation bond issue; provided letters of credit to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association and Chinatown Grand Plaza (housing project for senior citizens); issued a letter of of credit to secure an Agency FHA bond issue; member and loan committee member of California Community Reinvestment Corporation.

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Telecopier
Number 213 977 1665

An Affirmative Action
Equal Opportunity
Employer

Date

File Code 2440

Council File No. 96-1630
Council District: Various
Contact Person: Peirre E. Lorenger
(213) 977-1890

Honorable City Council of the City of Los Angeles
Room 615, City Hall East

COUNCIL TRANSMITTAL:

CRA
LA

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on March 19, 1998 for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

ADOPTION OF ANNUAL AGENCY INVESTMENT POLICY

RECOMMENDATION:

That the City Council approve recommendations 1. through 2. on the attached Board Memorandum.

ENVIRONMENTAL REVIEW:

The recommended actions do not constitute a "project" as defined by the California Environmental Quality Act (CEQA).

FISCAL IMPACT STATEMENT:

There is no fiscal impact to the City's General fund as a result of this recommendation.

John E. Molloy, Administrator

C: Bill Speedie, Office of the City Clerk (original & 10 Copies)
Kelly Martin, Office of the Mayor
James Santa Maria, CD 15
Karen Kalfayan, Office of the CAO
Paul Smith, Office of the CLA

RECEIVED
CITY CLERK'S OFFICE

98 MAR 20 AM 7:32

CITY CLERK

BY_____
DEPUTY

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CA

5

M E M O R A N D U M

DATE: MARCH 19, 1998

TO: AGENCY COMMISSIONERS

FROM: JOHN E. MOLLOY, ADMINISTRATOR

SUBJECT: ADOPTION OF ANNUAL AGENCY INVESTMENT POLICY

RECOMMENDATION

That the Agency, subject to City Council review and approval:

1. Adopt the attached annual Statement of Investment Policy ("Investment Policy"); and

2. Delegate authority to formulate, execute and administer the investment of Agency funds to the Administrator, the Deputy Administrator Financial Services and Chief Financial Officer, or designee, pursuant to California Government Code Section 53607.

RE

March 20, 1997 - Agency adoption of annual Investment Policy.
April 2, 1997 - City Council approval of annual Agency Investment Policy.

SOURCE OF FUNDS

No Agency funds are required for the recommended action.

ENVIRONMENTAL REVIEW

The proposed action does not constitute a "project" as defined by the California Environmental Quality Act ("CEQA").

SUMMARY

The Agency's investment and cash management practices and procedures are governed by a formal written Investment Policy. The three fundamental considerations, in order of priority, for managing the Agency's investments are safety, liquidity and yield.

Government Code section 53646 requires that all local government agencies annually review and adopt, at a public meeting, formal

investment policies. The governing body and City Council must receive investment reports at least quarterly.

Under State law the governing body and responsible investment officers are deemed to be trustees and fiduciaries legally subject to prudent investor standards. The delegation of authority from the Agency Board to the person(s) responsible for investing Agency funds must be renewed annually, pursuant to Government Code Section 53607.

PROGRAM AND BUDGET IMPACT

The recommended action is in conformance with the adopted FY '98 Budget and Work Program.

There is no fiscal impact to the City's General Fund as a result of the recommended action.

BACKGROUND

On March 24, 1996, the Agency adopted an updated Investment Policy to incorporate provisions of new State laws into the existing Agency Investment Policy. Such State legislation was adopted following hearings on the events which gave rise to the Orange County investment debacle and bankruptcy. One of the requirements in such laws is that all local government agencies must annually review and adopt, at a public meeting, a formal investment policy. On March 20, 1997, the Agency adopted the current Investment Policy.

The attached proposed Statement of Investment Policy is organized as follows:

1.0 Purpose

2.0 Scope

3.0 Authority

4.0 Objectives

5.0 Standards of Prudence

6.0 Authorized and Suitable Investments

7.0 Diversification of Investments

8.0 Maximum Maturities

9.0 Selection Cirteria for Depository Institutions

10.0 Selection Criteria for Financial Dealers and Institutions

11.0 Safekeeping and Custody

12.0 Annual Audit

13.0 Reporting

14.0 Ethics and Conflicts of Interest

15.0 Investment Policy Adoption

Proposed additions to the current Agency Investment Policy have been underlined and proposed deletions have been lined-out on the attachment.

On January 31, 1997, Fitch Investors Service, L.P., now Fitch IBCA, ("Fitch") assigned ratings of "AAA/V-1+" to the Agency's investment portfolio. Such ratings are the highest achievable for a government investment portfolio. According to Fitch, investment portfolios having a credit rating of "AAA" "meet the highest credit quality standards for underlying assets, diversification, management and operational capabilities." Investment portfolios assigned a market risk rating of "V-1+" by Fitch are considered to have "low market risk and a strong capacity to return stable principal values to meet cash flow requirements even in severly adverse interest rate environments." A copy of the Fitch Research Report on the Agency's investment portfolio is also attached.

for John E. Molloy

Attachments

There is no conflict of interest known to me which exists with regard to any Agency officer or employee concerning this action.

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA STATEMENT OF INVESTMENT POLICY

1.0 PURPOSE:

The purpose of this Statement is to set forth an Investment Policy governing the investment activities of The Community Redevelopment Agency of the City of Los Angeles, California ("Agency"). This Statement contains principles and guidelines for the Agency Administrator acting through the Deputy Administrator ~~for Finance, Audit & Accounting/Assistant Secretary (i.e. the~~ Financial Services and Chief Financial Officer~~)~~ or designee (collectively, the "Administrator or designee") to formulate, execute and administer investment transactions.

2.0 SCOPE:

This Investment Policy applies to all investment activities of the Agency. Pursuant to Government Code Section 5903 (e), proceeds of bonds and any moneys set aside or pledged to secure payment of bonds may be invested in securities or obligations described in the ordinance, resolution, indenture, agreement or other instrument providing for the issuance of the bonds. In the event this Investment Policy conflicts with any ordinance, resolution, indenture, agreement or other instrument providing for the issuance of bonds, the bond document shall apply.

3.0 AUTHORITY:

The authority to invest Agency funds rests with the Administrator or designee. All investment decisions and investment of funds shall be made in full compliance with California Health and Safety Code Section 33603, California Government Code Sections 16429.1, 5903 (e), and 53600 et seq., and California Financial Code Sections 7250 et seq., and all other relevant state and federal requirements as well as any amendments or additions to such requirements.

4.0 OBJECTIVES:

The Agency strives to obtain a reasonable and competitive yield on investments while meeting the criteria required for safety and liquidity. The Agency's investment portfolio shall be invested in legally permitted investments on

a continuous basis and shall be invested with the care, skill, and diligence that a prudent person acting in his/her capacity would undertake.

The three fundamental considerations, in order of priority, for managing the Agency's investments are safety, liquidity and yield. At no time should safety or liquidity be compromised in exchange for higher yields.

1. ***Safety:*** Preservation of invested capital is of primary importance. The Agency shall only invest in investments that are considered safe. The safety and risk associated with an investment refers to the potential loss of principal, accrued interest, or a combination of these amounts. Each investment transaction shall seek to ensure that capital losses are avoided.

2. ***Liquidity:*** The Agency's investment portfolio shall contain a diversified mix of investments which are liquid and marketable, with minimal penalty, to satisfy the timely payment of Agency obligations.

3. ***Return on Investments:*** The Agency's investment portfolio shall be designed with the objective of obtaining a reasonable and competitive market rate of return for comparable (i.e. similar risk level) portfolios or categories of assets, taking into consideration risk constraints, prudent investment principles, and the cash flow characteristics of the portfolio.

5.0 STANDARDS OF PRUDENCE:

Investments shall be made with judgment and care which persons of prudence, discretion and intelligence would exercise in the management of their own affairs, not for speculation, but for investment considering the general economic conditions and the anticipated needs of the Agency. The objective is to minimize the interest rate risk and credit risk of each investment. Also, the Agency shall maintain a diversified portfolio of investments to minimize the total volatility of the portfolio.

6.0 AUTHORIZED AND SUITABLE INVESTMENTS:

Authorized and suitable investments shall mean and include any of the following securities to the extent the same are permitted by applicable federal and state laws:

Direct Obligations of the United States of America, specifically U.S. Treasury bills, notes, bonds, or certificates of indebtedness.

Direct Obligations of U.S. Government Agencies, guaranteed directly or indirectly by the United States Government and/or directly or indirectly by any of the following: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Banks, Federal Land Banks, Federal Farm Credit Bank, Federal Agricultural Mortgage Corporation, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Housing Administration, Tennessee Valley Authority, Student Loan Marketing Association, the Small Business Administration, and the Resolution Funding Corporation.

Cash Deposits and Certificates of Deposit in a nationally or state-chartered bank or federal savings and loan association, or credit union in the State of California. The institution shall be fully insured by the Federal Deposit Insurance Corporation, the ~~Federal Savings & Loan Insurance Corporation~~, National Credit Union Administration, or other federal insurance covering deposits. All deposits in excess of the amount covered by federal insurance must be fully collateralized. The aggregate of all deposits and certificates of deposit with any one institution must not exceed 5% of the total capital of that institution.

Banker's Acceptances with maximum maturities of 270 days, issued by banks with a rating of "A" or higher by Standard and Poor's ("S&P"), Moody's, Bank Watch, and/or Keefe, Bruyette & Woods, Inc.

Repurchase Agreements with any federally insured state or national bank or primary government bond dealer on the Federal Reserve reporting dealer list. The term of such repurchase agreement may not exceed one year. The repurchase agreement must be 102% collateralized by U.S. Treasury securities that are free and clear of any third-party lien or claim. The collateral must be delivered to the custodian or third party acting as agent for the Agency.

Local Agency Investment Fund administered by the State of California.

Commercial Paper with maturities of 1-180 days. Must be "prime" quality, rated "A-1" or better by Standard and Poor's and/or "P-1" or better by Moody's. The issuing corporation shall have total assets in excess of $500 million, a minimum long term debt rating of "A", and be organized and operating within the United States. The maximum amount with any single issuer must be the lesser of 10% of the investment portfolio or $5 million; and may not exceed 10% of the outstanding paper of the issuer.

Guaranteed Investment Contracts which are guaranteed by insurance companies rated "AA" or better by S&P or the two highest ratings by A.M. Best.

Other Permitted Investments: As described in Section 53601 of the California Government Code.

Prohibited Investments: Investments excluded from both this investment guideline and from Section 53601 of the California Government Code are strictly prohibited from use in the Investment Portfolio. Also, there shall be no derivative investments of any kind at any time.

7.0 DIVERSIFICATION OF INVESTMENTS:

It is the Agency's policy to minimize portfolio risk by diversifying maturity, sector, and class allocations. Default risk shall be minimized by investing in an assortment of permitted investments as mentioned above. To minimize overall portfolio risk, the following not-to-exceed diversification goals shall guide the Agency's investment decisions. Such guidelines may be exceeded in certain limited instances and in accordance with the state law, and any such deviations shall be discussed in the quarterly report investment activity to the Agency.

Investment-Type	Not-To-Exceed Limit	Other limits
U.S. Treasury Obligations Notes and Bills	No limit	None
Direct Obligations of U.S. Federal Agencies	80%	Maximum of 35% of investment portfolio in any one agency.
Certificates of Deposit	20%	The maximum amount with any one institution may not exceed the lesser of 5% of investment portfolio or $5 million per issuer.

Demand Deposits	No limit	FDIC or ~~FSLIC~~ other federally - insured institutions with amounts above $100,000 fully collateralized.
Bankers Acceptances	10%	The maximum amount with any one issuer may not exceed the lesser of 10% of the investment portfolio or $5 million of a single issuer.
Repurchase Agreements	20%	Maximum maturity of 1 year. Not to exceed $5 million per dealer. Mark-to-market at 102%.
Local Agency Investment Fund	$20 Million or subsequent limit established by State plus eligible bond proceeds without limitation.	Limitations are established by the State Treasurer and revised periodically. Current limit is $20 million plus bond proceeds not subject to arbitrage rebate provisions of 1986 Tax Reform Act.

Commercial Paper	15%	Maturities of 1-180 days. The maximum amount with any one issuer may not exceed the lesser of 10% of the investment portfolio or $5 million per issuer. Also, the maximum amount with one issuer must be less than 10% of the issuer's outstanding paper, or such lesser amount as State law may require
Other Permitted Investments	5%	As described in Section 53601 of the Government Code

8.0 MAXIMUM MATURITIES:

The average dollar weighted maturity of the total portfolio shall not exceed two (2) years, excluding investments held by a trustee, fiscal agent or escrow bank in connection with an Agency bond, note or certificate of participation issue. No investment shall have a maturity date in excess of five years from date of purchase. No more than 50% of the portfolio shall be invested in instruments with maturities beyond two years. Maturities shall be staggered to minimize liquidity risk and to enhance the stability of incoming cashflow. At least 10% of the portfolio shall be invested in instruments which can be liquidated on one day's notice.

9.0 SELECTION CRITERIA FOR DEPOSITORY INSTITUTIONS:

The following criteria shall apply to the selection of depository institutions for cash deposits and certificates of deposit:

First, the depository institution must be financially stable and its accounts must be federally insured.

Second, the depository institution must cost-effectively be able to provide the Agency with each of the following services: checking accounts, savings accounts, the ability to handle investment activity, and the ability to safekeep securities.

Third, in order to further the Agency's goals of eliminating blight by encouraging private investment in redevelopment project areas and in concert with the Community Reinvestment Act, depository institutions receiving funds generated by a project area (i.e. tax increment funds or proceeds of tax allocation bonds) must demonstrate a commitment to the project area. Without limiting the manner in which such commitment may be demonstrated, a depository institution which directly finances development within a project area, issues a letter of credit or renders some other financial service needed for development, or is responsive to community needs within the project area as evidenced by the depository institution's disclosures pursuant to the Home Mortgage Disclosure Act may qualify for the deposit of project area funds. In addition, a depository bank may qualify to receive funds generated by a project area by locating its headquarters or a branch within the project area or its vicinity.

Depository banks which have met the above three criteria will be eligible to receive deposits of Agency funds based upon their cost-effective ability to handle the specific banking needs of the project area. If a minority-owned bank has met the above criteria and is able to meet the banking needs of the project area for the same or lesser cost than the most cost-effective non minority-owned bank, the Agency may give preference to depositing its funds with such minority-owned bank. For purposes of this Investment Policy, "minority-owned" shall mean at least 51% owned and controlled by minority persons pursuant to the Agency's Policies and Goals for Equal Opportunity and Affirmative Action for Minority Business Enterprises

In selecting financial institutions from which the Agency will purchase certificates of deposit, the Agency will apply the criteria set forth for the selection of depository banks. In addition, the Agency may grant a preference to minority-owned banks in the purchase of certificates of deposit provided that the yield the Agency will receive on such certificates of deposit is within 25 basis points (i.e. one quarter of one percent (1/4 of 1%) of the yield offered by the qualifying non minority-owned bank which is offering the highest yield. Such preference shall apply to a maximum of $2 million of certificates of deposit owned by the Agency at any one time.

10.0 SELECTION CRITERIA FOR FINANCIAL DEALERS AND INSTITUTIONS:

The Administrator or designee shall select all security dealers and depositories. The Agency shall conduct its investment transactions with several competing, reputable security broker/dealers as set forth in the Agency's cash management procedures.

The selection process shall focus on a prospective firm's financial stability, ability to deliver securities in a timely manner, knowledge, experience, and ethics in the fixed-income securities industry. The Agency will maintain a list and a written agreement with financial institutions authorized to provide investment services.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Agency with an audited financial statement and certification of having read the Agency's Investment Policy.

11.0 SAFEKEEPING AND CUSTODY:

The Agency will select custodians of Agency securities on the basis of their financial stability and cost effective ability to handle custody services as trustee for the Agency.

All securities purchased by the Agency shall be held in a third party safekeeping account by the trust department of a bank insured by Federal Deposit Insurance Corporation and approved by the Administrator or designee. In all instances, the safekeeping agent shall receive the securities prior to or concurrent with payment therefor, and shall receive payment at maturity or sale of the securities prior to releasing the securities from its books or vault.

All security transactions, including collateral for repurchase agreements, entered into by the Agency shall be conducted on a delivery-versus-payment basis.

12.0 ANNUAL AUDIT:

As required by Section 33080.1 of the Health & Safety Code, an independent financial audit is conducted annually of the Agency's combined financial statements. As part of such audit, a review will be conducted of the Agency's overall system of internal control over investments.

13.0 REPORTING:

The Administrator or designee shall submit a quarterly report to the Agency which includes, at a minimum, the following information: the type of investments held in the Agency's Investment Portfolio; issuer or institution; purchase date; maturity date; current market value of all securities with a maturity date of more than 12 months; the overall yield on the Investment Portfolio during the reporting period; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Such quarterly reports shall be forwarded to the City Clerk who shall be instructed to note and file each report in the Council File relating to this Investment Policy.

14.0 ETHICS AND CONFLICTS OF INTEREST:

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Administrator any personal financial or investment position that could be related to the Agency's investment practices.

15.0 INVESTMENT POLICY ADOPTION:

The Agency Board shall, at least annually and subject to City Council review and approval, review, update (as necessary) and adopt, at a public meeting, an Investment Policy in compliance with all applicable state laws. The existing Investment Policy shall remain in effect until the Agency Board and City Council approve a new Investment Policy.

Community Redevelopment Agency of the City of Los Angeles Investment Portfolio

Rating

Community Redevelopment Agency of the City of Los Angeles Investment Portfolio ..... AAA/V-1+

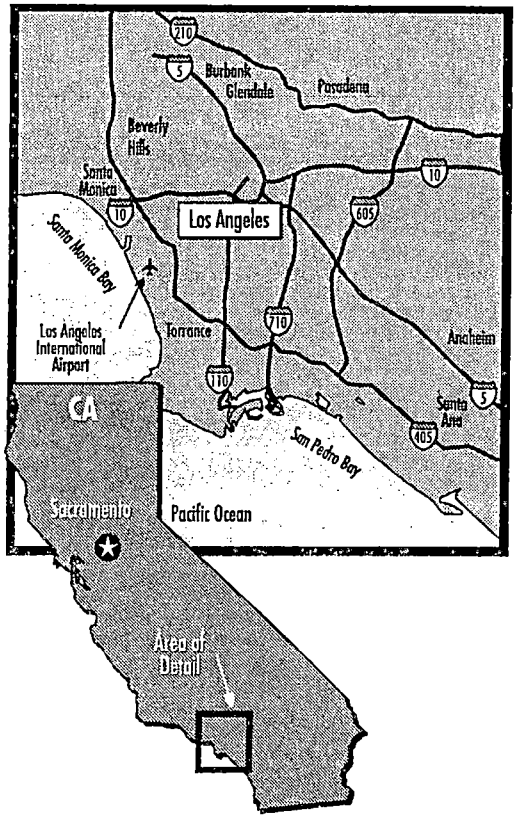
Analysts

John L. Schiavetta, CFA
(212) 908-0619

Robert S. Adler
(212) 908-0690

Issuer Contact

Peirre E. Lorenger
Deputy Administrator
Finance, Audit and Accounting
(213) 977-1890



February 17, 1997

Summary

The Community Redevelopment Agency of the City of Los Angeles (CRA/LA or the Agency) Investment Portfolio, a local government investment portfolio with approximately $142 million in assets, is rated 'AAA/V-1+'. Investment portfolios and pools rated 'AAA' meet the highest credit quality standards for underlying assets, diversification, management, and operational capabilities. The portfolio's 'V-1+' volatility rating reflects low market risk and a strong capacity to return stable principal values to meet cash flow requirements even in severely adverse interest rate environments. Portfolio valuation reports are submitted to Fitch monthly.

Rating Considerations

- Conservative investment policies and practices, as evidenced by tight maturity limits and avoidance of volatile derivative securities. No use of leverage. High standards for credit quality and diversification.
- High degree of liquidity resulting from maturity profile and good ability to forecast ongoing cash requirements.
- Solid management oversight and operational controls.

Overview

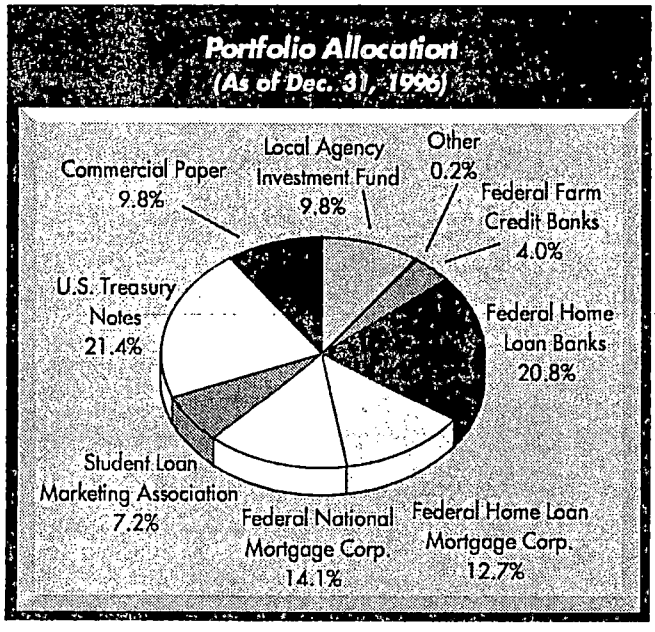
The CRA/LA is an agency of the City of Los Angeles established as the prime entity responsible for devising and implementing geographic-based action strategies that serve to check and reverse deterioration in Los Angeles' most troubled urban neighborhoods. The CRA/LA investment portfolio is composed of the pool of assets held in the Agency's operating fund for specific redevelopment projects. The investment portfolio is managed by the Agency adminis-

FITCH
ESTABLISHED 1913

trator acting through the deputy administrator for finance, audit, and accounting (i.e. the chief financial officer) and the finance department for the benefit of the Agency and its 29 redevelopment projects. The three fundamental considerations for managing the Agency's investments, in order of priority, are safety, liquidity, and yield.

Investment Practices

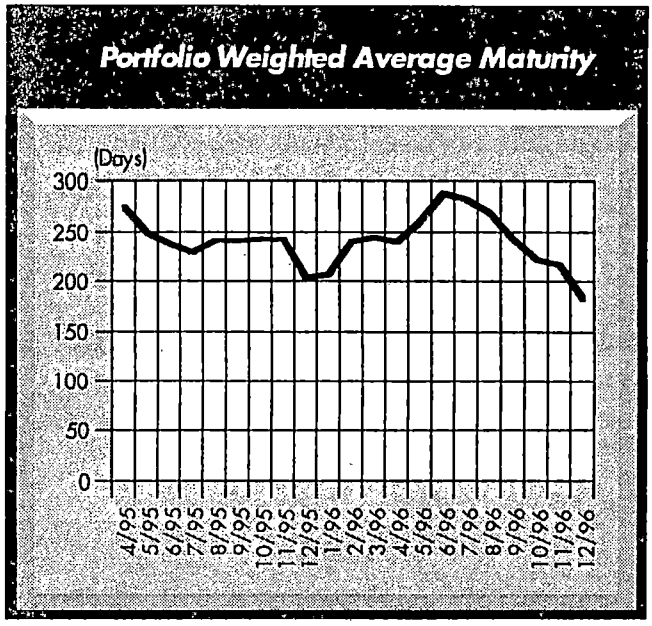
CRA/LA pursues its investment objectives by investing in a diversified portfolio of high-quality securities, including U.S. Treasury and agency securities, commercial paper, certificates of deposit, bankers' acceptances, and the local agency investment fund (LAIF), which is the State of California's investment pool. No floating-rate notes are held in the portfolio, and derivative investments of any kind are expressly prohibited. U.S. Treasury and agency securities accounted for approximately 80% of portfolio assets as of Dec. 31, 1996 *(see Portfolio Allocation chart below).*



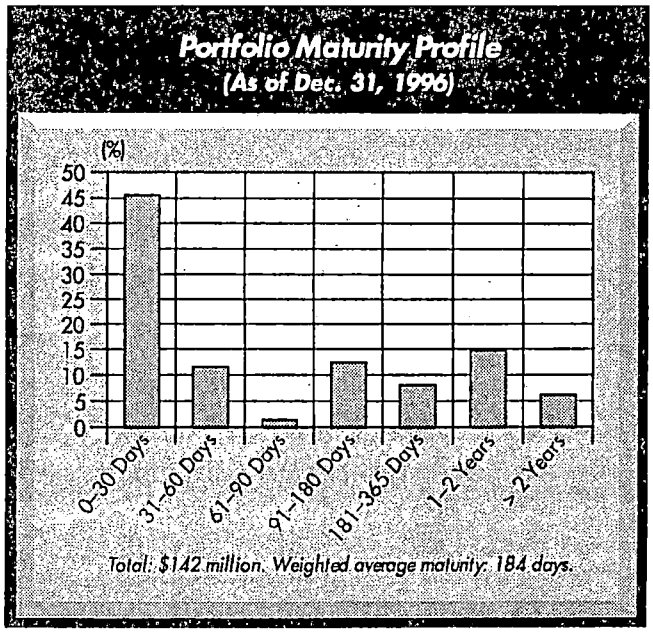
The portfolio's weighted average maturity (WAM) was approximately 184 days on Dec. 31, 1996 *(see Portfolio Weighted Average Maturity chart above right).* By policy, the portfolio must maintain a WAM of two years or less, and at least 10% of the portfolio shall be invested in instruments that can be liquidated on one day's notice. The portfolio follows additional diversification policies by maturity, sector, and issuer. The portfolio does not engage in any investment leveraging activities through reverse repurchase agreements or other methods.

Liquidity

The fund's maturity profile and the regular monitoring of expected cash flow needs provide strong liquidity support.



The investment manager conservatively maintains a significant portion of the portfolio in overnight and short-term securities to ensure a high degree of liquidity to meet anticipated and unanticipated cash outflows for operating and capital needs of the Agency and its redevelopment projects. All invested funds are under the control of the CRA/LA and, thus, the portfolio has added cash flow stability that would not be present in a local government investment pool that includes voluntary participants who may withdraw their funds at any time for reinvestment elsewhere. As of Dec. 31, 1996, more than 45% of portfolio assets mature within 30 days *(see Portfolio Maturity Profile chart below).*



Credit Quality

The portfolio has the highest credit quality on the basis of investment practices, diversification standards, operational controls, and management oversight. The portfolio invests only in securities issued by highly rated entities and diversifies across issuers. As of Dec. 31, 1996, approximately 80% of the portfolio was invested in 'AAA' quality U.S. Treasury and agency securities, with the balance in highly rated securities. To support redevelopment efforts, the portfolio invests a nominal amount in certificates of deposit of lower rated banks; however, these are held in amounts of $100,000 or less to qualify for Federal Deposit Insurance Corp. protection. As of year-end 1996, these holdings accounted for less than 0.03% of the portfolio.

The portfolio also uses numerous custodian banks to support redevelopment efforts, although the lead custodian, Wells Fargo Bank, N.A., is custodian for approximately 77% of the portfolio's assets.

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J. MICHAEL CAREY
City Clerk

When making inquiries relative to this matter refer to File No.

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

Office of
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

Pat Healy
Chief Legislative Assistant

96-1630

PLACED ON FILES
APR 28 1998
DEPUTY

April 24, 1998

Community Redevelopment Agency,
Office of Administrator
cc: Budget Office, 5th Floor
Chief Legislative Analyst

Controller,
Accounting Division, F & A
Disbursement Division
Treasurer

RE: INVESTMENT POLICY OF THE COMMUNITY REDEVELOPMENT AGENCY

At the meeting of the Council held April 22, 1998, the following action was taken:

Attached report adopted	X
Attached motion ( ) adopted	
Attached resolution adopted	
Ordinance adopted	
Motion adopted to approve attached report	
Motion adopted to approve attached communication	
To the Mayor for concurrence	
To the Mayor FORTHWITH	
Mayor concurred	
Appointment confirmed	
Findings adopted	
Negative Declaration adopted	
Categorically exempt	
Generally exempt	
EIR certified	

J. Michael Carey
City Clerk
bs

steno\961630

WJS 4/27/98

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16

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
Report/~~Communication~~ for Signature

Council File Number 96-1630

Committee Meeting Date 4/15/98

Council Date 4/22/98

COMMITTEE MEMBER	YES	NO	ABSENT
COUNCILMEMBER SVORINICH, Chair	✓		
COUNCILMEMBER ALATORRE, Vice Chair			
COUNCILMEMBER WALTERS, Member	✓		

Remarks CRA investment policy

Bill Speedie, Legislative Assistant ♦♦♦♦♦♦ Telephone 485-4467

File No. 96-1630

TO THE COUNCIL OF THE CITY OF LOS ANGELES

Your HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

reports as follows:

	Yes	No
Public Comments	XX	

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE REPORT relative to the Investment Policy of the Community Redevelopment Agency.

Recommendations for Council action:

1. CONCUR in the Community Redevelopment Agency (CRA) Board's action of March 19, 1998 adopting the Agency's annual Statement of Investment Policy.

2. CONCUR in the CRA Board's delegation of authority to formulate, execute and administer the investment of Agency funds to the Administrator, the Deputy Administrator Financial Services and Chief Financial Officer, or designee, pursuant to California Government Code Section 53607.

Fiscal Impact Statement: The CLA reports that no funds are needed for this policy action.

Summary:

The Chief Legislative Analyst has reported in support of the request of Community Redevelopment Agency (CRA) for City Council approval of the Agency's 1998 "Statement of Investment Policy" which governs CRA's investment and cash management practices and procedures.

The Agency's Investment Policy was updated in 1996 to reflect State Legislative changes made in 1995 following the Orange County financial crisis. The City Council last considered and approved the CRA's Investment Policy in April, 1997. The Chief Legislative Analyst indicates that the Agency's current submission is substantially the same as the one submitted in 1997. The Agency's 1998 Investment Policy is indicated to be consistent with the City's current Investment Policy (i.e. safety, liquidity, and yield; compliance with state law; diversification of investment products; and investment prohibitions).

Fitch IBCA (an investment rating agency) stated, as of March 31, 1998, that the Agency's portfolio has the highest credit rating available for underlying assets, diversification standards, operational controls, and management oversight.

California law provides that the Agency's governing body (Agency Board) and responsible investment officers (Administrator, Deputy Administrator Financial Services and Chief Financial Officer) are deemed to be trustees and fiduciaries legally subject to prudent investor standards. The delegation of authority from the Agency Board to its investment officers must be renewed annually under State law (Govt. Code Sec. 53607). It is noted that the City Council delegates its investment authority to the City Treasurer.

The Agency currently manages an estimated $110 million investment portfolio that yields approximately $6.5 million annually in interest revenues. The basic guiding objectives of the Agency's Investment Policy are indicated to be safety, liquidity, and return on investment.

This Committee has reviewed the Agency submittal, and concurs in the CLA recommendation for approval of the Agency request.

Respectfully submitted,

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

WJS
4/17/98

#961630

REPT.
ADOPTED
APR 22 1998
LOS ANGELES CITY COUNCIL

22-Apr-98 11:13:54 AM
ITEM NO. (16) - 96-1630
Voting on Item(s): 16
Roll Call

ALARCON	Yes
ALATORRE	Absent
BERNSON	Yes
CHICK	Yes
FEUER	Yes
GALANTER	Yes
GOLDBERG	Yes
HERNANDEZ	Yes
HOLDEN	Yes
MISCIKOWSKI	Yes
RIDLEY-THOMAS	Yes
SVORINICH	Yes
WACHS	Yes
WALTERS	Yes
*FERRARO	Yes

Present: 14, Yes: 14 No: 0

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
SUGGESTED NOTIFICATION OF COUNCIL ACTION

Council File No. 96-1630

- [ ] Petitioner/Communicant _____
- [ ] Council Member(s) _____
- [ ] Mayor (with/without file)
- [x] Community Redevelopment Agency (Office of Administrator)
- [x] Community Redevelopment Agency (Budget Office, 5th Floor)
- [ ] City Administrative Officer
- [x] Chief Legislative Analyst
- [ ] City Attorney
- [ ] Community Development Department
- [ ] Los Angeles Housing Department
- [ ] Housing Authority of the City of L.A.
- [ ] Department of Transportation
- [ ] City Planning Department
- [ ] Department of Building and Safety
- [x] Controller - Accounting and Disbursement
- [x] Treasurer
- [ ] _____
- [ ] _____
- [ ] _____

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Telecopier
Number 213 977 1665

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Date April 16, 1998

File Code

J. Michael Carey, City Clerk
City of Los Angeles
200 North Main Street, Room 615
Los Angeles, CA 90012

CRA
LA

RE: AGENCY INVESTMENT REPORT (COUNCIL FILE NO. 96-1630)

Dear Mr. Carey:

The Agency's Investment Policy, adopted by the Agency Commissioners on March 20, 1997 and approved by the City Council on April 2, 1997, requires that quarterly investment reports be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in Council File No. 96-1630. Accordingly, the Agency is forwarding herewith a Report to Agency Commissioners on Agency Investments, dated April 16, 1998. Kindly place such report in Council File No. 96-1630.

Thank you for your attention to this matter.

Very truly yours,

for John E. Molloy
Administrator

Attachment

R5

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF MARCH 31, 1998

APRIL 16, 1998

PURPOSE

To report Agency investment activities as of March 31, 1998, to the Agency Commissioners, in accordance with the Agency's Investment Policy.

REPORT

The Agency's Investment Policy, adopted by the Agency Commissioners on March 20, 1997 and approved by the City Council on April 2, 1997, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in the Council File relating to the Investment Policy.

The Agency continues to be in compliance with all provisions of the Investment Policy, which has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties.

As of March 31, 1998, the investment portfolio totaled $112,859,018 including $1,138,596 of Central Library Construction Trust Fund monies managed by the Agency, and the overall yield was 5.81 percent. Invested funds include unexpended bond proceeds, tax increment revenues, loan proceeds, income from lease and loan payments, interest income and other financial resources, which are invested prior to their expenditure consistent with the Agency's adopted annual budget.

More than ninety-four percent (94%) of the investment portfolio was comprised of: Federal securities, e.g. Federal Farm Credit Bank, Federal Home Loan Bank, etc., (62.69%), United States Treasury obligations (13.16%), and investments in the Local Agency Investment Fund (18.99%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Time Certificates of Deposit (0.27%), Commercial Paper (4.87%) and a Special Savings Account (0.02%). Exhibit A depicts the investment asset allocation as of March 31, 1998. The total cash balance on March 31, 1998, was $2,939,223, consisting primarily of monies in the Agency's principal disbursement accounts needed to fund outstanding expenditures. Virtually all cash is held in interest-bearing checking accounts.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date

of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.

On March 31, 1998, Fitch IBCA ("Fitch") reaffirmed its ratings of "AAA/V1+" on the Agency's investment portfolio. Such ratings are the highest achievable for a government investment portfolio. According to Fitch, investment portfolios having a credit rating of "AAA" "meet the highest credit quality standards for underlying assets, diversification, management and operational capabilities." Investment portfolios assigned a market risk rating of "V1+" by Fitch are considered to have "low market risk and a strong capacity to return stable principal values to meet cash flow requirements even in severely adverse interest rate environments." A copy of the March 31, 1998 Fitch Research Report on the Agency's investment portfolio is also attached.

for John E. Molloy, Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF MARCH 31, 1998

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD %	PERCENTAGE OF PORTFOLIO	MATURITY DATES
Time Certificates of Deposit	$308,042	$320,251	5.59	0.27	05/18/98-02/05/99
Commercial Paper	5,494,475	5,500,000	5.73	4.87	04/02/98-04/07/98
Federal Farm Credit Banks	8,471,137	9,620,357	5.95	7.51	05/26/98-02/03/03
Federal Home Loan Banks	32,254,375	35,344,778	5.87	28.58	04/01/98-03/12/03
Federal Home Loan Mtge Corp	7,226,380	7,774,025	5.92	6.40	04/06/98-12/01/99
Federal National Mtge Assn	15,980,008	16,792,916	5.78	14.16	05/11/98-01/22/03
Special Savings Account	25,000	25,534	4.25	0.02	06/30/98
Student Loan Mktg Assn	6,816,640	7,417,593	5.72	6.04	12/17/98-02/20/01
U.S. Treasury Notes	14,851,547	15,622,387	5.83	13.16	05/15/98-02/15/00
Local Agency Investment Fund	21,431,414	21,732,961	5.72	18.99	04/01/98
T O T A L S	**$112,859,018**	**$120,150,802**	**5.81**	**100.00**	

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular de Puerto Rico	$13,639	$549,518	$580,000
Bank of America	61,907	7,358,508	7,886,600
Bay Cities National Bank	-	10,000	10,255
California Federal Bank	-	98,042	102,930
Cathay Bank	25,419	-	-
City National Bank	3,112	1,185,000	1,406,832
Family Savings Bank	-	100,000	104,423
Founders National Bank	-	100,000	102,643

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Imperial Bank	$6,644	$1,026,471	$1,070,000
Manufacturers Bank	63,819	374,334	385,000
State of California	-	21,431,414	21,732,961
Tokai Bank of California	616,433	-	-
Union Bank of California, N.A.	999,100	76,416,232	82,314,137
Watts United Credit Union	-	25,000	25,534
Wells Fargo Bank, N.A.	1,149,150	4,184,499	4,429,487
T O T A L S	**$2,939,223**	**$112,859,018**	**$120,150,802**

* With the exception of the cash deposits with Bank of America, all cash is held in interest-bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$5,185,000	$5,181,719	$5,240,416	09/05/00-02/03/03
Federal Home Loan Banks	19,595,000	19,584,994	19,736,696	05/26/99-03/12/03
Federal Home Loan Mtge Corp	3,255,000	3,255,000	3,324,169	12/01/99
Federal National Mtge Assn	2,000,000	1,995,938	1,998,898	04/05/01-01/22/03
Student Loan Mktg Assn	3,000,000	2,983,330	3,005,299	02/25/00-02/20/01
U.S. Treasury Notes	4,190,000	4,177,077	4,241,550	02/15/00
	$37,225,000	**$37,178,058**	**$37,547,028**	

UNUSUAL INVESTMENT ACTIVITY :

N O N E

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of MARCH 31, 1998

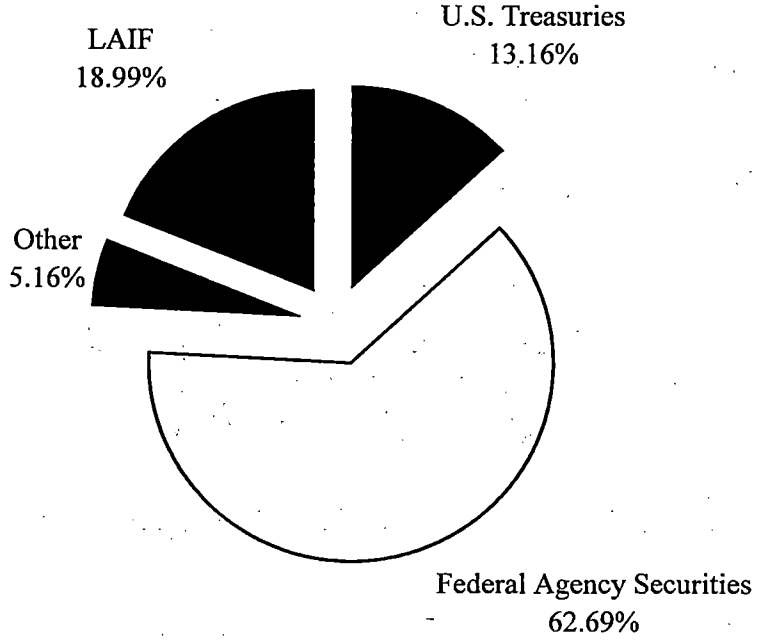


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED MARCH 31, 1998

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR DE PUERTO RICO	Provided letters of credit for several Spring Street projects and maintains a banking office in the Historic Core portion of the Central Business District Redevelopment Project.
BANK OF AMERICA	Provided loans in the Beacon Street, Hoover, and Rodeo-La Cienega projects; maintains offices in several redevelopment projects; founding member of the California Community Reinvestment Corporation, a consortium of 57 banks formed in 1989 to finance low income housing throughout California, which has financed 3,831 housing units to date, 832 of which are located in Los Angeles.
BAY CITIES NATIONAL BANK	Maintains an office in San Pedro, which serves the Beacon Street and Los Angeles Harbor Redevelopment project areas.
CALIFORNIA FEDERAL BANK	Maintains an office in the Martin Luther King, Jr. Shopping Center in Watts as well as several other project areas; assisted in the early financing of the Martin Luther King, Jr. Shopping Center and provided a letter of credit for the Promenade Towers bond issue in Bunker Hill.
CATHAY BANK	Minority-owned bank that serves the Chinatown project area; member of the California Community Reinvestment Corporation.
CITY NATIONAL BANK	Active in the California Community Reinvestment Corporation and serves on its loan committee. Provides bridge loans and some permanent loans for rehabilitation of very low income projects.
FAI SAVINGS BANK	Minority-owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills.

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
FOUNDERS NATIONAL BANK	Minority-owned bank that maintains its headquarters and a branch office in the Crenshaw Redevelopment Project.
IMPERIAL BANK	Purchased tax-exempt Agency bond issue for neighborhood center in the Pico Union I Redevelopment Project and provided letter of credit in connection with the development of the Los Angeles Actor's Theatre; maintains offices in various project areas.
MANUFACTURERS BANK	Maintains offices in the Little Tokyo Redevelopment Project and the East Side Industrial Area of the Central Business District Redevelopment Project.
TOKAI BANK OF CALIFORNIA	Provided a $10 million line of credit to the Agency in January 1997, and through its parent, Tokai Bank Ltd., has provided letters of credit to secure the Promenade Towers and Grand Promenade bond issues in the Bunker Hill Project.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, Central Business District and Little Tokyo Redevelopment Projects; member and loan committee member of California Community Reinvestment Corporation. Recently provided a loan for relocation and other activities in the Los Angeles Harbor Redevelopment Project. Successor to Bank of California and Union Bank, which merged on April 1, 1996. Bank of California provided construction financing for redevelopment activity in the Central Business District Core and for an affordable housing development in Little Tokyo.
WATTS UNITED CREDIT UNION	Minority-owned financial institution that is headquartered in the Watts Redevelopment Project and has served the Watts community since 1966.
WELLS FARGO BANK, N.A.	Maintains a banking office in the Broadway-Spring Center; purchased Agency's only Marks Foran rehabilitation bond issue; provided letters of credit to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association and Chinatown Grand Plaza (housing project for senior citizens); issued a letter of of credit to secure an Agency FHA bond issue; member and loan committee member of California Community Reinvestment Corporation.

Community Redevelopment Agency of the City of Los Angeles, California Investment Portfolio

Jennifer F. Williams
(212) 908-0773
jwilliams@fitchibca.com

John L. Schiavetta, CFA
(212) 908-0619
jschiavetta@fitchibca.com

Rating

Community Redevelopment Agency of the City of Los Angeles, CA Investment Portfolio..... AAA/V1+

Issuer Contact

Peirre E. Lorenger
Deputy Administrator Financial Services and Chief Financial Officer
(213) 977-1890

Summary

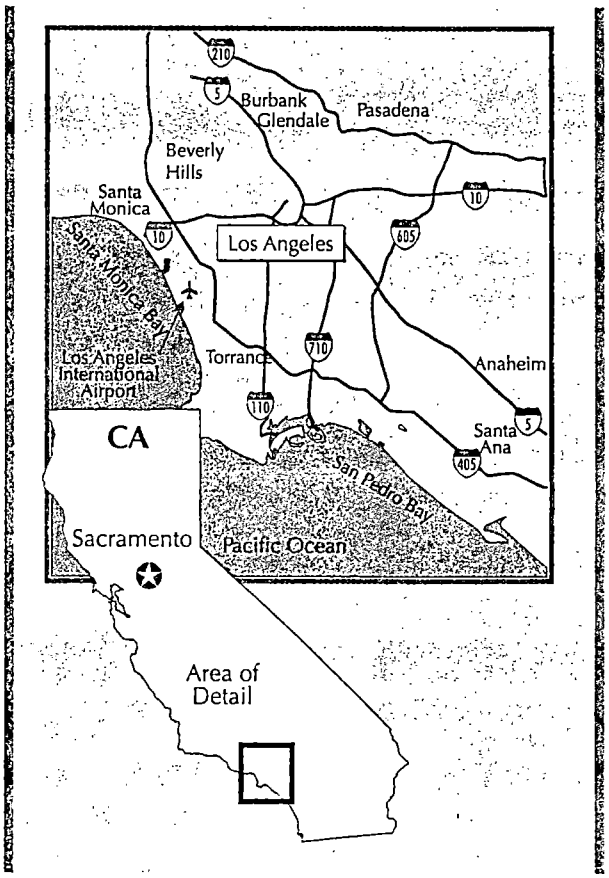
The Community Redevelopment Agency of the City of Los Angeles, CA (CRA/LA or the agency) Investment Portfolio, a local government investment portfolio with approximately $113 million in assets, is rated 'AAA/V1+'. Investment portfolios and pools rated 'AAA' meet the highest credit quality standards for underlying assets, diversification, management, and operational capabilities. The portfolio's 'V1+' volatility rating reflects low market risk and a strong capacity to return stable principal values to meet cash flow requirements even in severely adverse interest rate environments. Portfolio valuation reports are submitted to Fitch IBCA monthly.

Rating Considerations

- Conservative investment policies and practices, as evidenced by tight maturity limits and avoidance of volatile derivative securities. No use of leverage. High standards for credit quality and diversification.
- High degree of liquidity resulting from maturity profile and good ability to forecast ongoing cash requirements.
- Solid management oversight and operational controls.

Overview

The CRA/LA is an agency of the City of Los Angeles, established as the prime entity responsible for devising and implementing geographic-based strategies to check and reverse deterioration in Los Angeles' most troubled urban neighborhoods. The CRA/LA investment portfolio is composed of a pool of assets held in the agency's operating fund for specific redevelopment

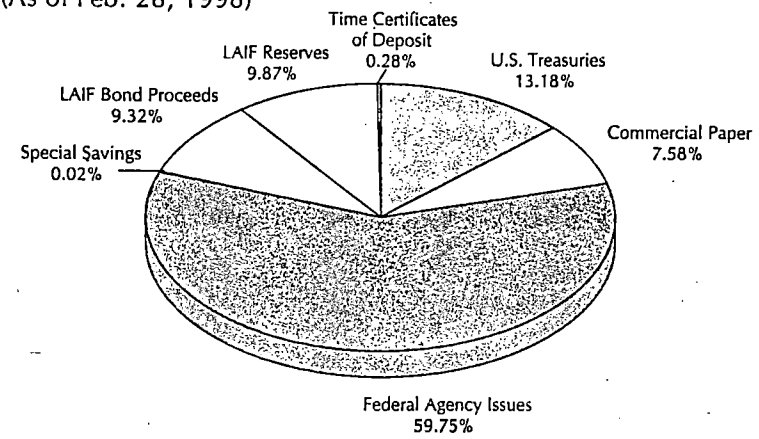


projects. The investment portfolio is managed by the agency administrator, acting through the deputy administrator financial services and chief financial officer and the finance department for the benefit of the agency and its 29 redevelopment projects. The three fundamental considerations for managing the agency's investments, in order of priority, are safety, liquidity, and yield.

Investment Practices

CRA/LA pursues its investment objectives by investing in a diversified portfolio of high-quality securities, including U.S. Treasury and agency securities, commercial paper, certificates of deposit, bankers' acceptances, and the local agency investment fund (LAIF), which is the State of California's investment pool. LAIF reserves may be withdrawn daily, and LAIF bond proceeds may be withdrawn monthly. No floating-rate notes are held in the portfolio, and derivative investments of any kind are expressly prohibited. U.S. Treasury and agency securities accounted for approximately 73% of portfolio assets as of Feb. 28, 1998 *(see Portfolio Composition chart above right)*.

Portfolio Composition
(As of Feb. 28, 1998)



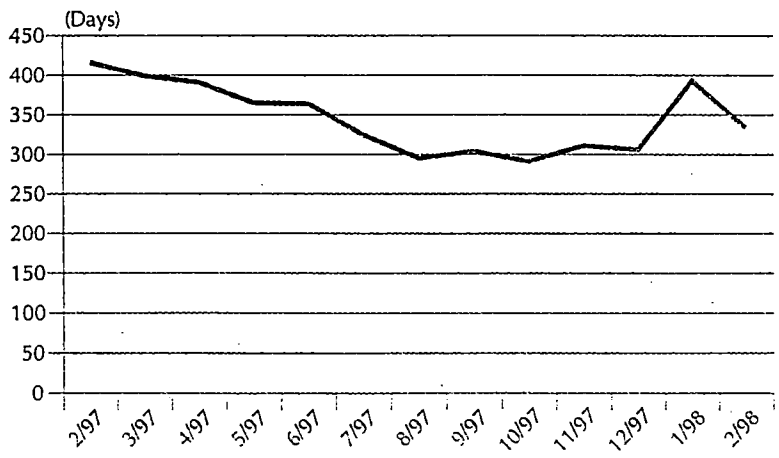
LAIF – Local Agency Investment Fund.

The portfolio's weighted average maturity (WAM) was approximately 334 days on Feb. 28, 1998 *(see Portfolio Weighted Average Maturity chart below)*. By policy, the portfolio must maintain a WAM of two years or less, and at least 10% of the portfolio must be invested in instruments that can be liquidated on one day's notice. The portfolio follows additional diversification policies by maturity, sector, and issuer. The portfolio does not engage in any investment leveraging activities through reverse repurchase agreements or other methods.

Liquidity

The fund's maturity profile and the regular monitoring of expected cash flow needs provide strong liquidity support. The investment manager conservatively maintains a significant portion of the portfolio in overnight and short-term securities to ensure a high degree of liquidity to meet anticipated and unanticipated cash outflows for operating and capital needs of the agency and its redevelopment projects. All invested funds are under the control of the CRA/LA. Thus, the portfolio has added cash flow stability that would not be present in a local government investment pool that includes voluntary participants who may withdraw their funds at any time for reinvestment elsewhere. As of Feb. 28, 1998, more than 35% of portfolio assets mature within 30 days *(see Portfolio Maturity Profile chart, page 3)*.

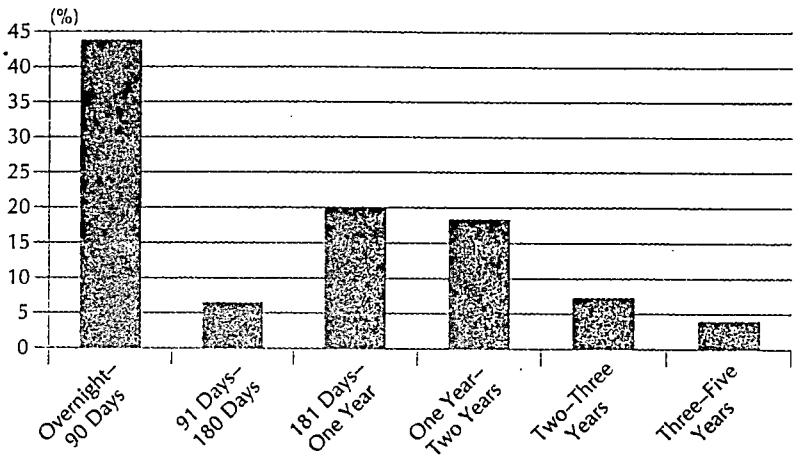
Portfolio Weighted Average Maturity



Credit Quality

The portfolio has the highest credit quality on the basis of investment practices, diversification standards, operational controls, and management oversight. The portfolio invests only in securities issued by highly rated entities and diversifies across issuers. As of Feb. 28, 1998, approximately 73% of the portfolio was invested in 'AAA' quality U.S. Treasury and agency securities, with the balance in highly rated

Portfolio Maturity Profile
(As of Feb. 28, 1998)



securities. To support redevelopment efforts, the portfolio invests a nominal amount in certificates of deposit of lower rated banks. However, these are held in amounts of $100,000 or less to qualify for Federal Deposit Insurance Corp. protection. As of Feb. 28, 1998, these holdings accounted for less than 0.28% of the portfolio.

The portfolio also uses numerous custodian banks to support redevelopment efforts, although the lead custodian, Union Bank of California, was custodian for approximately 79% of the portfolio's assets as of Dec. 31, 1997.

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FORM GEN. 160 (Rev. 6-80)

CITY OF LOS ANGELES

INTER-DEPARTMENTAL CORRESPONDENCE

April 14, 1998

4

TO: Members, Housing and Community Redevelopment Committee

FROM: Ronald F. Deaton RFD by LMJ
Chief Legislative Analyst

Keith Comrie KBC by mm
City Administrative Officer

SUBJECT: **Community Redevelopment Agency - Investment and Cash Management Policy**

Summary:
The Community Redevelopment Agency (Agency) is requesting City Council approval of its 1998 "Statement of Investment Policy" (Investment Policy) which governs the Agency's investment and cash management practices and procedures. The Agency's Investment Policy was updated in 1996 to reflect State Legislative changes made in 1995 following the Orange County financial crisis. The City Council last considered and approved the Agency's Investment Policy in April, 1997. Its current submission is substantially the same as the one submitted in 1997. The Agency's 1998 Investment Policy is consistent with the City's current Investment Policy (i.e. safety, liquidity, and yield; compliance with state law; diversification of investment products; and investment prohibitions).

Fitch IBCA (an investment rating agency) states, as of March 31,1998, that the Agency's portfolio has the highest credit rating available for underlying assets, diversification standards, operational controls, and management oversight.

State law provides that the Agency's governing body (Agency Board) and responsible investment officers (Administrator, Deputy Administrator Financial Services and Chief Financial Officer) are deemed to be trustees and fiduciaries legally subject to prudent investor standards (see Attached). The delegation of authority from the Agency Board to its investment officers must be renewed annually under State law (Sec. 53607). It is noted that the City Council delegates its investment authority to the City Treasurer.

The Agency currently manages an estimated $110 million investment portfolio that yields approximately $6.5 million annually in interest revenues. The basic guiding

objectives of the Agency's Investment Policy are safety, liquidity, and return on investment.

Fiscal Impact:
No funds are needed for this policy action.

Recommendations:
That the City Council approve the following actions:

1. **Approve** the Agency actions of March 21, 1996, in its adoption of a "Statement of Investment Policy"; and,

2. **Delegate** authority to formulate, execute, and administer the investment of Agency funds to the Administrator, the Deputy Administrator Financial Services and Chief Financial Officer, or designee.

Discussion:
Background:
The Agency has historically undertaken its investment and cash management activities "in-house" subject to practices, procedures and guidelines adopted by the Agency Board. In March 1990, the Agency submitted a formal Investment Policy for consideration by the City Council. Such policy was approved by the Council in January 1991.

In 1995 and in the wake of the Orange County bankruptcy, the State legislature enacted SB 564 and SB 866 (effective January 1996), modifying investment activities of "local government agencies" including community redevelopment agencies. The Agency modified its Investment Policy in keeping with these statutory changes; such changes were approved by the City Council.

The 1995 changes in State law require, in part, that local agencies (including community redevelopment agencies):

- Prepare an Annual Statement of Investment Policy for consideration by the local agency's legislative body which must be considered at a public meeting. (Note: the City Attorney advises that state law in this context is unclear as to the meaning of "legislative body"; it could refer to the City Council or the Agency Board. However, under Community Redevelopment Law, the term "legislative body" refers to the City Council. Given this imprecision, the City Attorney advises that

the term "legislative body" should read City Council.)

- Prepare quarterly investment reports to be submitted to its legislative body (see above).

The Investment Policy sets forth three fundamental considerations that will guide the Agency in the managing of its idle funds (in priority order):

- **Safety:**
  Preservation of invested capital is of primary importance.

- **Liquidity:**
  The Agency's investment portfolio shall contain a diversified mix of investments which are liquid and marketable, with minimal penalty, to satisfy the timely payment of Agency obligations.

- **Return on Investment:**
  The portfolio is to be designed with the objective of obtaining a reasonable and competitive market rate of return, taking into consideration risk constraints, prudent investment principles, and the cash flow characteristics of the portfolio.

Set forth in Attachment I is a brief overview of the significant portions of the Agency' 1998 Statement of Investment Policy.

Fitch IBCA:

In March 1998, Fitch's Investor Services (Fitch IBCA) gave the Agency's investment portfolio a rating of "AAA/V=1+". According the Agency, such ratings are the highest achievable for a government investment portfolio. Such portfolio's "meet the highest credit quality standards for underlying assets, diversification, management and operational capabilities."

Rating considerations include the following:

- Conservative investment policies and practices, as evidenced by tight maturity limits and avoidance of volatile derivative securities; high standards for credit quality and diversification.
- High degree of liquidity.
- Solid management and oversight controls.

RFD:KC:KK:PS
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Attachment I

Overview
"Statement of Investment Purpose"
1998

- Purpose:
  Governs the investment practices of the Agency;

- Scope:
  Applies to all investment activities of the Agency;

- Authority:
  Rests with the Administrator or designee;

- Objectives:
  Safety, liquidity and return on investment.

- Standards of Prudence:
  The objective is to minimize the interest rate risk and credit risk of each investment.

- Authorized and Suitable Investments:
  Obligations of the United States of America; obligations of U.S. Government Agencies; Cash deposits and certificates of deposit; Bankers' Acceptance; Repurchase Agreements; Local Agency Investment Fund; Commercial Paper; Guaranteed Investment Contracts. Derivative investments are prohibited.

- Diversification of Investments:
  The Policy contains "not-to-exceed" diversification goals that guide the Agency's decisions, such as: U.S. Treasury Obligations and Notes - no limit; Direct Obligations of U.S. Federal Agencies - 80%; Certificates of Deposit - 20%; Demand Deposits - no limit; Bankers' Acceptance - 10%; Repurchase Agreements - 20%; Local Agency Investment Funds - $20 million; Commercial Paper - 15%.

- Annual Audit:
  A financial audit is to be conducted annually.

- Reporting:
  Quarterly, to Board and City Council.

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Telecopier
Number 213 977 1665

Date

File Code 2440

4

Council File No.
Council District: Various
Contact Person: Peirre E. Lorenger
(213) 977-1890

Honorable City Council of the City of Los Angeles
Room 615, City Hall East

COUNCIL TRANSMITTAL:

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on March 19, 1998 for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

LA

ADOPTION OF ANNUAL AGENCY INVESTMENT POLICY

RECOMMENDATION:

That the City Council approve recommendations 1. through 2. on the attached Board Memorandum.

ENVIRONMENTAL REVIEW:

The recommended actions do not constitute a "project" as defined by the California Environmental Quality Act (CEQA).

FISCAL IMPACT STATEMENT:

There is no fiscal impact to the City's General fund as a result of this recommendation.

John E. Molloy, Administrator

C: Bill Speedie, Office of the City Clerk (original & 10 Copies)
Kelly Martin, Office of the Mayor
James Santa Maria, CD 15
Karen Kalfayan, Office of the CAO
Paul Smith, Office of the CLA

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CA

5

M E M O R A N D U M

DATE: MARCH 19, 1998

TO: AGENCY COMMISSIONERS

FROM: JOHN E. MOLLOY, ADMINISTRATOR

SUBJECT: ADOPTION OF ANNUAL AGENCY INVESTMENT POLICY

RECOMMENDATION

That the Agency, subject to City Council review and approval:

1. Adopt the attached annual Statement of Investment Policy ("Investment Policy"); and

2. Delegate authority to formulate, execute and administer the investment of Agency funds to the Administrator, the Deputy Administrator Financial Services and Chief Financial Officer, or designee, pursuant to California Government Code Section 53607.

RE

March 20, 1997 - Agency adoption of annual Investment Policy.
April 2, 1997 - City Council approval of annual Agency Investment Policy.

SOURCE OF FUNDS

No Agency funds are required for the recommended action.

ENVIRONMENTAL REVIEW

The proposed action does not constitute a "project" as defined by the California Environmental Quality Act ("CEQA").

SUMMARY

The Agency's investment and cash management practices and procedures are governed by a formal written Investment Policy. The three fundamental considerations, in order of priority, for managing the Agency's investments are safety, liquidity and yield.

Government Code section 53646 requires that all local government agencies annually review and adopt, at a public meeting, formal

investment policies. The governing body and City Council must receive investment reports at least quarterly.

Under State law the governing body and responsible investment officers are deemed to be trustees and fiduciaries legally subject to prudent investor standards. The delegation of authority from the Agency Board to the person(s) responsible for investing Agency funds must be renewed annually, pursuant to Government Code Section 53607.

PROGRAM AND BUDGET IMPACT

The recommended action is in conformance with the adopted FY '98 Budget and Work Program.

There is no fiscal impact to the City's General Fund as a result of the recommended action.

BACKGROUND

On March 24, 1996, the Agency adopted an updated Investment Policy to incorporate provisions of new State laws into the existing Agency Investment Policy. Such State legislation was adopted following hearings on the events which gave rise to the Orange County investment debacle and bankruptcy. One of the requirements in such laws is that all local government agencies must annually review and adopt, at a public meeting, a formal investment policy. On March 20, 1997, the Agency adopted the current Investment Policy.

The attached proposed Statement of Investment Policy is organized as follows:

1.0 Purpose

2.0 Scope

3.0 Authority

4.0 Objectives

5.0 Standards of Prudence

6.0 Authorized and Suitable Investments

7.0 Diversification of Investments

8.0 Maximum Maturities

9.0 Selection Cirteria for Depository Institutions

10.0 Selection Criteria for Financial Dealers and Institutions

11.0 Safekeeping and Custody

12.0 Annual Audit

13.0 Reporting

14.0 Ethics and Conflicts of Interest

15.0 Investment Policy Adoption

Proposed additions to the current Agency Investment Policy have been underlined and proposed deletions have been lined-out on the attachment.

On January 31, 1997, Fitch Investors Service, L.P., now Fitch IBCA, ("Fitch") assigned ratings of "AAA/V-1+" to the Agency's investment portfolio. Such ratings are the highest achievable for a government investment portfolio. According to Fitch, investment portfolios having a credit rating of "AAA" "meet the highest credit quality standards for underlying assets, diversification, management and operational capabilities." Investment portfolios assigned a market risk rating of "V-1+" by Fitch are considered to have "low market risk and a strong capacity to return stable principal values to meet cash flow requirements even in severly adverse interest rate environments." A copy of the Fitch Research Report on the Agency's investment portfolio is also attached.

for John E. Molloy

Attachments

There is no conflict of interest known to me which exists with regard to any Agency officer or employee concerning this action.

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA STATEMENT OF INVESTMENT POLICY

1.0 PURPOSE:

The purpose of this Statement is to set forth an Investment Policy governing the investment activities of The Community Redevelopment Agency of the City of Los Angeles, California ("Agency"). This Statement contains principles and guidelines for the Agency Administrator acting through the Deputy Administrator ~~for Finance, Audit & Accounting/Assistant Secretary (i.e. the~~ Financial Services and Chief Financial Officer~~)~~ or designee (collectively, the "Administrator or designee") to formulate, execute and administer investment transactions.

2.0 SCOPE:

This Investment Policy applies to all investment activities of the Agency. Pursuant to Government Code Section 5903 (e), proceeds of bonds and any moneys set aside or pledged to secure payment of bonds may be invested in securities or obligations described in the ordinance, resolution, indenture, agreement or other instrument providing for the issuance of the bonds. In the event this Investment Policy conflicts with any ordinance, resolution, indenture, agreement or other instrument providing for the issuance of bonds, the bond document shall apply.

3.0 AUTHORITY:

The authority to invest Agency funds rests with the Administrator or designee. All investment decisions and investment of funds shall be made in full compliance with California Health and Safety Code Section 33603, California Government Code Sections 16429.1, 5903 (e), and 53600 et seq., and California Financial Code Sections 7250 et seq., and all other relevant state and federal requirements as well as any amendments or additions to such requirements.

4.0 OBJECTIVES:

The Agency strives to obtain a reasonable and competitive yield on investments while meeting the criteria required for safety and liquidity. The Agency's investment portfolio shall be invested in legally permitted investments on

a continuous basis and shall be invested with the care, skill, and diligence that a prudent person acting in his/her capacity would undertake.

The three fundamental considerations, in order of priority, for managing the Agency's investments are safety, liquidity and yield. At no time should safety or liquidity be compromised in exchange for higher yields.

1. ***Safety:*** Preservation of invested capital is of primary importance. The Agency shall only invest in investments that are considered safe. The safety and risk associated with an investment refers to the potential loss of principal, accrued interest, or a combination of these amounts. Each investment transaction shall seek to ensure that capital losses are avoided.

2. ***Liquidity:*** The Agency's investment portfolio shall contain a diversified mix of investments which are liquid and marketable, with minimal penalty, to satisfy the timely payment of Agency obligations.

3. ***Return on Investments:*** The Agency's investment portfolio shall be designed with the objective of obtaining a reasonable and competitive market rate of return for comparable (i.e. similar risk level) portfolios or categories of assets, taking into consideration risk constraints, prudent investment principles, and the cash flow characteristics of the portfolio.

5.0 STANDARDS OF PRUDENCE:

Investments shall be made with judgment and care which persons of prudence, discretion and intelligence would exercise in the management of their own affairs, not for speculation, but for investment considering the general economic conditions and the anticipated needs of the Agency. The objective is to minimize the interest rate risk and credit risk of each investment. Also, the Agency shall maintain a diversified portfolio of investments to minimize the total volatility of the portfolio.

6.0 AUTHORIZED AND SUITABLE INVESTMENTS:

Authorized and suitable investments shall mean and include any of the following securities to the extent the same are permitted by applicable federal and state laws:

Direct Obligations of the United States of America, specifically U.S. Treasury bills, notes, bonds, or certificates of indebtedness.

Direct Obligations of U.S. Government Agencies, guaranteed directly or indirectly by the United States Government and/or directly or indirectly by any of the following: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Banks, Federal Land Banks, Federal Farm Credit Bank, Federal Agricultural Mortgage Corporation, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Housing Administration, Tennessee Valley Authority, Student Loan Marketing Association, the Small Business Administration, and the Resolution Funding Corporation.

Cash Deposits and Certificates of Deposit in a nationally or state-chartered bank or federal savings and loan association, or credit union in the State of California. The institution shall be fully insured by the Federal Deposit Insurance Corporation, the ~~Federal Savings & Loan Insurance Corporation~~, National Credit Union Administration, or other federal insurance covering deposits. All deposits in excess of the amount covered by federal insurance must be fully collateralized. The aggregate of all deposits and certificates of deposit with any one institution must not exceed 5% of the total capital of that institution.

Banker's Acceptances with maximum maturities of 270 days, issued by banks with a rating of "A" or higher by Standard and Poor's ("S&P"), Moody's, Bank Watch, and/or Keefe, Bruyette & Woods, Inc.

Repurchase Agreements with any federally insured state or national bank or primary government bond dealer on the Federal Reserve reporting dealer list. The term of such repurchase agreement may not exceed one year. The repurchase agreement must be 102% collateralized by U.S. Treasury securities that are free and clear of any third-party lien or claim. The collateral must be delivered to the custodian or third party acting as agent for the Agency.

Local Agency Investment Fund administered by the State of California.

Commercial Paper with maturities of 1-180 days. Must be "prime" quality, rated "A-1" or better by Standard and Poor's and/or "P-1" or better by Moody's. The issuing corporation shall have total assets in excess of $500 million, a minimum long term debt rating of "A", and be organized and operating within the United States. The maximum amount with any single issuer must be the lesser of 10% of the investment portfolio or $5 million; and may not exceed 10% of the outstanding paper of the issuer.

Guaranteed Investment Contracts which are guaranteed by insurance companies rated "AA" or better by S&P or the two highest ratings by A.M. Best.

Other Permitted Investments: As described in Section 53601 of the California Government Code.

Prohibited Investments: Investments excluded from both this investment guideline and from Section 53601 of the California Government Code are strictly prohibited from use in the Investment Portfolio. Also, there shall be no derivative investments of any kind at any time.

7.0 DIVERSIFICATION OF INVESTMENTS:

It is the Agency's policy to minimize portfolio risk by diversifying maturity, sector, and class allocations. Default risk shall be minimized by investing in an assortment of permitted investments as mentioned above. To minimize overall portfolio risk, the following not-to-exceed diversification goals shall guide the Agency's investment decisions. Such guidelines may be exceeded in certain limited instances and in accordance with the state law, and any such deviations shall be discussed in the quarterly report investment activity to the Agency.

Investment-Type	Not-To-Exceed Limit	Other limits
U.S. Treasury Obligations Notes and Bills	No limit	None
Direct Obligations of U.S. Federal Agencies	80%	Maximum of 35% of investment portfolio in any one agency.
Certificates of Deposit	20%	The maximum amount with any one institution may not exceed the lesser of 5% of investment portfolio or $5 million per issuer.

Demand Deposits	No limit	FDIC or ~~FSLIC~~ other federally - insured institutions with amounts above $100,000 fully collateralized.
Bankers Acceptances	10%	The maximum amount with any one issuer may not exceed the lesser of 10% of the investment portfolio or $5 million of a single issuer.
Repurchase Agreements	20%	Maximum maturity of 1 year. Not to exceed $5 million per dealer. Mark-to-market at 102%.
Local Agency Investment Fund	$20 Million or subsequent limit established by State plus eligible bond proceeds without limitation.	Limitations are established by the State Treasurer and revised periodically. Current limit is $20 million plus bond proceeds not subject to arbitrage rebate provisions of 1986 Tax Reform Act.

Commercial Paper	15%	Maturities of 1-180 days. The maximum amount with any one issuer may not exceed the lesser of 10% of the investment portfolio or $5 million per issuer. Also, the maximum amount with one issuer must be less than 10% of the issuer's outstanding paper, or such lesser amount as State law may require
Other Permitted Investments	5%	As described in Section 53601 of the Government Code

8.0 MAXIMUM MATURITIES:

The average dollar weighted maturity of the total portfolio shall not exceed two (2) years, excluding investments held by a trustee, fiscal agent or escrow bank in connection with an Agency bond, note or certificate of participation issue. No investment shall have a maturity date in excess of five years from date of purchase. No more than 50% of the portfolio shall be invested in instruments with maturities beyond two years. Maturities shall be staggered to minimize liquidity risk and to enhance the stability of incoming cashflow. At least 10% of the portfolio shall be invested in instruments which can be liquidated on one day's notice.

9.0 SELECTION CRITERIA FOR DEPOSITORY INSTITUTIONS:

The following criteria shall apply to the selection of depository institutions for cash deposits and certificates of deposit:

First, the depository institution must be financially stable and its accounts must be federally insured.

Second, the depository institution must cost-effectively be able to provide the Agency with each of the following services: checking accounts, savings accounts, the ability to handle investment activity, and the ability to safekeep securities.

Third, in order to further the Agency's goals of eliminating blight by encouraging private investment in redevelopment project areas and in concert with the Community Reinvestment Act, depository institutions receiving funds generated by a project area (i.e. tax increment funds or proceeds of tax allocation bonds) must demonstrate a commitment to the project area. Without limiting the manner in which such commitment may be demonstrated, a depository institution which directly finances development within a project area, issues a letter of credit or renders some other financial service needed for development, or is responsive to community needs within the project area as evidenced by the depository institution's disclosures pursuant to the Home Mortgage Disclosure Act may qualify for the deposit of project area funds. In addition, a depository bank may qualify to receive funds generated by a project area by locating its headquarters or a branch within the project area or its vicinity.

Depository banks which have met the above three criteria will be eligible to receive deposits of Agency funds based upon their cost-effective ability to handle the specific banking needs of the project area. If a minority-owned bank has met the above criteria and is able to meet the banking needs of the project area for the same or lesser cost than the most cost-effective non minority-owned bank, the Agency may give preference to depositing its funds with such minority-owned bank. For purposes of this Investment Policy, "minority-owned" shall mean at least 51% owned and controlled by minority persons pursuant to the Agency's Policies and Goals for Equal Opportunity and Affirmative Action for Minority Business Enterprises

In selecting financial institutions from which the Agency will purchase certificates of deposit, the Agency will apply the criteria set forth for the selection of depository banks. In addition, the Agency may grant a preference to minority-owned banks in the purchase of certificates of deposit provided that the yield the Agency will receive on such certificates of deposit is within 25 basis points (i.e. one quarter of one percent (1/4 of 1%) of the yield offered by the qualifying non minority-owned bank which is offering the highest yield. Such preference shall apply to a maximum of $2 million of certificates of deposit owned by the Agency at any one time.

10.0 SELECTION CRITERIA FOR FINANCIAL DEALERS AND INSTITUTIONS:

The Administrator or designee shall select all security dealers and depositories. The Agency shall conduct its investment transactions with several competing, reputable security broker/dealers as set forth in the Agency's cash management procedures.

The selection process shall focus on a prospective firm's financial stability, ability to deliver securities in a timely manner, knowledge, experience, and ethics in the fixed-income securities industry. The Agency will maintain a list and a written agreement with financial institutions authorized to provide investment services.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Agency with an audited financial statement and certification of having read the Agency's Investment Policy.

11.0 SAFEKEEPING AND CUSTODY:

The Agency will select custodians of Agency securities on the basis of their financial stability and cost effective ability to handle custody services as trustee for the Agency.

All securities purchased by the Agency shall be held in a third party safekeeping account by the trust department of a bank insured by Federal Deposit Insurance Corporation and approved by the Administrator or designee. In all instances, the safekeeping agent shall receive the securities prior to or concurrent with payment therefor, and shall receive payment at maturity or sale of the securities prior to releasing the securities from its books or vault.

All security transactions, including collateral for repurchase agreements, entered into by the Agency shall be conducted on a delivery-versus-payment basis.

12.0 ANNUAL AUDIT:

As required by Section 33080.1 of the Health & Safety Code, an independent financial audit is conducted annually of the Agency's combined financial statements. As part of such audit, a review will be conducted of the Agency's overall system of internal control over investments.

13.0 REPORTING:

The Administrator or designee shall submit a quarterly report to the Agency which includes, at a minimum, the following information: the type of investments held in the Agency's Investment Portfolio; issuer or institution; purchase date; maturity date; current market value of all securities with a maturity date of more than 12 months; the overall yield on the Investment Portfolio during the reporting period; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Such quarterly reports shall be forwarded to the City Clerk who shall be instructed to note and file each report in the Council File relating to this Investment Policy.

14.0 ETHICS AND CONFLICTS OF INTEREST:

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Administrator any personal financial or investment position that could be related to the Agency's investment practices.

15.0 INVESTMENT POLICY ADOPTION:

The Agency Board shall, at least annually and subject to City Council review and approval, review, update (as necessary) and adopt, at a public meeting, an Investment Policy in compliance with all applicable state laws. The existing Investment Policy shall remain in effect until the Agency Board and City Council approve a new Investment Policy.

Fitch

Managed Funds

Special Report

Community Redevelopment Agency of the City of Los Angeles Investment Portfolio

Rating

Community Redevelopment Agency of the City of Los Angeles Investment Portfolio ..... AAA/V-1+

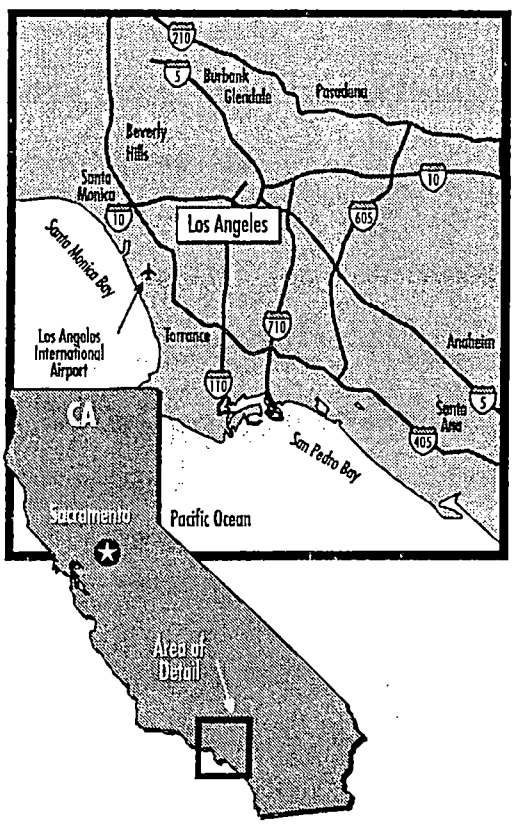
Analysts

John L. Schiavetta, CFA
(212) 908-0619

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(212) 908-0690

Issuer Contact

Peirre E. Lorenger
Deputy Administrator
Finance, Audit and Accounting
(213) 977-1890



February 17, 1997

Summary

The Community Redevelopment Agency of the City of Los Angeles (CRA/LA or the Agency) Investment Portfolio, a local government investment portfolio with approximately $142 million in assets, is rated 'AAA/V-1+'. Investment portfolios and pools rated 'AAA' meet the highest credit quality standards for underlying assets, diversification, management, and operational capabilities. The portfolio's 'V-1+' volatility rating reflects low market risk and a strong capacity to return stable principal values to meet cash flow requirements even in severely adverse interest rate environments. Portfolio valuation reports are submitted to Fitch monthly.

Rating Considerations

- Conservative investment policies and practices, as evidenced by tight maturity limits and avoidance of volatile derivative securities. No use of leverage. High standards for credit quality and diversification.
- High degree of liquidity resulting from maturity profile and good ability to forecast ongoing cash requirements.
- Solid management oversight and operational controls.

Overview

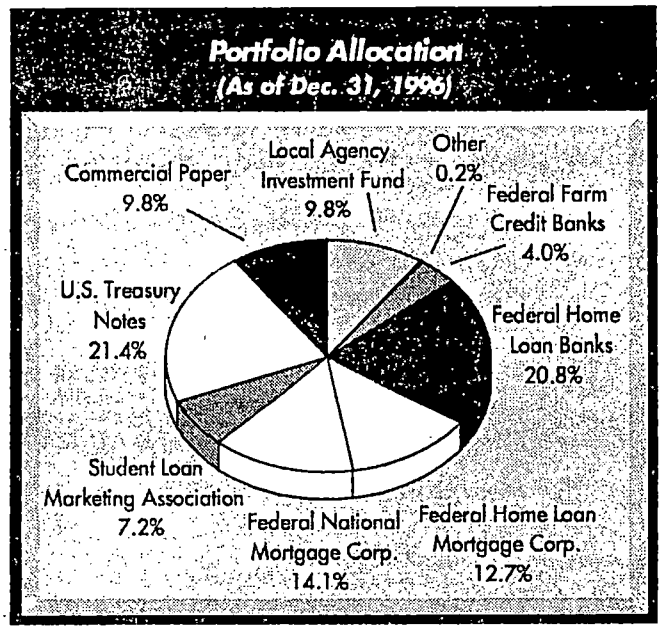
The CRA/LA is an agency of the City of Los Angeles established as the prime entity responsible for devising and implementing geographic-based action strategies that serve to check and reverse deterioration in Los Angeles' most troubled urban neighborhoods. The CRA/LA investment portfolio is composed of the pool of assets held in the Agency's operating fund for specific redevelopment projects. The investment portfolio is managed by the Agency adminis-

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trator acting through the deputy administrator for finance, audit, and accounting (i.e. the chief financial officer) and the finance department for the benefit of the Agency and its 29 redevelopment projects. The three fundamental considerations for managing the Agency's investments, in order of priority, are safety, liquidity, and yield.

Investment Practices

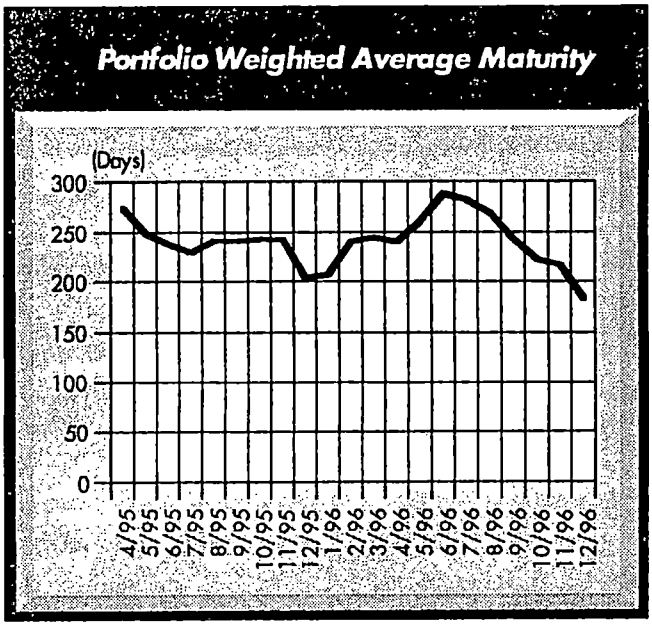
CRA/LA pursues its investment objectives by investing in a diversified portfolio of high-quality securities, including U.S. Treasury and agency securities, commercial paper, certificates of deposit, bankers' acceptances, and the local agency investment fund (LAIF), which is the State of California's investment pool. No floating-rate notes are held in the portfolio, and derivative investments of any kind are expressly prohibited. U.S. Treasury and agency securities accounted for approximately 80% of portfolio assets as of Dec. 31, 1996 *(see Portfolio Allocation chart below).*



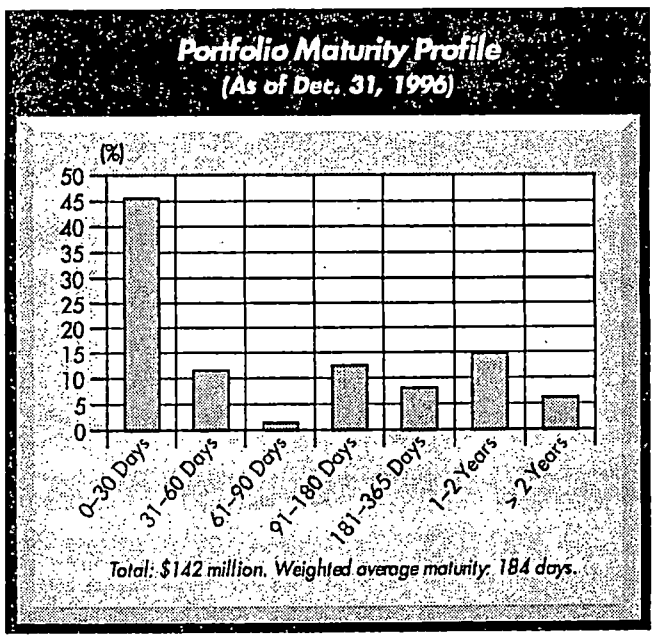
The portfolio's weighted average maturity (WAM) was approximately 184 days on Dec. 31, 1996 *(see Portfolio Weighted Average Maturity chart above right).* By policy, the portfolio must maintain a WAM of two years or less, and at least 10% of the portfolio shall be invested in instruments that can be liquidated on one day's notice. The portfolio follows additional diversification policies by maturity, sector, and issuer. The portfolio does not engage in any investment leveraging activities through reverse repurchase agreements or other methods.

Liquidity

The fund's maturity profile and the regular monitoring of expected cash flow needs provide strong liquidity support.



The investment manager conservatively maintains a significant portion of the portfolio in overnight and short-term securities to ensure a high degree of liquidity to meet anticipated and unanticipated cash outflows for operating and capital needs of the Agency and its redevelopment projects. All invested funds are under the control of the CRA/LA and, thus, the portfolio has added cash flow stability that would not be present in a local government investment pool that includes voluntary participants who may withdraw their funds at any time for reinvestment elsewhere. As of Dec. 31, 1996, more than 45% of portfolio assets mature within 30 days *(see Portfolio Maturity Profile chart below).*



Credit Quality

The portfolio has the highest credit quality on the basis of investment practices, diversification standards, operational controls, and management oversight. The portfolio invests only in securities issued by highly rated entities and diversifies across issuers. As of Dec. 31, 1996, approximately 80% of the portfolio was invested in 'AAA' quality U.S. Treasury and agency securities, with the balance in highly rated securities. To support redevelopment efforts, the portfolio invests a nominal amount in certificates of deposit of lower rated banks; however, these are held in amounts of $100,000 or less to qualify for Federal Deposit Insurance Corp. protection. As of year-end 1996, these holdings accounted for less than 0.03% of the portfolio.

The portfolio also uses numerous custodian banks to support redevelopment efforts, although the lead custodian, Wells Fargo Bank, N.A., is custodian for approximately 77% of the portfolio's assets.

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J. MICHAEL CAREY
City Clerk

When making inquiries relative to this matter refer to File No.

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

Office of
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

Pat Healy
Chief Legislative Assistant

96-1630

December 26, 1997

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

In accordance with Council Rules, communication from the Community Redevelopment Agency relative to Agency Investment Report dated July 17, 1997 and October 16, 1997, was referred on December 23, 1997, to the HOUSING and COMMUNITY REDEVELOPMENT COMMITTEE.

J. Michael Carey

City Clerk
et

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Community Redevelopment Agency

of the City of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

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Date December 17, 1997

File Code

J. Michael Carey, City Clerk
City of Los Angeles
200 North Main Street, Room 615
Los Angeles, CA 90012

CRA
LA

RE: AGENCY INVESTMENT REPORTS (COUNCIL FILE NO. 96-1630)

Dear Mr. Carey:

The Agency's Investment Policy, adopted by the Agency Commissioners on March 20, 1997 and approved by the City Council on April 2, 1997, requires that quarterly investment reports be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in Council File No. 96-1630. Accordingly, the Agency is forwarding herewith Reports to Agency Commissioners, dated July 17, 1997 and October 16, 1997, on Agency investments. Kindly place such reports in Council File No. 96-1630.

Thank you for your attention to this matter.

Very truly yours,

John E. Molloy
Administrator

Attachments

Christine Essel
Chair

Juanita G. Chavez
Mee Hae Lee
Peggy Moore
Christine M. Robert
Armando Vergara, Sr.

John E. Molloy
Administrator

HOUSING & COMMUNITY REDEVELOP...
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DEC 19 1997
DEC 23 1997
J. MICHAEL CAREY

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REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF JUNE 30, 1997

JULY 17, 1997

PURPOSE

To report Agency investment activities as of June 30, 1997, to the Agency Commissioners, in accordance with the Agency's Investment Policy.

REPORT

The Agency's Investment Policy, adopted by the Agency Commissioners on March 20, 1997 and approved by the City Council on April 2, 1997, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in the Council File relating to the Investment Policy.

The Agency continues to be in compliance with all provisions of the Investment Policy, which has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties.

As of June 30, 1997, the investment portfolio totaled $123,729,167 including $3,002,417 of Central Library Construction Trust Fund monies managed by the Agency, and the overall yield was 5.86 percent. During the quarter, disbursements exceeded receipts by $6,106,334 resulting in a net decrease in the overall investment portfolio.

More than ninety-seven percent (97%) of the investment portfolio was comprised of: Federal securities, e.g. Federal Farm Credit Bank, Federal Home Loan Bank, etc., (59.57%), United States Treasury obligations (19.59%), and investments in the Local Agency Investment Fund (18.55%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Commercial Paper (2.02%), Time Certificates of Deposit (0.25%), and a Special Savings Account (0.02%). Exhibit A depicts the investment asset allocation as of June 30, 1997. The total cash balance on June 30, 1997, was $2,505,551.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.

John E. Molloy, Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF JUNE 30, 1997

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD %	PERCENTAGE OF PORTFOLIO	MATURITY DATES
Commercial Paper	$2,495,913	$2,500,000	5.50	2.02	07/03/97-07/10/97
Time Certificates of Deposit	307,986	316,612	5.57	0.25	11//17/97-12/31/97
Federal Farm Credit Banks	11,050,079	11,632,600	5.64	8.93	07/30/97-02/25/99
Federal Home Loan Banks	19,752,690	21,920,676	6.00	15.96	07/18/97-02/27/02
Federal Home Loan Mtge Corp	17,730,582	19,987,400	6.18	14.33	07/23/97-02/11/00
Federal National Mtge Assn	18,348,324	19,962,483	5.91	14.83	07/21/97-02/19/02
Special Savings Account	25,000	25,543	4.25	0.02	12/31/97
Student Loan Mktg Assn	6,831,662	7,146,350	5.54	5.52	07/01/97-02/20/01
U.S. Treasury Notes	24,238,908	25,860,068	5.76	19.59	07/31/97-02/15/00
Local Agency Investment Fund	22,948,023	23,270,052	5.64	18.55	07/01/97
T O T A L S	**$123,729,167**	**$132,621,784**	**5.86**	**100.00**	

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular de Puerto Rico	$4,564	$549,518	$580,000
Bank of America	152,117	8,250,595	8,485,194
Bay Cities National Bank	-	10,000	10,253
California Federal Bank	-	97,986	100,818
Cathay Bank	6,698	-	-
City National Bank	37,524	1,191,466	1,184,500
Family Savings Bank	-	100,000	102,898
Founders National Bank	-	100,000	102,643

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Imperial Bank	$3,230	$999,688	$1,029,375
Manufacturers Bank	18,348	716,029	745,000
State of California	-	22,948,023	23,270,052
Tokai Bank of California	171,498	-	-
Union Bank of California, N.A.	14,247	5,140,842	5,728,058
Watts United Credit Union	-	25,000	25,543
Wells Fargo Bank, N.A.	2,097,325	83,600,020	91,257,450
T O T A L S	**$2,505,551**	**$123,729,167**	**$132,621,784**

* With the exception of the cash deposits with Bank of America, all cash is held in interest-bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$2,000,000	$2,000,000	$2,036,600	02/25/99
Federal Home Loan Banks	7,000,000	7,003,207	7,112,815	01/14/99-02/27/02
Federal Home Loan Mtge Corp	15,800,000	15,720,305	16,019,004	12/15/98-02/11/00
Federal National Mtge Assn	14,130,000	14,068,972	14,301,786	09/25/98-02/19/02
Student Loan Mktg Assn	1,000,000	984,580	1,000,844	02/20/01
U.S. Treasury Notes	7,740,000	7,708,989	7,872,615	07/31/98-02/15/00
	$47,670,000	**$47,486,053**	**$48,343,664**	

UNUSUAL INVESTMENT ACTIVITY :

NONE

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of JUNE 30, 1997

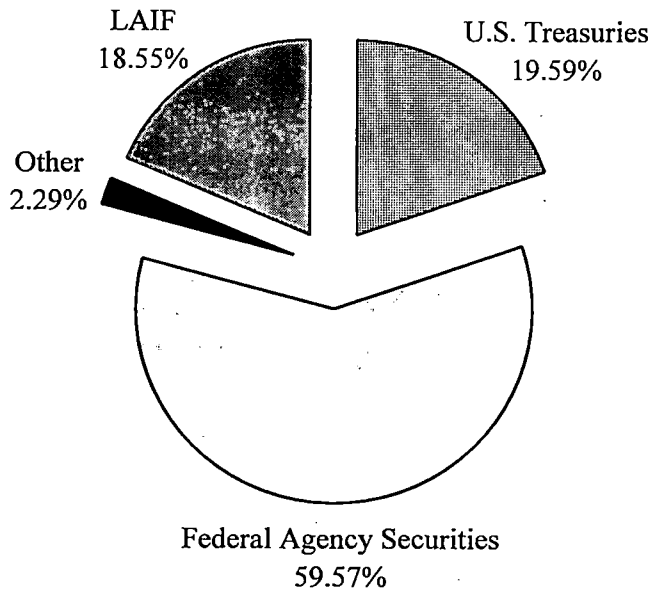


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED JUNE 30, 1997

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR DE PUERTO RICO	Provided letters of credit for several Spring Street projects and maintains a banking office in the Historic Core portion of the Central Business District Redevelopment Project.
BANK OF AMERICA	Provided loans in the Beacon Street, Hoover, and Rodeo–La Cienega projects; maintains offices in several redevelopment projects; founding member of the California Community Reinvestment Corporation, a consortium of 57 banks formed in 1989 to finance low income housing throughout California, which has financed 3,831 housing units to date, 832 of which are located in Los Angeles.
BAY CITIES NATIONAL BANK	Maintains an office in San Pedro, which serves the Beacon Street and Los Angeles Harbor Redevelopment project areas.
CALIFORNIA FEDERAL BANK	Maintains an office in the Martin Luther King, Jr. Shopping Center in Watts as well as several other project areas; assisted in the early financing of the Martin Luther King, Jr. Shopping Center and provided a letter of credit for the Promenade Towers bond issue in Bunker Hill.
CATHAY BANK	Minority–owned bank that serves the Chinatown project area; member of the California Community Reinvestment Corporation.
CITY NATIONAL BANK	Active in the California Community Reinvestment Corporation and serves on its loan committee. Provides bridge loans and some permanent loans for rehabilitation of very low income projects.
FAMILY SAVINGS BANK	Minority–owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills.

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
FOUNDERS NATIONAL BANK	Minority–owned bank that maintains its headquarters and a branch office in the Crenshaw Redevelopment Project.
IMPERIAL BANK	Purchased tax–exempt Agency bond issue for neighborhood center in the Pico Union I Redevelopment Project and provided letter of credit in connection with the development of the Los Angeles Actor's Theatre; maintains offices in various project areas.
MANUFACTURERS BANK	Maintains offices in the Little Tokyo Redevelopment Project and the East Side Industrial Area of the Central Business District Redevelopment Project.
OKAI BANK OF CALIFORNIA	Provided a $10 million line of credit to the Agency in January 1997, and through its parent, Tokai Bank Ltd., has provided letters of credit to secure the Promenade Towers and Grand Promenade bond issues in the Bunker Hill Project.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, Central Business District and Little Tokyo Redevelopment Projects; member and loan committee member of California Community Reinvestment Corporation. Recently provided a loan for relocation and other activities in the Los Angeles Harbor Redevelopment Project. Successor to Bank of California and Union Bank, which merged on April 1, 1996. Bank of California provided construction financing for redevelopment activity in the Central Business District Core and for an affordable housing development in Little Tokyo.
WATTS UNITED CREDIT UNION	Minority–owned financial institution that is headquartered in the Watts Redevelopment Project and has served the Watts community since 1966.
WELLS FARGO BANK, N.A.	Maintains a banking office in the Broadway–Spring Center; purchased Agency's only Marks Foran rehabilitation bond issue; provided letters of credit to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association and Chinatown Grand Plaza (housing project for senior citizens); issued a letter of of credit to secure an Agency FHA bond issue; member and loan committee member of California Community Reinvestment Corporation; serves as Trustee on many Agency bond issues.

REVISED
Investment Report pg. 2
added

R6

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF SEPTEMBER 30, 1997

OCTOBER 16, 1997

PURPOSE

To report Agency investment activities as of September 30, 1997, to the Agency Commissioners, in accordance with the Agency's Investment Policy.

REPORT

The Agency's Investment Policy, adopted by the Agency Commissioners on March 20, 1997 and approved by the City Council on April 2, 1997, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in the Council File relating to the Investment Policy.

The Agency continues to be in compliance with all provisions of the Investment Policy, which has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties.

As of September 30, 1997, the investment portfolio totaled $115,428,080 including $3,002,417 of Central Library Construction Trust Fund monies managed by the Agency, and the overall yield was 5.85 percent. During the quarter, disbursements exceeded receipts by $13,441,040 resulting in a net decrease in the overall investment portfolio.

More than ninety-nine percent (99%) of the investment portfolio was comprised of: Federal securities, e.g. Federal Farm Credit Bank, Federal Home Loan Bank, etc., (61.60%), United States Treasury obligations (17.95%), and investments in the Local Agency Investment Fund (20.16%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Time Certificates of Deposit (0.27%), and a Special Savings Account (0.02%). Exhibit A depicts the investment asset allocation as of September 30, 1997. The total cash balance on September 30, 1997, was $1,366,255.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.

John E. Molloy, Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF SEPTEMBER 30, 1997

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD %	PERCENTAGE OF PORTFOLIO	MATURITY DATES
Time Certificates of Deposit	$307,986	$313,723	5.58	0.27	11/17/97-12/31/97
Federal Farm Credit Banks	6,377,822	6,792,600	5.81	5.52	01/15/98-02/25/99
Federal Home Loan Banks	20,427,788	21,451,813	6.01	17.70	10/28/97-02/27/02
Federal Home Loan Mtge Corp	16,869,750	17,698,550	6.02	14.61	10/08/97-02/11/00
Federal National Mtge Assn	24,097,343	25,194,585	5.84	20.88	10/03/97-02/19/02
Special Savings Account	25,000	25,543	4.25	0.02	12/31/97
Student Loan Mktg Assn	3,332,172	3,500,675	5.82	2.89	12/16/97-02/20/01
U.S. Treasury Notes	20,720,779	21,909,019	5.78	17.95	11/30/97-02/15/00
Local Agency Investment Fund	23,269,440	23,602,467	5.69	20.16	09/30/97
T O T A L S	**$115,428,080**	**$120,488,975**	**5.85**	**100.00**	

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular de Puerto Rico	$8,579	$549,518	$580,000
Bank of America	73,249	7,226,063	7,420,194
Bay Cities National Bank	-	10,000	10,253
California Federal Bank	-	97,986	99,378
Cathay Bank	22,444	-	-
City National Bank	3,088	1,191,466	1,184,500
Family Savings Bank	-	100,000	101,449
Founders National Bank	-	100,000	102,643

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Imperial Bank	$6,211	$1,026,471	$1,070,000
Manufacturers Bank	19,588	561,639	585,000
State of California	-	23,269,440	23,602,467
Tokai Bank of California	158,628	-	-
Union Bank of California, N.A.	686,584	76,016,464	80,283,672
Watts United Credit Union	-	25,000	25,543
Wells Fargo Bank, N.A.	387,884	5,254,033	5,423,876
T O T A L S	**$1,366,255**	**$115,428,080**	**$120,488,975**

* With the exception of the cash deposits with Bank of America, all cash is held in interest-bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$2,000,000	$2,000,000	$2,012,938	02/25/99
Federal Home Loan Banks	7,000,000	6,998,845	7,103,090	01/14/99-02/27/02
Federal Home Loan Mtge Corp	10,800,000	10,721,867	10,878,385	12/15/98-02/11/00
Federal National Mtge Assn	7,050,000	6,937,531	7,122,197	11/10/98-02/19/02
Student Loan Mktg Assn	1,000,000	984,580	996,094	02/20/01
U.S. Treasury Notes	7,190,000	7,166,530	7,258,440	01/31/99-02/15/00
	$35,040,000	**$34,809,353**	**$35,371,144**	

UNUSUAL INVESTMENT ACTIVITY :

N O N E

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of SEPTEMBER 30, 1997

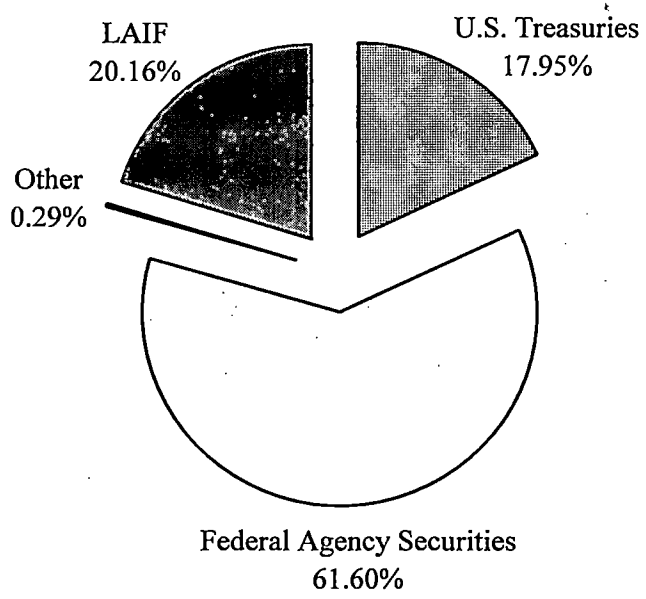


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED SEPTEMBER 30, 1997

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR DE PUERTO RICO	Provided letters of credit for several Spring Street projects and maintains a banking office in the Historic Core portion of the Central Business District Redevelopment Project.
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ELIAS MARTINEZ
CITY CLERK

J. MICHAEL CAREY
EXECUTIVE OFFICER

CITY OF LOS ANGELES
CALIFORNIA

OFFICE OF THE
CITY CLERK
ROOM 395, CITY HALL
LOS ANGELES, CA 90012
(213) 485-5708

RICHARD J. RIORDAN
MAYOR

96-1630

May 22, 1997

PLACE IN FILES
MAY 29 1997
DEPUTY

Community Redevelopment Agency
Office of Administrator
cc: Budget Office, 5th Floor
City Administrative Officer
City Attorney

RE: NOTE AND FILE COMMUNITY REDEVELOPMENT AGENCY'S QUARTERLY REPORT OF ITS INVESTMENTS AS OF MARCH 31, 1997

At the meeting of the Council held May 21, 1997, the following action was taken:

Attached report adopted	X
Attached motion ( ) adopted	
Attached resolution adopted	
Ordinance adopted	
Motion adopted to approve attached report	
Motion adopted to approve attached communication	
To the Mayor for concurrence	
To the Mayor FORTHWITH	
Mayor concurred	
Appointment confirmed	
Findings adopted	
Negative Declaration adopted	
Categorically exempt	
Generally exempt	
EIR certified	
Tract map approved for filing with the County Recorder	
Parcel map approved for filing with the County Recorder	
Bond approved is No. _____ of Contract	
Resolution of acceptance of future street to be known as	

J. Michael Carey

City Clerk
crm
steno\961630

FP 5/29/97

Recyclable and made from recycled waste.

29

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
Report/~~Communication~~ for Signature

Council File Number 96-1630

Committee Meeting Date 5/14/97

Council Date 5/21/97

COMMITTEE MEMBER	YES	NO	ABSENT
COUNCILMEMBER SVORINICH, Chair	✓		
COUNCILMEMBER ALATORRE, Vice-Chair			✓
COUNCILMEMBER BERNSON, Member	✓		

Remarks

Legislative Assistant: Sandra L. Grange ♦♦♦♦♦ Phone 485-4836

File No. 96-1630

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

reports as follows:

	Yes	No
Public Comments	XX	

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE REPORT relative to the Community Redevelopment Agency's (CRA) quarterly report of its investments as of March 31, 1997.

Recommendation for Council action:

NOTE and FILE CRA's quarterly report of its investment as of March 31, 1997, inasmuch as it is for informational purposes only.

Fiscal Impact Statement: The CRA reports that there is no fiscal impact to the City's General Fund as a result of this action.

Summary:

On May 7, 1997, the Housing and Community Redevelopment Committee considered and recommended that CRA's quarterly investment report as of March 31, 1997 be noted and filed. The Chair of the Committee initiated some discussion on the average term of CRA's investment and the terms of the U. S. Treasury and Federal Securities. CRA's representative indicated that they attempt to maintain a 10 month average on their investments.

In conclusion, CRA's Administrator informed the Committee that CRA had received the highest rating of any portfolio--AAA.

Respectfully submitted,

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

Rumpelmann, Jr.

RPT.
ADOPTED
MAY 21 1997
LOS ANGELES CITY COUNCIL

SLG
5/15/97

#961630

++++++

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
SUGGESTED NOTIFICATION OF COUNCIL ACTION

Council File No. 96-1630

- [ ] Petitioner/Communicant _____
- [ ] Council Member(s) _____
- [ ] Mayor (with/without file)
- [x] Community Redevelopment Agency (Office of Administrator)
- [x] Community Redevelopment Agency (Budget Office, 5th Floor)
- [x] City Administrative Officer
- [ ] Chief Legislative Analyst
- [x] City Attorney
- [ ] Community Development Department
- [ ] Los Angeles Housing Department
- [ ] Housing Authority of the City of L.A.
- [ ] Department of Transportation
- [ ] City Planning Department
- [ ] Department of Building and Safety
- [ ] Controller - Accounting and Disbursement
- [ ] City Clerk, Administrative Services Division
- [ ] _____
- [ ] _____
- [ ] _____

ELIAS MARTINEZ
City Clerk

J. Michael Carey
Executive Officer

When making inquiries relative to this matter refer to File No.

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

Office of
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

Pat Healy
Chief Legislative Assistant

96-1630

Var CDs

May 6, 1997

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

In accordance with Council Rules, communication from the Community Redevelopment Agency relative to report on Agency investments as of March 31, 1997, was referred on May 5, 1997, to the HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE.

J. Michael Carey

City Clerk
amm

Recyclable and made from recycled waste.

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

An Affirmative Action
Equal Opportunity
Employer

Date July 30, 1997

File Code

Council File No. 96-1630
Council District: Various
Contact Person: Peirre E. Lorenger
(213) 977-1890

J. Michael Carey
City Clerk
City of Los Angeles
Room 395, City Hall

CRA
LA

Attention: Sandra Grange

Enclosed are sixteen (16) copies of the Quarterly Report on Agency Investments as of June 30, 1997 ("Report"). In accordance with the Agency's Investment Policy, adopted by the Agency Commissioners on March 20, 1997 and approved by the City Council on April 30, 1997, please distribute a copy of the Report to each Council office and note and file a copy in Council File No. 96-1630.

John E. Molloy
Administrator

Enclosures

Christine Essel
Chair

Juanita G. Chavez
Mee Hae Lee
Peggy Moore
Christine M. Robert
Armando Vergara, Sr.

John E. Molloy
Administrator

RI

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF JUNE 30, 1997

JULY 17, 1997

PURPOSE

To report Agency investment activities as of June 30, 1997, to the Agency Commissioners, in accordance with the Agency's Investment Policy.

REPORT

The Agency's Investment Policy, adopted by the Agency Commissioners on March 20, 1997 and approved by the City Council on April 2, 1997, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Clerk for inclusion in the Council File relating to the Investment Policy.

The Agency continues to be in compliance with all provisions of the Investment Policy, which has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties.

As of June 30, 1997, the investment portfolio totaled $123,729,167 including $3,002,417 of Central Library Construction Trust Fund monies managed by the Agency, and the overall yield was 5.86 percent. During the quarter, disbursements exceeded receipts by $6,106,334 resulting in a net decrease in the overall investment portfolio.

More than ninety-seven percent (97%) of the investment portfolio was comprised of: Federal securities, e.g. Federal Farm Credit Bank, Federal Home Loan Bank, etc., (59.57%), United States Treasury obligations (19.59%), and investments in the Local Agency Investment Fund (18.55%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Commercial Paper (2.02%), Time Certificates of Deposit (0.25%), and a Special Savings Account (0.02%). Exhibit A depicts the investment asset allocation as of June 30, 1997. The total cash balance on June 30, 1997, was $2,505,551.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.

John E. Molloy, Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF JUNE 30, 1997

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD %	PERCENTAGE OF PORTFOLIO	MATURITY DATES
Commercial Paper	$2,495,913	$2,500,000	5.50	2.02	07/03/97-07/10/97
Time Certificates of Deposit	307,986	316,612	5.57	0.25	11//17/97-12/31/97
Federal Farm Credit Banks	11,050,079	11,632,600	5.64	8.93	07/30/97-02/25/99
Federal Home Loan Banks	19,752,690	21,920,676	6.00	15.96	07/18/97-02/27/02
Federal Home Loan Mtge Corp	17,730,582	19,987,400	6.18	14.33	07/23/97-02/11/00
Federal National Mtge Assn	18,348,324	19,962,483	5.91	14.83	07/21/97-02/19/02
Special Savings Account	25,000	25,543	4.25	0.02	12/31/97
Student Loan Mktg Assn	6,831,662	7,146,350	5.54	5.52	07/01/97-02/20/01
U.S. Treasury Notes	24,238,908	25,860,068	5.76	19.59	07/31/97-02/15/00
Local Agency Investment Fund	22,948,023	23,270,052	5.64	18.55	07/01/97
T O T A L S	**$123,729,167**	**$132,621,784**	**5.86**	**100.00**	

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular de Puerto Rico	$4,564	$549,518	$580,000
Bank of America	152,117	8,250,595	8,485,194
Bay Cities National Bank	-	10,000	10,253
California Federal Bank	-	97,986	100,818
Cathay Bank	6,698	-	-
City National Bank	37,524	1,191,466	1,184,500
Family Savings Bank	-	100,000	102,898
Founders National Bank	-	100,000	102,643

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Imperial Bank	$3,230	$999,688	$1,029,375
Manufacturers Bank	18,348	716,029	745,000
State of California	-	22,948,023	23,270,052
Tokai Bank of California	171,498	-	-
Union Bank of California, N.A.	14,247	5,140,842	5,728,058
Watts United Credit Union	-	25,000	25,543
Wells Fargo Bank, N.A.	2,097,325	83,600,020	91,257,450
T O T A L S	**$2,505,551**	**$123,729,167**	**$132,621,784**

* With the exception of the cash deposits with Bank of America, all cash is held in interest-bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$2,000,000	$2,000,000	$2,036,600	02/25/99
Federal Home Loan Banks	7,000,000	7,003,207	7,112,815	01/14/99-02/27/02
Federal Home Loan Mtge Corp	15,800,000	15,720,305	16,019,004	12/15/98-02/11/00
Federal National Mtge Assn	14,130,000	14,068,972	14,301,786	09/25/98-02/19/02
Student Loan Mktg Assn	1,000,000	984,580	1,000,844	02/20/01
U.S. Treasury Notes	7,740,000	7,708,989	7,872,615	07/31/98-02/15/00
	$47,670,000	**$47,486,053**	**$48,343,664**	

UNUSUAL INVESTMENT ACTIVITY :

NONE

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of JUNE 30, 1997

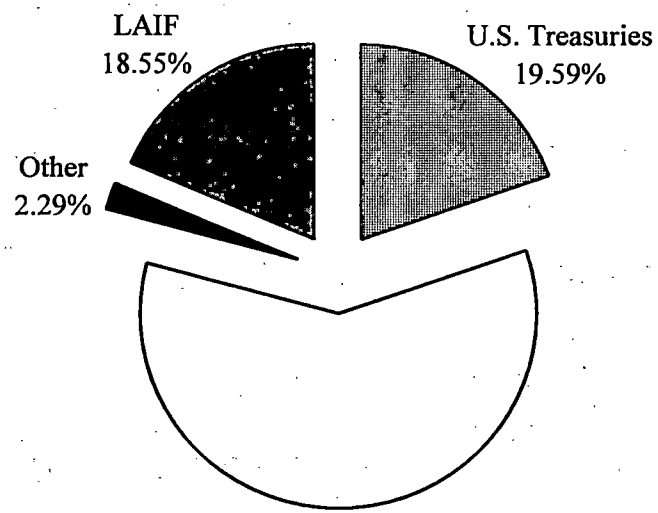


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED JUNE 30, 1997

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR DE PUERTO RICO	Provided letters of credit for several Spring Street projects and maintains a banking office in the Historic Core portion of the Central Business District Redevelopment Project.
JK OF AMERICA	Provided loans in the Beacon Street, Hoover, and Rodeo–La Cienega projects; maintains offices in several redevelopment projects; founding member of the California Community Reinvestment Corporation, a consortium of 57 banks formed in 1989 to finance low income housing throughout California, which has financed 3,831 housing units to date, 832 of which are located in Los Angeles.
BAY CITIES NATIONAL BANK	Maintains an office in San Pedro, which serves the Beacon Street and Los Angeles Harbor Redevelopment project areas.
CALIFORNIA FEDERAL BANK	Maintains an office in t he Martin Luther King, Jr. Shopping Center in Watts as well as several other project areas; assisted in the early financing of the Martin Luther King, Jr. Shopping Center and provided a letter of credit for the Promenade Towers bond issue in Bunker Hill.
CATHAY BANK	Minority–owned bank that serves the Chinatown project area; member of the California Community Reinvestment Corporation.
CITY NATIONAL BANK	Active in the California Community Reinvestment Corporation and serves on its loan committee. Provides bridge loans and some permanent loans for rehabilitation of very low income projects.
FAMILY SAVINGS BANK	Minority–owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills.

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
FOUNDERS NATIONAL BANK	Minority-owned bank that maintains its headquarters and a branch office in the Crenshaw Redevelopment Project.
IMPERIAL BANK	Purchased tax-exempt Agency bond issue for neighborhood center in the Pico Union I Redevelopment Project and provided letter of credit in connection with the development of the Los Angeles Actor's Theatre; maintains offices in various project areas.
MANUFACTURERS BANK	Maintains offices in the Little Tokyo Redevelopment Project and the East Side Industrial Area of the Central Business District Redevelopment Project.
TOKAI BANK OF CALIFORNIA	Provided a $10 million line of credit to the Agency in January 1997, and through its parent, Tokai Bank Ltd., has provided letters of credit to secure the Promenade Towers and Grand Promenade bond issues in the Bunker Hill Project.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, Central Business District and Little Tokyo Redevelopment Projects; member and loan committee member of California Community Reinvestment Corporation. Recently provided a loan for relocation and other activities in the Los Angeles Harbor Redevelopment Project. Successor to Bank of California and Union Bank, which merged on April 1, 1996. Bank of California provided construction financing for redevelopment activity in the Central Business District Core and for an affordable housing development in Little Tokyo.
WATTS UNITED CREDIT UNION	Minority-owned financial institution that is headquartered in the Watts Redevelopment Project and has served the Watts community since 1966.
WELLS FARGO BANK, N.A.	Maintains a banking office in the Broadway-Spring Center; purchased Agency's only Marks Foran rehabilitation bond issue; provided letters of credit to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association and Chinatown Grand Plaza (housing project for senior citizens); issued a letter of of credit to secure an Agency FHA bond issue; member and loan committee member of California Community Reinvestment Corporation; serves as Trustee on many Agency bond issues.

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

An Affirmative Action
Equal Opportunity
Employer

Date April 28, 1997

File Code 2203

Council File No.
Council District: Various
Contact Person: Peirre E. Lorenger
(213) 977-1890

Honorable Council of The City of Los Angeles
Room 395, City Hall

COUNCIL TRANSMITTAL

REPORT ON AGENCY INVESTMENTS AS OF MARCH 31, 1997

CRA
LA

Transmitted, herewith is the Quarterly Report on Agency Investments as of March 31, 1997, as required by the Agency Investment Policy, adopted by the City Council on May 3, 1996.

FISCAL STATEMENT:

There is no fiscal impact to the City's General Fund as a result of this action.

SUMMARY:

The Agency's Investment Policy, adopted by the Agency Commissioners on March 21, 1996 and approved by the City Council on May 3, 1996, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Council. For additional pertinent facts and information, please see the attached Report to Agency Commissioners dated April 17, 1997.

John E. Molloy
Administrator

cc: Sandra Grange, Office of the City Clerk (Original & 10 copies)
Kelly Martin, Office of the Mayor
Karen Kalfayan, Office of the CAO
Paul Smith, Office of the CLA
James Santa Maria, CD 15

HOUSING & COMMUNITY REDEVELOP

MAY 05 1997

Christine Essel
Chair

Juanita G. Chavez
Mee Hae Lee
Peggy Moore
Christine M. Robert
Armando Vergara, Sr.

John E. Molloy
Administrator

FILED
CITY CLERK

'97 MAY -2 A11:36

CITY CLERK

BY._____
DEPUTY

R3

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF MARCH 31, 1997

APRIL 17, 1997

PURPOSE

To report Agency investment activities as of March 31, 1997, to the Agency Commissioners, in accordance with the Agency's Investment Policy.

REPORT

The Agency's Investment Policy, adopted by the Agency Commissioners on March 21, 1996 and approved by the City Council on May 3, 1996, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Council.

The Agency continues to be in compliance with all provisions of the Investment Policy, which has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties.

As of March 31, 1997, the investment portfolio totaled $129,835,501 including $3,436,406 of Central Library Construction Trust Fund monies managed by the Agency, and the overall yield was 5.83 percent. During the quarter, disbursements exceeded receipts by $12,095,158 resulting in a net decrease in the overall investment portfolio.

More than nine-eight percent (98%) of the investment portfolio was comprised of: Federal securities, e.g. Federal Farm Credit Bank, Federal Home Loan Bank, etc., (53.23%), United States Treasury obligations (27.26%), and investments in the Local Agency Investment Fund (18.21%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Commercial Paper (1.04%), Time Certificates of Deposit (0.24%), and a Special Savings Account (0.02%). Exhibit A depicts the investment asset allocation as of March 31, 1997. The total cash balance on March 31, 1997, was $1,063,149.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.

John E. Molloy, Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF MARCH 31, 1997

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD %	PERCENTAGE OF PORTFOLIO	MATURITY DATES
Commercial Paper	$1,347,979	$1,350,000	5.39	1.04	04/01/97-04/03/97
Time Certificates of Deposit	307,986	319,531	5.54	0.24	05/19/97-12/31/97
Federal Farm Credit Banks	14,222,316	14,973,900	5.63	10.95	04/01/97-02/25/99
Federal Home Loan Banks	18,363,595	20,465,676	5.95	14.14	04/17/97-02/27/02
Federal Home Loan Mtge Corp	15,737,482	18,194,900	6.28	12.12	12/15/98-02/11/00
Federal National Mtge Assn	18,780,238	20,550,796	5.90	14.47	05/23/97-02/19/02
Special Savings Account	25,000	25,534	4.25	0.02	06/30/97
Student Loan Mktg Assn	2,012,464	2,291,350	5.91	1.55	02/25/98-02/20/01
U.S. Treasury Notes	35,391,063	37,247,444	5.67	27.26	04/30/97-02/15/00
Local Agency Investment Fund	23,647,378	23,950,034	5.60	18.21	04/01/97
T O T A L S	**$129,835,501**	**$139,369,165**	**5.83**	**100.00**	

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Banco Popular de Puerto Rico	$2,894	$514,842	$545,000
Bank of America	92,124	8,863,590	9,157,026
Bay Cities National Bank	-	10,000	10,258
California Federal Bank	-	97,986	102,289
Cathay Bank	6,701	269,299	285,000
City National Bank	3,017	1,191,466	1,219,000
Family Savings Bank	-	100,000	104,391
Founders National Bank	-	100,000	102,593

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT	MATURITY VALUE
Imperial Bank	$3,163	$999,688	$1,029,375
Manufacturers Bank	24,419	1,420,209	1,485,000
State of California	-	23,647,378	23,950,034
Tokai Bank of California	290,562	-	-
Union Bank of California, N.A.	73,422	4,261,179	4,773,727
Watts United Credit Union	-	25,000	25,534
Wells Fargo Bank, N.A.	566,847	88,334,864	96,579,938
T O T A L S	**$1,063,149**	**$129,835,501**	**$139,369,165**

* With the exception of the cash deposits with Bank of America, all cash is held in interest-bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Farm Credit Banks	$4,000,000	$4,012,047	$4,022,347	05/26/98-02/25/99
Federal Home Loan Banks	7,000,000	7,003,207	6,975,853	01/14/99-02/27/02
Federal Home Loan Mtge Corp	15,800,000	15,731,971	15,890,072	12/15/98-02/11/00
Federal National Mtge Assn	14,130,000	14,068,972	14,088,619	09/25/98-02/19/02
Student Loan Mktg Assn	1,000,000	984,580	974,376	02/20/01
U.S. Treasury Notes	14,740,000	14,721,273	14,783,611	05/15/98-02/15/00
	$56,670,000	**$56,522,050**	**$56,734,878**	

UNUSUAL INVESTMENT ACTIVITY :

N O N E

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of MARCH 31, 1997

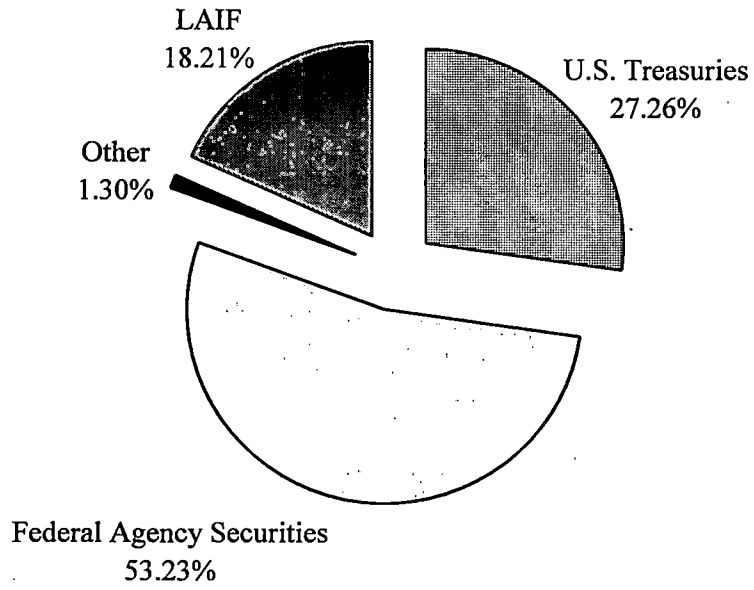


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED MARCH 31, 1997

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR DE PUERTO RICO	Provided letters of credit for several Spring Street projects and maintains a banking office in the Historic Core portion of the Central Business District Redevelopment Project
BANK OF AMERICA	Provided loans in the Beacon Street, Hoover, and Rodeo–La Cienega projects; maintains offices in several redevelopment projects; founding member of the California Community Reinvestment Corporation, a consortium of 57 banks formed in 1989 to finance low income housing throughout California, which has financed 3,831 housing units to date, 832 of which are located in Los Angeles.
BAY CITIES NATIONAL BANK	Maintains an office in San Pedro, which serves the Beacon Street and Los Angeles Harbor Redevelopment project areas.
CALIFORNIA FEDERAL BANK	Maintains an office in the Martin Luther King, Jr. Shopping Center in Watts as well as several other project areas; assisted in the early financing of the Martin Luther King, Jr. Shopping Center and provided a letter of credit for the Promenade Towers bond issue in Bunker Hill.
CATHAY BANK	Minority–owned bank that serves the Chinatown project area; member of the California Community Reinvestment Corporation.
CITY NATIONAL BANK	Active in the California Community Reinvestment Corporation and serves on its loan committee. Provides bridge loans and some permanent loans for rehabilitation of very low income projects.
FAMILY SAVINGS BANK	Minority–owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills.

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
FOUNDERS NATIONAL BANK	Minority–owned bank that maintains its headquarters and a branch office in the Crenshaw Redevelopment Project.
IMPERIAL BANK	Purchased tax–exempt Agency bond issue for neighborhood center in the Pico Union I Redevelopment Project and provided letter of credit in connection with the development of the Los Angeles Actor's Theatre; maintains offices in various project areas.
MANUFACTURERS BANK	Maintains offices in the Little Tokyo Redevelopment Project and the East Side Industrial Area of the Central Business District Redevelopment Project.
TOKAI BANK OF CALIFORNIA	Provided a $10 million line of credit to the Agency in January 1997, and through its parent, Tokai Bank Ltd., has provided letters of credit to secure the Promenade Towers and Grand Promenade bond issues in the Bunker Hill Project.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, Central Business District and Little Tokyo Redevelopment Projects; member and loan committee member of California Community Reinvestment Corporation. Is providing a loan for relocation and other activities in the Los Angeles Harbor Redevelopment Project. Successor to Bank of California and Union Bank, which merged on April 1, 1996. Bank of California provided construction financing for redevelopment activity in the Central Business District Core and for an affordable housing development in Little Tokyo.
WATTS UNITED CREDIT UNION	Minority–owned financial institution that is headquartered in the Watts Redevelopment Project and has served the Watts community since 1966.
WELLS FARGO BANK, N.A.	Maintains a banking office in the Broadway–Spring Center; purchased Agency's only Marks Foran rehabilitation bond issue; provided letters of credit to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association and Chinatown Grand Plaza (housing project for senior citizens); issued a letter of of credit to secure an Agency FHA bond issue; member and loan committee member of California Community Reinvestment Corporation; serves as Trustee on many Agency bond issues.

J. MICHAEL CAREY
CITY CLERK

CITY OF LOS ANGELES
CALIFORNIA

OFFICE OF THE
CITY CLERK
ROOM 395, CITY HALL
LOS ANGELES, CA 90012
(213) 485-5708
FAX (213) 237-0636

RICHARD J. RIORDAN
MAYOR

96-1630

PLACE IN FILES
APR 15 1997
DEPUTY

April 10, 1997

Community Redevelopment Agency,
Office of Administrator
cc: Budget Office, 5th Floor

RE: COMMUNITY REDEVELOPMENT AGENCY'S ANNUAL INVESTMENT POLICY AND QUARTERLY INVESTMENT REPORTS

At the meeting of the Council held April 2, 1997, the following action was taken:

Attached report adopted	
Attached motion ( ) adopted	
Attached resolution adopted	
Ordinance adopted	
Motion adopted to approve attached report	
Motion adopted to approve communication recommendation	X
To the Mayor for concurrence	
To the Mayor FORTHWITH	
Mayor concurred	
Appointment confirmed	
Findings adopted	
Negative Declaration adopted	
Categorically exempt	
Generally exempt	
EIR certified	
Tract map approved for filing with the County Recorder	
Parcel map approved for filing with the County Recorder	
Bond approved is No. _____ of Contract	

J. Michael Carey

City Clerk
bs

steno\961630

4/15/97

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30

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
~~Report~~/Communication for Signature

Council File Number 96-1630

Committee Meeting Date 3/26/97

Council Date 4/2/97

COMMITTEE MEMBER	YES	NO	ABSENT
COUNCILMEMBER SVORINICH, Chair	✓		
COUNCILMEMBER ALATORRE, Vice-Chair			✓
COUNCILMEMBER BERNSON, Member			✓

Remarks

Legislative Assistant: Sandra L. Grange ♦♦♦♦♦ Phone 485-4836

COMMUNICATION

TO: **LOS ANGELES CITY COUNCIL** **File No. 96-1630**

FROM: **COUNCIL MEMBER RUDY SVORINICH, Chair**
HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

	Yes	No
Public Comments	___	XX

COMMUNICATION FROM CHAIR, HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE relative to the Community Redevelopment Agency's (CRA) annual investment policy and quarterly investment reports.

Recommendations for Council action:

1. ADOPT CRA's annual Statement of Investment Policy contained in the Council file.

2. AUTHORIZE the CRA Administrator, the Deputy Administrator of Finance, Audit and Accounting/Assistant Secretary, or designee, authority to formulate, execute and administer the investment of CRA's funds, pursuant to California Government Code Section 53607.

3. NOTE and FILE the remaining quarterly investment reports (for the duration of this policy), inasmuch as these reports are submitted for informational purposes only and no action is required.

Fiscal Impact Statement: The CRA reports that there is no General Fund impact.

Summary:

On March 26, 1997, the Chair of the Housing and Community Redevelopment Committee recommended approval of CRA's annual investment policy and received and filed the remaining quarterly investment reports. CRA reports that its updated investment policy is in compliance with new State laws. The State legislation was adopted follow hearings on the events that gave rise to the Orange County investment debacle and bankruptcy. One of the requirements is that all local government agencies must annually review and adopt, at a public meeting, a formal investment policy.

CRA's transmittal dated March 21, 1997 contains an outline as to the manner in which the Statement of Investment Policy is organized and the Statement of Investment Policy.

Respectfully submitted,

Council Member Rudy Svorinich, Chair
Housing and Community Redevelopment Committee

SLG
3/28/97

#961630

ADOPTED
MOTION ADOPTED TO APPROVE COMMUNICATION RECOMMENDATION
APR 02 1997
LOS ANGELES CITY COUNCIL

AGENDA NO. 30	YES: 13	NO: 0	ABS: 2	04/02/97	TIME: 11:04:38
ALARCON.....YES	BERNSON.....YES	BRAUDE.....YES	CHICK.....YES		
FEUER.....YES	GALANTER.....YES	GOLDBERG.....YES	HERNANDEZ....YES		
HOLDEN.....YES	RIDLEY-THOMASYES	WACHS.....YES	WALTERS.....YES		
FERRARO.....YES	ALATORRE.....ABS	SVORINICH....ABS			

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
SUGGESTED NOTIFICATION OF COUNCIL ACTION

Council File No. 96-1630

- [ ] Petitioner/Communicant _____
- [ ] Council Member(s) _____
- [ ] Mayor (with/without file)
- [x] Community Redevelopment Agency (Office of Administrator)
- [x] Community Redevelopment Agency (Budget Office, 5th Floor)
- [ ] City Administrative Officer
- [ ] Chief Legislative Analyst
- [ ] City Attorney
- [ ] Community Development Department
- [ ] Los Angeles Housing Department
- [ ] Housing Authority of the City of L.A.
- [ ] Department of Transportation
- [ ] City Planning Department
- [ ] Department of Building and Safety
- [ ] Controller - Accounting and Disbursement
- [ ] City Clerk, Administrative Services Division
- [ ] _____
- [ ] _____
- [ ] _____

ELIAS MARTINEZ
City Clerk

J. Michael Carey
Executive Officer

When making inquiries relative to this matter refer to File No.

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

Office of
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

Pat Healy
Chief Legislative Assistant

96-1630

Var CDs

March 21, 1997

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

In accordance with Council Rules, transmittal from the Community Redevelopment Agency relative to adoption of Annual Agency Investment Policy, was referred on March 21, 1997, to the HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE.

J. Michael Carey

City Clerk
amm

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

An Affirmative Action
Equal Opportunity
Employer

Date 3/21/97

File Code 2184

Council File No._____
Council District: Various
Contact Person: Peirre E. Lorenger
(213) 977-1890

Honorable Council of The City of Los Angeles
Room 395, City Hall

COUNCIL TRANSMITTAL

CRA
LA

ADOPTION OF ANNUAL AGENCY INVESTMENT POLICY

RECOMMENDATIONS:

That the City Council review and approve the Agency action of March 20, 1996, to:

1. Adopt the attached annual Statement of Investment Policy ("Investment Policy");

2. Delegate authority to formulate, execute and administer the investment of Agency funds to the Administrator, the Deputy Administrator for Finance, Audit & Accounting/Assistant Secretary, or designee, pursuant to California Government Code Section 53607; and

3. Instruct the City Clerk to note and file the remaining quarterly investment reports (for the duration of this Policy) in the Council File, inasmuch as these reports are submitted for informational purposes and no action is required.

ENVIRONMENTAL REVIEW:

This action does not constitute a "project" as defined by the California Environmental Quality Act (CEQA).

FISCAL STATEMENT:

There is no fiscal impact to the City's General Fund as a result of the recommended action.

Christine Essel
Chair

Juanita G. Chavez
Mee Hae Lee
Peggy Moore
Christine M. Robert
Armando Vergara, Sr.

John E. Molloy
Administrator

HOUSING & COMMUNITY REDEVELOP
MAR 21 1997

FILED
CITY CLERK

'97 MAR 21 A11 :21

CITY CLERK

BY_____
DEPT

SUMMARY:

In its action of March 20, 1997, the Agency Board approved recommendations, subject to City Council review and approval, adopting an annual Agency Investment Policy, delegating authority to manage and invest Agency funds to the Administrator, Deputy Administrator for Finance, Audit & Accounting/Assistant Secretary, or designee, and instructing the City Clerk to note and file quarterly investment reports in the Council File. Please see the attached Agency Board Memorandum, dated March 20, 1997, under the headings "Summary" and "Background" for additional facts and information.

CRA
LA

John E. Molloy
Administrator

cc: Sandra Grange, Office of the City Clerk (Original & 10 copies)
Kelly Martin, Office of the Mayor
Karen Kalfayan, Office of the CAO
Paul Smith, Office of the CLA
James Santa Maria, CD 15

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CA

M E M O R A N D U M

9

DATE: MARCH 20, 1997 AD 0000

TO: AGENCY COMMISSIONERS

FROM: JOHN E. MOLLOY, ADMINISTRATOR

SUBJECT: ADOPTION OF ANNUAL AGENCY INVESTMENT POLICY

RECOMMENDATION

That the Agency, subject to City Council review and approval:

1. Adopt the attached annual Statement of Investment Policy ("Investment Policy").

2. Delegate authority to formulate, execute and administer the investment of Agency funds to the Administrator, the Deputy Administrator for Finance, Audit & Accounting/Assistant Secretary, or designee, pursuant to California Government Code Section 53607.

3. That the City Clerk be instructed to note and file the remaining quarterly investment reports (for the duration of this Policy) in the Council File, inasmuch as these reports are submitted for informational purposes and no action is required.

RE

March 20, 1996 - Agency adoption of updated Investment Policy.
May 3, 1996 - City Council approval of updated Agency Investment Policy.

SOURCE OF FUNDS

No Agency funds are required for the recommended action.

ENVIRONMENTAL REVIEW

The proposed action does not constitute a "project" as defined by the California Environmental Quality Act ("CEQA").

SUMMARY

The Agency's investment and cash management practices and procedures are governed by a formal written Investment Policy.

Government Code section 53646 requires that all local government agencies annually review and adopt, at a public meeting, formal investment policies. The governing Board and City Council must receive investment reports at least quarterly.

Under State law the governing body and responsible investment officers are deemed to be trustees and fiduciaries legally subject to prudent investor standards. In one of the significant 1996 changes to the law, Government Code section 53600.3 modified this standard to allow fiduciaries to consider "general economic conditions and the anticipated needs of the Agency" in making investment decisions. Also, Government Code section 53607 was revised in 1996 to limit the term of the delegation of authority from the Agency Board to the person(s) responsible for investing Agency funds. Subject to review, the delegation of authority must be renewed annually. The attached Investment Policy reflects these changes, with revised language shown by strike-out or black-lining.

PROGRAM AND BUDGET IMPACT

The recommended action is in conformance with the adopted FY 97 Budget and Work Program.

There is no fiscal impact to the City's General Fund as a result of the recommended action.

BACKGROUND

On March 24, 1996, the Agency adopted an updated Investment Policy to incorporate provisions of new State laws into the then applicable Agency Investment Policy. Such State legislation was adopted following hearings on the events which gave rise to the Orange County investment debacle and bankruptcy. One of the requirements in such new laws is that all local government agencies must annually review and adopt, at a public meeting, a formal investment policy.

The attached proposed Statement of Investment Policy is organized as follows:

1.0 Purpose

2.0 Scope

3.0 Authority

4.0 Objectives

5.0 Standards of Prudence

6.0 Authorized and Suitable Investments

7.0 Diversification of Investments

8.0 Maximum Maturities

9.0 Selection Criteria for Depository Institutions

10.0 Selection Criteria for Financial Dealers and Institutions

11.0 Safekeeping and Custody

12.0 Annual Audit

13.0 Reporting

14.0 Ethics and Conflicts of Interest

15.0 Investment Policy Adoption

As noted above, proposed revisions to the existing Agency Investment Policy have been underlined or lined-out on the attachment.

On January 31, 1997, Fitch Investors Service, L.P. ("Fitch") assigned ratings of "AAA/V-1+" to the Agency's investment portfolio. Such ratings are the highest achievable for a government investment portfolio. According to Fitch, investment portfolios having a credit rating of "AAA" "meet the highest credit quality standards for underlying assets, diversification, management and operational capabilities." Investment portfolios assigned a market risk rating of "V-1+" by Fitch are considered to have "low market risk and a strong capacity to return stable principal values to meet cash flow requirements even in severely adverse interest rate environments." A copy of the Fitch Research Report on the Agency's investment portfolio is also attached.

John E. Molloy

Attachments

There is no conflict of interest known to me which exists with regard to any Agency officer or employee concerning this action.

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA

STATEMENT OF INVESTMENT POLICY

ADOPTED by Agency Commissioners _____, 1997
APPROVED by City Council on _____, 1997

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA STATEMENT OF INVESTMENT POLICY

1.0 PURPOSE:

The purpose of this Statement is to set forth an Investment Policy governing the investment activities of The Community Redevelopment Agency of the City of Los Angeles, California ("Agency"). This Statement contains principles and guidelines for the Agency Administrator acting through the Deputy Administrator for Finance, Audit & Accounting/Assistant Secretary (i.e. the Chief Financial Officer) or designee (collectively, the "Administrator or designee") to formulate, execute and administer ~~cash management procedures~~ investment transactions.

2.0 SCOPE:

This Investment Policy applies to all investment activities of the Agency. Pursuant to Government Code Section 5903 (e), proceeds of bonds and any moneys set aside or pledged to secure payment of bonds may be invested in securities or obligations described in the ordinance, resolution, indenture, agreement or other instrument providing for the issuance of the bonds. In the event this Investment Policy conflicts with any ordinance, resolution, indenture, agreement or other instrument providing for the issuance of bonds, the bond document shall apply.

3.0 AUTHORITY:

The authority to invest Agency funds rests with the Administrator or designee. All investment decisions and investment of funds shall be made in full compliance with California Health and Safety Code Section 33603, California Government Code Sections 16429.1, 5903 (e), and 53600 et seq., and California Financial Code Sections 7250 et seq., and all other relevant state and federal requirements as well as any amendments or additions to such requirements.

4.0 OBJECTIVES:

The Agency strives to obtain a reasonable and competitive yield on investments while meeting the criteria required for safety and liquidity. The Agency's investment portfolio shall be invested in legally permitted investments on a continuous basis and shall be invested with the care, skill, and diligence that a prudent person acting in his/her capacity would undertake.

The three fundamental considerations, in order of priority, for managing the Agency's investments are safety, liquidity and yield. At no time should safety or liquidity be compromised in exchange for higher yields.

1. ***Safety:*** Preservation of invested capital is of primary importance. The Agency shall only invest in investments that are considered safe. The safety and risk associated with an investment refers to the potential loss of principal, accrued interest, or a combination of these amounts. Each investment transaction shall seek to ensure that capital losses are avoided.

2. ***Liquidity:*** The Agency's investment portfolio shall contain a diversified mix of investments which are liquid and marketable, with minimal penalty, to satisfy the timely payment of Agency obligations.

3. ***Return on Investments:*** The Agency's investment portfolio shall be designed with the objective of obtaining a reasonable and competitive market rate of return for comparable (i.e. similar risk level) portfolios or categories of assets, taking into consideration risk constraints, prudent investment principles, and the cash flow characteristics of the portfolio.

5.0 STANDARDS OF PRUDENCE:

Investments shall be made with judgment and care which persons of prudence, discretion and intelligence would exercise in the management of their own affairs, not for speculation, but for investment considering the general economic conditions and the anticipated needs of the Agency. The objective is to minimize the interest rate risk and credit risk of each investment. Also, the Agency shall maintain a diversified portfolio of investments to minimize the total volatility of the portfolio.

6.0 AUTHORIZED AND SUITABLE INVESTMENTS:

Authorized and suitable investments shall mean and include any of the following securities to the extent the same are permitted by applicable federal and state laws:

Direct Obligations of the United States of America, specifically U.S. Treasury bills, notes, bonds, or certificates of indebtedness.

Direct Obligations of U.S. Government Agencies, guaranteed directly or indirectly by the United States Government and/or directly or indirectly by any of

the following: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Banks, Federal Land Banks, Federal Farm Credit Bank, Federal Agricultural Mortgage Corporation, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Housing Administration, Tennessee Valley Authority, Student Loan Marketing Association, the Small Business Administration, and the Resolution Funding Corporation.

Cash Deposits and Certificates of Deposit in a nationally or state-chartered bank or federal savings and loan association, or credit union in the State of California. The institution shall be fully insured by the Federal Deposit Insurance Corporation, the Federal Savings & Loan Insurance Corporation, National Credit Union Administration, or other federal insurance covering deposits. All deposits in excess of the amount covered by federal insurance must be fully collateralized. The aggregate of all deposits and certificates of deposit with any one institution must not exceed 5% of the total capital of that institution.

Banker's Acceptances with maximum maturities of 270 days, issued by banks with a rating of "A" or higher by Standard and Poor's ("S&P"), Moody's, Bank Watch, and/or Keefe, Bruyette & Woods, Inc.

Repurchase Agreements with any federally insured state or national bank or primary government bond dealer on the Federal Reserve reporting dealer list. The term of such repurchase agreement may not exceed one year. The repurchase agreement must be 102% collateralized by U.S. Treasury securities that are free and clear of any third-party lien or claim. The collateral must be delivered to the custodian or third party acting as agent for the Agency.

Local Agency Investment Fund administered by the State of California.

Commercial Paper with maturities of 1-180 days. Must be "prime" quality, rated "A-1" or better by Standard and Poor's and/or "P-1" or better by Moody's. The issuing corporation shall have total assets in excess of $500 million, a minimum long term debt rating of "A", and be organized and operating within the United States. The maximum amount with any single issuer must be the lesser of 10% of the investment portfolio or $5 million; and may not exceed 10% of the outstanding paper of the issuer.

Guaranteed Investment Contracts which are guaranteed by insurance companies rated "AA" or better by S&P or the two highest ratings by A.M. Best.

~~**Direct Obligations of State and Local Government Agencies: Short term, tax exempt obligations only.**~~

Other Permitted Investments: As described in Section 53601 of the California Government Code.

Prohibited Investments: Investments excluded from both this investment guideline and from Section 53601 of the California Government Code are strictly prohibited from use in the Investment Portfolio. Also, there shall be no derivative investments of any kind at any time.

7.0 DIVERSIFICATION OF INVESTMENTS:

It is the Agency's policy to minimize portfolio risk by diversifying maturity, sector, and class allocations. Default risk shall be minimized by investing in an assortment of permitted investments as mentioned above. To minimize overall portfolio risk, the following not-to-exceed diversification goals shall guide the Agency's investment decisions. Such guidelines may be exceeded in certain limited instances and in accordance with the state law, and any such deviations shall be discussed in the quarterly report investment activity to the Agency.

Investment-Type	Not-To-Exceed Limit	Other limits
U.S. Treasury Obligations Notes and Bills	No limit	None
Direct Obligations of U.S. Federal Agencies	80%	Maximum of 35% of investment portfolio in any one agency.
Certificates of Deposit	20%	The maximum amount with any one institution may not exceed the lesser of 5% of investment portfolio or $5 million per issuer.

Demand Deposits	No limit	FDIC or FSLIC insured institutions with amounts above $100,000 fully collateralized.
Bankers Acceptances	10%	The maximum amount with any one issuer may not exceed the lesser of 10% of the investment portfolio or $5 million of a single issuer.
Repurchase Agreements	20%	Maximum maturity of 1 year. Not to exceed $5 million per dealer. Mark-to-market at 102%.
Local Agency Investment Fund	$20 Million or subsequent limit established by State plus eligible bond proceeds without limitation.	Limitations are established by the State Treasurer and revised periodically. Current limit is $20 million plus bond proceeds not subject to arbitrage rebate provisions of 1986 Tax Reform Act.

Commercial Paper	15%	Maturities of 1-180 days. The maximum amount with any one issuer may not exceed the lesser of 10% of the investment portfolio or $5 million per issuer. Also, the maximum amount with one issuer must be less than 10% of the issuer's outstanding paper, or such lesser amount as State law may require
Other Permitted Investments	5%	As described in Section 53601 of the Government Code

8.0 MAXIMUM MATURITIES:

The average dollar weighted maturity of the total portfolio shall not exceed two (2) years, excluding investments held by a trustee, fiscal agent or escrow bank in connection with an Agency bond, note or certificate of participation issue. No investment shall have a maturity date in excess of five years from date of purchase. No more than 50% of the portfolio shall be invested in instruments with maturities beyond two years. Maturities shall be staggered to minimize liquidity risk and to enhance the stability of incoming cashflow. At least 10% of the portfolio shall be invested in instruments which can be liquidated on one day's notice.

9.0 SELECTION CRITERIA FOR DEPOSITORY INSTITUTIONS:

The following criteria shall apply to the selection of depository institutions for cash deposits and certificates of deposit:

First, the depository institution must be financially stable and its accounts must be federally insured.

Second, the depository institution must cost-effectively be able to provide the Agency with each of the following services: checking accounts, savings accounts, the ability to handle investment activity, and the ability to safekeep securities.

Third, in order to further the Agency's goals of eliminating blight by encouraging private investment in redevelopment project areas and in concert with the Community Reinvestment Act, depository institutions receiving funds generated by a project area (i.e. tax increment funds or proceeds of tax allocation bonds) must demonstrate a commitment to the project area. Without limiting the manner in which such commitment may be demonstrated, a depository institution which directly finances development within a project area, issues a letter of credit or renders some other financial service needed for development, or is responsive to community needs within the project area as evidenced by the depository institution's disclosures pursuant to the Home Mortgage Disclosure Act may qualify for the deposit of project area funds. In addition, a depository bank may qualify to receive funds generated by a project area by locating its headquarters or a branch within the project area or its vicinity.

Depository banks which have met the above three criteria will be eligible to receive deposits of Agency funds based upon their cost-effective ability to handle the specific banking needs of the project area. If a minority-owned bank has met the above criteria and is able to meet the banking needs of the project area for the same or lesser cost than the most cost-effective non minority-owned bank, the Agency may give preference to depositing its funds with such minority-owned bank. For purposes of this Investment Policy, "minority-owned" shall mean at least 51% owned and controlled by minority persons pursuant to the Agency's Policies and Goals for Equal Opportunity and Affirmative Action for Minority Business Enterprises

In selecting financial institutions from which the Agency will purchase certificates of deposit, the Agency will apply the criteria set forth for the selection of depository banks. In addition, the Agency may grant a preference to minority-owned banks in the purchase of certificates of deposit provided that the yield the Agency will receive on such certificates of deposit is within 25 basis points (i.e. one quarter of one percent (1/4 of 1%) of the yield offered by the qualifying non minority-owned bank which is offering the highest yield. Such preference shall apply to a maximum of $2 million of certificates of deposit owned by the Agency at any one time.

10.0 SELECTION CRITERIA FOR FINANCIAL DEALERS AND INSTITUTIONS:

The Administrator or designee shall select all security dealers and depositories. The Agency shall conduct its investment transactions with several competing, reputable security broker/dealers as set forth in the Agency's cash management procedures.

The selection process shall focus on a prospective firm's financial stability, ability to deliver securities in a timely manner, knowledge, experience, and ethics in the fixed-income securities industry. The Agency will maintain a list and a written agreement with financial institutions authorized to provide investment services.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Agency with an audited financial statement and certification of having read the Agency's Investment Policy.

11.0 SAFEKEEPING AND CUSTODY:

The Agency will select custodians of Agency securities on the basis of their financial stability and cost effective ability to handle custody services as trustee for the Agency.

All securities purchased by the Agency shall be held in a third party safekeeping account by the trust department of a bank insured by Federal Deposit Insurance Corporation and approved by the Administrator or designee. In all instances, the safekeeping agent shall receive the securities prior to or concurrent with payment therefor, and shall receive payment at maturity or sale of the securities prior to releasing the securities from its books or vault.

All security transactions, including collateral for repurchase agreements, entered into by the Agency shall be conducted on a deliver-versus-payment basis.

12.0 ANNUAL AUDIT:

As required by Section 33080.1 of the Health & Safety Code, an independent financial audit is conducted annually of the Agency's combined financial statements. As part of such audit, a review will be conducted of the Agency's overall system of internal control over investments.

13.0 REPORTING:

The Administrator or designee shall submit a quarterly report to the Agency which includes, at a minimum, the following information: the type of investments held in the Agency's Investment Portfolio; issuer or institution; purchase date; maturity date; current market value of all securities with a maturity date of more than 12 months; the overall yield on the Investment Portfolio during the reporting period; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Such quarterly reports shall be forwarded to the City Clerk who shall be instructed to note and file each report in the Council File relating to this Investment Policy.

14.0 ETHICS AND CONFLICTS OF INTEREST:

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Administrator any personal financial or investment position that could be related to the Agency's investment practices.

15.0 INVESTMENT POLICY ADOPTION:

The Agency Board shall, at least annually and subject to City Council review and approval, review, update (as necessary) and adopt, at a public meeting, an Investment Policy in compliance with all applicable state laws. The existing Investment Policy shall remain in effect until the Agency Board and City Council approve a new Investment Policy.

Community Redevelopment Agency of the City of Los Angeles Investment Portfolio

Rating

Community Redevelopment Agency of the City of Los Angeles Investment Portfolio ..... AAA/V-1+

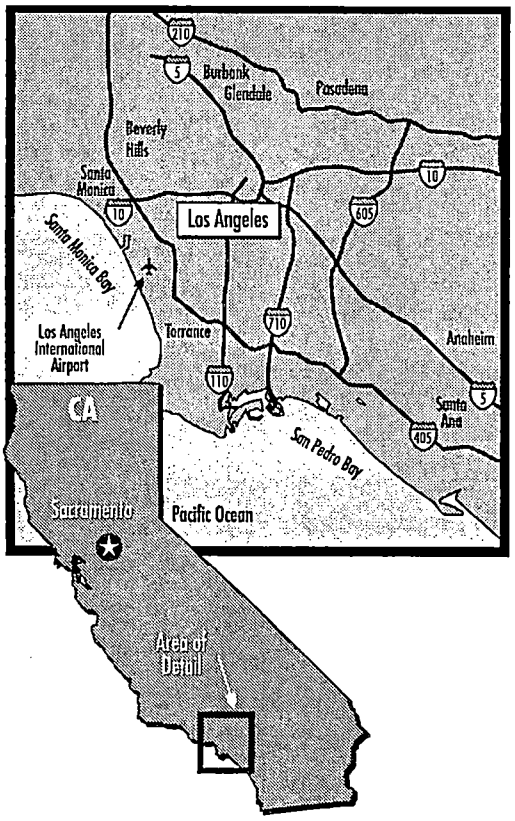
Analysts

John L. Schiavetta, CFA
(212) 908-0619

Robert S. Adler
(212) 908-0690

Issuer Contact

Peirre E. Lorenger
Deputy Administrator
Finance, Audit and Accounting
(213) 977-1890



February 17, 1997

Summary

The Community Redevelopment Agency of the City of Los Angeles (CRA/LA or the Agency) Investment Portfolio, a local government investment portfolio with approximately $142 million in assets, is rated 'AAA/V-1+'. Investment portfolios and pools rated 'AAA' meet the highest credit quality standards for underlying assets, diversification, management, and operational capabilities. The portfolio's 'V-1+' volatility rating reflects low market risk and a strong capacity to return stable principal values to meet cash flow requirements even in severely adverse interest rate environments. Portfolio valuation reports are submitted to Fitch monthly.

Rating Considerations

- Conservative investment policies and practices, as evidenced by tight maturity limits and avoidance of volatile derivative securities. No use of leverage. High standards for credit quality and diversification.
- High degree of liquidity resulting from maturity profile and good ability to forecast ongoing cash requirements.
- Solid management oversight and operational controls.

Overview

The CRA/LA is an agency of the City of Los Angeles established as the prime entity responsible for devising and implementing geographic-based action strategies that serve to check and reverse deterioration in Los Angeles' most troubled urban neighborhoods. The CRA/LA investment portfolio is composed of the pool of assets held in the Agency's operating fund for specific redevelopment projects. The investment portfolio is managed by the Agency adminis-

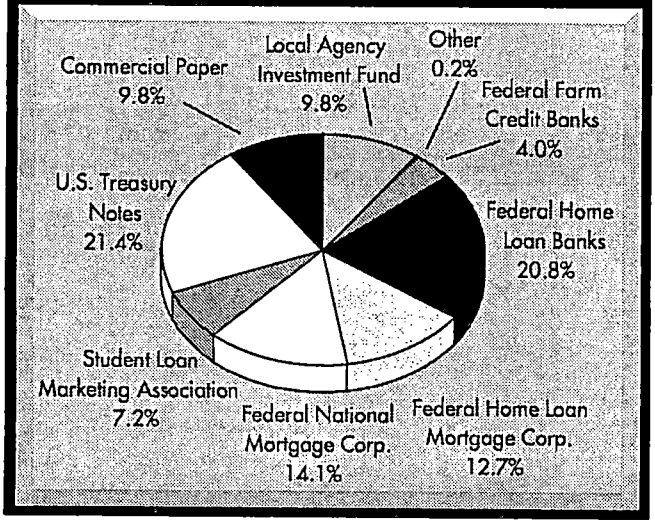
FITCH
ESTABLISHED 1913

trator acting through the deputy administrator for finance, audit, and accounting (i.e. the chief financial officer) and the finance department for the benefit of the Agency and its 29 redevelopment projects. The three fundamental considerations for managing the Agency's investments, in order of priority, are safety, liquidity, and yield.

Investment Practices

CRA/LA pursues its investment objectives by investing in a diversified portfolio of high-quality securities, including U.S. Treasury and agency securities, commercial paper, certificates of deposit, bankers' acceptances, and the local agency investment fund (LAIF), which is the State of California's investment pool. No floating-rate notes are held in the portfolio, and derivative investments of any kind are expressly prohibited. U.S. Treasury and agency securities accounted for approximately 80% of portfolio assets as of Dec. 31, 1996 *(see Portfolio Allocation chart below)*.

Portfolio Allocation
(As of Dec. 31, 1996)

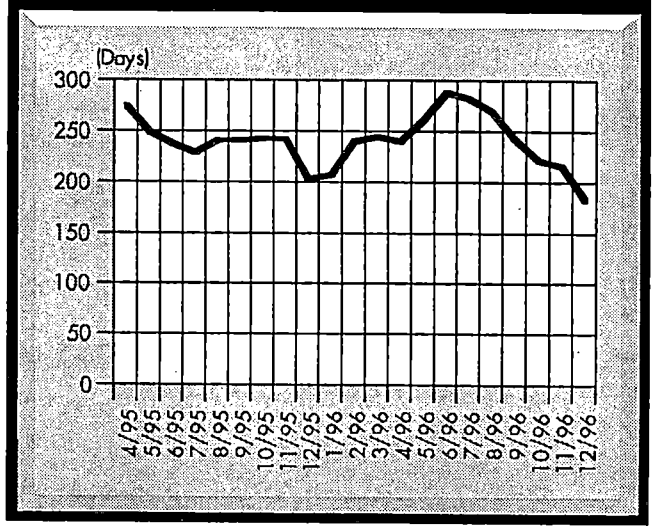


The portfolio's weighted average maturity (WAM) was approximately 184 days on Dec. 31, 1996 *(see Portfolio Weighted Average Maturity chart above right)*. By policy, the portfolio must maintain a WAM of two years or less, and at least 10% of the portfolio shall be invested in instruments that can be liquidated on one day's notice. The portfolio follows additional diversification policies by maturity, sector, and issuer. The portfolio does not engage in any investment leveraging activities through reverse repurchase agreements or other methods.

Liquidity

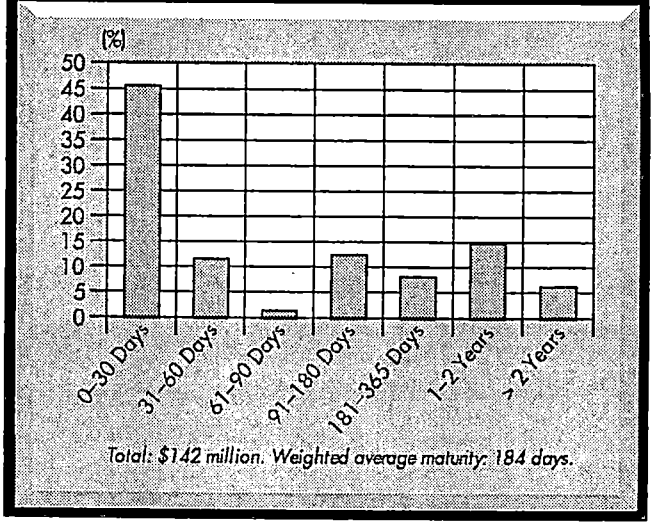
The fund's maturity profile and the regular monitoring of expected cash flow needs provide strong liquidity support.

Portfolio Weighted Average Maturity



The investment manager conservatively maintains a significant portion of the portfolio in overnight and short-term securities to ensure a high degree of liquidity to meet anticipated and unanticipated cash outflows for operating and capital needs of the Agency and its redevelopment projects. All invested funds are under the control of the CRA/LA and, thus, the portfolio has added cash flow stability that would not be present in a local government investment pool that includes voluntary participants who may withdraw their funds at any time for reinvestment elsewhere. As of Dec. 31, 1996, more than 45% of portfolio assets mature within 30 days *(see Portfolio Maturity Profile chart below)*.

Portfolio Maturity Profile
(As of Dec. 31, 1996)



Total: $142 million. Weighted average maturity: 184 days.

Credit Quality

The portfolio has the highest credit quality on the basis of investment practices, diversification standards, operational controls, and management oversight. The portfolio invests only in securities issued by highly rated entities and diversifies across issuers. As of Dec. 31, 1996, approximately 80% of the portfolio was invested in 'AAA' quality U.S. Treasury and agency securities, with the balance in highly rated securities. To support redevelopment efforts, the portfolio invests a nominal amount in certificates of deposit of lower rated banks; however, these are held in amounts of $100,000 or less to qualify for Federal Deposit Insurance Corp. protection. As of year-end 1996, these holdings accounted for less than 0.03% of the portfolio.

The portfolio also uses numerous custodian banks to support redevelopment efforts, although the lead custodian, Wells Fargo Bank, N.A., is custodian for approximately 77% of the portfolio's assets.

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(213) 485-5708
FAX (213) 237-0636

RICHARD J. RIORDAN
MAYOR

96-1630

PLACE IN FILES
FEB 21 1997
DEPUTY

February 13, 1997

Community Redevelopment Agency, Office of Administrator
City Administrative Officer
Chief Legislative Analyst

RE: NOTE AND FILE COMMUNITY REDEVELOPMENT AGENCY'S QUARTERLY REPORT ON ITS INVESTMENTS

At the meeting of the Council held February 12, 1997, the following action was taken:

Attached report adopted	X
Attached motion ( ) adopted	
Attached resolution adopted	
Ordinance adopted	
Motion adopted to approve attached report	
Motion adopted to approve attached communication	
To the Mayor for concurrence	
To the Mayor FORTHWITH	
Mayor concurred	
Appointment confirmed	
Findings adopted	
Negative Declaration adopted	
Categorically exempt	

J. Michael Carey

City Clerk
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steno\961630

FF

2/21/97 elg

Recyclable and made from recycled waste.

File No. 96-1630

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

reports as follows:

	Yes	No
Public Comments	XX	

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE REPORT relative to the Community Redevelopment Agency's (CRA) quarterly report on its investments.

Recommendation for Council action:

NOTE and FILE CRA's quarterly investment report as of December 31, 1996, inasmuch as the report is informational and a requirement of CRA's Investment Policy.

Fiscal Impact Statement: The CRA reports that there is no General Fund impact. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Summary:

On January 29, 1997, the Housing and Community Redevelopment Committee recommended that CRA's quarterly update of its investments be noted and filed. The City Council adopted the CRA's Investment Policy on May 3, 1996.

CRA reports that it continues to be in compliance with all provisions of the Investment Policy. Additional information is available in CRA's transmittal dated January 22, 1997.

Respectfully submitted,

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

REPORT ADOPTED
FEB 12 1997
LOS ANGELES CITY COUNCIL

SLG
2/5/97

#961630

AGENDA NO. 18-21 YES: ~~12~~ 13 NO: 0 ABS: 12 02/12/97 TIME: 11 40 09

ALATORRE.....YES	BERNSON.....YES	CHICK.....YES	FEUER.....YES
GALANTER.....YES	GOLDBERG.....YES	HERNANDEZ....YES	HOLDEN.....YES
RIDLEY-THOMASYES	SVORINICH....YES	WACHS.....YES	FERRARO.....YES
ALARCON..~~YES.ABS~~	BRAUDE.....ABS	WALTERS.....ABS	

18

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
Report/~~Communication~~ for Signature

Council File Number 96-1630

Committee Meeting Date 1/29/97

Council Date 2/12/97

COMMITTEE MEMBER	YES	NO	ABSENT
COUNCILMEMBER SVORINICH, Chair			✓
COUNCILMEMBER ALATORRE, Vice-Chair	✓		
COUNCILMEMBER BERNSON, Member	✓		

Remarks

Legislative Assistant: Sandra L. Grange ♦♦♦♦♦ Phone 485-4836

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
SUGGESTED NOTIFICATION OF COUNCIL ACTION

Council File No. 96-1630

- [ ] Petitioner/Communicant _____
- [ ] Council Member(s) _____
- [ ] Mayor (with/without file)
- [x] Community Redevelopment Agency (Office of Administrator)
- [ ] Community Redevelopment Agency (Budget Office, 5th Floor)
- [x] City Administrative Officer
- [x] Chief Legislative Analyst
- [ ] City Attorney
- [ ] Community Development Department
- [ ] Los Angeles Housing Department
- [ ] Housing Authority of the City of L.A.
- [ ] Department of Transportation
- [ ] City Planning Department
- [ ] Department of Building and Safety
- [ ] Controller - Accounting and Disbursement
- [ ] City Clerk, Administrative Services Division
- [ ] _____
- [ ] _____
- [ ] _____

J. MICHAEL CAREY
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RICHARD J. RIORDAN
MAYOR

96-1630

January 27, 1997

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

In accordance with Council Rules, communication from the Community Redevelopment Agency relative to quarterly report on the Agency Investments as of December 31, 1996, was referred on January 24, 1997, to the HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE.

J. Michael Carey

City Clerk
et

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TRANSMITTAL FROM

THE COMMUNITY REDEVELOPMENT AGENCY

TO	**DATE**	**CRA FILE CODE**
The Honorable Members of City Council	01/22/97	2142

SUBJECT	**COUNCIL FILE NO.**
Report on Agency Investments as of December 31, 1996	96-1630

PROJECT AREA	**COUNCIL DIST.**
Agency Wide	Various

CONTACT PERSON
Peirre E. Lorenger (213) 977-1890 / Ray Fors (213) 977-1883

Transmitted, herewith is the Quarterly Report on Agency Investments as of December 31, 1996, as required by the Agency Investment Policy, adopted by the City Council on May 3, 1996.

SUMMARY

The Agency's Investment Policy, adopted by the Agency Commissioners on March 21, 1996 and approved by the City Council on May 3, 1996, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Council.

The Agency continues to be in compliance with all provisions of the Investment Policy, which has the stated objectives of safety, liquidity and yield.

There is no fiscal impact to the City's General Fund, Special Funds or Grant Funds as a result of this action.

For additional pertinent facts and information, please see the attached Report to Agency Commissioners dated January 16, 1997.

John E. Molloy, Administrator

Attachments

cc: Sandra Grange, Office of the City Clerk (Orig. & 10 copies)
Karen Kalfayan, Office of the City Administrator Office
Paul Smith, Office of the Chief Legislative Analyst
Sharon Morris, Office of the Mayor
James Santamaria, CD15 (2 copies)

HOUSING & COMMUNITY REDEVELOP.
JAN 24 1997

FEB 12 1997 - NOTED AND FILED

CITY

'97 JAN 24 A8:01

CITY CLERK

BY_____

R2

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF DECEMBER 31, 1996

JANUARY 16, 1997

PURPOSE

To report Agency investment activities as of December 31, 1996, to the Agency Commissioners, in accordance with the Agency's Investment Policy.

REPORT

The Agency's Investment Policy, adopted by the Agency Commissioners on March 21, 1996 and approved by the City Council on May 3, 1996, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Council.

The Agency continues to be in compliance with all provisions of the Investment Policy, which has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties.

As of December 31, 1996, the investment portfolio totaled $141,930,659 including $4,386,911 of Central Library Construction Trust Fund monies managed by the Agency, and the overall yield was 5.88 percent. During the quarter, receipts exceeded disbursements by $13,343,836 resulting in a net increase in the overall investment portfolio.

More than eighty-nine percent (89%) of the investment portfolio was comprised of: Federal securities e.g. Federal Farm Credit Bank, Federal Home Loan Bank, etc., (58.73%), United States Treasury obligations (21.39%), and investments in the Local Agency Investment Fund (9.79%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Commercial Paper (9.85%), Time Certificates of Deposit (0.22%), and a Special Savings Account (0.02%). Exhibit A depicts the investment asset allocation as of December 31, 1996. The total cash balance on December 31, 1996, was $2,143,023.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.

John E. Molloy, Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF DECEMBER 31, 1996

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT	MATURITY VALUE	AVERAGE YIELD %	PERCENTAGE OF PORTFOLIO	MATURITY DATES
Commercial Paper	$13,978,472	$14,000,000	5.77	9.85	01/03/97-01/10/97
Time Certificates of Deposit	308,000	319,321	5.45	0.22	03/28/97-12/31/97
Federal Farm Credit Banks	5,637,889	5,790,000	5.47	3.97	01/06/97-06/20/97
Federal Home Loan Banks	29,503,090	30,633,139	6.22	20.79	01/09/97-01/16/98
Federal Home Loan Mtge Corp	18,025,819	19,493,200	5.89	12.70	01/17/97-04/08/99
Federal National Mtge Assn	20,040,649	21,317,635	5.54	14.12	01/21/97-11/10/98
Special Savings Account	25,000	25,534	4.25	0.02	06/30/97
Student Loan Mktg Assn	10,157,188	10,393,750	7.17	7.15	02/03/97
U.S. Treasury Notes	30,363,493	31,337,359	5.58	21.39	02/15/97-07/31/98
Local Agency Investment Fund	13,891,059	14,086,324	5.60	9.79	01/01/97
T O T A L S	**$141,930,659**	**$147,396,262**	**5.88**	**100.00**	

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT**	MATURITY VALUE
Banco Popular de Puerto Rico	$9,711	$514,842	$545,000
Bank of America	259,437	10,433,522	10,823,268
Bay Cities National Bank	-	10,000	10,258
California Federal Bank	-	98,000	100,641
Cathay Bank	6,681	269,299	285,000
City National Bank	3,000	1,191,466	1,219,000
Family Savings Bank	-	100,000	105,829
Founders National Bank	-	100,000	102,593

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H*	INVESTMENT AMOUNT**	MATURITY VALUE
Imperial Bank	3,781	999,688	1,058,750
Manufacturers Bank	28,079	1,399,432	1,460,000
State of California	-	13,891,059	14,086,324
Tokai Bank of California	125,000	-	-
Union Bank of California, N.A.	7,477	4,216,812	4,509,898
Watts United Credit Union	-	25,000	25,534
Wells Fargo Bank, N.A.	1,699,857	108,681,539	113,064,167
T O T A L S	**$2,143,023**	**$141,930,659**	**$147,396,262**

* With the exception of the cash deposits with Bank of America, all cash is held in interest-bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Home Loan Banks	$2,950,000	$2,950,504	$3,046,723	01/16/98
Federal Home Loan Mtge Corp	8,800,000	8,759,547	8,895,415	03/19/99-04/08/99
Federal National Mtge Assn	10,130,000	10,068,972	10,212,236	09/25/98-11/10/98
U.S. Treasury Notes	7,550,000	7,554,742	7,581,497	05/15/98-07/31/98
	$29,430,000	**$29,333,765**	**$29,735,871**	

UNUSUAL INVESTMENT ACTIVITY :

NONE

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of DECEMBER 31, 1996

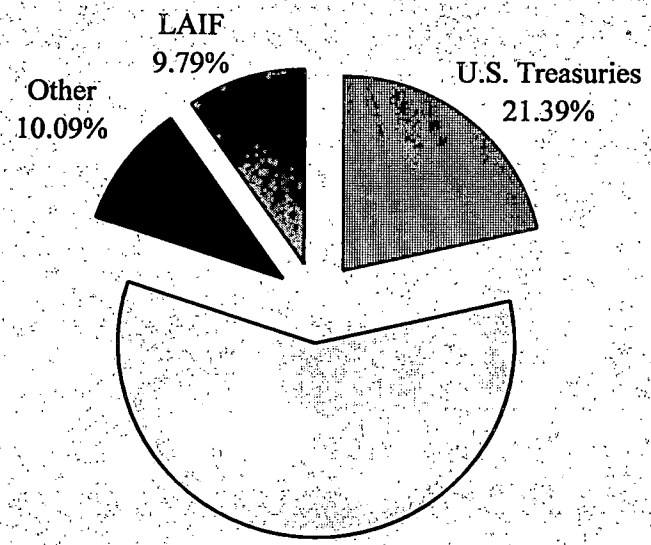


EXHIBIT A

EXHIBIT B 1 GENCY INVESTMENT REPORT DATED DECEMBER 31, 1996

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR DE PUERTO RICO	Provided letters of credit for several Spring Street projects and maintains a banking office in the Historic Core portion of the Central Business District Redevelopment Project
BANK OF AMERICA	Provided loans in the Beacon Street, Hoover, and Rodeo-La Cienega projects; maintains offices in several redevelopment projects; founding member of the California Community Reinvestment Corporation, a consortium of 57 banks formed in 1989 to finance low income housing throughout California, which has financed 3,831 housing units to date, 832 of which are located in Los Angeles.
BAY CITIES NATIONAL BANK	Maintains an office in San Pedro, which serves the Beacon Street and Los Angeles Harbor Redevelopment project areas.
CALIFORNIA FEDERAL BANK	Maintains an office in the Martin Luther King, Jr. Shopping Center in Watts as well as several other project areas; assisted in the early financing of the Martin Luther King, Jr. Shopping Center and provided a letter of credit for the Promenade Towers bond issue in Bunker Hill.
CATHAY BANK	Minority-owned bank that serves the Chinatown project area; member of the California Community Reinvestment Corporation.
CITY NATIONAL BANK	Active in the California Community Reinvestment Corporation and serves on its loan committee. Provides bridge loans and some permanent loans for rehabilitation of very low income projects.
FAMILY SAVINGS BANK	Minority-owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills.

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
FOUNDERS NATIONAL BANK	Minority-owned bank that operates a banking office in the Crenshaw Redevelopment Project and is headquartered in the Crenshaw Expansion area.
IMPERIAL BANK	Purchased tax-exempt Agency bond issue for neighborhood center in the Pico Union I Redevelopment Project and provided letter of credit in connection with the development of the Los Angeles Actor's Theatre; maintains offices in various project areas.
MANUFACTURERS BANK	Maintains offices in the Little Tokyo Redevelopment Project and the East Side Industrial Area of the Central Business District Redevelopment Project.
TOKAI BANK OF CALIFORNIA	Will be providing a $10 million line of credit to the Agency beginning January 1997, and through its parent, Tokai Bank Ltd., has provided letters of credit to secure the Promenade Towers and Grand Promenade bond issues in the Bunker Hill Project.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, Central Business District and Little Tokyo Redevelopment Projects; member and loan committee member of California Community Reinvestment Corporation. Successor to Bank of California and Union Bank, which merged on April 1, 1996. Bank of California provided construction financing for redevelopment activity in the Central Business District Core and for an affordable housing development in Little Tokyo.
WATTS UNITED CREDIT UNION	Minority-owned financial institution that is headquartered in the Watts Redevelopment Project and has served the Watts community since 1966.
WELLS FARGO BANK, N.A.	Maintains a banking office in the Broadway-Spring Center; purchased Agency's only Marks Foran rehabilitation bond issue; provided letters of credit to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association and Chinatown Grand Plaza (housing project for senior citizens); issued a letter of of credit to secure an Agency FHA bond issue; member and loan committee member of California Community Reinvestment Corporation; serves as Trustee on many Agency bond issues.

J. MICHAEL CAREY
CITY CLERK

CITY OF LOS ANGELES
CALIFORNIA

OFFICE OF THE
CITY CLERK
ROOM 395, CITY HALL
LOS ANGELES, CA 90012
(213) 485-5708
FAX (213) 237-0636

96-1630

RICHARD J. RIORDAN
MAYOR

DEC 09 1996
DEPUTY

December 5, 1996

Honorable Richard Riordan, Mayor
Community Redevelopment Agency,
Office of Administrator
cc: Budget Office, 5th Floor
City Administrative Officer
Chief Legislative Analyst

RE: NOTE AND FILE COMMUNITY REDEVELOPMENT AGENCY'S QUARTERLY REPORT ON ITS INVESTMENTS

At the meeting of the Council held November 27, 1996, the following action was taken:

Attached report adopted	X
Attached motion ( ) adopted	
Attached resolution adopted	
Ordinance adopted	
Motion adopted to approve attached report	
Motion adopted to approve attached communication	
To the Mayor for concurrence	
To the Mayor FORTHWITH	
Mayor concurred	
Appointment confirmed	
Findings adopted	
Negative Declaration adopted	
Categorically exempt	
Generally exempt	
EIR certified	
Tract map approved for filing with the County Recorder	
Parcel map approved for filing with the County Recorder	
Bond approved is No. _____ of Contract	
Resolution of acceptance of future street to be known as _____ adopted	

J. Michael Carey

City Clerk
bs

steno\961630

12/6/96

AN EQUAL EMPLOYMENT OPPORTUNITY – AFFIRMATIVE ACTION EMPLOYER

Recyclable and made from recycled waste.

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
Report/~~Communication~~ for Signature

Council File Number 96-1630

Committee Meeting Date 11/13/96

Council Date 11/27/96

COMMITTEE MEMBER	YES	NO	ABSENT
COUNCILMEMBER SVORINICH, Chair	✓		
COUNCILMEMBER ALATORRE, Vice-Chair	✓		
COUNCILMEMBER BERNSON, Member			✓

Remarks

Legislative Assistant: Sandra L. Grange ♦♦♦♦♦ Phone 485-4836

File No. 96-1630

**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

reports as follows:

	Yes	No
Public Comments	XX	

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE REPORT relative to the Community Redevelopment Agency's (CRA) quarterly report on its investments.

Recommendation for Council action:

NOTE and FILE CRA's quarterly investment report as of September 30, 1996, inasmuch as the report is informational and a requirement of CRA's Investment Policy.

Fiscal Impact Statement: The CRA reports that there is no General Fund impact. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Summary:

On November 13, 1996, the Housing and Community Redevelopment Committee noted and file CRA's quarterly update of its investments in accordance with its Investment Policy. The City Council adopted the CRA's Investment Policy on May 3, 1996.

CRA reports that it continues to be in compliance with all provisions of the Investment Policy. Additional information is available in CRA's transmittal dated October 29, 1996.

Respectfully submitted,

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

SLG
11/19/96

#961630

REPORT
ADOPTED
NOV 27 1996
LOS ANGELES CITY COUNCIL

AGENDA NO. 4 YES: 10 NO: 0 ABS: 5 TIME:
11/27/96 10:34:41

ALARCON.....YES	ALATORRE.....YES	BERNSON.....YES	BRAUDE.....YES
FEUER.....YES	GOLDBERG.....YES	HERNANDEZ....YES	HOLDEN.....YES
WACHS.....YES	FERRARO.....YES	CHICK.....ABS	GALANTER.....ABS
RIDLEY-THOMASABS	SVORINICH....ABS	WALTERS.....ABS	

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
SUGGESTED NOTIFICATION OF COUNCIL ACTION

Council File No. 96-1630

- [ ] Petitioner/Communicant _____
- [ ] Council Member(s) _____
- [x] Mayor (~~with~~/without file)
- [x] Community Redevelopment Agency (Office of Administrator)
- [x] Community Redevelopment Agency (Budget Office, 5th Floor)
- [x] City Administrative Officer
- [x] Chief Legislative Analyst
- [ ] City Attorney
- [ ] Community Development Department
- [ ] Los Angeles Housing Department
- [ ] Housing Authority of the City of L.A.
- [ ] Department of Transportation
- [ ] City Planning Department
- [ ] Department of Building and Safety
- [ ] Controller - Accounting and Disbursement
- [ ] City Clerk, Administrative Services Division
- [ ] _____
- [ ] _____
- [ ] _____

(4)

96-2108
CD 7

CRA recommendations on a first-time, home-buyers incentive program including a HUD REPO program for implementation in Council District No. 7.

Fiscal Impact Statement Submitted: Yes, by CRA.

DISPOSITION_____

(5)

94-1374
CDS 2 & 4

CRA recommendations on the "Paint is Free" program and amendment to the Residential Incentive Grant Program to allow households whose income exceeds 120 percent of the median income to participate in the program.

Fiscal Impact Statement Submitted: Yes, by CRA.

DISPOSITION_____

(6)

96-1630

CRA quarterly status report on its investment as of September 30, 1996.

Fiscal Impact Statement Submitted: Yes, by CRA.

DISPOSITION Continued

COMMENTS FROM PUBLIC ON ITEMS OF PUBLIC INTEREST WITHIN COMMITTEE'S SUBJECT MATTER JURISDICTION

hc1106.agd

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

WEDNESDAY - NOVEMBER 6, 1996

2:00 P.M. - ROOM 238 - CITY HALL
200 NORTH SPRING STREET, LOS ANGELES, CA 90012

MEMBERS: COUNCIL MEMBER RUDY SVORINICH, CHAIR
COUNCIL MEMBER RICHARD ALATORRE
COUNCIL MEMBER HAL BERNSON

(Sandra L. Grange - Legislative Assistant - 213-485-4836)

FILE NO.	SUBJECT
	(1)
94-0644	Chief Legislative Analyst (CLA) report and City Attorney proposed ordinance(s) on real property tax reductions for owners of certain qualified historic properties within the City provided the owners enter into binding agreements to preserve the properties (commonly known as the "Mills Act" contracts).
	Fiscal Impact Statement Submitted: No.
	DISPOSITION
	(2)
92-0297 CDS 9 & 14	Los Angeles Housing Department (LAHD) recommendations on transferring the administration of the Central City East Public Sanitation project to the Los Angeles Homeless Services Authority.
	Fiscal Impact Statement Submitted: No.
	DISPOSITION
	(3)
93-0614	Community Redevelopment Agency (CRA) recommendations on contracts ($400,000 each) to C. W. Cook Co., Inc., Psomas and Associates, and David Evans and Associates Inc. for general civil engineering services.
	Fiscal Impact Statement Submitted: Yes, by CRA.
	DISPOSITION

J. MICHAEL CAREY
CITY CLERK

CITY OF LOS ANGELES
CALIFORNIA

OFFICE OF THE
CITY CLERK
ROOM 395, CITY HALL
LOS ANGELES, CA 90012
(213) 485-5708
FAX (213) 237-0636

RICHARD J. RIORDAN
MAYOR

96-1630

Var CDs

November 5, 1996

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

In accordance with Council Rules, transmittal from the Community Redevelopment Agency relative to report on Agency Investments as of September 30, 1996, was referred on November 5, 1996, to the HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE.

J. Michael Carey
City Clerk
amm

Recyclable and made from recycled waste.

TRANSMITTAL FROM

THE COMMUNITY REDEVELOPMENT AGENCY

TO	**DATE**	**CRA FILE CODE**
The Honorable Members of the City Council	10-29-96	2090
SUBJECT Report on Agency Investments as of September 30, 1996		**COUNCIL FILE NO.**
PROJECT AREA Agency Wide		**COUNCIL DIST.** Various
CONTACT PERSON Peirre E. Lorenger (213) 977-1890 / Ray Fors (213) 977-1883		

Transmitted, herewith is the Quarterly Report on Agency Investments as of September 30, 1996, as required by the Agency Investment Policy, adopted by the City Council on May 3, 1996.

SUMMARY

The Agency's Investment Policy, adopted by the Agency Commissioners on March 21, 1996 and approved by the City Council on May 3, 1996, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Council.

The Agency continues to be in compliance with all provisions of the Investment Policy, which has the stated objectives of safety, liquidity and yield.

There is no fiscal impact to the City's General Fund, Special Funds or Grant Funds as a result of this action.

For additional pertinent facts and information, please see the attached Report to Agency Commissioners dated October 17, 1996.

Diana B. Webb

John E. Molloy, Administrator

Attachment

PLANNING & COMMUNITY REDEVELOP

NOV 05 1996

CITY CLERK

'96 NOV -1 A8:15

CITY CLERK

BY._____
DEPT

cc: Councilman Rudy Svorinich, Jr., CD 15
Sandra Grange, Office of the City Clerk (Original, & 10 copies)
Karen Kalfayan, Office of the CAO
Paul Smith, Office of the CLA
Sharon Morris, Office of the Mayor
James Santamaria, CD 15.

R-2

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF SEPTEMBER 30, 1996

OCTOBER 17, 1996

PURPOSE

To report Agency investment activities as of September 30, 1996, to the Agency Commissioners, in accordance with the Agency's Investment Policy.

REPORT

The Agency's Investment Policy, adopted by the Agency Commissioners on March 21, 1996 and approved by the City Council on May 3, 1996, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Council.

The Agency continues to be in compliance with all provisions of the Investment Policy, which has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties.

As of September 30, 1996, the investment portfolio totaled $143,855,336 including $4,881,844 of Central Library Construction Trust Fund monies managed by the Agency, and the overall yield was 5.94 percent. During the quarter, disbursements exceeded receipts by $11,021,447 resulting in a net decrease in the overall investment portfolio, due principally to the transfer of $9,106,618 of Agency funds to Los Angeles County to reimburse tax increment overpayments.

More than ninety-eight percent (98%) of the investment portfolio was comprised of: Federal securities, e.g. Federal Farm Credit Bank, Federal Home Loan Bank, etc., (60.05%), United States Treasury obligations (22.68%), and investments in the Local Agency Investment Fund ("LAIF") (15.65%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Time Certificates of Deposit (0.21%), Commercial Paper (1.39%) and a Special Savings Account (0.02%). Exhibit A depicts the investment asset allocation as of September 30, 1996. The total cash balance on September 30, 1996, was $2,064,881.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.

John E. Molloy, Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF SEPTEMBER 30, 1996

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT*	MATURITY VALUE	AVERAGE YIELD %	PERCENT OF PORTFOLIO	MATURITY DATES
Time Certificates of Deposit	$308,000	$313,960	5.22	0.21	11/18/96–03/28/97
Commercial Paper	1,995,333	2,000,000	5.34	1.39	10/16/96
Federal Farm Credit Bank	4,654,185	4,844,265	5.60	3.23	11/08/96–06/20/97
Federal Home Loan Bank	28,662,794	30,040,421	6.50	19.92	11/21/96–01/16/98
Federal Home Loan Mtge Corp	13,350,192	15,050,670	6.49	9.28	12/16/96–04/08/99
Federal National Mtge Assn	29,570,712	31,231,149	5.43	20.56	10/07/96–11/10/98
Special Savings Account	25,000	25,543	4.25	0.02	12/31/96
Student Loan Mktg Assn	10,157,188	10,393,750	7.17	7.06	02/03/97
U.S. Treasury Bills	139,307	140,000	5.04	0.10	10/31/96
U.S. Treasury Notes	32,477,032	33,934,506	5.62	22.58	12/31/96–07/31/98
Local Agency Investment Fund	22,515,593	22,830,959	5.58	15.65	10/01/96
T O T A L S	$143,855,336	$150,805,223	5.94	100.00	

*Includes accrued interest where applicable.

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H**	SECURITIES HELD IN SAFEKEEPING INVESTMENT AMOUNT	SECURITIES HELD IN SAFEKEEPING MATURITY VALUE
Banco Popular de Puerto Rico	$7,240	$514,842	$545,000
Bank of America NT&SA	141,961	14,033,540	14,400,801
Bay Cities National Bank	0	10,000	10,273
California Federal Bank	0	98,000	101,116
Cathay Bank	6,661	269,299	285,000
City National Bank	2,992	1,191,466	1,253,500
Family Savings Bank	0	100,000	101,311
Founders National Bank	0	100,000	101,260

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H**	SECURITIES HELD IN SAFEKEEPING INVESTMENT AMOUNT	MATURITY VALUE
Imperial Bank	3,739	999,688	1,058,750
Manufacturers Bank	28,009	1,399,432	1,460,000
State of California	0	22,515,593	22,830,959
Union Bank of California, N.A.	70,997	4,216,812	4,509,898
Watts United Credit Union	0	25,000	25,543
Wells Fargo Bank, N.A.	1,803,282	98,381,664	104,121,812
T O T A L S	$2,064,881	$143,855,336	$150,805,223

**With the exception of the cash deposits with Bank of America NT&SA, all cash is held in interest–bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Home Loan Bank	$2,950,000	$2,950,504	$2,993,697	01/16/98
Federal Home Loan Mtge Corp	8,800,000	8,759,547	8,880,284	03/19/99–04/08/99
Federal National Mtge Assn	11,630,000	11,587,488	11,641,764	10/03/97–11/10/98
U.S. Treasury Notes	10,200,000	10,210,745	10,336,067	11/30/97–07/31/98
T O T A L S	$33,580,000	$33,508,284	$33,851,812	

UNUSUAL INVESTMENT ACTIVITY :

N O N E

THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of SEPTEMBER 30, 1996

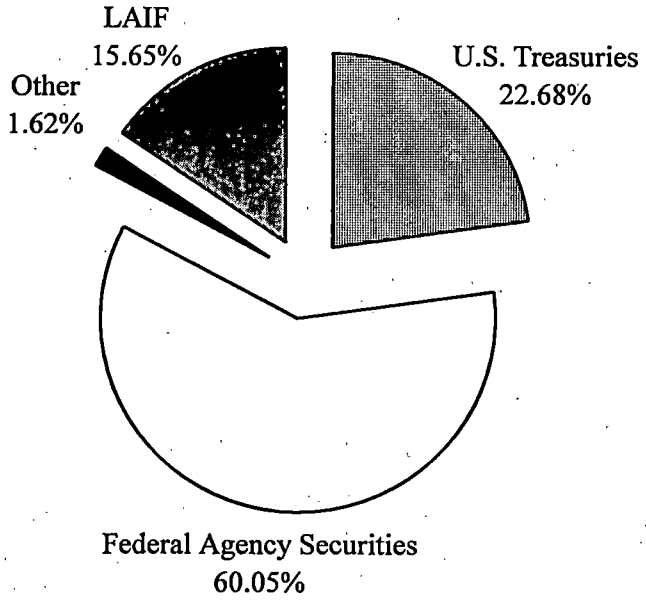


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED SEPTEMBER 30, 1996

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR DE PUERTO RICO	Provided letters of credit for several Spring Street projects and maintains a banking office in the Historic Core portion of the Central Business District Redevelopment Project
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J. MICHAEL CAREY
CITY CLERK

CITY OF LOS ANGELES
CALIFORNIA

OFFICE OF THE
CITY CLERK
ROOM 395, CITY HALL
LOS ANGELES, CA 90012
(213) 485-5708
FAX (213) 237-0636

RICHARD J. RIORDAN
MAYOR

96-1630

October 11, 1996

Community Redevelopment Agency,
Office of Administrator
cc: Budget Office, 5th Floor

City Administrative Officer

RE: NOTE AND FILE THE COMMUNITY REDEVELOPMENT AGENCY'S QUARTERLY REPORT ON THE AGENCY'S INVESTMENTS AS OF JUNE 30, 1996

At the meeting of the Council held October 9, 1996, the following action was taken:

Attached report adopted	
Attached motion ( ) adopted	
Attached resolution adopted	
Ordinance adopted	
Motion adopted to approve attached report	
Motion adopted to approve attached communication	X
To the Mayor for concurrence	
To the Mayor FORTHWITH	
Mayor concurred	
Appointment confirmed	
Findings adopted	
Negative Declaration adopted	
Categorically exempt	
Generally exempt	

J. Michael Carey

City Clerk
jv
steno\961630

PLACE IN FILES
OCT 23 1996
DEPUTY

10/21/96

Recyclable and made from recycled waste.

COMMUNICATION

TO: **LOS ANGELES CITY COUNCIL** **File No. 96-1630**

FROM: **COUNCIL MEMBER RUDY SVORINICH, Chair**
HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

	Yes	No
Public Comments	___	XX

COMMUNICATION FROM CHAIR, HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE relative to the Community Redevelopment Agency's (CRA) quarterly report on the Agency's investments as of June 30, 1996.

Recommendation for Council action:

NOTE and FILE CRA's quarterly report on its investments as of June 30, 1996, inasmuch as no action is required and the report is provided for informational purposes only.

Fiscal Impact Statement: The CRA reports that there is no General Fund impact. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Summary:

On March 21, 1996, the CRA's Board of Commissioners adopted the Agency's Investment Policy, which was approved by the City Council on May 3, 1996. As approved by the CRA Board and the City Council, quarterly investment reports are to be submitted to both entities.

CRA reports that they continue to be in compliance with all provisions of the investment policy. According to the CRA, the stated objectives of the policy is safety, liquidity and yield.

Attached to the CRA's report dated August 26, 1996 is additional facts and information pertaining to the investment policy.

On September 18, 1996, the Chair of the Housing and Community Redevelopment Committee considered the report and asked several questions relative to the Agency's investment portfolio. CRA affirmed that its investment policy is extremely conservative; even more so than the City's. In response to the Chair's question on how CRA makes it decision on what to invest, CRA replied

that the decision is done via bids. Additionally, CRA informed the Chair that its investments are tracked daily via telephone.

In conclusion, the Chair recommended that CRA's quarter investment report be noted and filed, since it was being provided for informational purposes and no action was necessary.

Respectfully submitted,

Rudy Svorinich, Jr.

Council Member Rudy Svorinich, Chair
Housing and Community Redevelopment Committee

SLG
10/2/96

#961630

ADOPTED

MOTION ADOPTED TO APPROVE COMMUNICATION RECOMMENDATION

OCT 09 1996

LOS ANGELES CITY COUNCIL

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HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
~~Report~~/Communication for Signature

Council File Number 96-1630

Committee Meeting Date 10/2/96

Council Date 10/9/96

COMMITTEE MEMBER	YES	NO	ABSENT
COUNCILMEMBER SVORINICH, Chair	✓		
COUNCILMEMBER ALATORRE, Vice-Chair			✓
COUNCILMEMBER BERNSON, Member			✓

Remarks

Legislative Assistant: Sandra L. Grange ♦♦♦♦♦ Phone 485-4836

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE
SUGGESTED NOTIFICATION OF COUNCIL ACTION

Council File No. 96-1630

- [ ] Petitioner/Communicant _____
- [ ] Council Member(s) _____
- [ ] Mayor (with/without file)
- [x] Community Redevelopment Agency (Office of Administrator)
- [x] Community Redevelopment Agency (Budget Office, 5th Floor)
- [x] City Administrative Officer
- [ ] Chief Legislative Analyst
- [ ] City Attorney
- [ ] Community Development Department
- [ ] Los Angeles Housing Department
- [ ] Housing Authority of the City of L.A.
- [ ] Department of Transportation
- [ ] City Planning Department
- [ ] Department of Building and Safety
- [ ] Controller - Accounting and Disbursement
- [ ] City Clerk, Administrative Services Division
- [ ] _____
- [ ] _____
- [ ] _____

I WISH TO BE HEARD BEFORE THE CITY COUNCIL

AGENDA ITEM NO. 23 TODAY'S DATE Oct 9 '96

I am speaking FOR [ ] AGAINST [ ] the Agenda Recommendation

COUNCIL FILE NO.: 96-1630

SUBJECT: CRA Investments

Name: Samuel Schiller

Street: 729 Orange Ave

City: L.A. 90042

Telephone: 258-5486

Are you speaking on your own behalf? YES [✓] NO [ ]

If NO, and you are being compensated to speak for or represent someone other than yourself, please disclose who you are representing:

Name:

Street:

City:

(over)

What relationship do you have with the person you are speaking for or representing? (Check as many as apply)

[ ] Lobbyist for person. [ ] Employee of the person.

[ ] Attorney for person. [ ] Other:_____.

Are you registered as a Lobbyist with the City Ethics Commission?*

YES [ ] NO [ ]

* Any questions about the City's Lobbying Law should be directed to the City Ethics Commission at (213) 237-0310. You may also go to the Commission Office at 201 N. Los Angeles Street, L.A. Mall, Suite 2, Los Angeles, CA 90012.

PLEASE GIVE THIS CARD TO ONE OF THE TWO POLICE OFFICERS AT THE FRONT OF THE COUNCIL ROOM WELL BEFORE YOUR ITEM IS TO BE HEARD BY THE CITY COUNCIL.

ELIAS MARTINEZ
City Clerk

J. Michael Carey
Executive Officer

When making inquiries relative to this matter refer to File No.

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

Office of
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

Pat Healy
Chief Legislative Assistant

96-1630

Var CDs

September 10, 1996

HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE

In accordance with Council Rules, transmittal from the Community Redevelopment Agency relative to report on Agency investments as of June 30, 1996, was referred on September 10, 1996, to the HOUSING AND COMMUNITY REDEVELOPMENT COMMITTEE.

Elias Martinez

City Clerk
amm

TRANSMITTAL FROM

THE COMMUNITY REDEVELOPMENT AGENCY

TO	**DATE**	**CRA FILE CODE**
The Honorable Members of the City Council	8-26-96	2024
SUBJECT Report on Agency Investments as of June 30, 1996		**COUNCIL FILE NO.**
PROJECT AREA Agency Wide		**COUNCIL DIST.** Various
CONTACT PERSON Peirre E. Lorenger (213) 977-1890 / Ray Fors (213) 977-1883		

Transmitted, herewith is the Quarterly Report on Agency Investments as of June 30, 1996, as required by the Agency Investment Policy, adopted by the City Council on May 3, 1996.

SUMMARY

The Agency's Investment Policy, adopted by the Agency Commissioners on March 21, 1996 and approved by the City Council on May 3, 1996, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Council.

The Agency continues to be in compliance with all provisions of the Investment Policy, which has the stated objectives of safety, liquidity and yield.

There is no fiscal impact to the City's General Fund, as a result of this action.

For additional pertinent facts and information, please see the attached Report to Agency Commissioners dated July 18, 1996.

John E. Molloy, Administrator

Attachment

HOUSING & COMMUNITY REDEVELOP

SEP 10 1996

OCT 09 1996 - NOTED AND FILED

FILED
CITY CLERK

'96 AUG 30 P3:34

CITY CLERK

BY _____ DEPUTY

cc: Councilman Rudy Svorinich, Jr., CD 15
Sandra Grange, Office of the City Clerk (Original, & 10 copies)
Garry Pinney, Office of the CAO
Paul Smith, Office of the CLA
Sharon Morris, Office of the Mayor
Daniel Cartagena, CD 15

R6

REPORT TO AGENCY COMMISSIONERS

ON AGENCY INVESTMENTS AS OF JUNE 30, 1996

JULY 18, 1996

PURPOSE

To report Agency investment activities as of June 30, 1996, to the Agency Commissioners, in accordance with the Agency's Investment Policy.

REPORT

The Agency's Investment Policy, adopted by the Agency Commissioners on March 21, 1996 and approved by the City Council on May 3, 1996, requires that a quarterly investment report be submitted to the Agency Commissioners and forwarded to the City Council.

The Agency continues to be in compliance with all provisions of the Investment Policy, which has the stated objectives of safety, liquidity and yield. The investment portfolio has never contained financial derivative products or reverse repurchase agreements which gave rise to Orange County's financial difficulties.

As of June 30, 1996, the investment portfolio totaled $167,579,393 including $4,920,980 of Central Library Construction Trust Fund monies managed by the Agency, and the overall yield was 5.83 percent. During the quarter, disbursements exceeded receipts by $13,571,636 resulting in a net decrease in the overall investment portfolio, due principally to the transfer of $19,872,206 of Agency funds to the City.

More than ninety-nine percent (99%) of the investment portfolio was comprised of: Federal securities, e.g. Federal Farm Credit Bank, Federal Home Loan Bank, etc., (56.57%), United States Treasury obligations (22.34%), and investments in the Local Agency Investment Fund ("LAIF") (20.89%) managed by the State of California Treasurer's Office. The balance of the portfolio was invested in Time Certificates of Deposit (0.18%), and a Special Savings Account (0.02%). Exhibit A depicts the investment asset allocation as of June 30, 1996. The total cash balance on June 30, 1996, was $2,788,377.

In accordance with the Policy, the attached Investment Report summarizes the types of investments held in the Agency's investment portfolio; the institutions holding Agency cash/investment deposits; maturity dates; amounts of deposits; current market values of all securities having a maturity date of more than 12 months; the overall yield on the investment portfolio; a discussion of any unusual investment activity or developments during the reporting period; and a summary of the community involvement/reinvestment activities of banks holding Agency funds. Exhibit B to the Investment Report summarizes the community involvement/reinvestment activities of the banks holding Agency cash/investments.

John E. Molloy, Administrator

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
INVESTMENT REPORT AS OF JUNE 30, 1996

DIVERSIFICATION OF INVESTMENTS:

TYPE	INVESTMENT AMOUNT*	MATURITY VALUE	AVERAGE YIELD %	PERCENT OF PORTFOLIO	MATURITY DATES
Time Certificates of Deposit	$308,000	$314,268	5.17	0.18	08/30/96–12/31/96
Federal Farm Credit Bank	9,184,936	9,455,100	5.50	5.48	07/09/96–06/20/97
Federal Home Loan Bank	28,688,377	29,998,707	6.25	17.12	11/21/96–02/13/97
Federal Home Loan Mtge Corp	14,056,173	15,930,570	6.43	8.39	07/01/96–04/08/99
Federal National Mtge Assn	32,716,154	34,869,289	5.41	19.52	07/19/96–11/10/98
Special Savings Account	25,000	25,543	4.25	0.02	12/31/96
Student Loan Mktg Assn	10,157,188	10,787,500	7.17	6.06	02/03/97
U.S. Treasury Notes	37,439,662	39,703,710	5.67	22.34	12/31/96–07/31/98
Local Agency Investment Fund	35,003,903	35,485,194	5.53	20.89	07/01/96
T O T A L S	$167,579,393	$176,569,881	5.83	100.00	

*Includes accrued interest where applicable.

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS:

NAME OF BANK/DEPOSITORY	C A S H**	SECURITIES HELD IN SAFEKEEPING INVESTMENT AMOUNT	SECURITIES HELD IN SAFEKEEPING MATURITY VALUE
Banco Popular de Puerto Rico	$5,674	$514,842	$545,000
Bank of America NT&SA	61,645	14,108,433	14,493,345
Bay Cities National Bank	0	10,000	10,273
California Federal Bank	0	98,000	98,880
Cathay Bank	6,641	269,299	285,000
City National Bank	2,978	1,191,466	1,253,500
Family Savings Bank	0	100,000	102,622
Founders National Bank	0	100,000	102,493

INSTITUTION AND CASH/INVESTMENT DEPOSIT AMOUNTS :

NAME OF BANK/DEPOSITORY	C A S H**	SECURITIES HELD IN SAFEKEEPING INVESTMENT AMOUNT	SECURITIES HELD IN SAFEKEEPING MATURITY VALUE
Imperial Bank	3,346	999,688	1,088,125
Manufacturers Bank	21,620	1,690,482	1,735,000
State of California	0	35,003,903	35,485,194
Union Bank of California, N.A.	10,237	4,216,812	4,621,652
Watts United Credit Union	0	25,000	25,543
Wells Fargo Bank, N.A.	2,676,236	109,251,468	116,723,254
T O T A L S	$2,788,377	$167,579,393	$176,569,881

**With the exception of the cash deposits with Bank of America NT&SA, all cash is held in interest–bearing checking accounts.

CURRENT MARKET VALUE (INVESTMENTS MORE THAN 12 MONTHS):

TYPE	PAR VALUE	INVESTMENT AMOUNT	CURRENT MARKET VALUE	MATURITY DATES
Federal Home Loan Mtge Corp	$8,800,000	$8,765,057	$8,837,165	03/19/99–04/08/99
Federal National Mtge Assn	11,630,000	11,587,488	11,665,198	10/03/97–11/10/98
U.S. Treasury Notes	18,650,000	18,683,750	18,735,595	07/31/97–07/31/98
T O T A L S	$39,080,000	$39,036,295	$39,237,958	

UNUSUAL INVESTMENT ACTIVITY :

N O N E

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES

INVESTMENT ASSET ALLOCATION
as of JUNE 30, 1996

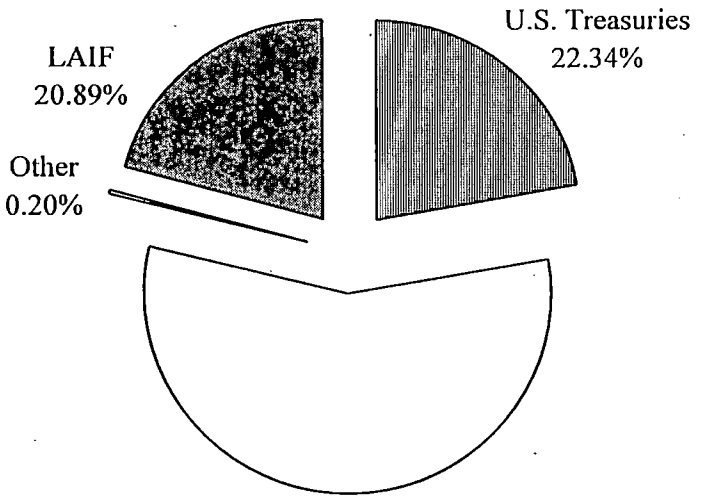


EXHIBIT A

EXHIBIT B TO AGENCY INVESTMENT REPORT DATED JUNE 30, 1996

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES OF BANKS HOLDING AGENCY CASH/INVESTMENTS

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
BANCO POPULAR DE PUERTO RICO	Provided letters of credit for several Spring Street projects and maintains a banking office in the Historic Core portion of the Central Business District Redevelopment Project
BANK OF AMERICA	Provided loans in the Beacon Street, Hoover, and Rodeo–La Cienega projects; maintains offices in several redevelopment projects; founding member of the California Community Reinvestment Corporation, a consortium of 57 banks formed in 1989 to finance low income housing throughout California, which has financed 3,831 housing units to date, 832 of which are located in Los Angeles.
BAY CITIES NATIONAL BANK	Maintains an office in San Pedro, which serves the Beacon Street and Los Angeles Harbor Redevelopment project areas.
CALIFORNIA FEDERAL BANK	Maintains an office in the Martin Luther King, Jr. Shopping Center in Watts as well as several other project areas; assisted in the early financing of the Martin Luther King, Jr. Shopping Center and provided a letter of credit for the Promenade Towers bond issue in Bunker Hill.
CATHAY BANK	Minority–owned bank that serves the Chinatown project area; member of the California Community Reinvestment Corporation.
CITY NATIONAL BANK	Active in the California Community Reinvestment Corporation and serves on its loan committee. Provides bridge loans and some permanent loans for rehabilitation of very low income projects.
FAMILY SAVINGS BANK	Minority–owned financial institution serving the Crenshaw area; served as a mortgage originator and servicer for housing units developed in Monterey Hills.

BANK	COMMUNITY INVOLVEMENT/REINVESTMENT ACTIVITIES
FOUNDERS NATIONAL BANK	Minority-owned bank that operates a banking office in the Crenshaw Redevelopment Project and is headquartered in the Crenshaw Expansion area.
IMPERIAL BANK	Purchased tax-exempt Agency bond issue for neighborhood center in the Pico Union I Redevelopment Project and provided letter of credit in connection with the development of the Los Angeles Actor's Theatre; maintains offices in various project areas.
MANUFACTURERS BANK	Maintains offices in the Little Tokyo Redevelopment Project and the East Side Industrial Area of the Central Business District Redevelopment Project.
UNION BANK OF CALIFORNIA, N.A.	Maintains offices in the Bunker Hill, Central Business District and Little Tokyo Redevelopment Projects; member and loan committee member of California Community Reinvestment Corporation. Successor to Bank of California and Union Bank, which merged on April 1, 1996. Bank of California provided construction financing for redevelopment activity in the Central Business District Core and for an affordable housing development in Little Tokyo.
WATTS UNITED CREDIT UNION	Minority-owned financial institution that is headquartered in the Watts Redevelopment Project and has served the Watts community since 1966.
WELLS FARGO BANK, N.A.	Maintains a banking office in the Broadway-Spring Center; purchased Agency's only Marks Foran rehabilitation bond issue; provided letters of credit to secure certificates of participation issued for Baldwin Hills Crenshaw Plaza Shopping Center; extremely active in financing very low/low income rehabilitation projects; participates in bridge financing on tax credit projects; made loans to Weingart Center Association and Chinatown Grand Plaza (housing project for senior citizens); issued a letter of of credit to secure an Agency FHA bond issue; member and loan committee member of California Community Reinvestment Corporation; serves as Trustee on many Agency bond issues.