



# ORANGE COUNTY FIRE AUTHORITY

## AGENDA

Pursuant to the Brown Act, this meeting also constitutes a meeting of the Board of Directors.

**EXECUTIVE COMMITTEE  
REGULAR MEETING  
Thursday, March 19, 2015  
6:00 P.M.**

**Regional Fire Operations and Training Center  
Board Room  
1 Fire Authority Road  
Irvine, CA 92602**

This Agenda contains a brief general description of each item to be considered. Except as otherwise provided by law, no action or discussion shall be taken on any item not appearing on the following Agenda. Unless legally privileged, all supporting documents, including staff reports, and any writings or documents provided to a majority of the Executive Committee after the posting of this agenda are available for review at the Orange County Fire Authority Regional Fire Operations & Training Center, 1 Fire Authority Road, Irvine, CA 92602 or you may contact Sherry A.F. Wentz, Clerk of the Authority, at (714) 573-6040 Monday through Thursday, and every other Friday from 8 a.m. to 5 p.m. and available online at <http://www.ocfa.org>

If you wish to speak before the Fire Authority Executive Committee, please complete a Speaker Form identifying which item(s) you wish to address. Please return the completed form to the Clerk of the Authority prior to being heard before the Committee. Speaker Forms are available at the counters of both entryways of the Board Room.



In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, you should contact the Clerk of the Authority at (714) 573-6040.

### CALL TO ORDER

INVOCATION by OCFA Chaplain Bob George

PLEDGE OF ALLEGIANCE by Director Shawver

ROLL CALL

**1. PRESENTATIONS**

No items.

**PUBLIC COMMENTS**

Resolution No. 97-024 established rules of decorum for public meetings held by the Orange County Fire Authority. Resolution No. 97-024 is available from the Clerk of the Authority.

Any member of the public may address the Committee on items within the Committee's subject matter jurisdiction but which are not listed on this agenda during PUBLIC COMMENTS. However, no action may be taken on matters that are not part of the posted agenda. We request comments made on the agenda be made at the time the item is considered and that comments be limited to three minutes per person. Please address your comments to the Committee as a whole, and do not engage in dialogue with individual Committee Members, Authority staff, or members of the audience.

The Agenda and Minutes are now available through the Internet at [www.ocfa.org](http://www.ocfa.org). You can access upcoming agendas on the Monday before the meeting. The minutes are the official record of the meeting and are scheduled for approval at the next regular Executive Committee meeting.

**REPORT FROM THE BUDGET AND FINANCE COMMITTEE CHAIR****REPORT FROM THE HUMAN RESOURCES COMMITTEE CHAIR****FIRE CHIEF'S REPORT****2. MINUTES****A. Minutes from the January 15, 2015, Regular Executive Committee Meeting**

Submitted by: Sherry Wentz, Clerk of the Authority

Recommended Action:

Approve as submitted.

**3. CONSENT CALENDAR**

*All matters on the consent calendar are considered routine and are to be approved with one motion unless a Committee Member or a member of the public requests separate action on a specific item.*

**A. Monthly Investment Reports**

Submitted by: Patricia Jakubiak, Treasurer

Recommended Action:

Receive and file the reports.

**B. Second Quarter Financial Newsletter**

Submitted by: Lori Zeller, Assistant Chief/Business Services Department

Recommended Action:

Receive and file the report.

**C. Financial Audit Services Contract Renewal**

Submitted by: Lori Zeller, Assistant Chief/Business Services Department

Recommended Action:

Approve and authorize the Purchasing Manager to execute Amendment Number One to the Professional Services Agreement with Lance, Soll & Lunghard, LLP to renew the Agreement for two additional years in the aggregate amount of \$141,844, and to clarify language regarding access to and ownership of auditor work papers used for testing.

**D. Amendment to Joint Agreement for the Operation, Maintenance and Financial Management of the Orange County 800MHz Countywide Coordinated Communications System**

Submitted by: Mike Schroeder, Assistant Chief/Support Services Department

Recommended Action:

Approve and authorize the Board Chair to execute the Amendment to the Joint Agreement for the Operation, Maintenance, and Financial Management of the Orange County 800MHz Countywide Coordinated Communications System and all related documents.

**E. Sole Source Blanket Order Contracts – Information Technology**

Submitted by: Mike Schroeder, Assistant Chief/Support Services Department

Recommended Actions:

1. Approve and authorize the Purchasing Manager to issue sole source blanket order contracts to FATPOT Technologies, TriTech Software Systems, Deccan International, and Westnet, Inc., for up to three years.
2. Approve and authorize the Purchasing Manager to redistribute or adjust funding between the four contracts as requested by the department so long as the aggregate amount of the contracts collectively does not exceed \$85,000 annually.

**F. Blanket Order Contract Increase Special Litigation Counsel for Validation Proceedings**

Submitted by: Lori Zeller, Assistant Chief/Business Services Department

Recommended Action:

Authorize the Purchasing Manager to increase Blanket Order B01501 by \$60,000 for T. Peter Pierce of Richards, Watson & Gershon for legal services in connection with the appeal process in the validation action.

**G. Updated Broker/Dealer List**

Submitted by: Patricia Jakubiak, Treasurer

Recommended Action:

Approve the proposed Broker/Dealer List to include the following three firms:

- FTN Financial
- Raymond James
- UBS Financial Services

**END OF CONSENT CALENDAR****4. DISCUSSION CALENDAR****A. March 2015 Legislative Update**

Submitted by: Sandy Cooney, Director/Communications and Public Relations

Recommended Action:

Review and adopt the proposed recommended legislative positions.

**B. Legislative Update AB 1217**

Submitted by: Sandy Cooney, Director/Communications and Public Relations

Recommended Actions:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 26, 2015, with the Executive Committee's recommendation that the Board of Directors take the following actions:

1. Review and adopt the proposed recommended legislative position.
2. Direct staff to draft a position letter to Assemblyman Daly.

**C. Conducting Effective Board Meetings**

Submitted by: Al Murray, Board Chair; Gene Hernandez, Board Vice Chair, and Jeff Bowman, Fire Chief

Recommended Actions:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 26, 2015, with the Executive Committee's recommendation that the Board of Directors direct staff to implement the suggested recommendations beginning April 2015.

**COMMITTEE MEMBER COMMENTS**

**CLOSED SESSION**

No items.

**ADJOURNMENT** – The next regular meeting of the Executive Committee is scheduled for Thursday, April 16, 2015, at 6:00 p.m.

**AFFIDAVIT OF POSTING**

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted in the lobby and front gate public display case of the Orange County Fire Authority, Regional Training and Operations Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting. Dated this 12<sup>th</sup> day of March 2015.

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Sherry A.F. Wentz, CMC  
Clerk of the Authority

**UPCOMING MEETINGS:**

Board of Directors Meeting	Thursday, March 26, 2015, 6:00 p.m.
Human Resources Committee Meeting	Tuesday, April 7, 2015, 12:00 noon
Budget and Finance Committee Meeting	Wednesday, April 8, 2015, 12:00 noon
Claims Settlement Committee Meeting	Thursday, April 16, 2015, 5:30 p.m.



**Orange County Fire Authority**  
**AGENDA STAFF REPORT**

**Executive Committee Meeting**  
**March 19, 2015**

**Agenda Item No. 1**  
**Presentations**

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There are no items for Section 1  
**PRESENTATIONS.**

# MINUTES ORANGE COUNTY FIRE AUTHORITY

**Executive Committee Regular Meeting  
Thursday, January 15, 2015  
6:00 P.M.**

**Regional Fire Operations and Training Center  
Board Room  
1 Fire Authority Road  
Irvine, CA 92602**

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## **CALL TO ORDER**

A regular meeting of the Orange County Fire Authority Executive Committee was called to order on January 15, 2015, at 6:04 p.m. by Chair Murray.

## **INVOCATION**

Chaplain Jeff Hetschel offered the invocation.

## **PLEDGE OF ALLEGIANCE**

Director Lalloway led the assembly in the Pledge of Allegiance to our Flag.

## **ROLL CALL**

**Present:** Noel Hatch, Laguna Woods  
Gene Hernandez, Yorba Linda  
Jeffrey Lalloway, Irvine  
Jerry McCloskey, Laguna Niguel  
Al Murray, Tustin  
David Shawver, Stanton  
Todd Spitzer, County of Orange  
Beth Swift, Buena Park

**Absent:** None

## **Also present were:**

Fire Chief Jeff Bowman	Deputy Chief Craig Kinoshita
Assistant Chief Lori Zeller	Assistant Chief Lori Smith
Assistant Chief Brian Young	Assistant Chief Dave Thomas
Assistant Chief Mike Schroeder	General Counsel David Kendig
Communications Director Sandy Cooney	Clerk of the Authority Sherry Wentz
Human Resources Director Jeremy Hammond	

## **1. PRESENTATIONS**

There were no items for Presentation.

## **PUBLIC COMMENTS**

Chair Murray opened the Public Comments portion of the meeting. Chair Murray closed the Public Comments portion of the meeting without any comments.

## **REPORT FROM THE BUDGET AND FINANCE COMMITTEE CHAIR**

Budget and Finance Committee Chair McCloskey reported at its January 14, 2015, meeting, the Committee voted unanimously to appoint Sam Allevato as Vice Chair and himself as Chair of the Committee, received the quarterly status update on the Orange County Employee's Retirement System, and approved the Internal Control Review of Capital Assets and Inventory Control. The Committee reviewed the Monthly Investment Reports and the proposed Updated Broker/Dealer List and voted unanimously to direct staff to place these items on the agenda for the Executive Committee meeting of January 15, 2015, with the recommendation that the Executive Committee receive and file the reports. The Committee reviewed the FY2014/15 Mid-Year Financial Report and the 2015 Grant Priorities and voted unanimously to direct staff to place these items on the agenda for the Board of Directors meeting of January 22, 2015, with the recommendation that the Board of Directors approve the recommended actions.

## **REPORT FROM THE HUMAN RESOURCES COMMITTEE CHAIR**

Human Resources Committee Chair Shawver indicated there was no meeting of the Human Resources Committee in the month of December.

## **FIRE CHIEF'S REPORT**

Chief Bowman reported on the retirement event held for Assistant Chief Brian Stephens who retired after 35 years of service. He introduced Organizational Planning/Assistant Chief Brian Young and Support Services/Assistant Chief Mike Schroeder. He thanked the Clerk of the Authority for the new agenda format. He noted the implementation of a new protocol whenever he would be out of the office. He provided a brief update on his 120-day Action Plan, and stated it will roll into the 180-day plan.

## **2. MINUTES**

### **A. Minutes from the November 20, 2014, Special Executive Committee Meeting**

On motion of Director Spitzer and second by Director McCloskey, the Executive Committee voted unanimously to approve the Minutes from the November 20, 2014, Special Executive Committee meeting as submitted.

## **3. CONSENT CALENDAR**

Minutes

OCFA Executive Committee Regular Meeting

January 15, 2015 Page - 2



Consent Calendar Agenda Item Nos. 3B, 3D, 3G, 3H, 3I, 3N, and 3Q were pulled for separate consideration.

#### **A. Monthly Investment Reports**

On motion of Director Spitzer and second by Director Lalloway, the Executive Committee voted unanimously to receive and file the reports.

#### **B. Updated Broker/Dealer List**

Director Spitzer pulled this item to request additional information regarding complaints for the proposed firms available through Financial Regulatory Authority (FINRA) reports.

Treasurer Patricia Jakubiak provided an overview of FINRA, which provides information on any disclosure event or arbitration cases where the brokerage firm was named as a respondent. She noted in her review of the FINRA reports for calendar year 2014, there were no recent disclosure events including criminal matters, regulatory actions, and/or civil judicial proceedings that would have a direct negative impact on the OCFA.

On motion of Director Spitzer and second by Vice Chair Hernandez, the Executive Committee voted unanimously to return the item to the Budget and Finance Committee for review and directed staff to provide additional summarized information on pending and prior complaint actions against the proposed firms for its consideration.

#### **C. Blanket Order Contract Increase - External Collection Agency**

On motion of Director Spitzer and second by Director Lalloway, the Executive Committee voted unanimously to approve and authorize the Purchasing Manager to increase the annual blanket order with Southwest Collection Services, Inc. from \$5,000 to \$7,000 annually.

#### **D. Award of RFP #DC1925 - Fire Turnout Clothing**

Director Spitzer pulled this item to request clarification regarding the contract term.

Purchasing Manager Debbie Casper stated the contract will be brought back to the Board of Directors for consideration if it exceeds three years.

On motion of Director Spitzer and second by Chair Murray, the Executive Committee voted unanimously to approve and authorize the Purchasing Manager to establish a three-year blanket order contract with Allstar Fire Equipment for a three year aggregate amount not to exceed \$1,200,000 (\$400,000 annually).

#### **E. Purchase of Scott Air Cylinders Bid #RO1932**

On motion of Director Spitzer and second by Director Lalloway, the Executive Committee voted unanimously to approve and authorize the Purchasing Manager to issue a purchase order to Allstar Fire Equipment, in the amount of \$102,698.28, in accordance with the pricing offered in bid #RO1932 for the purchase of 150 Scott 30-minute carbon air cylinders and valves.

#### **F. Award of Bid #RO1976 - Fire Rescue Tools and Equipment**

On motion of Director Spitzer and second by Director Lalloway, the Executive Committee voted unanimously to:

1. Approve and authorize the Purchasing Manager to establish blanket order contracts (based on the results of bid #RO1976) as follows: Fire Ect. Inc. - \$175,000 and Fisher Scientific - \$50,000 for an aggregate amount not to exceed \$225,000 annually.
2. Authorize the Purchasing Manager to redistribute or adjust the \$225,000 between the two vendors as needed provided the aggregate amount doesn't exceed \$225,000 annually.
3. Authorize the Purchasing Manager to extend the blanket orders for two additional years with an annual aggregate amount not to exceed \$225,000.

#### **G. Contract Extension and Increase Request - Audio Equipment Rental**

Staff pulled this item to present a revision to the recommended action.

Assistant Chief Schroeder explained that staff was contacted by the vendor this afternoon with a proposal for OCFA to purchase the equipment at a cost of \$8,600 versus continuing to rent the equipment until August 31, 2015, at a cost of \$15,000, which would be a saving of \$6,400.

On motion of Director Swift and second by Vice Chair Hernandez, the Executive Committee voted unanimously to authorize the Purchasing Manager to increase the amount of Purchase Order 08484-1 with GMF Sound, Inc. by \$8,600 to purchase equipment necessary to operate the OCFA Boardroom Audio/Video system.

#### **H. Contract Extension and Increase Request - Data Network Storage Hardware**

Director Shawver pulled this item to inquire why the multi-year contract discount is no longer being offered by Hewlett Packard.

IT Manager Joel Brodowski stated the model of equipment is being phased out and Hewlett Packard will no longer offer ongoing support contracts after this term expires in December of 2015.

On motion of Director Shawver and second by Vice Chair Hernandez, the Executive Committee voted to authorize the Purchasing Manager to increase the contract amount

for Hewlett Packard by \$14,344 for an amount not to exceed \$24,000 and extend the contract until December 31, 2015.

**I. Sole Source Contract Renewal - Information Management Technologies**

Director Shawver pulled this item to inquire why it did not go out to bid for the services.

IT Manager Joel Brodowski clarified that approval of these renewals is for custom software applications that can only be serviced by these providers.

On motion of Director Shawver and second by Vice Chair Hernandez, the Executive Committee voted unanimously to authorize the Purchasing Manager to increase the annual contract amount for Information Management Technologies from \$149,000 to \$164,000 for the contract ending April 30, 2015, and to extend the term for an additional three years at an amount not to exceed \$164,000 per year.

**J. Contract Extension and Increase Request - Internet Service Provider**

On motion of Director Spitzer and second by Director Lalloway, the Executive Committee voted unanimously to authorize the Purchasing Manager to increase Blanket Order 0808-8 for Global Capacity (formerly Megapath Corporation) from \$37,000 to \$43,000 for the contract ending February 28, 2015, and to extend the contract for an additional three years at an amount not to exceed \$43,000 per year.

**K. Blanket Order Contract Renewals – Property Management**

On motion of Director Spitzer and second by Director Lalloway, the Executive Committee voted unanimously to approve and authorize the Purchasing Manager to renew and increase the blanket orders for Sweinhart Electric Company, DMS Facility Services, Pacific Compliance, and Kidde Fire Trainers.

**L. Sole Source Blanket Order Contract Request – A2Z Fire Apparatus**

On motion of Director Spitzer and second by Director Lalloway, the Executive Committee voted unanimously to:

1. Approve and authorize the Purchasing Manager to establish a three-year blanket order contract with A2Z Fire Apparatus for an amount not to exceed \$20,000 annually.
2. Authorize the Purchasing Manager to increase the contract amount up to two percent or Consumer Price Index whichever is lower at the beginning of year two and three.

### **M. Award of Bid #DC1957 - Purchase of Four 100' Tractor Drawn Aerial Quints**

On motion of Director Spitzer and second by Director Lalloway, the Executive Committee voted unanimously to:

1. Approve and authorize the Purchasing Manager to issue a purchase order to Kovach Mobile Equipment Corporation for the purchase of four Quints in an amount not to exceed \$5,227,858.36 (Cost per unit \$1,299,764.59 without five-year extended warranty).
2. Authorize the Fire Chief to utilize this contract for future budgeted Quint purchases for up to two additional one-year options upon mutual agreement of OCFA and KME and pricing escalation based on the Producer Price Index or three percent whichever is less.

### **N. Award of Bid #MD1942 – Fire Apparatus Maintenance Repair and Parts**

Director Spitzer pulled this item expressing concerns with not purchasing the five-year warranties.

Fleet Services Manager Rick Oborny reported staff reductions created the need to purchase extended warranties in the past. He noted most of the major components are under manufacturer warranties.

On motion of Director Spitzer and second by Chair Murray, the Executive Committee voted unanimously to:

1. Approve and authorize the Purchasing Manager to establish blanket order contracts as follows: EVG - \$38,500; KME - \$100,000; Southern California Fire Services, Inc. - \$38,500; and Fleetpride, Inc. (parts only) - \$40,000 for an aggregate amount not to exceed \$217,000 annually.
2. Approve and authorize the Purchasing Manager to redistribute or adjust the funding between the four vendors as requested by the department provided the aggregate amount does not exceed \$217,000 annually.
3. At the beginning years two and three, authorize the Purchasing Manager to increase all four contracts up to two percent or the Consumer Price Index whichever is lower.

### **O. Award of Bid #JA1987 – Purchase of Five Chevrolet Tahoes**

On motion of Director Spitzer and second by Director Lalloway, the Executive Committee voted unanimously to approve and authorize the Purchasing Manager to issue a purchase order to Penske Chevrolet, in the amount of \$186,559.75 (includes tax), all in accordance with Bid #JA1987.

**P. Sole Source Purchase Order - Helicopter Rescue Hoist Assembly**

On motion of Director Spitzer and second by Director Lalloway, the Executive Committee voted unanimously to approve and authorize the Purchasing Manager to issue a sole source purchase order to Goodrich, Inc. in the amount of \$162,000 for the purchase of an overhauled helicopter rescue hoist.

**Q. Award of Bid #RO1980 - Fitness Equipment Maintenance and Repair**

Director Swift pulled this item asking if the bid amount included maintenance for all OCFA fire stations' equipment.

Assistant Chief Dave Thomas confirmed that the contract included all fitness equipment at the stations and Regional Fire Operations and Training Center.

On motion of Director Swift and second by Vice Chair Hernandez, the Executive Committee voted unanimously to:

1. Approve and authorize the Purchasing Manager to establish a blanket order contract with Pronto Gym Services, Inc. with an annual contract amount not to exceed \$50,000.
2. Authorize the Purchasing Manager to extend the contract for up to two additional one-year periods with the three year aggregate amount not to exceed \$150,000.

**R. Federal Lobbying Contract Renewal**

On motion of Director Spitzer and second by Director Lalloway, the Executive Committee voted unanimously to approve and authorize the Fire Chief to execute the Professional Services Agreement with Holland & Knight for up to three one-year renewals and to approve an increase of no more than 3% in year two or three.

**4. PUBLIC HEARING(S)**

There were no items for Public Hearing.

**5. DISCUSSION CALENDAR**

**A. Contract Increase - Purchase of Five Type I Engines**

Fleet Services Manager Rick Oborny presented the report.

On motion of Vice Chair Hernandez and second by Director Spitzer, the Executive Committee voted unanimously to:

1. Approve and authorize the Purchasing Manager to process \$64,016.62 for two change orders increasing P0008275 for the purchase of five Type I Engines for a total not to exceed amount of \$2,637,553.27.

2. Approve and authorize the Purchasing Manager to issue a purchase order to KME in the amount of \$2,138,152.76 for the purchase of four additional Type I Engines.

#### **B. Blanket Order Contract Increase & Renewal - General Counsel Services**

Assistant Chief Lori Zeller presented the report.

A lengthy discussion ensued.

On motion of Director McCloskey and second by Director Spitzer, the Executive Committee voted unanimously to:

1. Approve and authorize the Purchasing Manager to increase BO1267 with Woodruff Spradlin & Smart by \$120,000 for three months of services (December 2014 - February 2015) during the remainder of the contract year.
2. Approve and authorize the Purchasing Manager to renew the blanket order with Woodruff Spradlin & Smart for one year (March 1, 2015 - February 28, 2016) at an amount of \$475,000.
3. Direct staff to increase the annual budget for legal services from \$375,000 to \$475,000 in the Mid-year Budget Adjustments that will be submitted to the Board in March 2015.

#### **C. Director Request for Preparation of Pension Report**

Assistant Chief Lori Zeller presented the staff report.

OCFA Board Director Rick Barnett addressed his concerns regarding financial deficits created by health insurance benefits and retirement costs. He requested staff prepare a detailed summary of OCFA pension coverage, synopsis of benefits identifying those that beneficiaries would be entitled, translation of life expectancy chart, summary of health insurance benefits pre and post retirement, interface with Medicare, current aggregate deficit between health and retirement and identify the rate of return presently used in determining these deficits, and status of law with regard to OCFA's ability to set the allocation as between the agency and employees.

Discussion ensued.

On motion of Chair Murray and second by Director Shawver, the Executive Committee voted unanimously to send the item to the Human Resources Committee to review Director Barnett's request and make a recommendation.

## **COMMITTEE MEMBER COMMENTS**

Chair Murray thanked the OCFA for putting out a recent fire quickly and efficiently in Tustin, reported on his attendance at Brian Stephen's retirement party, and congratulated Directors Spitzer and Lalloway on their recent Chair appointments. He noted Director Spitzer had been appointed Chair of the Orange County Board of Supervisors and Director Lalloway's appointment as Chair of the Board for the Orange County Transportation Authority.

## **CLOSED SESSION**

There were no items for Closed Session.

**ADJOURNMENT** – Chair Murray adjourned the meeting at 8:04 p.m. The next regular meeting of the Executive Committee is scheduled for Thursday, February 19, 2015, at 6:00 p.m.

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Sherry A.F. Wentz, CMC  
Clerk of the Authority



Orange County Fire Authority  
**AGENDA STAFF REPORT**

Executive Committee Meeting  
March 19, 2015

Agenda Item No. 3A  
Consent Calendar

**Monthly Investment Reports**

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**Contact(s) for Further Information**

Patricia Jakubiak, Treasurer Treasury & Financial Planning	<a href="mailto:triciajakubiak@ocfa.org">triciajakubiak@ocfa.org</a>	714.573.6301
Jane Wong, Assistant Treasurer	<a href="mailto:jane Wong@ocfa.org">jane Wong@ocfa.org</a>	714.573.6305

**Summary**

This agenda item is a routine transmittal of the monthly investment reports submitted to the Committee in compliance with the investment policy of the Orange County Fire Authority and with Government Code Section 53646.

**Prior Board/Committee Action**

At its February 11, 2015, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of the Final Investment Report – December 2014/Preliminary Report – January 2015; however, the February Executive Committee meeting was adjourned due to a lack of quorum. This item was rescheduled for consideration at the March Executive Committee meeting. At its March 11, 2015, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of the Final Investment Report – January 2015/Preliminary Report – February 2015.

**Recommended Action(s)**

Receive and file the reports.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Not Applicable.

**Background**

Attached is the final monthly investment report for the month ended January 31, 2015. A preliminary investment report as of February 20, 2015, is also provided as the most complete report that was available at the time this agenda item was prepared.

As there was no February meeting of the Executive Committee we've also attached the final monthly investment report for the month ended December 31, 2014, and the preliminary investment report as of January 23, 2015.

**Attachment(s)**

1. Final Investment Report – December 2014/Preliminary Report – January 2015
2. Final Investment Report – January 2015/Preliminary Report – February 2015



# *Orange County Fire Authority Monthly Investment Report*



*Final Report – December 2014*

*Preliminary Report – January 2015*



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***Orange County Fire Authority***

***Final Investment Report***

***December 31, 2014***



**EXECUTIVE SUMMARY**

***Portfolio Activity & Earnings***

During the month of December 2014, the size of the portfolio increased significantly from \$128.7 million to \$217.0 million. Significant receipts for the month included the second and third apportionments of secured property taxes for a total of \$89.9 million and receipts for quarterly cash contract payments totaling \$14.9 million. Significant disbursements for the month included primarily two biweekly payrolls, which were approximately \$8.8 million each with related benefits. Total December cash outflows for operating expenditures amounted to approximately \$20.4 million. The portfolio's balance is expected to decrease significantly in the following month as there are no major receipts scheduled for January.

In December, the portfolio's yield to maturity (365-day equivalent) declined by 6 basis points to 0.22%. The effective rate of return decreased similarly by 5 basis points to 0.22% for the month and edged down by 1 basis point to 0.26% for the fiscal year to date. The average maturity of the portfolio shortened by 44 days to 135 days to maturity. As the first half of the fiscal year completed, portfolio interest earnings came in more than expected. Thus, interest earnings are being reviewed for a mid-year budget adjustment.

***Economic News***

The U.S. economic activity remained mixed in December 2014, although overall activity weakened slightly. On the upside, employment conditions stayed solid in December. There were a total of 252,000 new jobs created in December, beating expectations. In addition, a net increase of 50,000 jobs was adjusted for the previous two months. The unemployment rate also came in better than expected decreasing by 2 basis points to 5.6%, in part due to a decline in the number of people looking for work. Consumer confidence measures increased in December, and the NFIB (National Federation of Independent Business) small business optimism index continued to rise to its highest level since October 2006. However, on the other hand, retail sales came in disappointingly weaker than expected. Both manufacturing and non-manufacturing sectors pulled back slightly for the month, although activity remained at an expanding level. New home sales increased better than expected, but overall housing activity stayed mixed and slow. Industrial production decreased slightly, but durable goods orders unexpectedly dropped significantly. Inflation fell further as oil prices continued to decline. Despite the slightly weakened economic activity, current expectations remain that the Fed will likely raise rates in mid-2015.



**BENCHMARK COMPARISON AS OF DECEMBER 31, 2014**

<i>3 Month T-Bill:</i> 0.03%	<i>1 Year T-Bill:</i> 0.21%
<i>6 Month T-Bill:</i> 0.11%	<i>LAIF:</i> 0.27%
<i>OCFA Portfolio:</i> 0.22%	

**PORTFOLIO SIZE, YIELD, & DURATION**

	<u><i>Current Month</i></u>	<u><i>Prior Month</i></u>	<u><i>Prior Year</i></u>
<i>Book Value-</i>	\$217,030,366	\$128,741,870	\$180,095,611
<i>Yield to Maturity (365 day)</i>	0.22%	0.28%	0.24%
<i>Effective Rate of Return</i>	0.22%	0.27%	0.29%
<i>Days to Maturity</i>	135	179	187



**ORANGE COUNTY FIRE AUTHORITY  
Portfolio Management  
Portfolio Summary  
December 31, 2014**

Orange County Fire Authority  
1 Fire Authority Road  
Irvine, Irvine, CA 92602  
(714)573-6301

(See Note 1 on page 9)

(See Note 2 on page 9)

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Term</b>	<b>Days to Maturity</b>	<b>YTM/C 360 Equiv.</b>	<b>YTM/C 365 Equiv.</b>
Money Mkt Mutual Funds/Cash	21,036,993.55	21,036,993.55	21,036,993.55	9.73	1	1	0.001	0.001
Commercial Paper Disc. -Amortizing	6,000,000.00	5,998,080.00	5,998,506.67	2.77	150	56	0.160	0.162
Federal Agency Coupon Securities	34,888,888.78	34,747,669.89	34,900,719.99	16.14	1,294	618	0.714	0.724
Federal Agency Disc. -Amortizing	104,320,000.00	104,306,046.80	104,298,930.98	48.23	109	68	0.081	0.083
Local Agency Investment Funds	50,000,000.00	49,999,019.00	50,000,000.00	23.12	1	1	0.263	0.267
<b>Investments</b>	<b>216,245,882.33</b>	<b>216,087,809.24</b>	<b>216,235,151.19</b>	<b>100.00%</b>	<b>266</b>	<b>135</b>	<b>0.220</b>	<b>0.223</b>
<b>Cash</b>								
Passbook/Checking (not included in yield calculations)	889,381.75	889,381.75	889,381.75		1	1	0.000	0.000
<b>Total Cash and Investments</b>	<b>217,135,264.08</b>	<b>216,977,190.99</b>	<b>217,124,532.94</b>		<b>266</b>	<b>135</b>	<b>0.220</b>	<b>0.223</b>

<b>Total Earnings</b>	<b>December 31 Month Ending</b>	<b>Fiscal Year To Date</b>
Current Year	32,586.04	202,241.01
<b>Average Daily Balance</b>	<b>175,705,241.25</b>	<b>156,392,587.44</b>
<b>Effective Rate of Return</b>	<b>0.22%</b>	<b>0.26%</b>

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2014. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."

*Patricia Jakubiak*  
Patricia Jakubiak, Treasurer      1/2/15

**Cash and Investments with GASB 31 Adjustment:**

Book Value of Cash & Investments before GASB 31 (Above)	\$	217,124,532.94
GASB 31 Adjustment to Books (See Note 3 on page 9)	\$	(94,166.47)
<b>Total</b>	\$	<b>217,030,366.47</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**December 31, 2014**

(See Note 1 on page 9) (See Note 2 on page 9)

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity	Maturity Date
<b>Money Mkt Mutual Funds/Cash</b>											
SYS528	528	High Mark 100% US Treasury MMF			21,036,993.55	21,036,993.55	21,036,993.55	0.001	0.001	1	
<b>Subtotal and Average</b>			<b>14,773,924.77</b>		<b>21,036,993.55</b>	<b>21,036,993.55</b>	<b>21,036,993.55</b>		<b>0.001</b>	<b>1</b>	
<b>Commercial Paper Disc. -Amortizing</b>											
36959JPS6	835	GEN ELEC CAP CRP		09/29/2014	6,000,000.00	5,998,080.00	5,998,506.67	0.160	0.162	56	02/26/2015
<b>Subtotal and Average</b>			<b>11,804,394.57</b>		<b>6,000,000.00</b>	<b>5,998,080.00</b>	<b>5,998,506.67</b>		<b>0.162</b>	<b>56</b>	
<b>Federal Agency Coupon Securities</b>											
3133ECM76	809	Federal Farm Credit Bank (Callable anytime)		04/25/2013	9,000,000.00	8,974,350.00	8,997,244.85	0.400	0.424	477	04/22/2016
3133804V6	787	Fed Home Loan Bank (Callable anytime)		08/09/2012	6,000,000.00	5,981,280.00	6,000,000.00	1.000	0.981	951	08/09/2017
3133813R4	800	Fed Home Loan Bank (Callable 1-9-15)		12/20/2012	9,000,000.00	8,915,760.00	9,008,415.69	1.000	0.986	1,043	11/09/2017
313382DC4	803	Fed Home Loan Bank (Callable anytime)		03/15/2013	888,888.78	887,679.89	888,818.13	0.470	0.477	431	03/07/2016
3130A3RM8	850	Fed Home Loan Bank (Callable 6-30-15)		12/30/2014	10,000,000.00	9,988,600.00	10,006,241.32	0.770	0.645	180	12/30/2016
<b>Subtotal and Average</b>			<b>25,540,073.37</b>		<b>34,888,888.78</b>	<b>34,747,669.89</b>	<b>34,900,719.99</b>		<b>0.724</b>	<b>618</b>	
<b>Federal Agency Disc. -Amortizing</b>											
313312AQ3	845	Farm Credit Disc Note		12/18/2014	5,000,000.00	4,999,950.00	4,999,883.34	0.060	0.062	14	01/15/2015
313312FH8	846	Farm Credit Disc Note		12/18/2014	9,000,000.00	8,997,120.00	8,995,555.00	0.140	0.144	127	05/08/2015
313588AP0	843	Fed Natl Mortg Assoc		12/09/2014	2,085,000.00	2,084,979.15	2,084,977.41	0.030	0.031	13	01/14/2015
313396BF9	832	Freddie Mac		07/01/2014	9,000,000.00	8,999,820.00	8,999,347.50	0.090	0.093	29	01/30/2015
313396AN3	836	Freddie Mac		10/08/2014	7,000,000.00	6,999,930.00	6,999,918.33	0.035	0.036	12	01/13/2015
313396CZ4	837	Freddie Mac		10/27/2014	8,000,000.00	7,999,520.00	7,999,053.33	0.060	0.062	71	03/13/2015
313396AP8	841	Freddie Mac		12/08/2014	5,235,000.00	5,234,947.65	5,234,943.29	0.030	0.031	13	01/14/2015
313396ED1	847	Freddie Mac		12/18/2014	9,000,000.00	8,997,840.00	8,997,401.25	0.105	0.108	99	04/10/2015
313396FX6	848	Freddie Mac		12/18/2014	9,000,000.00	8,998,850.00	8,995,417.50	0.130	0.134	141	05/22/2015
313396GM9	849	Freddie Mac		12/18/2014	9,000,000.00	8,996,130.00	8,994,768.75	0.135	0.139	155	06/05/2015
313384BV0	839	Fed Home Loan Bank		12/04/2014	9,000,000.00	8,999,730.00	8,999,355.00	0.060	0.062	43	02/13/2015
313384DP1	840	Fed Home Loan Bank		12/04/2014	9,000,000.00	8,999,370.00	8,998,512.50	0.070	0.072	85	03/27/2015
313384AP4	842	Fed Home Loan Bank		12/09/2014	6,000,000.00	5,999,940.00	5,999,956.67	0.020	0.021	13	01/14/2015
313384AP4	844	Fed Home Loan Bank		12/18/2014	8,000,000.00	7,999,920.00	7,999,841.11	0.055	0.057	13	01/14/2015
<b>Subtotal and Average</b>			<b>73,586,848.63</b>		<b>104,320,000.00</b>	<b>104,306,046.80</b>	<b>104,298,930.98</b>		<b>0.083</b>	<b>68</b>	
<b>Local Agency Investment Funds</b>											
SYS336	336	Local Agency Invstmt Fund			50,000,000.00	49,999,019.00	50,000,000.00	0.267	0.267	1	
<b>Subtotal and Average</b>			<b>50,000,000.00</b>		<b>50,000,000.00</b>	<b>49,999,019.00</b>	<b>50,000,000.00</b>		<b>0.267</b>	<b>1</b>	

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**December 31, 2014**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
		<b>Total and Average</b>	175,705,241.25		216,245,882.33	216,087,809.24	216,235,151.19		0.223	135



**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**December 31, 2014**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
<b>Money Mkt Mutual Funds/Cash</b>										
SYS10104	10104	American Benefit Plan Admin		07/01/2014	15,000.00	15,000.00	15,000.00		0.000	1
SYS10033	10033	Revolving Fund		07/01/2014	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2014	604,381.75	604,381.75	604,381.75		0.000	1
SYS361	361	CORVEL		07/01/2014	250,000.00	250,000.00	250,000.00		0.000	1
		<b>Average Balance</b>	<b>0.00</b>							<b>1</b>
<b>Total Cash and Investments</b>			<b>175,705,241.25</b>		<b>217,135,264.08</b>	<b>216,977,190.99</b>	<b>217,124,532.94</b>		<b>0.223</b>	<b>135</b>



**ORANGE COUNTY FIRE AUTHORITY**  
**Aging Report**  
**By Maturity Date**  
**As of January 1, 2015**

Orange County Fire Authority  
 1 Fire Authority Road  
 Irvine, Irvine, CA 92602  
 (714)573-6301

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				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value	
Aging Interval:	0 days	( 01/01/2015 - 01/01/2015 )	6 Maturities	0 Payments	71,926,375.30	33.13%	71,926,375.30	71,925,394.30
Aging Interval:	1 - 30 days	( 01/02/2015 - 01/31/2015 )	7 Maturities	0 Payments	42,320,000.00	19.49%	42,318,867.65	42,319,486.80
Aging Interval:	31 - 60 days	( 02/01/2015 - 03/02/2015 )	2 Maturities	0 Payments	15,000,000.00	6.91%	14,997,861.67	14,997,810.00
Aging Interval:	61 - 91 days	( 03/03/2015 - 04/02/2015 )	2 Maturities	0 Payments	17,000,000.00	7.83%	16,997,565.83	16,998,890.00
Aging Interval:	92 - 121 days	( 04/03/2015 - 05/02/2015 )	1 Maturities	0 Payments	9,000,000.00	4.14%	8,997,401.25	8,997,840.00
Aging Interval:	122 - 152 days	( 05/03/2015 - 06/02/2015 )	2 Maturities	0 Payments	18,000,000.00	8.29%	17,990,972.50	17,993,970.00
Aging Interval:	153 - 183 days	( 06/03/2015 - 07/03/2015 )	1 Maturities	0 Payments	9,000,000.00	4.14%	8,994,768.75	8,996,130.00
Aging Interval:	184 - 274 days	( 07/04/2015 - 10/02/2015 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	275 - 365 days	( 10/03/2015 - 01/01/2016 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	366 - 1095 days	( 01/02/2016 - 12/31/2017 )	5 Maturities	0 Payments	34,888,888.78	16.07%	34,900,719.99	34,747,669.89
Aging Interval:	1096 days and after	( 01/01/2018 - )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
<b>Total for</b>			<b>26 Investments</b>	<b>0 Payments</b>		<b>100.00</b>	<b>217,124,532.94</b>	<b>216,977,190.99</b>



**NOTES TO PORTFOLIO MANAGEMENT REPORT**

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank (formerly Union Bank) Trust Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year end. The adjustment for June 30, 2014 includes an increase of \$14,938 to the LAIF investment and a decrease of \$(109,104) to the remaining investments.
- Note 4: The Highmark money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.



## ***Local Agency Investment Fund (LAIF)***

As of December 31, 2014, OCFA has \$50,000,000 invested in LAIF. The fair value of OCFA's LAIF investment is calculated using a participant fair value factor provided by LAIF on a quarterly basis. The fair value factor as of December 31, 2014 is 0.99998038. When applied to OCFA's LAIF investment, the fair value is \$49,999,019 or \$981 below cost. Although the fair value of the LAIF investment is lower than cost, OCFA can withdraw the actual amount invested at any time.

LAIF is included in the State Treasurer's Pooled Money Investment Account (PMIA) for investment purposes. The PMIA market valuation at December 31, 2014 is included on the following page.



**State of California**  
**Pooled Money Investment Account**  
**Market Valuation**  
**12/31/2014**

Description	Carrying Cost Plus		Fair Value	Accrued Interest
	Accrued Interest	Purch. Amortized Cost		
<b>United States Treasury:</b>				
Bills	\$ 10,887,243,396.32	\$ 10,893,046,311.71	\$ 10,892,425,500.00	NA
Notes	\$ 17,710,184,296.49	\$ 17,708,969,034.53	\$ 17,712,248,000.00	\$ 16,255,025.50
<b>Federal Agency:</b>				
SBA	\$ 546,751,742.21	\$ 546,751,742.21	\$ 542,196,891.53	\$ 499,449.17
MBS-REMICs	\$ 104,044,287.57	\$ 104,044,287.57	\$ 110,871,394.73	\$ 495,601.80
Debentures	\$ 1,856,527,095.09	\$ 1,856,522,928.42	\$ 1,855,996,950.00	\$ 3,710,279.75
Debentures FR	\$ -	\$ -	\$ -	\$ -
Discount Notes	\$ 1,349,432,083.34	\$ 1,349,892,944.44	\$ 1,349,948,000.00	NA
GNMA	\$ -	\$ -	\$ -	\$ -
<b>Supranational Debentures</b>				
	\$ 450,246,568.19	\$ 450,199,693.19	\$ 449,536,000.00	\$ 759,031.50
<b>CDs and YCDs FR</b>				
	\$ -	\$ -	\$ -	\$ -
Bank Notes	\$ 500,000,000.00	\$ 500,000,000.00	\$ 499,853,180.04	\$ 220,944.45
CDs and YCDs	\$ 9,450,006,464.82	\$ 9,450,006,464.82	\$ 9,446,060,558.99	\$ 4,073,958.30
Commercial Paper	\$ 5,468,678,264.43	\$ 5,469,479,438.27	\$ 5,468,593,770.00	NA
<b>Corporate:</b>				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -	\$ -
<b>Repurchase Agreements</b>				
Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 5,035,240,000.00	\$ 5,035,240,000.00	\$ 5,035,240,000.00	NA
AB 55 & GF Loans	\$ 6,910,533,523.59	\$ 6,910,533,523.59	\$ 6,910,533,523.59	NA
<b>TOTAL</b>	<b>\$ 60,268,887,722.05</b>	<b>\$ 60,274,686,368.75</b>	<b>\$ 60,273,503,768.88</b>	<b>\$ 26,014,290.47</b>

Fair Value Including Accrued Interest \$ 60,299,518,059.35

Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).

The value of each participating dollar equals the fair value divided by the amortized cost (0.99998038). As an example: if an agency has an account balance of \$20,000,000.00, then the agency would report its participation in the LAIF valued at \$19,999,607.60 or \$20,000,000.00 x 0.99998038.



*Orange County Fire Authority*  
*Preliminary Investment Report*  
*January 23, 2015*



**ORANGE COUNTY FIRE AUTHORITY  
Portfolio Management  
Portfolio Summary  
January 23, 2015**

Orange County Fire Authority  
1 Fire Authority Road  
Irvine, Irvine, CA 92602  
(714)573-6301

(See Note 1 on page 18)      (See Note 2 on page 18)

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Term</b>	<b>Days to Maturity</b>	<b>YTM/C 360 Equiv.</b>	<b>YTM/C 365 Equiv.</b>
Money Mkt Mutual Funds/Cash	17,042,047.48	17,042,047.48	17,042,047.48	9.52	1	1	0.001	0.001
Commercial Paper Disc. -Amortizing	6,000,000.00	5,999,100.00	5,999,120.00	3.35	150	33	0.160	0.162
Federal Agency Coupon Securities	34,888,888.78	34,876,027.67	34,900,470.41	19.51	1,294	595	0.714	0.724
Federal Agency Disc. -Amortizing	71,000,000.00	70,989,830.00	70,983,915.00	39.67	139	71	0.101	0.102
Local Agency Investment Funds	50,000,000.00	49,999,019.00	50,000,000.00	27.94	1	1	0.263	0.267
<b>Investments</b>	<b>178,930,936.26</b>	<b>178,906,024.15</b>	<b>178,925,552.89</b>	<b>100.00%</b>	<b>313</b>	<b>146</b>	<b>0.258</b>	<b>0.262</b>
<b>Cash</b>								
Passbook/Checking (not included in yield calculations)	1,101,303.16	1,101,303.16	1,101,303.16		1	1	0.000	0.000
<b>Total Cash and Investments</b>	<b>180,032,239.42</b>	<b>180,007,327.31</b>	<b>180,026,856.05</b>		<b>313</b>	<b>146</b>	<b>0.258</b>	<b>0.262</b>

<b>Total Earnings</b>	<b>January 23 Month Ending</b>	<b>Fiscal Year To Date</b>
Current Year	30,842.78	233,083.79
<b>Average Daily Balance</b>	<b>200,413,677.77</b>	<b>161,283,819.70</b>
<b>Effective Rate of Return</b>	<b>0.24%</b>	<b>0.25%</b>

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2015. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."

Patricia Jakubiak, Treasurer

**Cash and Investments with GASB 31 Adjustment:**

Book Value of Cash & Investments before GASB 31 (Above)	\$ 180,026,856.05
GASB 31 Adjustment to Books (See Note 3 on page 18)	\$ (94,166.47)
<b>Total</b>	<b>\$ 179,932,689.58</b>

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**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**January 23, 2015**

(See Note 1 on page 18) (See Note 2 on page 18)

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity	Maturity Date
<b>Money Mkt Mutual Funds/Cash</b>											
SYS528	528	High Mark 100% US Treasury MMF			17,042,047.48	17,042,047.48	17,042,047.48	0.001	0.001	1	
<b>Subtotal and Average</b>			<b>19,778,180.99</b>		<b>17,042,047.48</b>	<b>17,042,047.48</b>	<b>17,042,047.48</b>		<b>0.001</b>	<b>1</b>	
<b>Commercial Paper Disc. -Amortizing</b>											
36959JPS6	835	GEN ELEC CAP CRP		09/29/2014	6,000,000.00	5,999,100.00	5,999,120.00	0.160	0.162	33	02/26/2015
<b>Subtotal and Average</b>			<b>5,998,826.67</b>		<b>6,000,000.00</b>	<b>5,999,100.00</b>	<b>5,999,120.00</b>		<b>0.162</b>	<b>33</b>	
<b>Federal Agency Coupon Securities</b>											
3133ECM76	809	Federal Farm Credit Bank (Callable anytime)		04/25/2013	9,000,000.00	8,995,320.00	8,997,379.39	0.400	0.424	454	04/22/2016
3133804V6	787	Fed Home Loan Bank (Callable anytime)		08/09/2012	6,000,000.00	6,000,240.00	6,000,000.00	1.000	0.981	928	08/09/2017
3133813R4	800	Fed Home Loan Bank (Callable 2-9-15)		12/20/2012	9,000,000.00	8,970,570.00	9,008,227.40	1.000	0.966	1,020	11/09/2017
313382DC4	803	Fed Home Loan Bank (Callable anytime)		03/15/2013	888,888.78	888,897.67	888,821.95	0.470	0.477	408	03/07/2016
3130A3RM8	850	Fed Home Loan Bank (Callable 6-30-15)		12/30/2014	10,000,000.00	10,021,000.00	10,006,041.67	0.770	0.645	157	12/30/2016
<b>Subtotal and Average</b>			<b>34,900,589.77</b>		<b>34,888,888.78</b>	<b>34,876,027.67</b>	<b>34,900,470.41</b>		<b>0.724</b>	<b>595</b>	
<b>Federal Agency Disc. -Amortizing</b>											
313312FH8	846	Farm Credit Disc Note		12/18/2014	9,000,000.00	8,997,930.00	8,996,360.00	0.140	0.144	104	05/08/2015
313396BF9	832	Freddie Mac		07/01/2014	9,000,000.00	9,000,000.00	8,999,865.00	0.090	0.093	6	01/30/2015
313396CZ4	837	Freddie Mac		10/27/2014	8,000,000.00	7,999,280.00	7,999,360.00	0.060	0.062	48	03/13/2015
313396ED1	847	Freddie Mac		12/18/2014	9,000,000.00	8,998,740.00	8,998,005.00	0.105	0.108	76	04/10/2015
313396FX6	848	Freddie Mac		12/18/2014	9,000,000.00	8,997,660.00	8,996,165.00	0.130	0.134	118	05/22/2015
313396GM9	849	Freddie Mac		12/18/2014	9,000,000.00	8,997,390.00	8,995,545.00	0.135	0.139	132	06/05/2015
313384BV0	839	Fed Home Loan Bank		12/04/2014	9,000,000.00	8,999,910.00	8,999,700.00	0.060	0.062	20	02/13/2015
313384DP1	840	Fed Home Loan Bank		12/04/2014	9,000,000.00	8,998,920.00	8,998,915.00	0.070	0.072	62	03/27/2015
<b>Subtotal and Average</b>			<b>89,727,721.85</b>		<b>71,000,000.00</b>	<b>70,989,830.00</b>	<b>70,983,915.00</b>		<b>0.102</b>	<b>71</b>	
<b>Local Agency Investment Funds</b>											
SYS336	336	Local Agency Invstmt Fund			50,000,000.00	49,999,019.00	50,000,000.00	0.267	0.267	1	
<b>Subtotal and Average</b>			<b>50,008,358.49</b>		<b>50,000,000.00</b>	<b>49,999,019.00</b>	<b>50,000,000.00</b>		<b>0.267</b>	<b>1</b>	
<b>Total and Average</b>			<b>200,413,677.77</b>		<b>178,930,936.26</b>	<b>178,906,024.15</b>	<b>178,925,552.89</b>		<b>0.262</b>	<b>146</b>	



**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**January 23, 2015**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
<b>Money Mkt Mutual Funds/Cash</b>										
SYS10104	10104	American Benefit Plan Admin		07/01/2014	15,000.00	15,000.00	15,000.00		0.000	1
SYS10033	10033	Revolving Fund		07/01/2014	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2014	816,303.16	816,303.16	816,303.16		0.000	1
SYS361	361	CORVEL		07/01/2014	250,000.00	250,000.00	250,000.00		0.000	1
		<b>Average Balance</b>	<b>0.00</b>							<b>1</b>
<b>Total Cash and Investments</b>			<b>200,413,677.77</b>		<b>180,032,239.42</b>	<b>180,007,327.31</b>	<b>180,026,856.05</b>		<b>0.262</b>	<b>146</b>

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**ORANGE COUNTY FIRE AUTHORITY**  
**Aging Report**  
**By Maturity Date**  
**As of January 24, 2015**

Orange County Fire Authority  
 1 Fire Authority Road  
 Irvine, Irvine, CA 92602  
 (714)573-6301

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value	
Aging Interval:	0 days	( 01/24/2015 - 01/24/2015 )	6 Maturities	0 Payments	68,143,350.64	37.85%	68,143,350.64	68,142,369.64
Aging Interval:	1 - 30 days	( 01/25/2015 - 02/23/2015 )	2 Maturities	0 Payments	18,000,000.00	10.00%	17,999,565.00	17,999,910.00
Aging Interval:	31 - 60 days	( 02/24/2015 - 03/25/2015 )	2 Maturities	0 Payments	14,000,000.00	7.78%	13,998,480.00	13,998,380.00
Aging Interval:	61 - 91 days	( 03/26/2015 - 04/25/2015 )	2 Maturities	0 Payments	18,000,000.00	10.00%	17,996,920.00	17,997,660.00
Aging Interval:	92 - 121 days	( 04/26/2015 - 05/25/2015 )	2 Maturities	0 Payments	18,000,000.00	9.99%	17,992,525.00	17,995,590.00
Aging Interval:	122 - 152 days	( 05/26/2015 - 06/25/2015 )	1 Maturities	0 Payments	9,000,000.00	5.00%	8,995,545.00	8,997,390.00
Aging Interval:	153 - 183 days	( 06/26/2015 - 07/26/2015 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	184 - 274 days	( 07/27/2015 - 10/25/2015 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	275 - 365 days	( 10/26/2015 - 01/24/2016 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	366 - 1095 days	( 01/25/2016 - 01/23/2018 )	5 Maturities	0 Payments	34,888,888.78	19.39%	34,900,470.41	34,876,027.67
Aging Interval:	1096 days and after	( 01/24/2018 - )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
<b>Total for</b>			<b>20 Investments</b>	<b>0 Payments</b>		<b>100.00</b>	<b>180,026,856.05</b>	<b>180,007,327.31</b>



**NOTES TO PORTFOLIO MANAGEMENT REPORT**

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank Trust Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year end. The adjustment for June 30, 2014 includes an increase of \$14,938 to the LAIF investment and a decrease of \$(109,104) to the remaining investments.
- Note 4: The Highmark money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.

# *Orange County Fire Authority Monthly Investment Report*



*Final Report – January 2015*

*Preliminary Report – February 2015*



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***Orange County Fire Authority***

***Final Investment Report***

***January 31, 2015***



**EXECUTIVE SUMMARY**

***Portfolio Activity & Earnings***

During the month of January 2015, the size of the portfolio dropped significantly to \$170.3 million from \$217.0 million. Significant receipts for the month included various apportionments of property taxes and pass-through taxes, a cash contract payment, and intergovernmental contract and grant payments totaling \$16.0 million. Significant disbursements included three biweekly payrolls (instead of the typical two per month), which were approximately \$9.4 million each with related benefits. Significant disbursements also included two payments to OCERS in the amounts of \$29.5 million and \$3.0 million for the prepayment of half of the retirement cost for fiscal year 2015/16 and the January Board approved UAAL (Unfunded Actuarial Accrued Liability) pay-down, respectively. Total January cash outflows amounted to approximately \$64.1 million. The portfolio's balance is expected to decrease further in the following month as there are no major receipts scheduled for February.

In January, the portfolio's yield to maturity (365-day equivalent) rose by 5 basis points to 0.27%. The effective rate of return increased by 2 basis points to 0.24% for the month, but edged down by 1 basis point to 0.25% for the fiscal year to date. The average maturity of the portfolio lengthened by 13 days to 148 days to maturity. Due to the overall higher cash balances for both actual and projected activity for the fiscal year, an increase in portfolio interest earnings is being submitted for a mid-year budget adjustment.

***Economic News***

The U.S. economy strengthened in January 2015, although overall economic activity remained mixed. Employment conditions improved further in January. There were a total of 257,000 new jobs created for the month, exceeding expectations. In addition, an increase of 147,000 jobs was adjusted for the previous two months. The unemployment rate increased from 5.6% to 5.7%. Consumer confidence measures continued to rise, and the LEI (Leading Economic Index) also increased slightly. Industrial production reversed and increased slightly. While manufacturing activity declined more than forecasted, non-manufacturing activity picked up. However, retail sales continued its weak and disappointing pace from December declining further in January. Energy prices continued to fall causing producer prices to plunge in January. On January 28, 2015, at the second day of the Federal Open Market Committee's meeting, the Committee voted to keep the federal funds rate unchanged at a target range of 0-0.25%. The Committee also upgraded its outlook on the economy. With this, current expectations remain for the first rate increase to take place in June.





**BENCHMARK COMPARISON AS OF JANUARY 31, 2015**

<i>3 Month T-Bill:</i> 0.03%	<i>1 Year T-Bill:</i> 0.20%
<i>6 Month T-Bill:</i> 0.08%	<i>LAIF:</i> 0.26%
<i>OCFA Portfolio:</i> 0.24%	

**PORTFOLIO SIZE, YIELD, & DURATION**

	<u><i>Current Month</i></u>	<u><i>Prior Month</i></u>	<u><i>Prior Year</i></u>
<i>Book Value-</i>	\$170,300,354	\$217,030,366	\$135,503,250
<i>Yield to Maturity (365 day)</i>	0.27%	0.22%	0.29%
<i>Effective Rate of Return</i>	0.24%	0.22%	0.27%
<i>Days to Maturity</i>	148	135	223



**ORANGE COUNTY FIRE AUTHORITY  
Portfolio Management  
Portfolio Summary  
January 31, 2015**

Orange County Fire Authority  
1 Fire Authority Road  
Irvine, Irvine, CA 92602  
(714)573-6301

(See Note 1 on page 9)

(See Note 2 on page 9)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	17,857,047.48	17,857,047.48	17,857,047.48	10.46	1	1	0.001	0.001
Commercial Paper Disc. -Amortizing	6,000,000.00	5,999,340.00	5,999,333.33	3.51	150	25	0.160	0.162
Federal Agency Coupon Securities	34,888,888.78	34,896,057.67	34,900,394.44	20.44	1,294	587	0.714	0.724
Federal Agency Disc. -Amortizing	62,000,000.00	61,993,460.00	61,985,436.67	36.30	128	73	0.102	0.104
Local Agency Investment Funds	50,000,000.00	49,999,019.00	50,000,000.00	29.28	1	1	0.258	0.262
<b>Investments</b>	<b>170,745,936.26</b>	<b>170,744,924.15</b>	<b>170,742,211.92</b>	<b>100.00%</b>	<b>317</b>	<b>148</b>	<b>0.264</b>	<b>0.268</b>
<b>Cash</b>								
Passbook/Checking (not included in yield calculations)	(See Note 4 on page 9) -347,691.13	-347,691.13	-347,691.13		0	0	0.000	0.000
<b>Total Cash and Investments</b>	<b>170,398,245.13</b>	<b>170,397,233.02</b>	<b>170,394,520.79</b>		<b>317</b>	<b>148</b>	<b>0.264</b>	<b>0.268</b>

Total Earnings	January 31 Month Ending	Fiscal Year To Date
Current Year	40,483.21	242,724.22
Average Daily Balance	194,819,860.48	161,933,264.02
Effective Rate of Return	0.24%	0.25%

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2015. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."

Patricia Jakubiak, Treasurer

*Patricia Jakubiak*  
2/6/15

**Cash and Investments with GASB 31 Adjustment:**

Book Value of Cash & Investments before GASB 31 (Above)	\$ 170,394,520.79
GASB 31 Adjustment to Books (See Note 3 on page 9)	\$ (94,166.47)
<b>Total</b>	<b>\$ 170,300,354.32</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**January 31, 2015**

(See Note 1 on page 9)

(See Note 2 on page 9)

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity	Maturity Date
<b>Money Mkt Mutual Funds/Cash</b>											
SYS528	528	High Mark 100% US Treasury MMF		(See Note 4 on page 9)	17,857,047.48	17,857,047.48	17,857,047.48	0.001	0.001	1	
<b>Subtotal and Average</b>			<b>19,603,988.20</b>		<b>17,857,047.48</b>	<b>17,857,047.48</b>	<b>17,857,047.48</b>		<b>0.001</b>	<b>1</b>	
<b>Commercial Paper Disc. -Amortizing</b>											
36959JPS6	835	GEN ELEC CAP CRP		09/29/2014	6,000,000.00	5,999,340.00	5,999,333.33	0.160	0.162	25	02/26/2015
<b>Subtotal and Average</b>			<b>5,998,933.33</b>		<b>6,000,000.00</b>	<b>5,999,340.00</b>	<b>5,999,333.33</b>		<b>0.162</b>	<b>25</b>	
<b>Federal Agency Coupon Securities</b>											
3133ECM76	809	Federal Farm Credit Bank (Callable anytime)		04/25/2013	9,000,000.00	8,998,650.00	8,997,420.33	0.400	0.424	446	04/22/2016
3133804V6	787	Fed Home Loan Bank (Callable anytime)		08/09/2012	6,000,000.00	6,000,240.00	6,000,000.00	1.000	0.981	920	08/09/2017
3133813R4	800	Fed Home Loan Bank (Callable 2-9-15)		12/20/2012	9,000,000.00	8,986,770.00	9,008,170.10	1.000	0.966	1,012	11/09/2017
313382DC4	803	Fed Home Loan Bank (Callable anytime)		03/15/2013	888,888.78	888,897.67	888,823.11	0.470	0.477	400	03/07/2016
3130A3RM8	850	Fed Home Loan Bank (Callable 6-30-15)		12/30/2014	10,000,000.00	10,021,500.00	10,005,980.90	0.770	0.645	149	12/30/2016
<b>Subtotal and Average</b>			<b>34,900,546.99</b>		<b>34,888,888.78</b>	<b>34,896,057.67</b>	<b>34,900,394.44</b>		<b>0.724</b>	<b>587</b>	
<b>Federal Agency Disc. -Amortizing</b>											
313312FH8	846	Farm Credit Disc Note		12/18/2014	9,000,000.00	8,998,650.00	8,996,640.00	0.140	0.144	96	05/08/2015
313396CZ4	837	Freddie Mac		10/27/2014	8,000,000.00	7,999,760.00	7,999,466.67	0.060	0.062	40	03/13/2015
313396ED1	847	Freddie Mac		12/18/2014	9,000,000.00	8,999,280.00	8,998,215.00	0.105	0.108	68	04/10/2015
313396FX6	848	Freddie Mac		12/18/2014	9,000,000.00	8,998,380.00	8,996,425.00	0.130	0.134	110	05/22/2015
313396GM9	849	Freddie Mac		12/18/2014	9,000,000.00	8,997,840.00	8,995,815.00	0.135	0.139	124	06/05/2015
313384BV0	839	Fed Home Loan Bank		12/04/2014	9,000,000.00	8,999,910.00	8,999,820.00	0.060	0.062	12	02/13/2015
313384DP1	840	Fed Home Loan Bank		12/04/2014	9,000,000.00	8,999,640.00	8,999,055.00	0.070	0.072	54	03/27/2015
<b>Subtotal and Average</b>			<b>84,310,190.49</b>		<b>62,000,000.00</b>	<b>61,993,460.00</b>	<b>61,985,436.67</b>		<b>0.104</b>	<b>73</b>	
<b>Local Agency Investment Funds</b>											
SYS336	336	Local Agency Invstmt Fund			50,000,000.00	49,999,019.00	50,000,000.00	0.262	0.262	1	
<b>Subtotal and Average</b>			<b>50,006,201.46</b>		<b>50,000,000.00</b>	<b>49,999,019.00</b>	<b>50,000,000.00</b>		<b>0.262</b>	<b>1</b>	
<b>Total and Average</b>			<b>194,819,860.48</b>		<b>170,745,936.26</b>	<b>170,744,924.15</b>	<b>170,742,211.92</b>		<b>0.268</b>	<b>148</b>	

**ORANGE COUNTY FIRE AUTHORITY  
Portfolio Management  
Portfolio Details - Cash  
January 31, 2015**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
<b>Money Mkt Mutual Funds/Cash</b>										
SYS10104	10104	American Benefit Plan Admin		07/01/2014	15,000.00	15,000.00	15,000.00		0.000	1
SYS10033	10033	Revolving Fund		07/01/2014	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2014	-632,691.13	-632,691.13	-632,691.13	(See Note 4 on page 9)	0.000	1
SYS361	361	CORVEL		07/01/2014	250,000.00	250,000.00	250,000.00		0.000	1
		<b>Average Balance</b>	<b>0.00</b>							<b>0</b>
<b>Total Cash and Investments</b>			<b>194,819,860.48</b>		<b>170,398,245.13</b>	<b>170,397,233.02</b>	<b>170,394,520.79</b>		<b>0.268</b>	<b>148</b>

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**ORANGE COUNTY FIRE AUTHORITY**  
**Aging Report**  
**By Maturity Date**  
**As of February 1, 2015**

Orange County Fire Authority  
 1 Fire Authority Road  
 Irvine, Irvine, CA 92602  
 (714)573-6301

Page 8

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value	
Aging Interval:	0 days	( 02/01/2015 - 02/01/2015 )	6 Maturities	0 Payments	67,509,356.35	39.62%	67,509,356.35	67,508,375.35
Aging Interval:	1 - 30 days	( 02/02/2015 - 03/03/2015 )	2 Maturities	0 Payments	15,000,000.00	8.80%	14,999,153.33	14,999,250.00
Aging Interval:	31 - 60 days	( 03/04/2015 - 04/02/2015 )	2 Maturities	0 Payments	17,000,000.00	9.98%	16,998,521.67	16,999,400.00
Aging Interval:	61 - 91 days	( 04/03/2015 - 05/03/2015 )	1 Maturities	0 Payments	9,000,000.00	5.28%	8,998,215.00	8,999,280.00
Aging Interval:	92 - 121 days	( 05/04/2015 - 06/02/2015 )	2 Maturities	0 Payments	18,000,000.00	10.56%	17,993,065.00	17,997,030.00
Aging Interval:	122 - 152 days	( 06/03/2015 - 07/03/2015 )	1 Maturities	0 Payments	9,000,000.00	5.28%	8,995,815.00	8,997,840.00
Aging Interval:	153 - 183 days	( 07/04/2015 - 08/03/2015 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	184 - 274 days	( 08/04/2015 - 11/02/2015 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	275 - 365 days	( 11/03/2015 - 02/01/2016 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	366 - 1095 days	( 02/02/2016 - 01/31/2018 )	5 Maturities	0 Payments	34,888,888.78	20.48%	34,900,394.44	34,896,057.67
Aging Interval:	1096 days and after	( 02/01/2018 - )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
<b>Total for</b>			<b>19 Investments</b>	<b>0 Payments</b>			<b>170,394,520.79</b>	<b>170,397,233.02</b>



**NOTES TO PORTFOLIO MANAGEMENT REPORT**

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank (formerly Union Bank) Trust Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year end. The adjustment for June 30, 2014 includes an increase of \$14,938 to the LAIF investment and a decrease of \$(109,104) to the remaining investments.
- Note 4: The Highmark money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.



## ***Local Agency Investment Fund (LAIF)***

As of January 31, 2015, OCFA has \$50,000,000 invested in LAIF. The fair value of OCFA's LAIF investment is calculated using a participant fair value factor provided by LAIF on a quarterly basis. The fair value factor as of December 31, 2014 is 0.99998038. When applied to OCFA's LAIF investment, the fair value is \$49,999,019 or \$981 below cost. Although the fair value of the LAIF investment is lower than cost, OCFA can withdraw the actual amount invested at any time.

LAIF is included in the State Treasurer's Pooled Money Investment Account (PMIA) for investment purposes. The PMIA market valuation at January 31, 2015 is included on the following page.







***Orange County Fire Authority***  
***Preliminary Investment Report***  
***February 20, 2015***



**ORANGE COUNTY FIRE AUTHORITY  
Portfolio Management  
Portfolio Summary  
February 20, 2015**

Orange County Fire Authority  
1 Fire Authority Road  
Irvine, Irvine, CA 92602  
(714)573-6301

(See Note 1 on page 18)

(See Note 2 on page 18)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	9,075,131.66	9,075,131.66	9,075,131.66	5.60	1	1	0.001	0.001
Commercial Paper Disc. -Amortizing	6,000,000.00	5,999,940.00	5,999,866.67	3.70	150	5	0.160	0.162
Federal Agency Coupon Securities	34,888,888.78	34,820,401.00	34,900,177.41	21.55	1,294	567	0.714	0.724
Federal Agency Disc. -Amortizing	62,000,000.00	61,993,540.00	61,986,203.33	38.27	139	72	0.105	0.106
Local Agency Investment Funds	50,000,000.00	49,999,019.00	50,000,000.00	30.87	1	1	0.258	0.262
<b>Investments</b>	<b>161,964,020.44</b>	<b>161,888,031.66</b>	<b>161,961,379.07</b>	<b>100.00%</b>	<b>338</b>	<b>150</b>	<b>0.280</b>	<b>0.284</b>
<b>Cash</b>								
Passbook/Checking (not included in yield calculations)	1,298,275.06	1,298,275.06	1,298,275.06		1	1	0.000	0.000
<b>Total Cash and Investments</b>	<b>163,262,295.50</b>	<b>163,186,306.72</b>	<b>163,259,654.13</b>		<b>338</b>	<b>150</b>	<b>0.280</b>	<b>0.284</b>

Total Earnings	February 20 Month Ending	Fiscal Year To Date
Current Year	26,049.03	268,773.25
Average Daily Balance	167,520,381.71	162,408,763.40
Effective Rate of Return	0.28%	0.26%

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2015. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."


2/27/15  
 Patricia Jakubiak, Treasurer

**Cash and Investments with GASB 31 Adjustment:**

Book Value of Cash & Investments before GASB 31 (Above)	\$ 163,259,654.13
GASB 31 Adjustment to Books (See Note 3 on page 18)	\$ (94,166.47)
<b>Total</b>	<b>\$ 163,165,487.66</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**February 20, 2015**

(See Note 1 on page 18) (See Note 2 on page 18)

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity	Maturity Date
<b>Money Mkt Mutual Funds/Cash</b>											
SYS528	528	High Mark 100% US Treasury MMF			9,075,131.66	9,075,131.66	9,075,131.66	0.001	0.001	1	
		<b>Subtotal and Average</b>	<b>10,135,733.22</b>		<b>9,075,131.66</b>	<b>9,075,131.66</b>	<b>9,075,131.66</b>		<b>0.001</b>	<b>1</b>	
<b>Commercial Paper Disc. -Amortizing</b>											
36959JPS6	835	GEN ELEC CAP CRP		09/29/2014	6,000,000.00	5,999,940.00	5,999,866.67	0.160	0.162	5	02/26/2015
		<b>Subtotal and Average</b>	<b>5,999,613.33</b>		<b>6,000,000.00</b>	<b>5,999,940.00</b>	<b>5,999,866.67</b>		<b>0.162</b>	<b>5</b>	
<b>Federal Agency Coupon Securities</b>											
3133ECM76	809	Federal Farm Credit Bank (Callable anytime)		04/25/2013	9,000,000.00	8,991,810.00	8,997,537.33	0.400	0.424	426	04/22/2016
3133804V6	787	Fed Home Loan Bank (Callable anytime)		08/09/2012	6,000,000.00	5,995,140.00	6,000,000.00	1.000	0.981	900	08/09/2017
3133813R4	800	Fed Home Loan Bank (Callable 3-9-15)		12/20/2012	9,000,000.00	8,938,620.00	9,008,006.37	1.000	0.966	992	11/09/2017
313382DC4	803	Fed Home Loan Bank (Callable anytime)		03/15/2013	888,888.78	888,631.00	888,826.42	0.470	0.477	380	03/07/2016
3130A3RM8	850	Fed Home Loan Bank (Callable 6-30-15)		12/30/2014	10,000,000.00	10,006,200.00	10,005,807.29	0.770	0.645	129	12/30/2016
		<b>Subtotal and Average</b>	<b>34,900,280.50</b>		<b>34,888,888.78</b>	<b>34,820,401.00</b>	<b>34,900,177.41</b>		<b>0.724</b>	<b>567</b>	
<b>Federal Agency Disc. -Amortizing</b>											
313312FH8	846	Farm Credit Disc Note		12/18/2014	9,000,000.00	8,999,010.00	8,997,340.00	0.140	0.144	76	05/08/2015
313396CZ4	837	Freddie Mac		10/27/2014	8,000,000.00	7,999,840.00	7,999,733.33	0.060	0.062	20	03/13/2015
313396ED1	847	Freddie Mac		12/18/2014	9,000,000.00	8,999,550.00	8,998,740.00	0.105	0.108	48	04/10/2015
313396FX6	848	Freddie Mac		12/18/2014	9,000,000.00	8,998,830.00	8,997,075.00	0.130	0.134	90	05/22/2015
313396GM9	849	Freddie Mac		12/18/2014	9,000,000.00	8,998,470.00	8,996,490.00	0.135	0.139	104	06/05/2015
313384DP1	840	Fed Home Loan Bank		12/04/2014	9,000,000.00	8,999,730.00	8,999,405.00	0.070	0.072	34	03/27/2015
313384HN2	851	Fed Home Loan Bank		02/03/2015	9,000,000.00	8,998,110.00	8,997,420.00	0.080	0.082	129	06/30/2015
		<b>Subtotal and Average</b>	<b>66,484,754.67</b>		<b>62,000,000.00</b>	<b>61,993,640.00</b>	<b>61,986,203.33</b>		<b>0.106</b>	<b>72</b>	
<b>Local Agency Investment Funds</b>											
SYS336	336	Local Agency Invstmt Fund			50,000,000.00	49,999,019.00	50,000,000.00	0.262	0.282	1	
		<b>Subtotal and Average</b>	<b>50,000,000.00</b>		<b>50,000,000.00</b>	<b>49,999,019.00</b>	<b>50,000,000.00</b>		<b>0.262</b>	<b>1</b>	
		<b>Total and Average</b>	<b>167,520,381.71</b>		<b>161,964,020.44</b>	<b>161,888,031.66</b>	<b>161,961,379.07</b>		<b>0.284</b>	<b>150</b>	

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**February 20, 2015**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
<b>Money Mkt Mutual Funds/Cash</b>										
SYS10104	10104	American Benefit Plan Admin		07/01/2014	15,000.00	15,000.00	15,000.00		0.000	1
SYS10033	10033	Revolving Fund		07/01/2014	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2014	1,013,275.06	1,013,275.06	1,013,275.06		0.000	1
SYS361	361	CORVEL		07/01/2014	250,000.00	250,000.00	250,000.00		0.000	1
		<b>Average Balance</b>	<b>0.00</b>							<b>1</b>
<b>Total Cash and Investments</b>			<b>167,520,381.71</b>		<b>163,262,295.50</b>	<b>163,186,306.72</b>	<b>163,259,654.13</b>		<b>0.284</b>	<b>150</b>

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**ORANGE COUNTY FIRE AUTHORITY**  
**Aging Report**  
**By Maturity Date**  
**As of February 21, 2015**

Orange County Fire Authority  
 1 Fire Authority Road  
 Irvine, Irvine, CA 92602  
 (714)573-6301

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value	
Aging Interval:	0 days	( 02/21/2015 - 02/21/2015 )	6 Maturities	0 Payments	60,373,406.72	36.98%	60,373,406.72	60,372,425.72
Aging Interval:	1 - 30 days	( 02/22/2015 - 03/23/2015 )	2 Maturities	0 Payments	14,000,000.00	8.58%	13,999,600.00	13,999,780.00
Aging Interval:	31 - 60 days	( 03/24/2015 - 04/22/2015 )	2 Maturities	0 Payments	18,000,000.00	11.02%	17,998,145.00	17,999,280.00
Aging Interval:	61 - 91 days	( 04/23/2015 - 05/23/2015 )	2 Maturities	0 Payments	18,000,000.00	11.02%	17,994,415.00	17,997,840.00
Aging Interval:	92 - 121 days	( 05/24/2015 - 06/22/2015 )	1 Maturities	0 Payments	9,000,000.00	5.51%	8,996,490.00	8,998,470.00
Aging Interval:	122 - 152 days	( 06/23/2015 - 07/23/2015 )	1 Maturities	0 Payments	9,000,000.00	5.51%	8,997,420.00	8,998,110.00
Aging Interval:	153 - 183 days	( 07/24/2015 - 08/23/2015 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	184 - 274 days	( 08/24/2015 - 11/22/2015 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	275 - 365 days	( 11/23/2015 - 02/21/2016 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	366 - 1095 days	( 02/22/2016 - 02/20/2018 )	5 Maturities	0 Payments	34,888,888.78	21.38%	34,900,177.41	34,820,401.00
Aging Interval:	1096 days and after	( 02/21/2018 - )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
<b>Total for</b>			<b>19 Investments</b>	<b>0 Payments</b>		<b>100.00</b>	<b>163,259,654.13</b>	<b>163,186,306.72</b>



**NOTES TO PORTFOLIO MANAGEMENT REPORT**

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank Trust Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year end. The adjustment for June 30, 2014 includes an increase of \$14,938 to the LAIF investment and a decrease of \$(109,104) to the remaining investments.
- Note 4: The Highmark money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.





Orange County Fire Authority  
**AGENDA STAFF REPORT**

Executive Committee Meeting  
March 19, 2015

Agenda Item No. 3B  
Consent Calendar

**Second Quarter Financial Newsletter**

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**Contact(s) for Further Information**

Lori Zeller, Assistant Chief Business Services Department	<a href="mailto:lorizeller@ocfa.org">lorizeller@ocfa.org</a>	714.573.6020
Tricia Jakubiak, Treasurer	<a href="mailto:triciajakubiak@ocfa.org">triciajakubiak@ocfa.org</a>	714.573.6301
Deborah Gunderson, Budget Manager	<a href="mailto:deborahgunderson@ocfa.org">deborahgunderson@ocfa.org</a>	714.573.6302

**Summary**

This routine agenda item is submitted to provide information regarding revenues and expenditures in the General Fund and the Capital Improvement Program Funds through the second quarter of FY 2014/15.

**Prior Board/Committee Action**

At its February 11, 2015, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item. There was no February Executive Committee meeting, due to a lack of quorum. This item was rescheduled for consideration at the Executive Committee's March meeting.

**Recommended Action(s)**

Receive and file the report.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Not Applicable.

**Background**

The Quarterly Financial Newsletter provides information about the General Fund's top five revenue sources as well as expenditures by department and type. Revenues and expenditures for the Capital Improvement Program (CIP) Funds are also included. Revenues and expenditures for the General Fund and the CIP Funds are within budgetary expectations for this reporting period. Any notable items are detailed in the attached newsletter.

**Attachment(s)**

Second Quarter Financial Newsletter – July 2014 to December 2014



# Orange County Fire Authority

## Second Quarter Financial Newsletter – July 2014 to December 2014

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### OVERVIEW

This report covers fiscal activities in the General Fund and CIP Funds through the second quarter of Fiscal Year 2014/15 (FY 2014/15). Budget figures include all budget adjustments authorized by the Board through the end of the second quarter; adjustments proposed in the Mid-Year Review will be presented to the Board for approval in March and are not included in the Budget figures presented in this document.

### GENERAL FUND

With 50% of the year completed, General Fund revenues are 54.9% of budget and expenditures are 48.1% as shown below:

General Fund	Budget	YTD Actual	Percent
Revenues	310,517,010	170,617,483	54.9%
Expenditures	326,873,744	157,243,575	48.1%

**Top Five Revenues.** Beginning this quarter, Budget staff will begin presenting a modified variance analysis of our top five revenues. This analysis will compare the five largest revenue categories received as of the end of the quarter, as compared to estimates of what we expected for those revenues at this point in the fiscal year. The goal of this analysis is to more accurately reflect the difference in actual revenue received as compared to budget, after accounting for seasonal trends or other factors which affect the timing of revenue receipts. Categories in which the variance is exceeded by 10% or \$1 million, will be discussed below the table.

Top Five Revenues	YTD Actual Receipts	Trended YTD Budget Estimate	Variance: Actual to Estimate in Dollars	% Variance
Property Taxes	106,913,735	101,043,829	5,869,906	5%
Cash Contracts	49,125,891	49,073,958	51,933	0%
State Reimbursements	6,769,459	4,500,000	2,269,459	34%
Community Risk Reduction Fees	2,984,186	3,211,510	(227,324)	-8%
CRA Pass-through	1,409,072	369,626	1,039,447	74%
<b>Total</b>	<b>167,202,344</b>	<b>158,198,923</b>	<b>9,003,421</b>	<b>5%</b>

- **Property Taxes.** Property tax revenues were higher than estimates largely due to re-assessments of properties that had received temporary relief under Proposition 8 (1978) for declined property values which had occurred during the Great Recession. This re-captured value results in a large increase in revenues in the current year and creates a larger base for revenues in future years. This category will be included in the Mid-Year Budget Adjustment.
- **State Reimbursements.** Revenues were higher than budget estimates due to greater Assistance-by-Hire (ABH) emergency activity. This category will be included in the Mid-Year Budget adjustment.
- **Community Redevelopment Agency (CRA) Pass-Through.** This category of revenue exceeded budget estimates due to a one-time receipt of revenue from the settlement of a

lawsuit between the City of Irvine and the California Department of Finance, as well as a delayed pass-through from Yorba Linda which was due in FY 2013/14 but received in FY 2014/15. This category will be included in the Mid-Year Budget Adjustment.

**Expenditures.** Beginning this quarter, Budget staff will begin presenting a modified variance analysis of department expenditures. This analysis will compare the actual expenditures as of the end of the quarter, as compared to estimates of what we expected for expenditures at this point in the fiscal year. The goal of this analysis is to more accurately reflect the difference in expenditures as compared to budget, after accounting for seasonal trends or other factors which affect the timing of expenditures. Categories in which the variance is exceeded by 10% or \$1 million, will be discussed below the table.

Expenditures by Department	YTD Actual Expenditures	Trended YTD Budget Estimate	Variance: Actual to Estimate in Dollars	% Variance
Executive Management	5,858,920	5,867,600	(8,680)	0%
Operations	111,496,898	116,681,240	(5,184,342)	-5%
Community Risk Reduction	6,538,944	6,960,629	(421,685)	-6%
Business Services	22,195,585	22,313,190	(117,606)	-1%
Support Services	11,153,229	12,084,610	(931,381)	-8%
<b>Total</b>	<b>157,243,575</b>	<b>163,907,269</b>	<b>(6,663,694)</b>	<b>-4%</b>

- **Operations.** Actual expenditures for salary and benefits were lower than budget expectations, primarily due to vacancies in the department.

Expenditures by type are outlined below, with exception details following on the next page:

Expenditures by Type	YTD Actual Expenditures	Trended YTD Budget Estimate	Variance: Actual to Estimate in Dollars	% Variance
Salary & Employee Benefits	147,158,377	153,304,740	(6,146,363)	-4%
Services and Supplies	10,031,112	11,644,983	(1,613,871)	-16%
Equipment / Tran Interest Expense	54,086	149,957	(95,871)	-177%
<b>Total</b>	<b>157,243,575</b>	<b>165,099,679</b>	<b>(7,856,104)</b>	<b>-5%</b>

- **Salary & Employee Benefits (S&EB).** Actuals were lower than budget expectations, primarily due to under expended salary and benefits categories attributable to vacancies throughout the OCFA.
- **Services and Supplies (S&S) and Equipment.** S&S and Equipment categories are currently trending below budget estimates. Typically, expenditure activity ramps-up as the year progresses. The above trended YTD budget estimate assumes the ramp-up pattern will continue. Budget staff will work with section managers to refine the timing of their activity and adjust the estimate accordingly.

## **CIP FUNDS**

The following summarizes revenues and expenditures for the Capital Improvement Program funds. Any variances are noted as follows:

### **Facilities Maintenance & Improvement**

Fund 122	Budget	YTD Actual	Percent
Revenue	1,428,628	182,215	12.8%
Expenditures	2,639,776	1,365,639	51.7%

- The revenue and expenditure budgets include rebudgets for the Community Development Block Grant for kitchen and bath improvements to FS 72, 74, 75, and 76 in Santa Ana. A contract was awarded and the project is 95% finished and on schedule to be completed by February 2015. As a reimbursement grant, the revenues will not be received until billed after progress payments have been made to the contractor.
- Other projects completed to date include bath upgrades at FS 207 and FS 18.

### **Facilities Replacement**

Fund 123	Budget	YTD Actual	Percent
Revenue	4,078,668	657,515	16.1%
Expenditures	5,749,437	21,025	0.4%

- Revenues include developer reimbursements for the design and construction of Station 56 (Ortega Valley); this project is currently 45% finished and estimated to be completed in July 2015. Appropriations of \$5.5 million for the US&R Warehouse purchase were rebudgeted to FY 2014/15 as the search for a suitable site continued. Five to six properties have been investigated thus far, however to-date none have met the necessary parameters to warrant purchase.

### **Communications & Info. Systems Replacement**

Fund 124	Budget	YTD Actual	Percent
Revenue	23,109	275,884	1193.8%
Expenditures	9,465,097	1,178,284	12.4%

- Appropriations include \$6.7 million in total rebudgets, of which \$5.5 million is for the remaining components of the Public Safety System Project. This project is approximately 50% complete; \$373K has been expended/encumbered. An RFP for the RMS portion of the Project is being updated/developed with an estimated project completion date of June, 2017.
- Expenditures include the first payment of \$261K to the County of Orange for the 800 MHz CCCs Replacement project and a \$313K payment for the Microsoft Enterprise.

**Vehicle Replacement**

Fund 133	Budget	YTD Actual	Percent
Revenue	2,074,225	968,116	46.7%
Expenditures	13,116,164	1,574,667	12.0%

- Actual revenue includes the quarterly Cash Contract payments for vehicle replacement/depreciation. The revenue budget also includes rebudgeted funds for the outfitting costs for the Type 1 Engine for Station 56.
- \$5.8 million was rebudgeted from FY 2013/14 to FY 2014/15 for the purchase of emergency and support vehicles, including four 100' Quints. The bid process was completed for these vehicles and approved by the Executive Committee in January 2015.
- The paramedic squad slated to be purchased in FY 2014/15 has been deferred to 2015/16.
- A Purchase order for four Type 1 Engines was recently issued for \$2.8M; which is not yet reflected in the above Actual Expenditure amount.
- Expenditures include payments on the Master Lease agreement for the helicopters, as well as the purchase of 3 step vans and 1 compact truck loader.

**SUMMARY**

*For more information.* This summary is based on detailed information from our financial system. If you would like more information or have any questions about the report, please contact Deborah Gunderson, Budget Manager at 714-573-6302, or Tricia Jakubiak, Treasurer at 714-573-6301.



Orange County Fire Authority  
**AGENDA STAFF REPORT**

Executive Committee Meeting  
March 19, 2015

Agenda Item No. 3C  
Consent Calendar

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**Financial Audit Services Contract Renewal**

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**Contact(s) for Further Information**

Lori Zeller, Assistant Chief Business Services Department	<a href="mailto:lorizeller@ocfa.org">lorizeller@ocfa.org</a>	714.573.6020
Jim Ruane, Finance Manager	<a href="mailto:jimruane@ocfa.org">jimruane@ocfa.org</a>	714.573.6304

**Summary**

This agenda item is submitted to request approval to renew OCFA's financial audit contract with the firm Lance, Soll & Lunghard, LLP (LSL). Based on the results of a Request for Proposals in 2011, LSL was awarded an initial three year contract in March of 2012 for an annual amount of \$91,329 with annual increases not to exceed 2%.

**Prior Board/Committee Action**

At its March 11, 2015, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item

**Recommended Action(s)**

Approve and authorize the Purchasing Manager to execute Amendment Number One to the Professional Services Agreement with Lance, Soll & Lunghard, LLP to renew the Agreement for two additional years in the aggregate amount of \$141,844, and to clarify language regarding access to and ownership of auditor work papers used for testing.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Funding is included in the FY 2014/15 and 2015/16 budget.

**Background**

Pursuant to California Government Code Section 6505, the Orange County Fire Authority's (OCFA) Amended Joint Powers Agreement requires that the records and accounts of the OCFA must be audited annually by an independent certified public accountant. In December 2011, OCFA issued a Request for Proposal (RFP) seeking separate bids for financial audit services. The RFP was emailed to 43 public accounting firms, and was also posted on OCFA's vendor registration system *Planet Bids*, where 34 vendors were notified. A total of ten responses were received and evaluated. After a comprehensive review of the proposals, the contract was awarded to LSL for a period of three years with two optional one-year extensions.

The original scope of work for the financial audit services contract included the annual audit of the OCFA's financial statements, as well as the annual "single audit" of federal grant awards. In addition, this contract provides for additional hourly audit, review, agreed-upon procedures or other services requiring an audit/attest opinion, on an as-needed basis.

Projects that have been completed annually under this contract have included, but are not limited to:

- Agreed-Upon Procedures on compliance with the Health Plan Agreement between the OCFA and the Orange County Professional Firefighters Association ("Firefighter Medical Trust"); and
- Agreed-Upon Procedures on compliance with operating area contracts between the OCFA and its 911 emergency ambulance service providers; and
- Agreed-Upon Procedures to evaluate the OCFA's calculation of the marginal costs of providing Advanced Life Support and Basic Life Support services to ambulance providers.

Upon completion of the 911 emergency ambulances RFP, OCFA will no longer be responsible for the administration of the 911 ambulance contracts. The proposed renewal, at a cost of \$70,220 in the first renewal year and \$71,624 in the second renewal year, reflects the reduction in costs associated with performing the ambulance contract compliance review.

In March 2012, LSL was also awarded a contract to perform various internal control reviews of OCFA processes. The contract was awarded for three years without any optional extensions. This internal control component was a separate contract with LSL, and is not included in the financial audit contract renewal proposed herein. Staff will return to the Committee in May with a staff report discussing options and recommendations for future internal control reviews.

#### ***Contract Amendment***

The proposed Amendment Number One (Attached) renews the contract for two years and contains clarifying language regarding access to and ownership of auditor work papers used for testing. These changes are included in Section 7.2 and 7.3 of the Amendment.

#### ***Attachment***

Amendment Number One to the Professional Services Agreement with Lance, Soll, & Lunghard, LLP

**ORANGE COUNTY FIRE AUTHORITY  
AMENDMENT NUMBER ONE  
TO PROFESSIONAL SERVICES AGREEMENT**

THIS AMENDMENT NUMBER ONE TO PROFESSIONAL SERVICES ("Amendment") is made and entered into this \_\_\_ day of March, 2015 by and between the Orange County Fire Authority, a public agency, hereinafter referred to as "OCFA", and Lance, Soll & Lunghard, a Limited Liability Partnership, hereinafter referred to as "Firm".

**RECITALS**

WHEREAS, OCFA and the Firm entered into that certain Professional Services Agreement on the 22<sup>nd</sup> day of March, 2012, for the financial audit and other audit/attest services ("Agreement"), which is incorporated herein by this reference; and

WHEREAS, the term of the Agreement expires March 31, 2015; and

WHEREAS, OCFA desires to exercise its option to extend the term of the Agreement for two additional years, and Firm agrees to such an extension, subject to the terms and provisions of this Amendment.

NOW, THEREFORE, OCFA and the Firm mutually agree as follows:

1. Section 3.1 of the Agreement is hereby amended and restated in its entirety to read as follows:

**3.1 Contract Pricing.**

For the services rendered pursuant to this Agreement, Firm shall be compensated and reimbursed, in accordance with the terms set forth in the Pricing Schedule, attached hereto as Exhibit "A," and incorporated herein by reference, in an amount not to exceed \$141,844.

2. Section 4.4 of the Agreement is hereby amended and restated in its entirety to read as follows:

**4.4 Term.**

This Agreement shall continue for a period of two years unless earlier terminated or extended as provided herein.

3. Section 7.2 of the Agreement is hereby amended and restated in its entirety to read as follows:

**7.2 Records.**



Firm shall keep such books and records as shall be necessary to properly perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services. The Contract Officer shall have full and free access to such books and records, excluding auditor work papers used for testing, at all reasonable times, including the right to inspect, copy, audit and make records and transcripts from such records.

4. Section 7.3 of the Agreement is hereby amended and restated in its entirety to read as follows:

**7.3 Ownership of Documents.**

All drawings, specifications, reports, records, documents and other materials prepared by Firm in the performance of this Agreement, excluding auditor work papers used for testing, shall be the property of OCFA and shall be delivered to OCFA upon request of the Contract Officer or upon the termination of this Agreement, and Firm shall have no claim for further employment or additional compensation as a result of the exercise by OCFA of its full rights or ownership of the documents and materials hereunder. Firm may retain copies of such documents for its own use. Firm shall have an unrestricted right to use the concepts embodied therein.

5. **Continuing Force and Effect.** Except as otherwise expressly set forth herein, all terms and conditions of the Agreement shall remain unchanged and in full force and effect.

6. **Corporate Authority.** The persons executing this Amendment on behalf of the parties hereto warrant that they are duly authorized to execute this Amendment on behalf of said parties and that by so executing this Amendment the parties hereto are formally bound to the provisions of this Amendment.

**[Signatures on Following Page]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates stated below.

**“OCFA”**

**ORANGE COUNTY FIRE AUTHORITY**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Debbie Casper, C.P.M., CPPB  
Purchasing & Materials Manager

APPROVED AS TO FORM.

ATTEST:

By: \_\_\_\_\_

DAVID E. KENDIG  
GENERAL COUNSEL

\_\_\_\_\_

Sherry A.F. Wentz  
Clerk of the Board

Date: \_\_\_\_\_

**“FIRM”**

**Lance, Soll & Lunghard, LLP**

Date: 3/11/15

By:  \_\_\_\_\_

Richard K. Kikuchi, Partner



**Orange County Fire Authority**  
**AGENDA STAFF REPORT**

**Executive Committee Meeting**  
**March 19, 2015**

**Agenda Item No. 3D**  
**Consent Calendar**

**Amendment to Joint Agreement for the Operation, Maintenance and  
 Financial Management of the Orange County 800MHz Countywide  
 Coordinated Communications System**

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**Contact(s) for Further Information**

Mike Schroeder, Assistant Chief Support Services Department	<a href="mailto:mikeschroeder@ocfa.org">mikeschroeder@ocfa.org</a>	714.573.6008
Joel Brodowski, IT Manager	<a href="mailto:joelbrodowski@ocfa.org">joelbrodowski@ocfa.org</a>	714.573.6421

**Summary**

This agenda item is submitted for approval of an Amendment to the Joint Agreement relating to extending the life of the Orange County 800MHz Countywide Coordinated Communications System.

**Prior Board/Committee Action**

Not Applicable.

**Recommended Action(s)**

Approve and authorize the Board Chair to execute the Amendment to the Joint Agreement for the Operation, Maintenance, and Financial Management of the Orange County 800MHz Countywide Coordinated Communications System and all related documents.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Funding is included in the approved FY 2014/15 budget and the draft FY 2015/16 budget, with specific project details and costs included the table below:

Description	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	5-Year Total
Project Cost/Equipment Total	-	\$5,178,00	\$1,092,500	\$3,217,500	-	\$9,488,00

**Background**

The original 800MHz Joint Agreement was first executed in early 1996 and the First Amendment to the Joint Agreement was approved in 2003 by all parties. In November 2004, all 34 cities and the OCFA approved the revised Joint Agreement for the Operation, Maintenance and Financial Management of the 800MHz Countywide Coordinated Communications System (CCCS), which addressed post-implementation and long-range planning needs to extend the CCCS. The CCCS provides quality radio communications to the law, fire, lifeguard, and public works agencies in Orange County.

The Orange County CCCS Governance Committee, which coordinates and administers the system, has developed the scope of work of all activities, infrastructure requirements and schedule required to extend the operating life of the CCCS. In addition, the Governance Committee has developed the overall cost estimate of the system extension, which includes the breakdown of shared costs by agency for fiscal years 2014-2019.

At this time, all participating agencies are being asked to approve the Amendment to the Joint Agreement in order to commit to the funding obligations associated with the system extension.

**Attachment(s)**

1. CIP Project – 800 MHz Countywide Coordinated Communications System Replacement
2. Amendment to the Joint Agreement

## **800 MHZ COUNTYWIDE-COORDINATED COMMUNICATIONS (CCCS) SYSTEM REPLACEMENT**

**Project Priority:** A

**Project Type:** Equipment Replacement

**Project Management:** IT – Communications & Infrastructure/ECC

**Project Description:** The current 800 MHz Countywide-Coordinated Communications System (CCCS) was implemented from 1999 to 2001 with an expected operational life expectancy through 2015. The system is administered by the Orange County Sheriffs' Department/Communications staff. OCSD/Communications staff was directed in 2009 to develop the next generation system proposal, and has developed a four-phase upgrade/replacement plan for the CCCS. The upgrade includes implementation of a P25 system architecture, which is the FEMA and Department of Homeland Security recommended technology for public safety communications interoperability.

The first phase of the project was completed in 2011 at a cost of \$2,797,153 – funded by the Public Safety Interoperable Communications (PSIC) grant and included updating and replacing obsolete backbone and core equipment that extends the life of the CCCS to 2018.

Remaining phases (2 – 4) are comprised of Agency equipment costs and Partnership costs. Agency equipment costs are for replacing non-upgradeable portable and mobile radios, upgrading P25 compatible radios, and purchasing new dispatch consoles. OCFA total Agency equipment costs are \$9,488,000 and will include purchasing 863 new radios, upgrading 950 radios, and replacing 18 dispatch consoles according to table below.

**Project Status:** Phase 1 is complete; Phases 2 - 4 are in implementation stage now.

<b>Description</b>	<b>FY 2015/16</b>	<b>FY 2016/17</b>	<b>FY 2017/18</b>	<b>FY 2018/19</b>	<b>FY 2019/20</b>	<b>5-Yr. Total</b>
<i>Project Cost</i>						
Equipment	-	\$5,178,000	\$1,092,500	\$3,217,500	-	\$9,488,000
<b>Total</b>	-	<b>\$5,178,000</b>	<b>\$1,092,500</b>	<b>\$3,217,500</b>	-	<b>\$9,488,000</b>

**Impact on Operating Budget:** Partnership costs are shared proportionately among the participating agencies and will replace or upgrade backbone, control, and core equipment. OCFA's total partnership cost is \$3,940,269 and will be included annually as S&S in the General Fund. In FY 2014/15, OCFA paid partnership costs of \$261,014. Future partnership costs are \$397,622 in FY 2015/16, \$1,072,505 in FY 2016/17, and \$2,470,142 in FY 2018/19. Additional annual subscriber costs for new CCCS have not yet been determined. OCSD/Communications currently determines annual subscriber fees based on total number of active radios multiplied by an annual subscription fee per radio.

**AMENDMENT TO JOINT AGREEMENT  
FOR THE OPERATION, MAINTENANCE AND FINANCIAL MANAGEMENT  
OF THE ORANGE COUNTY 800 MEGAHERTZ  
COUNTYWIDE COORDINATED COMMUNICATIONS SYSTEM**

THIS AMENDMENT (“**Amendment**”) is entered into on \_\_\_\_\_, 2015 by and between the Parties listed on Exhibit A, attached hereto, which are sometimes individually referred to as “**Party**” or collectively referred to as the “**Parties.**”

**RECITALS**

A. On November 23, 2004, the Parties executed that certain document entitled *Joint Agreement for the Operation, Maintenance and Financial Management of the Orange County 800 Megahertz Countywide Coordinated Communications System* (“**Agreement**”), which provides for the management and governance of the 800 MHz Countywide Coordinated Communications System (“800 MHz CCCS”).

B. The 800 MHz CCCS requires significant enhancement in order to extend the life of the system.

C. Pursuant to Section 15.10 of the Agreement, the Governance Committee and the County have developed a long-range implementation plan to extend the CCCS, and have developed a scope of work, which includes all the activities, infrastructure and project schedule information for fiscal years 2014-19 described on Exhibit B, attached hereto (“**System Extension**”).

D. The Governance Committee and County have also developed the overall estimated cost of the System Extension, including each Party’s estimated funding share by fiscal year described on Exhibit C, attached hereto.

E. A Party’s funding plan for the System Extension may consist of one or more of the following: 1) a Party’s cash contribution, 2) a Party or a group of Parties financing all or a portion of the System Extension through the issuance of tax exempt bonds or other public financing mechanisms, and/or 3) a Party or group of Parties financing all or a portion of the System Extension through the County approved System Extension vendor.

F. The Parties desire to amend the Agreement to provide their commitment to the System Extension and describe their implementation and funding obligations.

G. This Amendment has been approved by the Governance Committee.

**AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Implementation Obligations. The Parties hereby commit to fund and implement the System Extension as described on Exhibit B and Exhibit C.

a. California Environmental Quality Act (“CEQA”). The County shall be the lead agency for purposes of CEQA and shall obtain all necessary approvals for the System Extension.

b. Party Cost Share. The Parties intend to implement and fund the System Extension over several years beginning in fiscal year 2014-15 through fiscal year 2018-19. Each Party is responsible for its fair share contribution to the System Extension. The total estimated budget for the System Extension and each Party’s fair share contribution is depicted on Exhibit C (“Cost Share”). A Party’s Cost Share is determined by the number of subscriber radios used by the Party on the CCCS, as well as the Party’s proportionate share of the System Extension dedicated to System Backbone. Each Party shall pay its total Cost Share in five fiscal year payments beginning in fiscal year 2014-15 through fiscal year 2018-19 in accordance with the procedures in Subsection (c) below. Each Party acknowledges that its Cost Share for the System Extension is an estimate and is expressed as a not to exceed amount. Each Party’s Cost Share will be based on an actual quote by a third party vendor who will perform the System Extension under a contract or series of contracts approved and managed by the County (“**Contractor**”). A Party’s actual Cost Share amount will be determined prior to the beginning of each fiscal year in which it is due and will be based on the Contractor’s scope of work for the respective fiscal year. Therefore, the Cost Share depicted on Exhibit C may change, and may be periodically updated by the Parties to reflect any changed equipment or authorized System Extension modification expenses.

c. Invoicing & Payment. The County will calculate the actual Cost Share amount due the following fiscal year, and will invoice each Party by July 1. Each Party shall pay its respective Cost Share to the County within thirty (30) days of the start of the fiscal year. A Party is exempt from the payment procedures of this Subsection 1.c for the relevant fiscal year if it has:

- i. Executed a binding agreement with the County approved Contractor, agreeing to pay or finance its Cost Share through the Contractor directly, or
- ii. Executed a binding agreement with the County agreeing to jointly finance its Cost Share.

d. Cost Share Responsibility. Upon execution of this Amendment, each Party is responsible for its actual Cost Share regardless of the form and manner of payment described herein, such that the Party cannot terminate its Cost Share obligation for any reason. In the event of a withdrawal from the system in accordance with Section 20 of the Agreement or in the case of a default for failure to pay its Cost Share in accordance with this Amendment, each Party remains obligated to pay to County the Party’s outstanding Cost Share as that obligation becomes due. Should any Party fail to pay its respective Cost Share when due, the County shall take action as is appropriate to obtain such payment. Nothing herein shall be construed as the County’s exclusive remedy for the remediation of defaults by a Party or Parties,

and the County reserves the right to pursue any and all available rights and remedies at law or in equity.

e. County Trust Account. The County shall deposit all Cost Share contributions into a trust account that is managed solely for the purpose of the System Extension.

2. System Extension Administration. The Orange County Sheriff-Coroner Department/Communications & Technology Division shall administer all agreements for the System Extension, and regularly report such progress to the Governance Committee.

3. Participating Agencies. The Parties hereby update the list of Participating Agencies described on Exhibit D, attached hereto, which shall replace in its entirety Exhibit C of the Agreement. Participating Agencies will continue to contribute to overall backbone costs through the payment of a separate and established entry fee for every radio added to the system.

4. Capitalized Terms. Any capitalized terms not defined herein shall have the meanings set forth in the Agreement.

5. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

6. Full Force. Except as expressly set forth herein, the Agreement shall remain unmodified and in full force and effect.



IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.

**THE COUNTY OF ORANGE,**  
a political subdivision of the State of California

**ORANGE COUNTY FIRE AUTHORITY,**

By: \_\_\_\_\_  
Chairman of the Board of Supervisors

By: \_\_\_\_\_  
Chairman of the Board of Directors

SIGNED AND CERTIFIED THAT A COPY  
OF THIS DOCUMENT HAS BEEN DELIVERED  
TO THE CHAIRMAN OF THE BOARD

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Clerk of the Board of Supervisors  
County of Orange, California

SIGNED AND CERTIFIED THAT A COPY  
OF THIS DOCUMENT HAS BEEN DELIVERED  
TO THE CHAIRMAN OF THE BOARD OF  
DIRECTORS, ORANGE COUNTY FIRE  
AUTHORITY

APPROVED AS TO FORM:  
COUNTY COUNSEL

By: \_\_\_\_\_

By: \_\_\_\_\_  
Clerk of the Orange County Fire Authority

Dated: \_\_\_\_\_

**EXHIBIT A**

**PARTIES TO THE AMENDMENT**

<b>ENTITY</b>	<b>RESPONSIBLE ADMINISTRATOR</b>	<b>ADDRESS</b>	<b>PHONE #</b>
Aliso Viejo	City Manager	12 Journey, Suite 100 Aliso Viejo, CA 92656-5335	949/425-2512
Anaheim	City Manager	200 S. Anaheim Blvd. Anaheim, CA 92805	714/765-5162
Brea	City Manager	1 Civic Center Circle Brea, CA 92821-5732	714/990-7770
Buena Park	City Manager	6650 Beach Blvd. Buena Park, CA 90620	714/562-3550
Costa Mesa	City Manager	77 Fair Drive Costa Mesa, CA 92626	714/754-5328
Cypress	City Manager	5275 Orange Avenue Cypress, CA 90630	714/229-6688
Dana Point	City Manager	33282 Golden Lantern, Suite 203 Dana Point, CA 92629	949/248-3513
Fountain Valley	City Manager	10200 Slater Avenue Fountain Valley, CA 92708	714/593-4410
Fullerton	City Manager	303 W. Commonwealth Ave Fullerton, CA 92832	714/738-6310
Garden Grove	City Manager	11222 Acacia Parkway Garden Grove, CA 92840	714/741-5100
Huntington Beach	City Administrator	2000 Main Street Huntington Beach, CA 92648	714/536-5575
Irvine	City Manager	1 Civic Center Plaza Irvine, CA 92623-9575	949/724-6246
La Habra	City Manager	201 E. La Habra Blvd. La Habra, CA 90633	562/905-9701

<b>ENTITY</b>	<b>RESPONSIBLE ADMINISTRATOR</b>	<b>ADDRESS</b>	<b>PHONE #</b>
La Palma	City Manager	7822 Walker Street La Palma, CA 90623	714/690-3333
Laguna Beach	City Manager	505 Forest Avenue Laguna Beach, CA 92651	949/497-0704
Laguna Hills	City Manager	24035 El Toro Road Laguna Hills, CA 92653	949/707-2610
Laguna Niguel	City Manager	27801 La Paz Road Laguna Niguel, CA 92677	949/362-4300
Laguna Woods	City Manager	24264 El Toro Road Laguna Woods, CA 92653	949/639-0525
Lake Forest	City Manager	25550 Commercentre Drive Lake Forest, CA 92630	949/461-3410
Los Alamitos	City Manager	3191 Katella Avenue Los Alamitos, CA 90720	562/431-3538 ext. 201
Metro Cities Fire Authority	Manager	201 S. Anaheim Blvd., Suite 302 Anaheim, CA 92805	714/765-4077
Mission Viejo	City Manager	200 Civic Center Mission Viejo, CA 92691	949/470-3051
Newport Beach	City Manager	100 Civic Center Drive Newport Beach, CA 92660	949/644-3000
Orange	City Manager	300 East Chapman Ave. Orange, CA 92866	714/744-2222
Orange County Fire Authority	Fire Chief	1 Fire Authority Road Irvine, CA 92602	714/573-6010
Orange, County of	CEO	333 W. Santa Ana Blvd. Santa Ana, CA 92701	714/834-6200

<b>ENTITY</b>	<b>RESPONSIBLE ADMINISTRATOR</b>	<b>ADDRESS</b>	<b>PHONE #</b>
Placentia	City Administrator	401 East Chapman Ave Placentia, CA 92870	714/993-8117
Rancho Santa Margarita	City Manager	22112 El Paseo Rancho Santa Margarita, CA 92688	949/635-1800 ext. 210
San Clemente	City Manager	100 Avenida Presidio San Clemente, CA 92672	949/361-8322
San Juan Capistrano	City Administrator	32400 Paseo Adelanto San Juan Capistrano, CA 92675	949/443-6317
Santa Ana	City Manager	20 Civic Center Plaza Santa Ana, CA 92701	714/647-5200
Seal Beach	City Manager	211 8th Street Seal Beach, CA 90740	562/431-2527 ext. 300
Stanton	City Manager	7800 Katella Avenue Stanton, CA 90680-3162	714/379-9222 ext. 240
Tustin	City Manager	300 Centennial Way Tustin, CA 92780	714/573-3010
Villa Park	City Manager	17855 Santiago Blvd. Villa Park, CA 92861	714/998-1500
West Cities Police Communications	West-Comm Administrator	911 Seal Beach Blvd. Seal Beach, CA 90740	562/594-7243
Westminster	City Manager	8200 Westminster Blvd. Westminster, CA 92683	714/898-3311 ext. 402
Yorba Linda	City Manager	4845 Casa Loma Avenue Yorba Linda, CA 92886	714/961-7110

## EXHIBIT B

### GENERAL DESCRIPTION OF SYSTEM EXTENSION AND PROJECT SCHEDULE

#### 1.0 Overview

The System Extension plan will focus on extending the life of the existing CCCS radio system by systematically replacing end-of-life equipment in strategic phases culminating in an upgrade to P25 compliance with the goal of continuing to provide quality radio communications to the law, fire, lifeguard and public works agencies in Orange County.

#### 2.0 Description of System Extension

- 2.1 *System Backbone* – Radio infrastructure equipment that is at or near the end of its expected life will be directly replaced with the current version of the same equipment that will maintain all existing features and functionalities and is able to work with the existing backhaul network. Specifically, this will involve the replacement of 565+ existing Quantar radio base stations and ancillary equipment at 25 radio sites with 800 MHz 3600 baud GTR8000 base stations and ancillary equipment. This will be accomplished in accordance with the following schedule:

System Backbone schedule:

Northwest Cell = 24 Quantars replaced in 2015  
Southwest Cell = 40 Quantars replaced in 2015  
Laguna Cell = 33 Quantars replaced in 2016  
Moorhead IR Site = 8 Quantars replaced in 2016  
North Cell = 105 Quantars replaced in 2016  
South Cell = 135 Quantars replaced in 2017  
Crystal Cove IR Site = 4 Quantars replaced in 2017  
Countywide Cell = 210 Quantars replaced in 2017  
Carbon Canyon IR Site = 3 Quantars replaced in 2017  
Silverado IR Site = 3 Quantars replaced in 2017

- 2.2 *Law Enforcement Dispatch Consoles* – Police Dispatch Gold Elite consoles will be out-of-service by the vendor in 2018 and will need to be replaced prior to 2018 to maintain the existing console priority feature once the system is upgraded to P25. Console priority is a feature unique to law enforcement dispatch and allows dispatch to have the ability to transmit and receive audio simultaneously and is an officer safety necessity. Existing Gold Elite Console equipment will be replaced with its successor console, the MCC7500. Due to the complexity of the replacement at each law dispatch center, only 6 dispatch centers can be upgraded each year. A schedule has been developed to address the 20 law dispatch centers on the system, as shown below.

Console schedule:

FY14/15 - Loma Ridge, Irvine, Laguna Beach, Huntington Beach

FY15/16 - Anaheim, Brea, West Comm, Santa Ana, Tustin

FY16/17 - Orange, Fullerton, Costa Mesa, Garden Grove, Westminster

FY17/18 - Placentia, La Palma, Newport Beach, Fountain Valley,  
Buena Park, La Habra

- 2.3 *System Field Equipment* – When the System Backbone is upgraded to the P25 standard in FY 2018/2019, all subscriber radio equipment will also need to be P25 capable. Subscriber radios that are capable of being upgraded will need to receive the software/firmware upgrade prior to the backbone upgrade. Older subscriber radio equipment that is not capable of being upgraded to the P25 standard will need to be replaced prior to the P25 upgrade. Each agency will be responsible for the purchase of either replacement radios, or the necessary subscriber upgrade package for upgradable radios.
- 2.4 *P25 Upgrade* – When all backbone sites and law dispatch consoles have completed their equipment replacement, the vendor will initiate the necessary equipment and software update to bring the system up to the 7.18 software platform for P25 compliance. This final phase of the System Extension plan is scheduled for FY 2018/2019.

## EXHIBIT C

### TOTAL ESTIMATED SYSTEM EXTENSION COST & ESTIMATED PARTY COST SHARE BY FISCAL YEAR

				ESTIMATED COST					
FY 15-16 Radio Counts				City/Agency Cost		Partnership Cost			
CITY/AGENCY	Upgrade (P25 Capable With Software Upgrade)	Replace (Upgrade To P25 Not Possible)	Total	Console Equipment	Radio Equipment*	FY 15-16 North & Laguna Cells	FY 16-17 South & Countywide Cells	FY 17-18 Remaining Backbone	TOTAL
1. ALISO VIEJO	11	21	32	\$ -	\$ 138,650	\$ 7,028	\$ 18,930	\$ 43,599	\$ 208,206
2. ANAHEIM	432	1,351	1,783	1,928,869	8,602,800	391,545	1,054,758	2,429,268	14,407,241
3. BREA	62	302	364	648,137	1,883,300	79,891	215,329	495,936	3,322,593
4. BUENA PARK	76	258	334	569,804	1,635,400	73,276	197,582	455,062	2,931,124
5. COSTA MESA	105	523	628	680,354	3,258,750	137,966	371,502	855,626	5,304,197
6. CYPRESS	24	170	194	0	1,047,600	42,604	114,763	264,317	1,469,285
7. DANA POINT	15	49	64	0	311,250	14,054	37,860	87,198	450,362
8. FOUNTAIN VALLEY	45	204	249	443,290	1,275,750	54,702	147,299	339,253	2,260,294
9. FULLERTON	125	513	638	501,417	3,221,750	140,141	377,418	869,250	5,109,976
10. GARDEN GROVE	115	475	590	369,240	2,982,250	129,608	349,023	803,852	4,633,972
11. HUNTINGTON BEACH	452	820	1,272	1,097,718	5,439,800	279,398	752,469	1,733,051	9,302,436
12. IRVINE	111	503	614	432,209	3,145,650	134,878	363,220	836,551	4,912,509
13. LA HABRA	73	190	263	573,584	1,223,950	57,809	155,581	358,327	2,369,252
14. LA PALMA	31	51	82	166,901	341,650	18,008	48,508	111,722	686,789
15. LAGUNA BEACH	85	247	332	526,652	1,579,750	72,883	196,399	452,337	2,828,021
16. LAGUNA HILLS	4	41	45	0	250,600	9,875	26,620	61,311	348,407
17. LAGUNA NIGUEL	9	55	64	0	340,350	14,081	37,860	87,198	479,489
18. LAGUNA WOODS	2	4	6	0	26,300	1,330	3,549	8,175	39,354
19. LAKE FOREST	21	67	88	0	426,150	19,325	52,058	119,897	617,429
20. LOS ALAMITOS	15	45	60	0	287,250	13,176	35,494	81,748	417,668
21. METRONET	37	10	47	1,966,250	102,550	10,321	27,803	64,036	2,170,960
22. MISSION VIEJO	30	90	120	0	574,500	26,366	70,988	163,495	835,349
23. NEWPORT BEACH	438	401	839	532,934	2,909,700	184,290	496,322	1,143,105	5,266,351
24. ORANGE	115	514	629	598,012	3,216,250	137,889	372,094	856,988	5,181,233
25. PLACENTIA	30	107	137	413,090	676,500	30,119	81,044	186,657	1,387,410
26. RANCHO SANTA MARG.	7	29	36	0	182,050	7,906	21,296	49,049	260,301
27. SAN CLEMENTE	12	97	109	0	595,800	23,931	64,480	148,508	832,719
28. SAN JUAN CAPISTRANO	6	33	39	0	204,900	8,525	23,071	53,136	289,632
29. SANTA ANA	219	818	1,037	591,620	5,159,850	227,713	613,451	1,412,872	8,005,506
30. SEAL BEACH	25	97	122	0	610,750	26,844	72,171	166,220	875,985
31. STANTON	10	63	73	0	389,500	16,051	43,184	99,460	548,195
32. TUSTIN	81	243	324	483,266	1,551,150	71,126	191,667	441,437	2,738,646
33. VILLA PARK	0	6	6	0	36,000	1,318	3,549	8,175	49,042
34. WEST-COMM	4	13	17	631,052	82,600	3,733	10,057	23,162	750,604
35. WESTMINSTER	73	274	347	549,621	1,727,950	76,137	205,273	472,774	3,031,755
36. YORBA LINDA	35	62	97	0	412,250	21,302	57,382	132,159	623,092
37. OCFA	950	863	1,813	3,217,500	6,270,500	397,622	1,072,505	2,470,142	13,428,269
38. OCTA	70	43	113	0	338,500	24,875	66,847	153,958	584,179
39. OC LIFE GUARD	7	47	54	438,900	290,050	11,865	31,944	73,573	846,333
40. IRVINE VLLY. CLLG. PD	16	0	16	0	18,400	3,527	9,465	21,799	53,192
41. SANTA ANA UNIF. SD. PD	51	2	53	0	70,650	11,639	31,353	72,210	185,852
42. SADDLEBACK CLLG. PD	18	0	18	0	20,700	3,953	10,648	24,524	59,825
43. CEO	1	1	2	0	7,150	439	1,183	2,725	11,497
44. DA	0	225	225	0	1,350,000	49,411	133,102	306,554	1,839,067
45. HCA	184	98	282	0	799,600	61,804	166,821	384,214	1,412,439
46. JWA	39	194	233	536,250	1,208,850	51,175	137,834	317,453	2,251,563
47. OC ANIMAL CONTROL	10	110	120	350,000	671,500	26,386	70,988	163,495	1,282,369
48. OC DANA POINT HARBOR	0	13	13	0	78,000	2,822	7,690	17,712	106,225
49. OC PARKS	131	248	379	0	1,638,650	83,218	224,203	516,373	2,462,443
50. OCPW	10	469	479	0	2,825,500	105,270	263,359	652,619	3,866,748
51. OCWR	59	3	62	0	85,850	13,602	36,677	84,473	220,602
52. PROBATION	177	435	612	0	2,813,550	134,695	362,037	833,826	4,144,108
53. SHERIFF	857	1,922	2,779	4,428,829	12,517,550	610,825	1,643,955	3,786,280	22,987,439
54. SSA	19	0	19	0	21,850	4,173	11,240	25,887	63,149
<b>TOTAL</b>						<b>\$ 4,162,452</b>	<b>\$ 11,211,905</b>	<b>\$ 25,822,727</b>	
						<b>\$41,197,084</b>			
						<b>PARTNERSHIP TOTAL</b>			

*The costs stated herein are estimated costs expressed as not to exceed amounts subject to the final system design.*

\* It is recommended that the Partnership co-ordinate a bulk equipment purchase in FY 16-17.

January 2015

**EXHIBIT D**

**PARTICIPATING AGENCIES**

<b>AGENCY</b>	<b>RESPONSIBLE ADMINISTRATOR</b>	<b>ADDRESS</b>	<b>PHONE #</b>
Irvine Valley College Police Department	Police Chief	5500 Irvine Center Drive, Irvine CA 92618	949/451-5201
Orange County Transportation Authority	Administrator	600 S. Main Street, Orange CA 92868	714/560-6282
Saddleback College Police Department	Police Chief	28000 Marguerite Parkway, Mission Viejo CA 92692	949/582-4390
Santa Ana Unified School District Police Department	Police Chief	1601 E. Chestnut Avenue, Santa Ana CA 92701	714/558-5536
US Ocean Safety (OC Lifeguards)	President	34127 Pacific Coast Highway, Dana Point CA 92629	949/276-5050





Orange County Fire Authority  
**AGENDA STAFF REPORT**

Executive Committee Meeting  
March 19, 2015

Agenda Item No. 3D  
Consent Calendar

**Amendment to Joint Agreement for the Operation, Maintenance and  
Financial Management of the Orange County 800MHz Countywide  
Coordinated Communications System**

**Contact(s) for Further Information**

Mike Schroeder, Assistant Chief Support Services Department	<a href="mailto:mikeschroeder@ocfa.org">mikeschroeder@ocfa.org</a>	714.573.6008
Joel Brodowski, IT Manager	<a href="mailto:joelbrodowski@ocfa.org">joelbrodowski@ocfa.org</a>	714.573.6421

**Summary**

This agenda item is submitted for approval of an Amendment to the Joint Agreement relating to extending the life of the Orange County 800MHz Countywide Coordinated Communications System.

**Prior Board/Committee Action**

Not Applicable.

**Recommended Action(s)**

Approve and authorize the Board Chair to execute the Amendment to the Joint Agreement for the Operation, Maintenance, and Financial Management of the Orange County 800MHz Countywide Coordinated Communications System and all related documents.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Funding is included in the approved FY 2014/15 budget and the draft FY 2015/16 budget, with specific project details and costs included the table below:

Description	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	5-Year Total
Project Cost/Equipment Total	-	\$5,178,000	\$1,092,500	\$3,217,500	-	\$9,488,000

**Background**

The original 800MHz Joint Agreement was first executed in early 1996 and the First Amendment to the Joint Agreement was approved in 2003 by all parties. In November 2004, all 34 cities and the OCFA approved the revised Joint Agreement for the Operation, Maintenance and Financial Management of the 800MHz Countywide Coordinated Communications System (CCCS), which addressed post-implementation and long-range planning needs to extend the CCCS. The CCCS provides quality radio communications to the law, fire, lifeguard, and public works agencies in Orange County.

The Orange County CCCS Governance Committee, which coordinates and administers the system, has developed the scope of work of all activities, infrastructure requirements and schedule required to extend the operating life of the CCCS. In addition, the Governance Committee has developed the overall cost estimate of the system extension, which includes the breakdown of shared costs by agency for fiscal years 2014-2019.

At this time, all participating agencies are being asked to approve the Amendment to the Joint Agreement in order to commit to the funding obligations associated with the system extension.

**Attachment(s)**

1. CIP Project – 800 MHz Countywide Coordinated Communications System Replacement
2. Amendment to the Joint Agreement



Orange County Fire Authority  
**AGENDA STAFF REPORT**

**Executive Committee Meeting**  
**March 19, 2015**

**Agenda Item No. 3E**  
**Consent Calendar**

**Sole Source Blanket Order Contracts**  
**Information Technology**

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**Contact(s) for Further Information**

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Joel Brodowski, IT Manager	<a href="mailto:joelbrodowski@ocfa.org">joelbrodowski@ocfa.org</a>	714.573.6421

**Summary**

This agenda item seeks approval to issue sole source blanket orders to the public safety systems vendors including FATPOT Technologies, TriTech Software Systems, Deccan International, and Westnet Inc. for future ad hoc programming and professional services that will add enhanced functionality to the OCFA public safety systems.

**Prior Board/Committee Action**

Not Applicable.

**Recommended Action(s)**

1. Approve and authorize the Purchasing Manager to issue sole source blanket order contracts to FATPOT Technologies, TriTech Software Systems, Deccan International, and Westnet, Inc., for up to three years.
2. Approve and authorize the Purchasing Manager to redistribute or adjust funding between the four contracts as requested by the department so long as the aggregate amount of the contracts collectively does not exceed \$85,000 annually.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Funding is included for ad hoc programming costs in the General Fund budget.

**Background**

The OCFA's new Public Safety Systems Computer Aided Dispatch (CAD) went live 4½ months ago on September 9, 2014, and overall is functioning well. Because of the complexity and large number of systems affected by the new CAD system, staff expects there to be periodic custom enhancements necessary to optimize the performance of the TriTech CAD system, and the critical systems it interfaces with including FATPOT Automatic Vehicle Location (AVL) and CAD2CAD interfaces; Deccan LiveMUM (move up module); and Westnet Fire Station Alerting System. The anticipated custom enhancements are usually significant and estimated to range in cost from \$5,000 to \$10,000 per enhancement. The amounts requested are estimated annual expenditures that are anticipated as these systems become normalized in daily operations. Staff will obtain formal price quotes from the vendors for every enhancement.

Any major enhancements that exceed \$25,000 in total cost will be submitted as separate projects to the Executive Committee for approval before proceeding. Below are descriptions of each system and proposed sole source provider.

***FATPOT Technologies***

FATPOT is the sole source provider of the regional AVL system that integrates GPS location coordinates on all emergency apparatus and interfaces with the OCFA CAD and the other Regional Dispatch Center CAD systems. FATPOT was also a major subcontractor for the new TriTech CAD system implementation and developed custom computer interfaces with ambulance transportation providers and with the other emergency dispatch centers in the county.

***TriTech Software Systems***

TriTech is the vendor of the OCFA's new CAD system that went live on September 9, 2014. It is a highly complex system with dozens of software components, interfaces with other OCFA systems, and third party software integrations. While the new CAD system runs on commercial off the shelf hardware and software, its core technology is proprietary and will require TriTech engineering support for future functional enhancements customized to OCFA's specific requirements.

***Deccan International***

Deccan is the vendor for LiveMUM and is the sole source provider for this software. LiveMUM is a software application that is used by the Emergency Communications Center to interface with CAD data and predict efficient move up recommendations for OCFA apparatus and fire stations based on pre-set criteria.

***Westnet, Inc.***

Westnet is the vendor for the Fire Station Alerting Control System used at the Regional Fire Operations and Training Center and the Fire Station Alerting System electronics and related hardware at the 71 fire stations. Westnet is also the manufacturer of the core electronic master controller units that operate the fire station alarms at each station and require specialized programming knowledge from Westnet engineers to modify and enhance the system.

**[Attachment\(s\)](#)**

Proposed Blanket Order Contracts

**Orange County Fire Authority  
Proposed Blanket Order Contracts**

<b>Vendors &amp; Blanket Orders</b>	<b>Contract End Dates for Annual Renewal Options</b>	<b>New Annual Total</b>
FATPOT Technologies <i>Interfaces with CAD, ambulance providers, and other dispatch agencies in the County</i>	04/30/2016 04/30/2017 04/30/2018	\$ 25,000.00
Tri-Tech Software Systems <i>CAD software customization for interfacing</i>	04/30/2016 04/30/2017 04/30/2018	\$ 25,000.00
Deccan International <i>Proprietary software that is used by dispatch and interfaces with CAD</i>	04/30/2016 04/30/2017 04/30/2018	\$ 10,000.00
Westnet Inc. <i>Station alerting system electronics and hardware programming</i>	04/30/2016 04/30/2017 04/30/2018	\$ 25,000.00
	<b>Total</b>	<b>\$ 85,000.00</b>



Orange County Fire Authority  
**AGENDA STAFF REPORT**

Executive Committee Meeting  
March 19, 2015

Agenda Item No. 3F  
Consent Calendar

**Blanket Order Contract Increase  
Special Litigation Counsel for Validation Proceedings**

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**Contact(s) for Further Information**

Lori Zeller, Assistant Chief  
Business Services Department

[lorizeller@ocfa.org](mailto:lorizeller@ocfa.org)

714.573.6020

**Summary**

This agenda item is submitted for approval to increase the Blanket Order for special litigation counsel representing OCFA in the validation proceedings related to the Second Amendment to the Amended Joint Powers Agreement (the "Validation Action").

**Prior Board/Committee Action**

Not Applicable.

**Recommended Action(s)**

Authorize the Purchasing Manager to increase Blanket Order B01501 by \$60,000 for T. Peter Pierce of Richards, Watson & Gershon for legal services in connection with the appeal process in the validation action.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Staff may return to the Board of Directors for a budget adjustment to cover the increased cost of \$60,000, if we are unable to absorb the cost in the existing FY 2014/15 Budget.

**Background**

At its February 27, 2014, meeting, the Board of Directors appointed T. Peter Pierce of Richards, Watson & Gershon to serve as special litigation counsel representing the OCFA in the validation proceedings related to the Second Amendment to the Amended JPA. At the time of the Board's approval to appoint Mr. Pierce, staff reported that the fiscal impact was unknown, since the duration and cost of the validation action would depend on how the case was litigated and on whether the trial court's decision was appealed by the non-prevailing party.

The contract value for the initial trial court proceedings was \$100,000; an additional amount of \$65,000 was approved for pursuit of the appeal bringing the contract total to \$165,000. Staff is currently estimating a need for a \$60,000 increase for total contract costs (including past and future services for the remainder of the appeal) of \$225,000. Therefore, staff is requesting authorization to increase the contract by \$60,000, from the current value of \$165,000 to \$225,000.

**Attachment(s)**

None.



Orange County Fire Authority  
**AGENDA STAFF REPORT**

Executive Committee Meeting  
March 19, 2015

Agenda Item No. 3G  
Consent Calendar

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**Updated Broker/Dealer List**

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**Contact(s) for Further Information**

Patricia Jakubiak, Treasurer  
Treasury & Financial Planning

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714.573.6301

**Summary**

This annual agenda item is submitted to the Committee to request approval to update the current list of broker/dealer firms that the Treasurer uses for competitive bidding of investment purchases. When considering this agenda item, it is important to note the following:

- Contrary to statements made by a member of the public at prior OCFA public meetings, the broker/dealer firms that staff is proposing have not been convicted of a criminal violation in the matter regarding the bidding of investments for municipal bond proceeds.
- The individual brokers/employees at each of the three firms in which OCFA deals with are properly licensed and registered in California and have no regulatory disclosure events according to FINRA.
- OCFA minimizes risk in the investment function by separating the safekeeping and custody function from the execution of investment trades. OCFA's funds and securities are held by the custodian bank and not the broker/dealer that is transacting business. In addition, OCFA's funds are not released to the broker/dealer firm for purchase of an investment security until the securities are delivered to our custodian. OCFA always has either money or securities in possession at all times.

**Prior Board/Committee Action**

The Budget and Finance Committee (BFC) approved this item at its January 14, 2015, meeting; however, this item was returned to the BFC for additional consideration at the request of Director Spitzer and approval by the Executive Committee at its January 15, 2015, meeting. This would provide BFC Members additional information and an opportunity to review a summary of the Financial Industry Regulatory Authority (FINRA) reports.

The BFC reviewed and approved this item at its March 11, 2015, meeting, and directed staff to place the item on the agenda for the Executive Committee Meeting of March 19, 2015, with the Budget and Finance Committee's recommendation that the Executive Committee approve the proposed Broker/Dealer List.

**Recommended Action(s)**

Approve the proposed Broker/Dealer List to include the following three firms:

- FTN Financial
- Raymond James
- UBS Financial Services

### **Impact to Cities/County**

Not Applicable.

### **Fiscal Impact**

Not Applicable.

### **Background**

See attached extended background regarding the process and selection of the recommend service providers.

### **Attachment(s)**

1. OCFA's 2015 Investment Policy Excerpt Regarding Broker/Dealers
  2. Government Finance Officers Association (GFOA) Best Practices for Selecting Broker/Dealers
  3. Summary of FINRA regulatory event report for FTN Financial Securities Corp.
  4. Summary of FINRA regulatory event report for Raymond James Financial Services Inc.
  5. Summary of FINRA regulatory event report for UBS Financial Services Inc.
- FINRA reports are on file in Clerk's Office, and available on-line with the agenda staff report at <http://www.ocfa.org/uploads/pdf/bf150311.pdf>



## Background

The OCFA's policy for selection and use of broker/dealer services follows the best practices issued by the Government Finance Officers' Association (GFOA), and is prescribed by policy in the OCFA's Annual Investment Policy (Attachments 1 & 2). This Policy is reviewed, renewed, and approved by the Budget and Finance Committee and the Board of Directors annually. Staff is adhering to the Policy approved by the Board.

During prior OCFA meetings, a member of the public has repeatedly raised concern with the broker/dealer selection process noting that this selection should be conducted using a Request for Proposal (RFP). The OCFA typically performs a RFP process to lock in clear specifications regarding what we wish to buy, how we want something built, what pricing will be provided, and/or time of delivery. In the case of investment transactions through broker/dealer services, none of these traditional specifications may be locked in through an RFP.

The Investment Policy encourages competitive bidding on investment transactions from an approved broker/dealer list. The Policy also requires that the broker/dealer list be reviewed and updated annually. The Executive Committee approved the last broker/dealer list update on January 23, 2014. The list is limited to three firms, due to the impracticality of dealing with a large list of service providers when obtaining competitive bids.

To qualify, broker/dealer service providers must meet the following *minimum* requirements:

- Agree to comply with the investment policies of the Authority
- Be a primary or regional dealer that qualifies under the Securities and Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule)
- Have a branch office in California
- Be experienced in institutional trading practices and familiar with the California Government Code as related to investments for local governmental agencies
- Have been in business for at least three years
- Provide current audited financial statements
- Provide proof of Financial Industry Regulatory Authority (FINRA) certification

To verify qualifications, OCFA requires completion of a "Broker/Dealer Questionnaire & Certification," based on guidelines of the Government Finance Officers' Association. The questionnaire addresses capital adequacy standards, history of FINRA complaints, staff qualifications, and references. Both the account representative and the individual in charge of government securities operations must sign certifying the accuracy of their responses to the questionnaire and pledging due diligence in informing OCFA staff of all foreseeable risks in financial transactions conducted with OCFA. They must also certify that they've read OCFA's Investment Policy and that they've implemented a system of controls designed to preclude imprudent investment activities that are in conflict with OCFA's investment objectives, strategies, and risk constraints. A copy of each firm's questionnaire and certification is on file in the Treasurer's Office and available upon request.

In addition to the standard requirements, other factors such as competitiveness of quotes, responsiveness, reputation, and reliability are also considered in the annual review process. This year, all three of the firms are recommended for renewal due to the quality service they have provided over the past year.

In addition to being responsive to the Treasurer's specific requests, the firms recommended for renewal consistently provide daily inventory/pricing lists and comprehensive updates on the economy and fixed income markets. Furthermore, the specific brokers from these firms have a long tenure working in the securities industry and are familiar with OCFA's Investment Policy and practices, which results in more efficient trading.

### **Risk Mitigation**

The safety of public funds is OCFA's primary objective. One of the most important protections and a control against fraud is the separation of the safekeeping and custody function from the investment function. As recommended by GFOA, OCFA uses a third party, MUFG Union Bank, as its custodial bank to minimize safekeeping or custodial risk in an investment transaction. MUFG Union Bank is responsible for the transfer and the safekeeping of the securities, not the broker dealer who sold the investment to OCFA.

In addition, also recommended by the GFOA, all of OCFA's trades are executed on a delivery-versus-payment (DVP) basis where OCFA's payment for securities is due at the time of delivery. Security delivery and payment occur simultaneously. This ensures that no funds are at risk in an investment transaction as funds are not released until the securities are delivered, ensuring that OCFA has either money or securities at all times during the transaction.

Lastly, staff also reviewed the Financial Regulatory Authority (FINRA) reports on regulatory events for each firm and broker. FINRA is dedicated to investor protection and market integrity through effective and efficient regulation of the securities industry. It protects investors by making sure the securities industry operates fairly and honestly by:

- writing and enforcing rules governing the activities of more than 4,100 securities firms with approximately 639,780 brokers;
- examining firms for compliance with those rules;
- fostering market transparency; and
- educating investors

FINRA provides information on any disclosure events where the brokerage firm was named as a respondent. This Agenda Item was continued at the January 15, 2015 Executive Committee Meeting at the request of Director Spitzer to provide the Budget and Finance Committee members additional information and an opportunity to review a summary of the FINRA regulatory reports for each firm. (Attachments 2, 3 and 4).



# **ORANGE COUNTY FIRE AUTHORITY**

## **INVESTMENT POLICY**

**Excerpt Regarding Broker/Dealers**

**Calendar Year 2015**

8. **Authorized Financial Dealers and Institutions**: To promote the optimum yield on the investment of Authority funds, investment procedures shall be designed to encourage competitive bidding on transactions from approved financial institutions or broker/dealers.
- 8.1. On an annual basis, the Treasurer shall recommend a list of at least three financial institutions and broker/dealers who are authorized to provide investment services. The list shall be approved by the Budget and Finance Committee and the Executive Committee. All financial institutions and broker/dealers who wish to be considered for the list must meet the following minimum requirements:
- 8.1.1 Must certify that they have read and agree to comply with the investment policies of the Authority.
- 8.1.2 Must be a primary or regional dealer that qualifies under the Securities and Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule).
- 8.1.3 Must have an branch office in California.
- 8.1.4 Must be experienced in institutional trading practices and familiar with the California Government Code as related to investments for local governmental agencies.
- 8.1.5 Must have been in business for at least three years.
- 8.1.6 Must provide current audited financial statements.
- 8.1.7 Must provide proof of Financial Industry Regulatory Authority(FINRA) .
- 8.1.8 Other criteria as may be established in the *Investment Procedures Manual* of the Authority.
- 8.2. All financial institutions in which the Authority's public funds are deposited will supply the Treasurer with the following:
- 8.2.1 Current audited financial statements.
- 8.2.2 Depository contracts.

8.2.3 A copy of the latest FDIC call report.

8.2.4 Proof that the institution is state or federally chartered.



## GFOA Best Practice

### Government Relationships with Securities Dealers

**Background.** Finance officers, treasurers and investment officers (hereafter referred to as government investors) who manage and invest public funds place billions of dollars in the fixed-income and money markets on a daily basis. They have a fiduciary responsibility to protect public funds, to always act in the best interest of their entity, to maintain safety and an appropriate level of liquidity and to attain a competitive return on their portfolio.

Generally, access to the securities markets is made through securities dealers who are registered broker/dealers and through financial institutions (banks) with broker/dealer subsidiaries. The fiduciary responsibilities of a government investor include ensuring that:

- reasonable comparisons are made to judge the appropriateness of all investments;
- securities meet the criteria established in the investment policy, including liquidity, diversity and risk of investments;
- security transactions are made on a best execution basis through a competitive process;
- the counterparty to the transaction will fulfill all of its obligations; and,
- the securities are properly safe-kept at a qualified custodial agent in a segregated account.

It is important to note that brokers/firms may have unique strengths that may provide exceptional value within a specific category of investments, provided that you understand the security that you are purchasing, it dovetails with your investment policy, and you are aware of the risks associated with the transaction. A unique strength may compliment the skills and abilities of other approved brokers/firms.

Communication with broker/dealers for the purposes of discussing market conditions, reviewing investment strategies and transacting a trade often occurs by phone, e-mail, or fax. Regardless of the method of communicating with a broker, a government investor needs to perform due diligence on all securities dealers prior to adding them to their list of approved brokers/dealers for transacting trades.

**Recommendation.** GFOA makes the following specific recommendations to government investors in selecting securities dealers for their approved vendor list,

managing the relationships with the broker/dealers, and conducting investment transactions with them:

1. All securities are held in a third party bank separate from the broker/dealer that is transacting business.
2. Use a defined internal process to select, qualify, renew, or terminate brokers and dealers.
  - a. Use a questionnaire, conduct an interview, and/or conduct peer references to help determine that the broker understands the public entity's needs/objectives.
  - b. Determine that the broker is actively involved in the market sectors utilized by the government entity.
  - c. Select a number of brokers suitable to the entity, allowing for appropriate competition/service on all transactions, while limiting it to a manageable number.
  - d. Require security brokers and dealers to comply with the Federal Reserve Bank of New York's capital adequacy guidelines or SEC Net Capital Rule as a condition of doing business. Obtain annual financial reports of the securities firm.
  - e. Require that brokers provide written acknowledgement or certification of their review and understanding of the government entity's investment policy to assure compliance with its objectives, portfolio risk constraints, and investment trading requirements.
  - f. Record and retain pertinent information on the firm and the individual broker including an annual review of the Central Registration Depository (CRD®) information for both maintained by the Financial Industry Regulation Authority (FINRA). Violations or sanctions imposed by a regulatory agency or government should be carefully reviewed for termination of relationship.
  - g. Establish parameters that guide periodic review and potential termination of a broker dealer relationship.
  - h. Do not select or approve more broker/dealers than will be reasonably used. It is better to develop good relationships with a small number of approved dealers than to have a long list of firms who transact little or no business with the investing entity.
3. Due diligence on broker/dealers should include obtaining information on:
  - a. a security dealer's experience and knowledge of public funds investing;
  - b. all contact information for the primary contact, backup and operations staff;
  - c. a broker's manager and supervisor;
  - d. the financial strength of the firm;
  - e. areas of expertise and trading activity;
  - f. registration with FINRA and any citations;
  - g. the names and contact information for references similar to the entity; and

- h. potential conflicts of interest.
- 4. Establish a competitive procedure for attaining reasonable market rates on investment transactions:
  - a. Require that all security sales be made through a competitive bid process. If possible, use a competitive offer process on purchases as well.
  - b. Securities sold through a selling group at a set price (usually par) or available for specific bidding should be compared to comparable maturity securities as part of the competitive process to determine the best relative value.
- 5. Require that all security transactions be settled on a delivery versus payment basis at the entity's custodian bank to perfect ownership under a written custodial agreement.
- 6. Retain complete transaction documentation for audit trail purposes including trade tickets, confirmations and safekeeping receipts.
- 7. Electronic trading platforms, such as Bloomberg and Tradeweb, are becoming another alternative to competitive pricing. These platforms can provide improved transparency over competitive bids and should be considered if cost effective for the government. It is still important to have a broker assigned to the account on the electronic platforms so that contact can be made if necessary. The same due diligence should be completed with all broker dealers on the electronic platforms.
- 8. Follow all state and entity ethics policies when dealing with all broker/dealers and investment vendors.

## References.

*Introduction to Broker-Dealers for State and Local Governments*, Second Edition, Sofia Anastopoulos, GFOA, 2008.

*Investing Public Funds*, Second Edition, Girard Miller with M. Corinne Larson and W. Paul Zorn, GFOA, 1998.

Federal Reserve Bank of New York, [www.frb.ny.gov](http://www.frb.ny.gov),  
[http://www.newyorkfed.org/markets/pridealers\\_listing.html](http://www.newyorkfed.org/markets/pridealers_listing.html).

[www.finra.gov](http://www.finra.gov);  
[http://www.nasd.com/web/idcplg?IdcService=SS\\_GET\\_PAGE&nodeId=370](http://www.nasd.com/web/idcplg?IdcService=SS_GET_PAGE&nodeId=370).

Securities and Exchange Commission, [www.sec.gov](http://www.sec.gov), VI. Financial Responsibility of Broker Dealers, A. Net Capital Rule 15c3-1 (17 CFR 240.15c3-1)  
<http://www.sec.gov/divisions/marketreg/bdguide.htm#VI>.

*Approved by the GFOA's Executive Board, October, 2012.*



# FTN Financial Securities Corp Firm Profile

<b>Year Formed</b>	1998
<b>2013 Revenues</b>	\$1.2 Billion
<b>Number of Employees</b>	4,300
<b>Types of Businesses</b>	9
<b>Number of Countries</b>	2
<b>Orange County Clients Include</b>	County of Orange, San Clemente, Santa Ana, Stanton, Tustin
<b>Lead Broker's Securities Industry Experience</b>	25 years
<b>Lead Broker's FINRA* Disclosure Events</b>	-0-

FTN Financial Securities Corp  
FINRA\* Broker Check Report  
As of December 8, 2014

<b>A</b>	<b>Disclosure Events Pending</b>
	NONE

FTN Financial Securities Corp  
FINRA Broker Check Report  
As of December 8, 2014

**B Disclosure Events Where Claim was Upheld**

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
10/30/2002	11/20/2002	Equity – OTC Municipal Bonds	Firm failed to report short sales correctly. A short sale is where an investor sells a borrowed security in anticipation of a price decline so it can be bought back at a lower price to make a profit.

# FTN Financial Securities Corp FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
10/15/2013	10/15/2013	Debt-Corporate	Firm failed to report to the “trade reporting compliance engine” (TRACE) transactions in trace-eligible securities within 15 minutes of the time of execution.
10/22/2012	10/22/2012	Same as above	Same as above
9/24/2012	10/25/2012	Same as above	Same as above
11/17/2011	11/17/2011	No product	In a transaction between FTN and a registered Investment Advisor in Illinois, FTN executed a repurchase agreement with the Investment Advisor. The Investment Advisor failed to maintain true and accurate financial statements. Although FTN became concerned and restricted the Advisor’s future purchases, It should have known that the advisor would use the repurchase transaction for an improper purpose.

# FTN Financial Securities Corp FINRA Broker Check Report As of December 8, 2014

C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	6/26/2008	6/26/2008	TRACE-eligible securities	Firm failed to report transactions in trace-eligible securities within 15 minutes of execution.
	6/26/2008	6/26/2008	Debt-Corporate	Firm failed to report correct contra-party's identities to TRACE and to report the transaction within 30 minutes of execution.
	10/24/2006	10/24/2006	No product	Firm incorrectly calculated its reserve requirement and therefore did not have the accurate amount on deposit in the reserve bank account.
	11/20/2002	11/20/2002	No product	Firm failed to report short sales correctly.

# Raymond James Financial Services Inc. Firm Profile

<b>Year Formed</b>	1973
<b>2013 Revenues</b>	\$4.6 Billion
<b>Number of Employees</b>	6,200
<b>Types of Businesses</b>	15
<b>Number of Countries</b>	10
<b>Orange County Clients Include</b>	Irvine, Lake Forest, San Clemente, Santa Ana
<b>Lead Broker's Securities Industry Experience</b>	11 years
<b>Lead Broker's FINRA* Disclosure Events</b>	-0-

Raymond James Financial Services  
FINRA\* Broker Check Report  
As of December 8, 2014

<b>A</b>	<b>Disclosure Events Pending</b>
	NONE

# Raymond James Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	6/20/2013	5/28/2014	No Product	Firm failed to supervise its financial advisor in Nevada who did not disclose or failed to obtain approval from the firm for his role as successor co-trustee, trustee executor and power of attorney for a client.
	6/1/2010	6/1/2010	Mutual Funds	Failed to follow mutual fund exchange procedures and failed to reasonably supervise an employee.
	1/16/2009	2/17/2009	Annuity-variable	An employee sold a Missouri resident a variable rate annuity product that was deemed inappropriate.
	12/1/2006	2/5/2008	No Product	Lack of home office personnel registered in Georgia to deal with Georgia residents.
	2/1/2008	2/1/2008	No Product	Failure to reasonably supervise trading activity leading to improper trades at Massachusetts Branch Office.



# Raymond James Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	12/18/2003	12/1/2008	Options	Failure to properly supervise two registered reps in Massachusetts.
	6/20/2007	6/29/2007	Other	Firm failed to supervise securities agents who made unsuitable recommendations to customers; lent money to a customer who was engaged in fraudulent activity, excessive trading, and filed false and/or misleading statements.
	5/31/2007	8/6/2007	Equities	Firm failed to supervise salesperson who engaged in unsuitable and unauthorized trading in client's account.
	4/5/2007	4/5/2007	No product	Firm failed to supervise and record a registered rep's private securities transaction.
	11/29/2006	4/5/2007	No Product	Firm allowed registered rep to participate in a transaction approved as an outside business activity that should have been approved as a private securities transaction.

# Raymond James Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	9/19/2005	10/16/2006	Other	Failure to supervise and maintain proper books and records.
	7/16/2004	11/24/2004	No Product	Former financial advisor failed to follow the firm's written supervisory procedures to disclose outside business activities and maintaining an account with a firm customer.
	9/30/2004	11/21/2005	Other	Firm failed to supervise a registered rep who committed fraudulent acts.
	12/31/1996	6/12/1997	Debt-Corporate	Firm offered investments to North Dakota residents that were not registered or exempt under North Dakota law.
	6/23/1998	6/23/1998	No Product	Firm employed an investment advisor rep that was not licensed in Virginia.
	12/21/1994	11/24/1997	No Product	Firm failed to adequately review and monitor a registered rep's activities and to have adequate supervisory procedures.

# Raymond James Financial Services FINRA Broker Check Report As of December 8, 2014

C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	7/1/2013	1/13/2014	Options	Firm had to return profit from a trade placed by a customer that had material information related to a merger.
	9/17/2012	9/17/2012	Auction Rate Securities (ARS)	Firm did not adequately disclosed all of the risk of ARS. On February 13, 2008, a number of ARS auctions failed, resulting in the overall market collapse that left thousands of investors, including the firm's customers in Iowa holding ARS that they have, in some cases, not been able to liquidate because of a failed auction.
	9/14/2012	9/14/2012	ARS	Same as above – Ohio customers.
	9/6/2012	9/6/2012	ARS	Same as above – Alaska customers.
	7/24/2012	7/24/2012	ARS	Same as above – Pennsylvania customers.
	7/16/2012	7/19/2012	ARS	Same as above – Illinois customers.
	6/13/2012	6/25/2012	ARS	Same as above – West Virginia customers.

# Raymond James Financial Services FINRA Broker Check Report As of December 8, 2014

C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	5/31/2012	5/31/2012	ARS	Same as above – Michigan customers.
	5/24/2012	5/24/2012	ARS	Same as above – District of Columbia customers.
	5/17/2012	5/17/2012	ARS	Same as above – US Virgin Islands customers.
	4/4/2012	4/4/2012	ARS	Same as above – Arkansas customers.
	2/23/2012	2/23/2012	ARS	Same as above – Wisconsin customers.
	1/12/2012	1/12/2012	ARS	Same as above – Nebraska customers.
	1/9/2012	1/9/2012	ARS	Same as above – Delaware customers.
	1/4/2012	1/4/2012	ARS	Same as above – Georgia customers.
	12/20/2011	12/20/2011	ARS	Same as above – Colorado customers.
	11/23/2011	11/23/2011	ARS	Same as above – Mississippi customers.

# Raymond James Financial Services FINRA Broker Check Report As of December 8, 2014

C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	11/22/2011	11/22/2011	ARS	Same as above – Washington customers.
	11/09/2011	11/15/2011	ARS	Same as above – Virginia customers.
	11/09/2011	11/09/2011	ARS	Same as above – Massachusetts customers.
	11/4/2011	11/4/2011	ARS	Same as above – Missouri customers.
	10/28/2011	10/28/2011	ARS	Same as above – Maine customers.
	10/27/2011	10/27/2011	ARS	Same as above – Utah customers.
	10/24/2011	10/24/2011	ARS	Same as above – Maryland customers.
	10/19/2011	10/19/2011	ARS	Same as above – Minnesota customers.
	10/14/2011	10/14/2011	ARS	Same as above – Kansas customers.
	10/13/2011	10/13/2011	ARS	Same as above – Oregon customers.

# Raymond James Financial Services FINRA Broker Check Report As of December 8, 2014

C	Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings			
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	10/5/2011	10/5/2011	ARS	Same as above – Wyoming customers.
	10/3/2011	10/3/2011	ARS	Same as above – New Mexico customers.
	10/3/2011	10/3/2011	ARS	Same as above – Idaho customers.
	9/26/2011	9/26/2011	ARS	Same as above – North Dakota customers.
	9/19/2011	9/19/2011	ARS	Same as above – Tennessee customers.
	9/12/2011	9/12/2011	ARS	Same as above – Montana customers.
	9/9/2011	9/9/2011	ARS	Same as above – Vermont customers.
	9/8/2011	9/8/2011	ARS	Same as above – New Jersey customers.
	8/26/2011	8/26/2011	ARS	Same as above – Rhode Island customers.
	8/25/2011	8/25/2011	ARS	Same as above – South Dakota customers.

# Raymond James Financial Services FINRA Broker Check Report As of December 8, 2014

C	Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings			
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	8/25/2011	8/25/2011	ARS	Same as above – South Carolina customers.
	8/25/2011	8/25/2011	ARS	Same as above – Puerto Rico customers.
	8/23/2011	8/23/2011	ARS	Same as above – Alabama customers.
	8/18/2011	8/18/2011	ARS	Same as above – Nevada customers.
	8/5/2011	8/5/2011	ARS	Same as above – Indiana customers.
	6/29/2011	6/29/2011	ARS	Same as above – Texas customers.
	6/29/2011	6/29/2011	ARS	Same as above – Florida customers.
	3/30/2012	3/30/2012	Options	Firm failed to implement procedures that could detect and report suspicious activity in a customer's account who was operating a Ponzi scheme.
	9/29/2011	9/29/2011	Low Priced Securities	Firm used an automated commission schedule deemed not fair and reasonable.

# Raymond James Financial Services FINRA Broker Check Report As of December 8, 2014

C	Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings			
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	6/1/2010	6/1/2010	Other Municipal Securities	Firm failed to enforce procedures related to the sale of 526 College Savings Plans.
	12/21/2007	12/21/2007	Mutual Funds Variable Rate Annuities	Firm's supervisory system was deficient and failed to detect violations. Employee made unsuitable recommendations to client. Firm also failed to provide adequate training to compliance advisors.
	2/25/2005	11/11/2006	Common and Preferred Stock and Variable Annuity	Failure to supervise which led to purchases of unsuitable investments for a customer and excessive trading.
	4/26/2005	4/26/2005	Mutual Funds and Stocks	Failure to maintain supervisory systems to review and monitor fee-based brokerage accounts to determine if they were appropriate for customers.
	11/30/2004	11/30/2004	No Product	Late filing of U4 and U5 forms. The U4 form is used by broker-dealers to register individuals with the Securities and Exchange Commission (SEC) and the U5 form is used to terminate registrations.



# Raymond James Financial Services FINRA Broker Check Report As of December 8, 2014

C	Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings			
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	11/24/2004	11/24/2004	No Product	One of the firm's former financial advisors improperly formed and maintained a partnership in a securities account with a customer.
	10/15/2004	10/15/2004	Debt-Municipal	Firm inaccurately reported municipal principal transactions as a result of a technical error.
	2/12/2004	2/12/2004	Mutual Funds	Firm failed to provide breakpoint discounts to eligible customers.
	8/26/2002	8/26/2002	No Product	Failed to report statistical and summary information on customer complaints.
	7/31/2002	7/31/2002	Options and Stock	Failure to supervise a former rep who excessively traded a customer's account.
	1/28/1994	11/22/1994	Investment Contracts	Firm sold securities in Massachusetts that were not registered or exempt under law.

# UBS Financial Services Inc.

## Firm Profile

<b>Year Formed</b>	1969
<b>2013 Revenues</b>	\$31.63 Billion
<b>Number of Employees</b>	60,205
<b>Types of Businesses</b>	24
<b>Number of Countries</b>	50
<b>Orange County Clients Include</b>	County of Orange, Dana Point, Irvine and Mission Viejo
<b>Lead Broker's Securities Industry Experience</b>	22 years
<b>Lead Broker's FINRA* Disclosure Events</b>	-0-

**UBS Financial Services  
FINRA\* Broker Check Report  
As of December 8, 2014**

**A Disclosure Events Pending**

	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
1.	9/25/1985	Pending	No Product	Firm employed unregistered agents in Pennsylvania

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	11/24/2014	12/1/2014	No Product	Firm had inadequate supervisory processes and procedures regarding the recommendation and engagement of a third party investment manager.
	9/3/2014	9/25/2014	No Product	Firm did not establish a supervisory system to monitor if a person who accepted an order from a customer was registered in the state of the customer's residence – Louisiana.
	6/26/2014	6/26/2014	No Product	Same as above – Oklahoma customers
	5/22/2014	5/27/2014	No Product	Same as above – South Dakota customers
	4/3/2014	4/4/2014	No Product	Same as above – Nebraska customers
	3/17/2014	3/17/2014	No Product	Same as above – New York customers

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B	Disclosure Events Where Claim was Upheld			
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	2/11/2014	2/19/2014	No Product	Same as above – Virgin Island customers
	1/16/2014	1/24/2014	No Product	Same as above – Kentucky customers
	3/1/2011	1/26/2014	No Product	Same as above – Kansas customers
	1/7/2014	1/28/2014	No Product	Same as above – Florida customers
	7/12/2013	1/23/2014	No Product	Same as above – Maine customers
	1/21/2014	1/21/2014	No Product	Same as above – Alabama customers
	12/6/2013	12/30/2013	No Product	Same as above – Colorado customers
	1/9/2014	1/13/2014	No Product	Same as above – New Mexico customers
	10/14/2013	12/19/2013	No Product	Same as above – Tennessee customers

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B	Disclosure Events Where Claim was Upheld			
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	12/6/2013	12/17/2013	No Product	Same as above – South Carolina customers
	12/5/2013	12/10/2013	No Product	Same as above – Iowa customers
	12/5/2013	12/5/2013	No Product	Same as above – Utah customers
	11/20/2013	11/20/2013	No Product	Same as above – Ohio customers
	11/22/2013	11/22/2013	No Product	Same as above – Virginia customers
	12/4/2013	12/4/2013	No Product	Same as above – Missouri customers
	11/14/2013	11/18/2013	No Product	Same as above – Rhode Island customers
	11/14/2013	11/14/2013	No Product	Same as above – Arkansas customers
	11/6/2013	11/13/2013	No Product	Same as above – Puerto Rico customers

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	10/21/2013	10/22/2013	No Product	Same as above – Wisconsin customers
	10/21/2013	10/24/2013	No Product	Same as above – Indiana customers
	10/22/2013	10/22/2013	No Product	Same as above – Utah customers
	10/8/2013	10/14/2013	No Product	Same as above – North Dakota customers
	10/3/2013	10/9/2013	No Product	Same as above – Minnesota customers
	10/4/2013	10/4/2013	Common and Preferred Stock	Client service associates accepting customer orders were not adequately supervised or registered in California.
	10/15/2013	10/15/2013	No Product	Same as above – Connecticut customers
	10/3/2013	10/4/2013	No Product	Same as above – Nevada customers
	10/3/2013	10/4/2013	No Product	Same as above – Delaware customers

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	9/13/2013	9/19/2013	No Product	Same as above – Vermont customers
	9/13/2013	9/16/2013	No Product	Same as above – Texas customers
	7/12/2013	10/22/2013	Options	Same as above – New Hampshire customers
	10/8/2013	10/14/2013	No Product	Same as above – Alaska customers
	10/2/2013	10/3/2013	No Product	Same as above – Mississippi customers
	10/24/2013	10/24/2013	No Product	Same as above – Pennsylvania customers
	10/17/2013	10/18/2013	No Product	Same as above – Massachusetts customers
	10/14/2013	10/14/2013	No Product	Same as above – Oregon customers
	10/17/2013	10/18/2013	No Product	Same as above – Georgia customers



# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	8/23/2013	8/23/2013	No Product	Same as above – New Jersey customers
	10/29/2010	10/29/2010	Leveraged Exchange Traded Funds	Firm's agent sold unsuitable investments.
	8/18/2009	10/5/2010	Mutual Funds	Two agents sold investments in New Hampshire when they were not licensed.
	7/31/2008	8/1/2008	Mutual Funds	Firm did not take sufficient measures to ensure that certain registered reps informed their Illinois clients about the transferability of UBS funds.

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	6/29/2007	10/4/2007	Other	Failed to ensure the delivery of properties for certain transactions
	1/11/2007	1/11/2006	Mutual Funds	Firm failed to supervise brokers in New Jersey who, with their clients, engaged in deceptive market timing.
	7/7/2004	7/7/2004	Sales Literature	Firm sent sales literature to customers which included a targeted return rate without providing a sound basis so investors could evaluate it.
	6/28/2004	6/28/2004	Municipal Securities	Firm relied on bids from a brokers broker to determine fair market value of a security which did not ensure prices were fair and reasonable.
	10/14/2003	10/14/2003	No Product	Firm's system was not adequately designed to achieve compliance for short sales transactions. In a short sale, an investor sells a borrowed security in anticipation of a price decline so it can be bought back at a lower price to make a profit.

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	9/19/2003	9/19/2003	No Product	Firm failed to provide the routing firm new order reports submitted for wholesale orders received electronically from another reporting member.
	4/23/2003	7/11/2003	Callable CDs	Firm sold callable Certificates of Deposit (CDs) which were unsuitable for certain customers.
	4/21/2003	4/21/2003	No Product	Firm failed to submit information to Order Audit Trail System (OATS) on 27 business days.
	1/27/2003	3/27/2003	OTC Equities	Failed to transmit sale reports within 90 seconds after execution
	3/28/2003	3/28/2003	Other	Failed to accept or decline transactions within 20 minutes after execution
	1/26/1999	11/5/2001	OTC Equities	Firm's system incorrectly reported high yield corporate debt transactions.

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B	Disclosure Events Where Claim was Upheld			
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	7/25/2001	7/25/2001	Common Preferred Stock	Firm failed to obtain proper documentation on new issue offerings.
	1/1/1981	6/30/1981	Commodity Futures	Employees registration was suspended for unauthorized transferring of clients funds from their money market account to their commodities account to meet margin requirements in the commodities account.
	4/29/1991	4/24/1992	Options	Firm failed to supervise employee who was conducting unauthorized trades in customer's account.
	4/6/2000	4/6/2000	Municipal Refunding Bonds	Firm over charged for treasury securities purchased for escrow.
	2/11/2000	2/11/2000	OTC Equity	Firm accounted for more than 1% of the trading volume in certain securities and was therefore a market maker but failed to register as such within 10 days of the end of the quarter.

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	6/1/1985	6/1/1985	Options	Improperly purchased General Motors call options prior to issuance of a favorable research recommendation.
	8/1/1973	8/1/1973	No Product	Violation of Chicago Mercantile Exchange Rule which defines what constitutes an emergency
	12/1/1982	12/1/1982	Options	Violation of Chicago Board of Options Exchange (CBOE) Business Conduct Rules
	6/1/1981	6/1/1981	No Product	Purported violation of Exchange Rule to report trading positions
	6/1/1982	6/1/1982	No Product	Purported violation of American Stock Exchange rules on reporting requirements
	4/1/1985	4/1/1985	No Product	Position limit violations - highest number of options or futures contracts an investor is allowed based on trading volume and share quantity
	3/1/1986	3/1/1986	No Product	Failure to timely notify Chicago Board of Trade (CBOT) of employee's termination

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	10/1/1989	4/9/1990	No Product	Conduct was inconsistent with just and equitable principals of trade.
	9/1/1976	9/1/1976	Options	Allowed employee on CBOE floor without proper identification
	12/1/1982	12/1/1982	No Product	Violated fair practice rules
	5/1/1983	5/1/1983	No Product	Salesmen in the Atlanta office conducted transactions with Georgia residents without being registered in Georgia.
	6/1/1982	6/1/1982	No Product	Purported violation of Article X1 section 2(B) of Pacific Stock Exchange. This Exchange ceased operations in 2005. Additional information was not available.
	7/1/1985	7/1/1985	Options	Firm's trader on occasion traded options while in possession of information that a large block trade was imminent.

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B	Disclosure Events Where Claim was Upheld			
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	12/1/1991	12/1/1991	Other	Failed to report the termination of a registered rep within 30 days
	11/1/1988	11/1/1988	Municipal Debt	Failed to pay the underwriting assessment within 30 days of settlement
	6/1/1979	7/1/1979	No Product	Employee violated rules of fair practice
	3/1/1981	3/1/1981	No Product	Violated CBOE Business Conduct Rule
	10/1/1982	10/1/1982	No Product	Violated rules of fair practice
	8/1/1984	8/1/1984	Commodity Futures	Failure to properly record the correct half-hour bracket character for trades executed on the exchange floor
	10/1/1988	10/1/1988	Commodity Futures	Failed to properly time stamp order tickets

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	12/1/1981	12/1/1981	No Product	Four employees violated the Tennessee Code related to the regulation of broker-dealers, agents and advisors.
	4/1/1972	4/1/1972	No Product	Employees violated rules of fair practice.
	3/1/1981	3/1/1981	No Product	Failure to obtain prior approval from NASD to re-enter a quote
	6/29/1995	7/13/1995	Financial Futures	Failed to timely stamp and collect CBOT trading documents.
	12/1/1980	12/1/1980	No Product	Violation of SEC regulations that quarterly security counts to be made and rule regarding reserves and custody of securities, and NYSE rules regarding record keeping and compliance supervisors
	7/1/1980	7/1/1980	No Product	Failure to report volume on NASDAQ
	12/1/1982	12/1/1982	Common and Preferred Stock	Violated disclosure provision of Williams Act which defines the rules of acquisitions and tender offers



# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	3/1/1987	3/1/1987	Commodity Futures	Violated National Futures Association and Commodities Futures Trading Commission rules by carrying accounts that were unregistered commodity pool operators and trading advisors acting for pool investors
	7/1/1984	7/1/1984	No Product	Failure to timely renew registration for 2 reps in Hawaii
	7/1/1982	7/1/1982	Options	Violated CBOE rules regarding records, reports and audits
	8/1/1988	8/1/1988	Mutual Funds	Two employees failed to disclose breakpoint situation to customer
	12/1/1988	12/1/1988	Government Debt	Failed to deliver US Treasury note on a timely basis
	7/1/1976	7/1/1976	No Product	Failed to properly register an employee in New Jersey
	2/1/1984	2/1/1984	No Product	Violated excess spread rules

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	7/1/1979	7/1/1979	No Product	Failure to register an employee in New Jersey
	8/1/1983	8/1/1983	No Product	Free-riding and withholding violations - underwriter withholds part of a new securities issue and later sells it at a higher price
	10/1/1984	10/1/1984	No Product	Did not file reports timely with CBOT
	4/1/1981	4/1/1981	Commodity Futures	Violated Commodity Exchange Emergency Rule
	5/1/1981	5/1/1981	No Product	Failure to get prior approval from NASD to re-enter a quote
	8/1/1971	8/1/1971	No Product	Failure to obtain prior approval for an off-floor trade
	6/1/1983	6/1/1983	No Product	Violated position limits
	12/1/1978	12/1/1978	No Product	Failure to properly register employee in New Jersey
	1/1/1984	1/1/1984	No Product	Failed to supervise a broker

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B	Disclosure Events Where Claim was Upheld			
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	12/1/1991	12/1/1991	No Product	Failure to properly register an employee in the District of Columbia
	5/1/1984	5/1/1984	No Product	Failure to establish and maintain procedures for securing floor order forms on the CBOT exchange floor
	12/1/1982	12/1/1982	No Product	Violated rules of fair practice
	3/1/1971	3/1/1971	No Product	Failed to supervise a former broker and office cashier
	11/1/1979	11/1/1979	No Product	Permitted an unregistered rep to transact business in Florida
	12/1/1983	12/1/1983	No Product	Failed to report NASDAQ volume
	9/1/1981	9/1/1981	No Product	Failed to meet Georgia registration requirements

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	7/1/1984	7/1/1984	No Product	Failure to register a rep who effected trades with residents of Tennessee
	12/1/1980	12/1/1980	No Product	Failure to report volume on NASDAQ
	12/1/1981	12/1/1981	No Product	Failure to adequately supervise a former branch manager
	2/7/1986	2/7/1986	No Product	Violated rules of fair practice
	3/1/1976	3/1/1976	No Product	Failure to exercise reasonable supervision over an employee
	3/1/1986	3/1/1986	Fixed Annuities	Violated Virginia code in connection with the marketing of single premium deferred annuities
	1/1/1971	1/1/1971	No Product	Violation of free riding and withholding rules
	4/1/1979	4/1/1979	Options	Violation of exchange position limits

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	1/1/1969	1/1/1969	No Product	Failure to properly supervise a former broker
	8/1/1988	9/30/1991	No Product	Two employees conducted business in Connecticut without being registered
	12/1/1981	12/1/1981	No Product	Two former branch managers violated rules of fair practice
	10/1/1988	10/1/1988	Commodity Futures	Failed to adequately supervise floor brokers trading activity
	3/1/1985	3/1/1985	Common and Preferred Stock	Failed to make immediate notification of a stock transfer to COMEX (Commodity Exchange merged with NY Mercantile Exchange) clearing associations
	10/21/1998	10/21/1998	No Product	Failed to record orders correctly, to provide written notification to customer, and to obtain the most favorable price possible

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B	Disclosure Events Where Claim was Upheld			
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	5/20/1988	3/27/1990	Other	Employee made unsuitable recommendation to client
	5/20/1988	3/27/1990	Mutual Funds	Failed to supervise a registered rep
	2/1/1986	2/1/1986	No Product	Failure to maintain commodity futures records
	9/23/1985	9/23/1985	Commodity Options	Failed to adequately disclose the risks of commodity futures to client
	6/29/2007	10/4/2007	Other	Failed to ensure the delivery of prospectus for certain transactions
	1/11/2006	1/11/2006	Mutual Funds	Firm failed to supervise brokers in New Jersey who, with their clients, engaged in deceptive market timing
	7/7/2004	7/7/2004	Sales Literature	Firm sent sales literature to customers which included targeted return rate without providing a sound basis so investors could evaluate it

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B	Disclosure Events Where Claim was Upheld			
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	10/14/2003	10/14/2003	No Product	Firm's system was not adequately designed to achieve compliance for short sales transactions
	1/1/1992	1/1/1992	Options	Position limit violation
	9/1/1982	9/1/1982	No Product	Violated rules of fair practice
	3/1/1991	3/1/1991	No Product	Position limit violation
	1/11/1988	10/1/1988	Commodity Futures	Failed to properly time stamp floor order ticket
	7/1/1972	7/1/1972	No Product	Failure to report volume on NASDAQ
	5/1/1985	5/1/1985	Commodity Futures	Violated clearing rule 703 to maintain liquid assets in its clearing account and coffee "C" rule regarding warehouse procedures and recordkeeping for the storage of exchange coffee.
	11/1/1988	11/1/1988	Options	Two brokers fined for unauthorized trading and failing to properly maintain records

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B	Disclosure Events Where Claim was Upheld			
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	7/31/1991	7/31/1991	Commodity Futures	Unauthorized trading in customer's account
	12/30/1992	9/12/1997	No Product	Unregistered investment advisory activities
	2/4/1999	2/4/1999	No Product	Failed to ensure that certain employees were properly registered
	11/24/1997	11/24/1997	No Product	Failed to execute 2 customer limit orders and failed to time stamp 3 order tickets
	6/10/1997	6/10/1997	OTC Equities	Violated passive market-making rule by entering a bid that was the highest independent bid
	3/20/1990	3/20/1990	No Product	Failed to supervise a registered rep
	2/8/1996	3/29/1999	No Product	Employed 2 unregistered investment advisors in Maryland
	7/29/1987	7/29/1987	OTC Equities	Failed to report NASDAQ volume



# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	7/23/1985	2/20/1986	No Product	Failure to report a transaction to NASDAQ
	6/1/1972	6/1/1972	No Product	Failure to report volume on NASDAQ
	11/1/1977	11/1/1977	No Product	Failed to register an employee as a registered principal
	5/1/1983	5/1/1983	No Product	Violated rules of fair practice
	7/13/1994	10/25/1995	No Product	Firm incorrectly entered orders
	5/24/1994	5/24/1994	No Product	Failed to file audited financials timely
	11/1/1985	11/1/1985	No Product	Violated NASD free-riding and withholding interpretation
	11/23/1994	4/19/1994	OTC Equities	Entered NASDAQ quote containing excess spreads
	10/25/1993	10/25/1993	No Product	Registered rep was not properly registered in Maryland at all relevant times

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	3/31/1993	7/7/1993	OTC Equities	Entered quotes into NASDAQ containing excess spreads
	3/5/1993	3/5/1993	No Product	Unauthorized activity in customers' accounts and failed to keep accurate records
	11/18/1991	1/10/1992	No Product	Failure to supervise registered reps who made unsuitable purchases in customer's accounts
	1/16/1992	1/16/1992	Government Debt	Violated SEC rule regarding the distribution of government sponsored enterprises debt
	12/9/1991	12/9/1991	No Product	Employee that was terminated had solicited personal loans from clients
	6/27/1991	6/27/1991	Other	Failed to file an accurate U5 Form used by broker-dealers to terminate an individual's registration with the Securities and Exchange Commission (SEC). Did not indicate there was a customer complaint against a terminated employee.

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B	Disclosure Events Where Claim was Upheld			
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	9/11/1990	9/11/1990	No Product	Unlicensed agent sold securities in Idaho
	7/20/1989	7/17/1990	Other	Failed to supervise an employee who conducted unsuitable transactions in customer's account
	10/3/1986	1/27/1988	No Product	Failed to supervise registered rep
	12/7/1989	4/23/1990	OTC Equities	Entered quotes into NASDAQ with excess spreads
	11/24/1989	11/24/1989	Other	Firm did not promptly report to the NYSE that a claim by a customer was settled for an amount exceeding \$5,000
	3/23/1989	7/17/1990	Other	Failure to supervise registered rep in unsuitable transactions for a client
	1/1/1998	1/31/1998	No Product	Two employees were not properly registered in Connecticut
	10/6/1988	10/6/1988	Mutual Funds	Failed to notify customer of a breakpoint discount

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

B Disclosure Events Where Claim was Upheld				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	11/17/1988	11/17/1988	Municipal Debt	As an underwriter, failed to pay underwriting assessment to Municipal Securities Rulemaking Board (MSRB) within 30 calendar days of settlement date and to settle with syndicate within 60 days
	6/1/1985	6/1/1985	No Product	Did not promptly respond to a request from NASD for information and documents related to an investigation
	3/1/1988	3/1/1988	Options	Employee issued sales literature that did not adequately explain the risks of index option trading
	1//1989	1/1/1989	Municipal Debt	Allowed a newspaper ad to run that was not in conformity with MSRB rules
	6/29/1987	11/24/1987	OTC Equities	Failed to report NASDAQ volume
	8/1/1984	8/1/1984	No Product	Failed to supervise broker in connection with unsuitable transactions in client's account
	1/1/1984	1/1/1984	No Product	Violated free-riding and withholding interpretation

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
11/3/2014	11/3/2014	Non-Investment Grade "Junk" Bonds	Firm sold Puerto Rico non-investment grade bonds to customers in amounts below the retail minimum denominations. Maximum denominations are intended to limit sales of municipal securities to retail customers for whom such bonds may not be suitable. There are some exceptions, but it did not apply in this instance.
12/16/2013	12/16/2013	Options	Firm had a programming error that resulted in inaccurate reporting for option trades. Firm failed to maintain adequate system of supervisory procedures and monitoring.
11/19/2013	11/19/2013	Municipal TRACE-Eligible Agency and Corporate Debt Securities	Firm failed to report Trade Reporting Compliance Engine (TRACE) eligible securities within 15 minutes of execution.

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
10/29/2013	10/29/2013	Private Equity Funds	Firm failed to supervise a registered rep who made recommendations to a client that was inconsistent with the investment policy maintained by the client.
6/1/2012	6/1/2012	Equities	Firm had a fail to deliver position in an equity short sale.
5/1/2012	5/1/2012	Exchange-Traded Funds (ETFs)	Firm failed to supervise and provide written procedures on the sale of ETFs. These were unsuitable for certain retail customers.
6/24/2008	3/7/2012	Auction Rate Securities (ARS)	Failure to supervise the sale of ARS
2/22/2012	2/22/2012	Structured Notes	Failure to reasonable supervise the sale of structured products issued by Lehman Brothers
6/24/2008	2/10/2012	ARS	Failure to supervise the sale of ARS in North Carolina

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
5/22/2008	10/26/2011	ARS	Same as above in New Hampshire
9/30/2011	9/30/2011	Municipal Bonds	Firm failed to supervise cross trading of municipal bonds by retail customers where they are on both sides as buyer and seller.
9/20/2011	9/20/2011	TRACE-Eligible Securities	Firm failed to report TRACE-eligible transaction within 15 minutes of execution
4/10/2008	9/10/2010	ARS	Failure to supervise the sale of ARS in Nevada
6/11/2008	8/16/2011	ARS	Same as above in Kansas
6/17/2008	8/19/2011	ARS	Same as above in Minnesota
12/8/2010	12/8/2010	ARS	Same as above in Oklahoma
7/22/2008	9/24/2010	ARS	Same as above in South Carolina
8/6/2008	5/25/2010	ARS	Same as above in Rhode Island

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
8/1/2008	12/14/2010	ARS	Same as above in Alaska
7/22/2008	8/10/2011	ARS	Same as above in West Virginia
8/7/2008	6/1/2010	ARS	Same as above in the Virgin Islands
7/22/2008	12/8/2010	ARS	Same as above in Texas
7/22/2008	5/17/2010	ARS	Same as above in Tennessee
7/22/2008	6/25/2010	ARS	Same as above in Puerto Rico
7/22/2008	4/27/2010	ARS	Same as above in New Mexico
7/22/2008	7/8/2010	ARS	Same as above in Nebraska
7/22/2008	7/7/2010	ARS	Same as above in Mississippi



# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

C	Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings			
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	7/22/2008	5/13/2010	ARS	Same as above in Michigan
	11/4/2010	11/5/2010	ARS	Same as above in Florida
	7/22/2008	11/16/2010	ARS	Same as above in Arkansas
	7/7/2011	7/7/2011	ARS	Same as above in District of Columbia
	9/21/2009	6/9/2011	Private Equity Funds	Claim that private equity funds were unsuitable for client
	11/14/2008	3/14/2011	ARS	Failure to supervise the sale of ARS in Maryland
	5/26/2011	5/26/2011	ARS	Same as above in Utah
	5/4/2011	5/6/2011	Municipal Bond Reinvestment	The temporary investment of bond proceeds made use of improper investment products

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
7/22/2008	4/13/2011	ARS	Failure to supervise the sale of ARS in Ohio
4/11/2011	4/11/2011	Structured Products	Firm sold principal protection notes issued by Lehman Brothers that were unsuitable for certain investors. Firm failed to provide adequate supervision and training to those selling the products.
5/27/2010	5/27/2010	ARS	Failure to supervise the sale of ARS in Washington
2/15/2011	2/15/2011	ARS	Same as above in Pennsylvania
10/6/2010	10/6/2010	ARS	Same as above in Oregon
5/27/2010	2/3/2011	ARS	Same as above in New Jersey
1/5/2011	1/5/2011	Corporate Debt	Firm failed to get as favorable as possible pricing for a client.

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
5/7/2008	7/8/2010	ARS	Failure to supervise the sale of ARS in Maine
7/22/2008	7/7/2010	ARS	Same as above in Iowa
5/21/2010	11/3/2010	ARS	Same as above in Georgia
11/3/2010	11/3/2010	No Product	Employees acted as principles or representatives without the requisite registration
7/22/2008	7/1/2010	ARS	Failure to supervise the sale of ARS in Delaware
9/29/2010	9/29/2010	Fully Paid Securities Lending	Firm failed to supervise and maintain written procedures for the fully paid lending process where customers lent securities to the firm to cover short sales by other customers

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings				
	<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
	5/26/2012	5/26/2010	ARS	Failed to supervise the sale of ARS in Connecticut
	6/2/2008	6/21/2010	ARS	Same as above in Alabama
	7/31/2008	5/19/2010	ARS	Same as above in Virginia
	7/22/2008	5/6/2010	ARS	Same as above in South Dakota
	7/22/2008	5/7/2010	ARS	Same as above in Montana
	7/22/2008	4/26/2010	ARS	Same as above in North Dakota
	7/1/2010	7/1/2010	Municipal Debt	An agent charged a customer a fee that was considered in excess of a fair and reasonable amount

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
7/22/2008	5/6/2010	ARS	Failure to supervise the sale of ARS in Louisiana
6/6/2008	4/27/2010	ARS	Same as above in Kentucky
7/22/2008	4/23/2010	ARS	Same as above in Indiana
5/20/2008	4/27/2010	ARS	Same as above in Idaho
7/22/2008	5/9/2010	ARS	Same as above in Colorado
7/22/2008	4/23/2010	ARS	Same as above in California
7/22/2008	5/17/2010	ARS	Same as above in Arizona
5/13/2010	5/13/2010	ARS	Same as above in Missouri
7/22/2008	3/4/2010	ARS	Same as above in Texas

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
1/20/2010	1/20/2010	No Product	Firm failed to get the most favorable price for a customer
5/11/2009	5/20/2009	Variable Annuity	Firm failed to supervise registered reps who made unsuitable recommendations to clients
6/3/2009	8/22/2011	Lehman Structured Products	Firm sold Lehman Structured products that were unsuitable for certain clients
6/26/2009	6/26/2009	Closed End Funds (CEFs)	Firm did not have a system in place to detect short term trading in CEFs that were most suitable for long term investment
6/16/2009	6/16/2009	No Product	Firm transmitted to OATS reportable events that were rejected for context or syntax errors.
4/6/2009	4/6/2009	Trace-Eligible Securities	Firm failed to report trace transactions within 15 minutes of execution

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
6/26/2008	10/2/2008	ARS	Firm failed to supervise the sale of ARS in Massachusetts
2/28/2008	2/28/2008	Mutual Funds	Firms registered reps sold Class B and C mutual fund shares to customers while Class A shares would have been more advantageous.
2/26/2008	2/26/2008	Other	Firm failed to get the most favorable price for customer. The tickets for short sales were not properly marked.
12/3/2007	12/3/2007	Common & Preferred Stock and Mutual Funds	Firm failed to supervise two registered reps who unsuitably invested customers funds in Missouri
10/24/2001	10/24/2007	No Product	Firm did not file certain amendments to SEC registration form U4 and termination form U5 on a timely basis and did not have adequate supervisory systems in place
9/7/2007	9/7/2007	Other	Firm failed to get as favorable as possible prices for certain customers

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
4/16/2007	4/16/2007	Mutual Funds and Variable Insurance Products	Firm failed to implement adequate controls over market timing
2/1/2007	2/13/2007	No Products	Failure to supervise a financial advisor and to maintain certain books and records
11/3/2006	11/3/2006	Preferred Securities	Failed to obtain the most favorable pricing as possible for customers
5/30/2006	8/2/2006	Other	Firm was deficient in records keeping, supervision and review of customer accounts
11/15/2005	11/15/2005	Other	Firm failed to confirm a trade within 20 minutes after execution
5/6/2005	5/6/2005	Futures	Firm made unsuitable recommendations to customers in its futures fund and failed to maintain related records



# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
2/25/2005	3/7/2005	CD	Firm provided inaccurate information regarding the features of callable CDs
10/15/2004	10/15/2004	Other	Firm failed to obtain the most favorable price possible for customer
12/10/2003	12/10/2003	Research	Firm's research analyst had a conflict of interest in issuing reports used by Missouri customers
3/19/2004	3/19/2004	Research	Same as above Iowa
9/10/2003	9/10/2003	Research	Same as above North Dakota
9/5/2003	9/5/2003	Research	Same as above Utah
2/20/2004	2/20/2004	Research	Same as above New Hampshire
12/15/2003	12/15/2003	Research	Same as above California

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
2/21/2004	2/21/2004	Research	Same as above North Carolina
2/23/2004	2/23/2004	Research	Same as above New Mexico
12/29/2003	12/29/2003	Research	Same as above West Virginia
12/17/2003	12/17/2003	Research	Same as above Nebraska
12/26/2003	12/26/2003	Research	Same as above Ohio
11/21/2003	11/21/2003	Research	Same as above Montana
12/30/2003	12/30/2003	Research	Same as above Pennsylvania
2/12/2004	2/12/2004	Mutual Funds	Firm failed to provide breakpoint discounts to customers
11/24/2003	11/24/2003	No Product	Firm failed to supervise a former broker in Massachusetts

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
11/14/2003	11/14/2003	Research	Firm's research analyst had a conflict of interest in issuing reports used by Virginia customers
11/5/2003	11/5/2003	Research	Same as above South Dakota
11/12/2003	11/12/2003	Research	Same as above Nevada
10/13/2003	10/13/2003	Research	Same as above Minnesota
11/21/2003	11/21/2003	Research	Same as above Maryland
11/19/2003	11/19/2003	Research	Same as above District of Columbia
10/9/2003	10/9/2003	Research	Same as above Wisconsin
10/8/2003	10/8/2003	Research	Same as above Massachusetts
10/9/2003	10/9/2003	Research	Same as above Kansas

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
10/8/2003	10/8/2003	Research	Same as above Indiana
9/29/2003	9/29/2003	Research	Same as above Alaska
9/29/2003	9/29/2003	Research	Same as above Tennessee
9/18/2003	9/18/2003	Research	Same as above Colorado
9/8/2003	9/8/2003	Research	Same as above New Jersey
9/29/2003	9/29/2003	Research	Same as above Puerto Rico
7/24/2003	9/29/2003	Research	Same as above Oregon
9/22/2003	9/22/2003	Research	Same as above Washington
9/23/2003	9/23/2003	Research	Same as above Vermont

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
9/22/2003	9/22/2003	Research	Same as above Rhode Island
9/18/2003	9/18/2003	Research	Same as above Mississippi
9/11/2003	9/11/2003	Research	Same as above Michigan
9/25/2003	9/25/2003	Research	Same as above Georgia
9/19/2003	9/19/2003	Research	Same as above Florida
9/9/2003	9/9/2003	Research	Same as above Wyoming
9/10/2003	9/10/2003	Research	Same as above Hawaii
9/11/2003	9/11/2003	Research	Same as above Delaware
9/17/2003	9/17/2003	Research	Same as above Texas

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
8/14/2003	8/14/2003	Research	Same as above Arkansas
8/25/2003	8/25/2003	Research	Same as above Maine
8/22/2003	8/22/2003	Research	Same as above Idaho
8/21/2003	8/21/2003	Research	Same as above Kentucky
8/21/2003	8/21/2003	Research	Same as above New York
8/21/2003	8/21/2003	Research	Same as above Alabama
8/20/2003	8/20/2003	No Product	Firm failed to supervise a former registered rep
4/28/2003	4/28/2003	Research	Firm's research analyst had a conflict of interest in issuing reports used by Arizona customers
4/28/2003	4/28/2003	Research	Same as above Oklahoma

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
4/28/2003	4/28/2003	Research	Same as above Illinois
4/28/2003	4/28/2003	Research	Same as above Connecticut
10/28/1999	1/24/2000	No Product	Firm caused a locked or crossed market condition when it failed to display customer limit orders. Crossed market is where bid price of a security exceeds ask price.
12/1/1985	12/1/1985	Options	Firm permitted a single client to exceed position limits in option transactions
5/1/1991	6/28/1991	Financial Futures	Firm accepted contemporaneous buy and sell orders for the same customer account in S & P stock index futures
3/13/1996	3/15/1996	No Product	Failure to reasonably supervise 3 former investment executives in Puerto Rico
10/8/1990	6/1/1991	No Product	2 employees did not follow Chicago Mercantile Exchange procedure in resolving an error

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
8/1/1991	8/1/1991	No Product	Firm did not amend form U5 timely to disclose that the terminated employee was under investigation
8/15/1991	5/21/1992	No Product	Failed to follow CBOT rules
6/1/1991	10/29/1991	No Product	Failed to record the specific accounts for orders prior to execution
2/1/1989	2/1/1989	Commodity Options	Firm and employee violated commodity exchange rules
9/1/1991	9/1/1991	No Product	Three brokers were rendering investment advisory services in Oklahoma without being registered as investment advisors
6/1/1991	9/26/1991	Commodity Futures	Firm transacted business with parties that were not registered with the commodity futures trading commission



# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
4/1/1996	4/29/1996	Public Proprietary Direct Investment (PPDI)	Failed to supervise registered reps in the sales of PPDI in Massachusetts. Usually the purpose of a direct investment is to gain control of a company.
4/1/1996	4/26/1996	PPDI	Same as above in Wyoming
6/1/1996	6/20/1996	PPDI	Same as above in New York
4/1/1996	4/26/1996	PPDI	Same as above in Nebraska
5/1/1996	5/14/1996	PPDI	Same as above in Georgia
10/1/1996	10/23/1996	PPDI	Same as above in Kentucky
11/1/1996	11/19/1996	PPDI	Same as above in Maryland

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
5/1/1996	5/9/1996	Public Proprietary Direct Investment (PPDI)	Same as above New Jersey
4/1/1996	4/26/1996	PPDI	Same as above Maine
5/1/1997	5/29/1997	PPDI	Same as above Michigan
5/1/1996	5/29/1996	PPDI	Same as above Nevada
5/1/1996	5/1/1996	PPDI	Same as above South Carolina
4/1/1996	4/25/1996	PPDI	Same as above Oklahoma
4/1/1996	4/26/1996	PPDI	Same as above West Virginia
5/1/1996	5/2/1996	PPDI	Same as above District of Columbia

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
4/1/1996	4/29/1996	Public Proprietary Direct Investment (PPDI)	Same as above Indiana
10/1/1996	10/2/1996	PPDI	Same as above Puerto Rico
4/1/1996	4/26/1996	PPDI	Same as above Washington
4/1/1996	4/25/1996	PPDI	Same as above Delaware
4/1/1996	4/26/1996	PPDI	Same as above New Hampshire
6/1/1996	6/18/1996	PPDI	Same as above Colorado
4/26/1996	4/26/1996	PPDI	Same as above North Dakota
4/1/1996	4/29/1996	PPDI	Same as above Hawaii

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
12/1/1996	12/16/1996	Public Proprietary Direct Investment (PPDI)	Same as above Louisiana
4/1/1996	4/26/1996	PPDI	Same as above Mississippi
5/1/1996	5/24/1996	PPDI	Same as above Idaho
4/1/1996	4/25/1996	PPDI	Same as above Iowa
4/1/1996	4/29/1996	PPDI	Same as above North Carolina
6/1/1996	6/7/1996	PPDI	Same as above New Mexico
5/1/1996	5/14/1996	PPDI	Same as above Montana
4/1/1996	4/25/1996	PPDI	Same as above Arkansas
8/1/1996	8/16/1996	PPDI	Same as above Tennessee

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
4/1/1996	4/26/1996	Public Proprietary Direct Investment (PPDI)	Same as above Alaska
5/1/1996	5/20/1996	PPDI	Same as above Arizona
2/1/1993	2/18/1993	No Product	Failed to reasonably supervise reps engaged in sales practice abuse
5/1/1996	5/13/1996	PPDI	Failed to reasonably supervise reps in the sale of direct investments in Virginia
6/1/1996	6/6/1996	PPDI	Same as above Utah
12/1/1990	12/1/1990	No Product	Firm did not enforce proper floor procedures on the CBOT
9/1/1991	9/1/1991	No Product	Investment advisor's registration expired and he continue to transact business in Virginia

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
3/10/1989	3/10/1989	Commodity Futures	Failure to maintain and produce trading records and to adequately supervise members
1/1/1996	1/17/1996	PPDI	Failed to reasonably supervise reps
1/11/1999	1/11/1999	Common and Preferred Stock	Market making activities violated securities law
8/19/1998	12/4/1998	No Product	Failed to file U5 reports and amendments and other reportable matters including customer complaints
10/14/1998	11/23/1998	No Product	Filed U4 and U5 form that had mistakes
8/7/1998	8/7/1998	Call Options	Firm advised CBOE it was going to exercise call option on behalf of client and failed to send advisement to CBOE that transaction was cancelled
12/15/1997	12/15/1997	Municipal Debt	Acting as sole managing underwriter firm failed to timely submit official statement and other documents to MSRB

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
6/11/1996	6/18/1996	Public Proprietary Direct Investment (PPDI)	Firm failed to supervise registered reps in the sale of direct investments to customers in South Dakota
12/14/1994	12/14/1994	No Product	Employee in Michigan was unregistered
4/1/1992	4/1/1992	No Product	Unsuitability and unauthorized trading by a registered rep in Indiana
10/16/1996	5/12/1997	No Product	Computer entry error caused certain orders to be improperly coded as customer order
8/21/1996	8/21/1996	PPDI	Failed to supervise registered reps in sale of PPDI investments in Minnesota
7/23/1996	7/23/1996	PPDI	Same as above Missouri
4/24/1996	4/24/1996	PPDI	Same as above Oregon
6/14/1996	6/14/1996	PPDI	Same as above Florida

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
8/1/1996	8/2/1996	Public Proprietary Direct Investment (PPDI)	Same as above Wisconsin
9/20/1996	9/20/1996	No Product	Hired 4 employees who were not registered
8/1/1996	8/26/1996	PPDI	Failed to supervise registered reps selling direct investments in California
6/26/1996	6/26/1996	PPDI	Same as above Illinois
6/1/1996	6/13/1996	PPDI	Same as above Ohio
6/1/1996	6/18/1996	PPDI	Same as above Connecticut
6/7/1996	6/7/1996	PPDI	Same as above Rhode Island



# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
5/9/1996	5/9/1996	Public Proprietary Direct Investment (PPDI)	Same as above Pennsylvania
11/15/1995	5/1/1997	No Product	Failed to execute 4 transactions
7/24/1995	10/31/1995	No Product	Incorrectly entered orders
9/27/1995	9/27/1995	PPDI	Failure to supervise registered reps selling PPDI investments in Vermont
4/19/1996	4/19/1996	PPDI	Same as above Kansas
4/19/1996	4/29/1996	PPDI	Same as above Alabama
4/22/1996	4/22/1996	PPDI	Same as above Texas
2/1/1996	2/20/1996	No Product	Operated 2 branch offices in Florida that were not licensed

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
1/30/1986	3/11/1987	Other	Firm violated National Futures Association requirements
12/1/1980	12/1/1980	No Product	Failure to meet net capital requirements, to notify the SEC and maintain proper records
1/30/1995	5/25/1995	No Product	Violated CBOE rule by crossing orders
2/17/1994	11/8/1994	OTC Equities	In connection with its passive market making activities, firm failed to reduce its bid on a security as required under SEC rules
4/1/1994	4/12/1994	No Product	Failure to pre-file advertisement and include pertinent language in the advertisement
2/1/1994	2/1/1994	No Product	Trading activity in Alabama office violated regulations
1/1/1994	1/1/1994	No Product	Failed to supervise 2 registered reps

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
12/28/1993	12/28/1993	No Product	Registered reps used sales literature that had not been properly reviewed and approved
6/1/1993	8/1/1993	OTC Equities	Entered quotes in NASDAQ system that were not reasonably related to the prevailing market
7/12/1993	7/12/1993	No Product	Failed to respond to customer complaints timely and to the amendments to U4 and U5 forms
2/18/1993	2/18/1993	Not Available	Failure to supervise registered reps who engaged in unauthorized customer account transactions, obtained loans from customers and misappropriated funds
2/1/1992	2/1/1992	OTC Equities	Firm was a market maker in the stock of a company and backed away from a market quote which it displayed on NASDAQ system
2/28/1992	2/28/1992	No Product	Firm operated as an unregistered investment advisor in Alabama

# UBS Financial Services FINRA Broker Check Report As of December 8, 2014

## C Disclosure Events Where Firm Paid Fine Without Admitting or Denying the Findings

<u>Date Initiated</u>	<u>Date Resolved</u>	<u>Product Type</u>	<u>Description</u>
1/2/1991	1/2/1991	No Product	Unregistered agent sold securities in Virginia
4/25/1989	4/25/1989	Options	Firm exceeded position limits
6/30/1989	6/30/1989	No Product	Failed to supervise a sales rep engaged in excessive trading activity
1/27/1989	1/27/1989	Options	Failed to supervise the options activity of a former registered rep
6/7/1985	6/7/1985	Common Preferred Stock	Firm held stock and option positions in a company shortly before it issued a researched report
3/11/1988	3/7/1985	Government Debt	Firm charged excessive markups and markdowns on the purchase and sale of US Treasury STRIPs



Orange County Fire Authority  
**AGENDA STAFF REPORT**

Board of Directors Meeting  
March 19, 2015

Agenda Item No. 4A  
Discussion Calendar

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**March 2015 Legislative Update**

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**Contact(s) for Further Information**

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Jay Barkman, Legislative Analyst	<a href="mailto:jaybarkman@ocfa.org">jaybarkman@ocfa.org</a>	714.573.6048

**Summary**

This item is regularly submitted to the Executive Committee to review and approve OCFA legislative positions.

**Prior Board/Committee Action**

Not Applicable.

**Recommended Action(s)**

Review and adopt the proposed recommended legislative positions.

**Impact to Cities/County**

Specific impacts are discussed under each bill.

**Fiscal Impact**

Specific impacts are discussed under each bill.

**Background**

Attached is a list of bills identified by OCFA staff and our lobbyist that may impact OCFA with recommended positions. Overall staff has identified to date 83 bills for tracking that will be further reviewed and discussed internally for possible consideration of official positions. The bill introduction deadline typically results in hundreds if not thousands of bills introduced over a few days, many in "spot bill" or draft form awaiting further language. Staff will seek out further information from bill authors and sponsors on those initial bills identified for review. As bills are amended they will also be reviewed.

**Attachment(s)** (These reports will be sent under separate cover.)

1. Legislative Bill Report
2. State Lobbyist Report
3. Federal Lobbyist Report

## Background

### **San Clemente Hospital (Saddleback Memorial Medical Center)**

#### **AB 911 (Brough)**

**Subject: San Clemente Hospital**

**Recommended Position: Monitor**

**Summary:**

AB 911, (a companion bill to SB 787), was introduced by Assemblyman William Brough (R-Dana Point) to address the potential closure of Saddleback Memorial Medical Center, San Clemente (San Clemente Hospital). Both bills seek to allow the hospital to operate a stand-alone emergency room. These bills would require public hearings in advance of any San Clemente Hospital closure. The proposed legislation would also allow San Clemente Hospital to continue to provide emergency care under its existent license regardless of the change in service delivery model.

#### **SB 787 (Bates)**

**Subject: San Clemente Hospital**

**Recommended Position: Monitor**

**Summary:**

This bill is a companion bill to AB 911 introduced by Senator Pat Bates (R-Laguna Niguel) to address the potential closure of Saddleback Memorial Medical Center, San Clemente (San Clemente Hospital). Both bills seek to allow the hospital to operate a stand-alone emergency room. The bills would require public hearings in advance of any San Clemente Hospital closure. The proposed legislation would also allow San Clemente Hospital to continue to provide emergency care under its existent license regardless of the change in service delivery model. Staff met with Senator Bates's office and was informed that both bills are being coordinated and will most likely be amended at a future date. If additional information or amendments are made we will request our lobbyist to include that information in their status report to be shared with Directors.

OCFA met with Senator Bates staff and was informed that both bills are being coordinated and will most likely be amended at a future date. If additional information or amendments are made OCFA will request our lobbyist to include that information in their status report to Directors.

#### **AB 579 (Oberholte)**

**Subject: Health Facilities, Location**

**Recommended Position: Monitor**

**Summary:**

This bill allows stand-alone emergency rooms to be licensed under a hospital's single consolidated license provided it is not in excess of 15 miles away. Initial information received by staff is the California Hospital Association may in support of this this bill and in discussions of stand-alone emergency rooms.

Staff recommends this bill, as well as AB 911 (Brough) and SB 787 (Bates), be monitored pending amendments and further review. All three bills could set statewide standards on stand-alone emergency rooms, which could affect the San Clemente Hospital and others.

## Search and Rescue

### **AB 896 (Wagner)**

**Subject: Search and Rescue - Recovery of Costs**

**Recommended Position: Support**

**Summary:**

AB 896 was previously co-sponsored in 2014 by OCFA with the County of Orange and carried by Assemblyman Wagner as AB 2151. This year's bill is identical and states:

1. A county or city that conducts a search or rescue of one of its residents may in turn seek reimbursement for the actual costs incurred from that resident provided it necessitated the use of extraordinary methods.
2. Reimbursement is capped at \$12,000 unless the search was needed due to criminal violations punishable as a felony.
3. Counties must adopt an ordinance to implement this process and cannot collect from those they determine are unable to pay.

AB 2151(Wagner) passed with overwhelming support in 2014 but was unfortunately vetoed by Governor Brown. In his veto message he stated:

*“While I agree with the author's intent to discourage unlawful actions that can place persons and rescue personnel in danger, this bill contains vague language that may create an incentive for counties to abuse the authority granted by this bill. Current law already allows counties to recover costs for search and rescue through a civil lawsuit if they can prove "gross negligence" on behalf of the rescued individual. This bill would allow counties to bypass that due process completely and serve an individual with a bill for up to \$12,000. I encourage the author to craft a bill that strikes the right balance between appropriate due process and cost recovery for reckless misconduct.”*

The OCFA could incur significant costs for search and rescue, but currently our policy for restitution is limited to fires. Specifically, those fires where our arson investigators can show negligence or violations of law under specified conditions. The OCFA policy applies to incidents where costs exceed \$25,000. If this bill were passed, OCFA would need to revise its current policy to take advantage of the increased reimbursement authority allowed under the bill.

OCFA was informed by Assemblyman Wagner's staff that they plan to proceed with the bill in substantially similar form as last year's AB 2151. They believe the Governor's concerns may not require amendments, but simply further clarification with his office. They expressed willingness to make minor amendments and are open to any offered.

## State Responsibility Area

### AB 203 (Oberholte)

**Subject: State Responsibility Area (SRA) Fee- Extension of time for redetermination**

**Recommended Position: Support**

**Summary:**

AB 203 extends from 30 days to 60 days the time for property owners to pay and also petition for a redetermination that their property falls under the SRA Fee. The bill will provide more time for property owners, especially those in OCFA's jurisdiction, to research the redetermination process and claim credits they are due. For example, a discount of \$35 is offered to those who can show they are protected by another local fire agency or district, such as OCFA. The extension will not impact revenues or state reimbursements.

### AB 301 (Bigelow)

**Subject: State Responsibility Area Fee**

**Recommended Position: Support**

**Summary:**

AB 301 requires the SRA fee to be prorated for property owners who own during only a part of the year. This bill would provide increased fairness to residents paying an SRA fee as a result of purchasing a new home in the SRA prior to the fee being billed. The bill may also benefit owners of vacation and other rental properties, such as time shares, by reducing their fee to only their share for the applicable time period.

## Administrative/Employee Issues

### AB 67 (Gonzalez)

**Subject: Double Pay on Holidays**

**Recommended Position: Monitor**

**Summary:**

AB 67 requires that employees be paid double their regular rate of pay if they work on a "family holiday" as defined by the bill. Specifically, the bill states that a "family holiday" is either December 25 or the fourth Thursday of November. The bill exempts employees covered by a valid collective bargaining agreement.

The bill would apply to private and public employers, including the state, political subdivisions and municipalities. OCFA staff has reviewed language in the bill to ensure that it would not impact OCFA employees since they are covered under valid collective bargaining agreements. The bill will be monitored for future amendments that may require additional analysis.

### AB 295 (Gipson)

**Subject: Public employee organizations**

**Recommended Position: Oppose**

**Summary:**

Ab 295 requires local agencies that assume the employees and duties of a private EMS transport provider to immediately recognize those employees as a separate bargaining unit. While it is not common, or even likely this situation will arise, the concern is that this legislation would interfere with current public employee practices. Typically, if a local agency were to "assume" the service of either of another local or private entity, the conditions of that transfer would be



negotiated or administered to reduce impact on services. For example, as in the case of Santa Ana, its merger was discussed with the Board of Directors, City Council, OCFA, and city management along with represented employee groups from both agencies to facilitate a transition of Santa Ana employees into OCFA. This bill could supersede that process and not to the benefit of either organization or current and new employees.

## **Public Education**

### **AB 299 (Brown)**

**Subject: Drowning - Reporting**

**Recommended Position: Support with amendments**

#### **Summary:**

AB 299 requires the State Department of Public Health to create an incident reporting form to be used by local law and fire agencies in reporting drowning and near drowning incidents. The ability to report this information already exists at the local level. Staff recommends the bill be “supported if amended” to ensure the reporting form or capabilities are compliant with National EMS Incident System (NEMSIS) reporting standards.

With the growing use of electronic reporting and data gathering it is important to ensure information can be shared and gathered in a format that allows for use across various platforms and applications. Complying with NEMSIS will ensure any form or data gathered is usable across local, state and federal agencies and the various information technology systems used by each agency.



**TO:** Jay Barkman  
Orange County Fire Authority

**FROM:** Jim Gross and John Moffatt

**DATE:** March 19, 2015

**RE:** January/February/March Legislative Activity Report

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On January 5, the Legislature reconvened to begin the 2015/2016 Legislative session in earnest. Several significant events take place in the first few months of each legislative year, most significantly is the introduction of bills and the Governor's January budget proposal. Highlights of those introductions are outlined in more detail below.

In addition, a few other events of significance have occurred in the first few months of the 2015 legislative year, most notably:

**New Senate Republican Leader Announced** – While Senator Bob Huff (Diamond Bar) remains the Senate Republican Leader, it was announced on February 24 that on November 1, 2015 Senator Jean Fuller will take over as Senate Republican Leader. Fuller hails from Bakersfield, CA and will become the Senate's first woman Republican leader. Senator Fuller's stated legislative priorities include reducing regulations that burden California's businesses that prevent them from hiring, or rehiring, workers.

**Special Elections** – As a result of three sitting members of the California State Senate being elected to Congress, three special elections were held on March 17 to fill vacant Senate seats.

As of this writing, it appears that Sharon Runner (replacing now-Congressman Steve Knight) and John Moorlach (replacing now-Congressmember Mimi Walters) have been elected to the state Senate by garnering more than 50% of the vote in the March 17 special elections.

The race to replace now-Congressman Mark DeSaulnier was a closer contest. No candidate garnered 50% of the vote to avoid a runoff election. It appears that two Democrats, Assemblymember Susan Bonilla and Orinda Mayor Steve Glazier, will advance to a runoff election to be held on May 19.

### **Governor's Budget Proposals**

On January 9, Governor Brown released his Fiscal Year 2015/2016 budget proposal. The Governor's budget calls for \$113 billion in General Fund spending, up 1.4%

from the previous year's budget, and aims to strengthen the state's rainy day fund with an additional \$1.2 billion to pay down debts.

The major provisions of the budget that impact OCFA are as follows:

**Illegal Fireworks** – Last year, OCFA worked closely with Cal Fire and the State Fire Marshall's office to address the issue of funding for the disposal of illegal fireworks. This year's budget does not include a proposal from the administration to address this issue. Notwithstanding, we are told that SB 677 (outlined below) will be amended to include a new proposal from the fireworks industry.

**SRA Grants** – Last year's state budget included, for the first time, \$10 million in SRA funds to be used for local grants. As part of that process over the last year, OCFA has put in applications for over \$1 million in local projects from this grant program. The outcome of that process is still pending. We had hoped the Governor's proposal would include another round of grant funding in the next fiscal year, but unfortunately it did not. Based on our conversations with the budget committees in both the Senate and Assembly, we believe that the legislature will include additional grant funding in their response to the Governor's proposal. We plan to be engaged in the budget hearing process and advocate for additional SRA grant funding.

**Contract County Capital Outlay Funding** – As part of Cal Fire's contract with the six "contract counties" (Orange, Los Angeles, Ventura, Santa Barbara, Kern and Marin), Cal Fire has traditionally provided an annual allotment of funding to the counties for capital projects. From 1987 to 2012, this amount averaged around \$1 million per year, which was split amongst the six counties. In 2012, Cal Fire stopped funding capital outlay. In last year's budget discussions in the Legislature, Cal Fire was pushed to restore that funding in the 2015/2016 budget.

Unfortunately, this did not occur, so on March 10<sup>th</sup> and 11<sup>th</sup>, representatives from OCFA, the Ventura County Fire Department and the Los Angeles County Fire Department met with over a dozen legislators and legislative staff to advocate for the payback and restoration of this funding. As a result of those efforts, we have been notified that the Senate Budget Subcommittee No. 2 on Resources will raise this issue with Cal Fire and the Department of Finance at their April 9 hearing in Sacramento. We plan to testify at the hearing in support of payback and restoration of the funding.

## **Bills**

January marks the bill introduction season. By February 27, legislators had introduced 2,295 bills for consideration in 2015. Nielsen Merksamer has initially identified 35 bills that may have an impact on OCFA. While the specific provisions of many of these bills will take shape over the coming months, below are the

introduced bills that have the most direct impact on OCFA, as currently drafted. It is likely additional bills will be added to this list as the session continues.

**AB 579 (Obernalte) – Health Facilities: Physical Plant Location:** This bill permits a general acute hospital to operate an emergency department located more than 15 miles from its main physical plant.

**AB 896 (Wagner) – Counties: Search or Rescue: Costs:** This bill is a re-introduction of the same bill, AB 2151, which was vetoed by Governor Brown last session. Specifically, the bill allows counties to seek reimbursement from residents age 16 or older for search or rescue costs under specified conditions. Governor Brown vetoed the bill noting that the bill includes, “vague language that may create an incentive for counties to abuse the authority granted by this bill.” It is currently unknown what changes may be made in the bill to address the Governor’s veto.

**AB 1217 (Daly) – OCFA:** This bill recasts the size and composition of the OCFA Board of Directors. OCFA board members will receive more information regarding this bill from OCFA staff.

**AB 911 (Brough) and SB 787 (Bates) – Hospitals: Closures:** These bills are meant to address the closure the San Clemente Hospital. OCFA staff and Nielsen Merksamer had a conversation with Senator Bates’ office regarding the bills. The Senator’s staff noted that the intent of the bills was to foster a local dialogue about the hospital closure and to encourage resolution of the issue. Senator Bates’ office noted that the language of both bills will change in the future. Both the Senator and Assemblyman have been involved in local discussions and will continue to be until an acceptable resolution is achieved.

**SB 677 (Mendoza) – Fireworks:** While currently a spot bill regarding Smog Check, it is anticipated that this bill will be another attempt to deal with the issue of the disposal of illegal fireworks. We will continue to monitor the proposal.

**State Responsibility Areas (SRA):** Several non-substantive bills impacting the current SRA program in the state were introduced. As those bills are amended with substantive provisions, OCFA staff and Nielsen Merksamer will analyze them for their impact to OCFA.

# Holland & Knight

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## MEMORANDUM

March 19, 2015

To: Orange County Fire Authority

From: Lisa Barkovic  
Justin Maturo

Re: March 2015 Federal Legislative Update

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This report has been prepared by Holland & Knight LLP for the Orange County Fire Authority (OCFA) to provide a federal update on various issues of interest to the Authority. The following is a summary Congressional & Administration action thus far in March 2015.

### **FY 2016 Appropriations Update**

This month, both the House and Senate Budget Committees have released their FY 2016 budget resolutions. Both measures will keep the automatic spending cuts under sequestration in pace, which are set to resume in FY 2016. Representative Tom Price (R-GA) currently chairs the House Budget Committee, whereas Senator Mike Enzi (R-WY) currently leads the Senate Budget Committee.

The House version, which was approved in the House Budget Committee on March 19, would cut federal spending by \$5.5 trillion over 10 years. The House proposal would achieve a \$13 billion budget surplus by 2024, which would grow to \$33 billion in 2025. In order to achieve this, the House proposal introduces reforms to Medicare and Medicaid, a slew of various tax reforms, and other changes.

The Senate proposal would achieve a \$3 billion surplus within 10 years, and boasts \$4.4 trillion more in deficit reduction than the President's FY 2016 budget request. The Senate proposal increases defense spending by \$13.4 billion each year between FY 2017 and FY 2021. That figure will grow to \$15.3 billion increases each year beginning in FY 2022. Like the House proposal, the Senate version will repeal the provisions under the Affordable Care Act. The Senate proposal also includes number tax reforms, such as repealing the excise tax on medical device manufacturers.

Both the House and Senate are expected to consider their budget resolutions before the full body in the coming weeks, with the Senate considering its proposal as early as the week of March 29. Budget resolutions do not have the force of law, although the numbers included in each proposal will send the groundwork for future debate over the FY 2016 budget numbers.

## **FEMA Disaster Assistance Reform Act**

On March 19, the House Committee on Transportation and Infrastructure's Subcommittee on Economic Development, Public Buildings, and Emergency Management Chairman Lou Barletta (R-PA) introduced H.R. 1471, the FEMA Disaster Assistance Reform Act. Transportation and Infrastructure Committee Chairman Bill Shuster (R-PA), T&I Ranking Member Peter DeFazio (D-OR), and Subcommittee Ranking Member André Carson (D-IN) have also co-sponsored the legislation. Among its key provisions, the bill would:

- Authorize FEMA through FY 2018 at \$946.982 million
- Authorize the Urban Search and Rescue (USAR) Response System through FY 2018
- Reauthorize Emergency Management Assistance Compacts (EMACS) Grants through FY 2018
- Increase Public Assistance small projects threshold to \$1 million
- Establish rates to reimburse states and local governments for the administrative costs incurred to implement disaster recovery projects
- Reinstate a 3-year statute of limitations on FEMA's ability to reclaim funds
- Clarify certain mitigation activities related to wildfires and earthquakes

The legislation also directs FEMA to conduct an assessment of trends in disaster losses, while also calling on the agency to develop recommendations to reduce those losses and improve cost savings. As part of the introduction of the legislation, the Committee also published a progress report on the federal response to Hurricane Sandy. The report focuses on agency efforts through FEMA, the Department of Transportation (DOT), and the U.S. Army Corps of Engineers. The full text of the legislation can be found [here](#).

## **Transportation & Infrastructure Roundtable on Rising Costs of Disasters**

On March 18, the House Committee on Transportation and Infrastructure Subcommittee on Economic Development, Public Buildings, and Emergency Management held a roundtable discussion on the rising costs of disasters. Subcommittee Chairman Lou Barletta (R-PA) led the discussion, along with Representatives André Carson (D-IN), Donna Edwards (D-MD), Albio Sires (D-NJ), Eleanor Holmes Norton (D-DC), and Carlos Curbelo (R-FL). There are no California delegation members who currently serve on the Subcommittee.

The purpose of the roundtable was to discuss the current state of federal disaster assistance programs, and ways for reducing costs or shifting costs to states. Representatives from the Federal Emergency Management Agency (FEMA), Congressional Research Service (CRS), Government Accountability Office (GAO), and others were invited to speak on these issues.

Recurring themes from the roundtable included: (1) reducing costs through stronger pre-disaster mitigation efforts; (2) incentivizing states to make pre-disaster mitigation investments; (3) enhancing accountability around emergency supplemental funds; and (4) encouraging greater personal responsibility to prepare for disasters and mitigate costs. Additional information about the roundtable discussion can be found [here](#).

## **Assistance to Firefighters Grant (AFG) Program**

The deadline for FY 2014 Staffing for Adequate Fire and Emergency Response (SAFER) grants was March 6, and applications are currently being reviewed by FEMA. FEMA anticipates making awards no later than September 30, 2015.

FEMA is now accepting applications for FY 2014 Fire Prevention and Safety (FP&S) Grants through April 17, 2015. A host of application tools – including the full funding announcement, application guidance, and other tools – can be found [here](#).



Orange County Fire Authority  
**AGENDA STAFF REPORT**

Board of Directors Meeting  
March 19, 2015

Agenda Item No. 4B  
Discussion Calendar

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**Legislative Update AB 1217**

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**Contact(s) for Further Information**

Sandy Cooney, Director Communications and Public Relations	<a href="mailto:sandycooney@ocfa.org">sandycooney@ocfa.org</a>	714.573.6801
Jay Barkman, Legislative Analyst	<a href="mailto:jaybarkman@ocfa.org">jaybarkman@ocfa.org</a>	714.573.6048

**Summary**

This item is submitted to the Executive Committee to review proposed legislation AB 1217 and provide direction to OCFA staff on its position.

**Prior Board/Committee Action**

Not Applicable.

**Recommended Action(s)**

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 26, 2015, with the Executive Committee's recommendation that the Board of Directors take the following actions:

1. Review and adopt the proposed recommended legislative position.
2. Direct staff to draft a position letter to Assemblyman Daly.

**Impact to Cities/County**

Specific impacts are discussed under the background.

**Fiscal Impact**

Not Applicable.

**Background**

AB 1217 (Daly)

Subject: OCFA Board of Directors

Recommended Position: Oppose

Summary:

AB 1217 has been introduced by Assemblyman Tom Daly (D-Anaheim) to alter the composition of OCFA's Board of Directors. The legislation mirrors the process by which OCTA board members are selected. AB 1217 would reduce the number of OCFA directors to 13; three county supervisors and 10 city representatives. The bill directs that the city representatives are to be elected by an OCFA City Selection Committee created by the legislation. The selection committee would be made up of one representative from each city that contracts with OCFA. Under the proposed bill, five of the city representatives shall be elected, one from each of the supervisorial district, on a population weighted basis. The remaining five city representatives are to be elected, also one from each supervisorial district, on a "one city, one vote" basis. The bill



specifies that all 13 directors shall serve a two-year term. The bill would go into effect January 1, 2018.

AB 1217 would alter the form and make-up of OCFA Board of Directors, and it would impair the terms of the existing Joint Powers Agreement. Under the current JPA, the Board of Directors is empowered to amend the agreement and adjust the composition of the governing body through a two-thirds vote of all members. AB 1217 imposes changes to the JPA and places board members at risk of losing key contract terms that were specifically negotiated by members, for members.

The bill proposes selection of city representatives within Supervisorial districts, but this does not account for the fact that the number of cities in each district is not equal. The bill also fails to specify how the three supervisors are to be selected; by the Board of Supervisors or via the OCFA City Selection Committee created by the bill. The committee itself is not comprised of any supervisors.

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**Attachment(s)**

Assembly Bill No. 1217

**ASSEMBLY BILL****No. 1217**

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**Introduced by Assembly Member Daly**February 27, 2015

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An act to add Section 6538 to the Government Code, relating to joint powers.

## LEGISLATIVE COUNSEL'S DIGEST

AB 1217, as introduced, Daly. Orange County Fire Authority.

Existing law authorizes 2 or more public agencies, by agreement, to form a joint powers authority to exercise any power common to the contracting parties, as specified. Existing law authorizes the agreement to set forth the manner by which the joint powers authority will be governed. Existing law authorizes the board of supervisors of any county to contract with any local agency within the county or with the state for services relating to the prevention and suppression of fires.

This bill would, as of January 1, 2018, require the Board of Directors of the Orange County Fire Authority, a joint powers agency, to consist of 13 members, each serving a term of 2 years. The bill would create the Orange County Fire Authority City Selection Committee to select 10 of those board members from cities that contract with the authority for fire protection services, as specified. The bill would additionally require 3 of the members of the Board of Directors of the Orange County Fire Authority to be members of the board of supervisors of the County of Orange.

This bill would make legislative findings and declarations as to the necessity of a special statute for the Orange County Fire Authority.

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

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

1 SECTION 1. Section 6538 is added to the Government Code,  
2 to read:

3 6538. (a) Notwithstanding any other law and notwithstanding  
4 the provisions of the joint powers agreement governing the Orange  
5 County Fire Authority, on and after January 1, 2018, the Board of  
6 Directors of the Orange County Fire Authority shall be composed  
7 of 13 members, as follows:

8 (1) (A) (i) One member from each of the five supervisorial  
9 districts of the County of Orange, elected by the Orange County  
10 Fire Authority City Selection Committee on a population weighted  
11 voting basis.

12 (ii) One member from each of the five supervisorial districts of  
13 the County of Orange, elected by the Orange County Fire Authority  
14 City Selection Committee on a “one city, one vote” basis.

15 (B) A city that is within more than one supervisorial district  
16 shall be considered part of the district where the highest percentage  
17 of the city’s population resides. Under this circumstance, the entire  
18 city’s population shall be used for population-weighted voting  
19 purposes.

20 (C) Members elected pursuant to this paragraph shall be a mayor  
21 or a city council member of a city within the County of Orange,  
22 and shall serve for a term of two years. A member elected pursuant  
23 to this paragraph whose term on the city council or as mayor ends  
24 shall also cease to serve as a member of the board.

25 (D) The Orange County Fire Authority City Selection  
26 Committee shall consist of either the mayor or a member of the  
27 city council of each city that contracts with the Orange County  
28 Fire Authority for fire protection services.

29 (2) Three members of the board of supervisors of the County  
30 of Orange, selected by the board of supervisors, to serve a term of  
31 two years.

32 (b) Any member of the board serving as of the effective date of  
33 this section shall continue to serve until January 1, 2018, or until  
34 the expiration of his or her term, whichever is sooner.

35 SEC. 2. The Legislature finds and declares that a special law  
36 is necessary and that a general law cannot be made applicable  
37 within the meaning of Section 16 of Article IV of the California

- 1 Constitution because of the challenges faced as a result of the
- 2 current governance structure of the Orange County Fire Authority.

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COMMITTEES  
CHAIR: INSURANCE  
TRANSPORTATION  
GOVERNMENTAL ORGANIZATION  
APPROPRIATIONS  
VETERANS AFFAIRS

JOINT COMMITTEE ON FAIRS,  
ALLOCATIONS AND CLASSIFICATIONS

STATE CAPITOL  
P.O. BOX 942849  
SACRAMENTO, CA 94249-0069  
(916) 319-2069  
FAX (916) 319-2169

DISTRICT OFFICE  
2400 EAST KATELLA AVENUE, SUITE 640  
ANAHEIM, CA 92806  
(714) 939-8469  
FAX (714) 939-8986

E-MAIL  
Assemblymember.Daly@assembly.ca.gov

# Assembly California Legislature



**TOM DALY**  
ASSEMBLYMEMBER, SIXTY-NINTH DISTRICT

March 13, 2015

Honorable Al Murray, Chairman  
Orange County Fire Authority  
1 Fire Authority Road  
Irvine, CA 92602

Dear Chairman Murray,

I am writing to request input from your Board of Directors on my proposed legislation, Assembly Bill 1217. This bill modernizes the governing structure of the Orange County Fire Authority (OCFA). Please share this with your colleagues.

As you know, the OCFA was created through a Joint Powers Agreement enacted in 1995. Since then, the OCFA has enlarged its membership, leading to a current Board of Directors consisting of twenty-five members, representing the twenty-three municipal agencies and the County of Orange. This is the largest board of directors for a JPA providing fire services in the State of California.

After twenty years, it's appropriate that the current OCFA governing board structure be reviewed. In fact, last year the OCFA Board conducted a survey as part of a larger review of the agency. That survey found a general consensus of the Board that its size "increases bureaucracy, redundancy from work already done in committees and makes decision making more difficult." Furthermore, there is a more than 30% turnover every two years under the current Board structure. This outdated structure makes consensus and governing difficult for a crucially important agency serving over 1.7 million residents.

This proposal seeks to streamline the Board, while preserving its regional integrity and oversight mission. Specifically, my bill calls for a 13-member board, consisting of: one member from each of the five supervisorial districts elected on a population weighted basis; one member from each of the five supervisorial districts elected by a City Selection Committee on a "one city, one vote" basis; and three members of the Board of Supervisors. As you know, this is similar to the Orange County Transportation Authority governance structure.

Please review this legislation (attached) and share your thoughts with me.

Sincerely,

A handwritten signature in blue ink that reads "Tom Daly".

Tom Daly  
State Assemblymember, 69<sup>th</sup> District

cc: Fire Chief, Orange County Fire Authority  
Orange County Legislative Delegation

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*Serving the People of Santa Ana, Anaheim, Garden Grove and Orange*



**ASSEMBLY BILL****No. 1217****Introduced by Assembly Member Daly**

February 27, 2015

An act to add Section 6538 to the Government Code, relating to joint powers.

## LEGISLATIVE COUNSEL'S DIGEST

AB 1217, as introduced, Daly. Orange County Fire Authority.

Existing law authorizes 2 or more public agencies, by agreement, to form a joint powers authority to exercise any power common to the contracting parties, as specified. Existing law authorizes the agreement to set forth the manner by which the joint powers authority will be governed. Existing law authorizes the board of supervisors of any county to contract with any local agency within the county or with the state for services relating to the prevention and suppression of fires.

This bill would, as of January 1, 2018, require the Board of Directors of the Orange County Fire Authority, a joint powers agency, to consist of 13 members, each serving a term of 2 years. The bill would create the Orange County Fire Authority City Selection Committee to select 10 of those board members from cities that contract with the authority for fire protection services, as specified. The bill would additionally require 3 of the members of the Board of Directors of the Orange County Fire Authority to be members of the board of supervisors of the County of Orange.

This bill would make legislative findings and declarations as to the necessity of a special statute for the Orange County Fire Authority.

Vote: majority. Appropriation: no. Fiscal committee: no.  
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Orange County Fire Authority  
**AGENDA STAFF REPORT**

Executive Committee Meeting  
March 19, 2015

Agenda Item No. 4B  
Discussion Calendar

**Legislative Update AB 1217**

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**Contact(s) for Further Information**

Sandy Cooney, Director [sandycooney@ocfa.org](mailto:sandycooney@ocfa.org) 714.573.6801  
Communications and Public Relations

Jay Barkman, Legislative Analyst [jaybarkman@ocfa.org](mailto:jaybarkman@ocfa.org) 714.573.6048

**Summary**

This item is submitted to the Executive Committee to review proposed legislation AB 1217 and provide direction to OCFA staff on its position.

**Prior Board/Committee Action**

Not Applicable.

**Recommended Action(s)**

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 26, 2015, with the Executive Committee's recommendation that the Board of Directors take the following actions:

1. Review and adopt the proposed recommended legislative position.
2. Direct staff to draft a position letter to Assemblyman Daly.

**Impact to Cities/County**

Specific impacts are discussed under the background.

**Fiscal Impact**

Not Applicable.

**Background**

AB 1217 (Daly)

Subject: OCFA Board of Directors

Recommended Position: ~~Oppose~~Neutral

**Summary:**

AB 1217 has been introduced by Assemblyman Tom Daly (D-Anaheim) to alter the composition of OCFA's Board of Directors. The legislation mirrors the process by which OCTA board members are selected. AB 1217 would reduce the number of OCFA directors to 13; three county supervisors and 10 city representatives. The bill directs that the city representatives are to be elected by an OCFA City Selection Committee created by the legislation. The selection committee would be made up of one representative from each city that contracts with OCFA. Under the proposed bill, five of the city representatives shall be elected, one from each of the supervisorial district, on a population weighted basis. The remaining five city representatives are to be elected, also one from each supervisorial district, on a "one city, one vote" basis. The bill specifies that all 13 directors shall serve a two-year term. The bill would go into effect January 1, 2018.

AB 1217 would alter the form and make-up of OCFA Board of Directors, and it would impair the terms of the existing Joint Powers Agreement. Under the current JPA, the Board of Directors is empowered to amend the agreement and adjust the composition of the governing body through a two-thirds vote of all members. AB 1217 imposes changes to the JPA and places board members at risk of losing key contract terms that were specifically negotiated by members, for members.

The bill proposes selection of city representatives within Supervisorial districts, but this does not account for the fact that the number of cities in each district is not equal. The bill also fails to specify how the three supervisors are to be selected; by the Board of Supervisors or via the OCFA City Selection Committee created by the bill. The committee itself is not comprised of any supervisors.

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**Attachment(s)**

Assembly Bill No. 1217



**Orange County Fire Authority**  
**AGENDA STAFF REPORT**

**Executive Committee Meeting**  
**March 19, 2015**

**Agenda Item No. 4C**  
**Consent Calendar**

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**Conducting Effective Board Meetings**

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**Contact(s) for Further Information**

Al Murray, Board Chair

Gene Hernandez, Board Vice Chair

Jeff Bowman, Fire Chief

[jeffbowman@ocfa.org](mailto:jeffbowman@ocfa.org)

714.573.6010

**Summary**

The Board Chair, Vice Chair, and Fire Chief are submitting this agenda item to the Committee to offer suggestions in conducting effective Board meetings.

**Prior Board/Committee Action**

Not Applicable.

**Recommended Action(s)**

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 26, 2015, with the Executive Committee's recommendation that the Board of Directors direct staff to implement the suggested recommendations beginning in April 2015.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Not Applicable.

**Background**

For the past few years, Board members have voiced concerns to us regarding the increasing duration of Board meetings, off-track discussions, and micro-management of operations that are not within the defined duties of the Board. The Board Chair, Vice Chair, and Fire Chief have had similar discussions, and came to the conclusion that we would research best practices on ways to mitigate some of these issues that have steadily increased over the last few years.

We have reviewed and discussed some suggestions, and we are now offering the following recommendations for your consideration (Attachment).

We value your time and want to ensure that as an elected body we perform our duties in an efficient and professional manner. We are confident that by applying the suggested recommendations we will collectively improve our meeting timeliness and effectiveness. We look forward to your support and participation.

**Attachment(s)**

List of Recommendations

## **Recommended Suggestions to Conduct Effective Board Meetings March 19, 2015**

### ***Meeting presentations by OCFA staff***

With the exception of Business Services, all presentations at Board meeting will be conducted by executive management staff, until such time as the Fire Chief feels comfortable with expanding this role to managers.

### ***Discussion agenda items***

A memo will be transmitted to the Board members highlighting the subjects of the upcoming agenda's Discussion Calendar, with a request that Directors seek any clarification from OCFA staff prior to the meeting.

### ***“City/County Impact” notifications***

Should a staff report identify a specific “City/County Impact” to a member city or the county, phone calls by staff will be made to those Directors who may potentially have questions regarding the impact(s). Sandy Cooney will coordinate the notifications.

### ***Committee Recommended Action***

Future agendas will identify any item previously considered by Committee by highlighting its recommendation as follows:

#### **A. Monthly Investment Reports**

**Committee Recommendation: *APPROVE***

Submitted by: Patricia Jakubiak, Treasurer

#### **Recommended Action:**

Receive and file the reports.

The action will also be highlighted within the section title of agenda staff report as follows:

#### **Prior Board/Committee Action – Committee Recommendation: *APPROVE***

At its March 11, 2015, meeting, the Committee reviewed and unanimously recommended approval of the Final Investment Report – January 2015/Preliminary Report – February 2015.

### ***Call meeting to order at 5:30 p.m. for the purpose of conducting Closed Session***

On a pilot-basis, we will begin the Board meetings at 5:30 p.m. The meeting will be called to order with the following actions to take place prior to Closed Session:

- Invocation
- Pledge of Allegiance
- Roll Call
- Public Comments
- Consent Items (not pulled for separate consideration by Board Member)

The Clerk will be provided with a list of those Directors who arrived during Closed Session to acknowledge your presence in the Minutes.

The Board will then recess into Closed Session to be conducted from approximately 5:45 p.m. to 6:50 p.m. and, as a courtesy to members of the public, reconvene in Public Session promptly by 7:00 p.m. to take action on the remaining agenda items. Should a need arise to continue Closed Session discussion, Closed Session would reconvene at the conclusion of Board Member Comments. All staff members not needed in Closed Session will be excused for the remainder of the meeting.

This change will be conducted on a pilot-basis to assess attendance impacts and make a determination on the effectiveness of beginning earlier. In order to have Board meetings begin at 5:30 p.m. without the implementation of a Board Rules Amendment, the regular meetings will be cancelled and re-noticed as special meetings beginning at 5:30 p.m.

#### ***Closed Session time management***

Prior to Board discussion, General Counsel David Kendig will introduce each item and review the original Board direction to staff, if applicable. Based upon the number of items or subject matter, he will provide an estimate of the time allotted for the discussion and monitor the time during the meeting.

The Chair, Vice Chair, and General Counsel will keep the discussion on point and call upon staff for clarification when the discussion appears to be heading off track. Closed Session will end by 6:50 p.m. in order to reconvene the Public Session promptly at 7:00 p.m.

#### ***Regular implementation of the “9:30 p.m. Rule”***

For the benefit of our newest members, the 9:30 p.m. Rule is located in the OCFA Board Rules of Procedure [Rule 3(b)] and reads as follows:

*“At the hour of 9:30 p.m. the meeting will take a brief moment from the agenda at hand and make a determination as to which items will be considered and those that may be continued to the next regular meeting.”*

Chair Murray has agreed to regularly stop the meeting at 9:30 p.m. to seek staff’s input on agenda items that are time sensitive and need immediate Board action, and determine those items that may be rescheduled to the next meeting. As Chair, he may also request that Board members comments be withheld, due to the lateness of the hour.

#### ***Initiation of the “10:30 p.m. Curfew”***

Again, for the benefit of our newest members, the 10:30 p.m. Curfew is also located in the OCFA Board Rules of Procedure [Rule 3(c)] and reads as follows:

*“All meetings will end business at 10:30 p.m. unless the hearing body elects to extend the curfew by a three-fifths vote of all members present.”*

## Recommended Suggestions to Conduct Effective Board Meetings

March 19, 2015

Page 3

At 10:30 p.m. Chair Murray will entertain a motion to continue the meeting. This action requires a three-fifths vote of all members present, which means that if all 25 Board members are present, it would take 15 members in support to continue the meeting not a simple majority of 13 to continue the meeting.

### ***Public Comments***

At our request of the Board Chair Murray and concurrence by Vice Chair Hernandez, an agenda item to discuss changing time allotments for public comments for all on- and off-agenda items will be scheduled for your consideration at the April Board meeting.