

STATE CAPITOL ROOM 2052
SACRAMENTO, CA 95814
(916) 441-1153

1001 W. PICO BLVD. #202
LOS ANGELES, CA 90064
(415) 441-9084

Senate
California Legislature

TOM HAYDEN
SENATOR
TWENTY-THIRD DISTRICT

COMMITTEES
ENERGY AND PUBLIC UTILITIES
NATURAL RESOURCES AND
WILDLIFE
TOXICS AND PUBLIC SAFETY
MANAGEMENT
TRANSPORTATION



March 21, 1995

Nancy Arakelian
Sales Director
South Coast Refuse, Corp.
2021 Business Center Drive, Suite 114
Irvine, CA 92715

Dear Nancy,

I write you with the hope that we can work together for the reform of investment practices in Orange County. Like you, I am angered that this crisis was allowed to happen. The Board of Supervisors, the Treasurer's office and the securities industry all acted irresponsibly and must change the way they handle taxpayer money.

I have proposed several changes through Senate Bill 62, which will be heard before the Senate Local Government Committee on Wednesday, March 29. My proposed legislation has four main components:

- (1) A Ban on High Risk Investments. Senate Bill 62 bans investment of taxpayer money in high risk derivatives and severely limits the use of reverse repurchase agreements. Gambling with taxpayer money is completely unacceptable and must end.
- (2) More Disclosure to Investors. I propose to increase disclosure by the Treasurer's office to the Board of Supervisors and pool participants by requiring monthly reports describing the status of the investments, including their market value, risk and rate of return.
- (3) Independent Oversight. I propose to require the Treasurer's office to create an independent oversight committee to review and approve investment decisions and monitor compliance with the disclosure requirements.

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(4) Ban Contributions from Special Interest Bond Houses. I propose to completely ban contributions from bond and securities firms providing services to the county from contributing to local officials charged with investing taxpayer funds. My staff examined campaign reports from 1979 to 1994 and found that the bond and securities firms contributed at least \$185,000 in campaign contributions to Orange County Supervisors and Robert Citron. We must end the influence of special interests on local investment policy.

I feel strongly that Orange County government must clean house by changing its investment policies and shunning the special interests. If you are interested in providing support for SB62, please write to the Senate Local Government Committee, Senator William Craven, Chair, Room 410, State Capitol, Sacramento, CA 95814. Thank you for your consideration and I look forward to working together for change.

Sincerely,



TOM HAYDEN