



# 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, August 24, 2017 5:30 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 Brett Peterson

**PLEDGE OF ALLEGIANCE** by Director Shawver

### ROLL CALL

### 1. PRESENTATIONS

No items.

**REPORT FROM THE BUDGET AND FINANCE COMMITTEE CHAIR****REPORT FROM FIRE CHIEF**

- USAR Warehouse Update (Anderson)

**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 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.

**2. MINUTES****A. Minutes from the July 27, 2017, Special 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**

**Budget and Finance Committee Recommendation: *APPROVE***

Submitted by: Tricia Jakubiak, Treasurer

Recommended Action:

In compliance with the investment policy of the Orange County Fire Authority and with Government Code Section 53646, it is recommended that the Committee receive and file the reports.

**B. Annual Investment Report**

**Budget and Finance Committee Recommendation: *APPROVE***

Submitted by: Tricia Jakubiak, Treasurer

Recommended Action:

In compliance with Section 18.2 of the Orange County Fire Authority's Investment Policy, it is recommended that the Committee receive and file the report.

**C. Blanket Order Contract Increase for Electrical Maintenance and Repairs**

Submitted by: Dave Anderson, Assistant Chief/Support Services Department

Recommended Action:

It is recommended that the Executive Committee ratify the proposed increase to the original blanket order with Williams and Maher in the amount of \$15,000 for a new total contract amount of \$85,000 to allow for the processing of existing invoices for electrical services incurred through June 30, 2017, while the competitive bid process was completed.

**END OF CONSENT CALENDAR****4. DISCUSSION CALENDAR****A. Sole Source Blanket Order Increase and Extension for "EZ-IO" Intraosseous (Bone Marrow) Infusion Systems**

Submitted by: Brian Young, Assistant Chief/Operations Department

Recommended Actions:

As Arrow International is the only known provider of a battery-operated bone marrow infusion system, it is recommended that the Committee:

1. Authorize the Purchasing Manager to increase the current sole source blanket order with Arrow International by \$80,000 (from \$70,000 to \$150,000) for the current contract term ending December 31, 2017.
2. Authorize the Purchasing Manager to extend the sole source contract for two additional one-year periods at the increased amount of \$150,000 annually (\$300,000 during the additional two-year term).

**COMMITTEE MEMBER COMMENTS****CLOSED SESSION**

No items.

**ADJOURNMENT** – The next regular meeting of the Executive Committee is scheduled for Thursday, September 28, 2017, at 5:30 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, front gate public display case, and website of the Orange County Fire Authority, Regional Fire Operations and Training Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting. Dated this 17<sup>th</sup> day of August 2017.

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

**UPCOMING MEETINGS:**

Budget and Finance Committee Meeting	Wednesday, September 13, 2017, 12 noon
Claims Settlement Committee Meeting	Thursday, September 28, 2017, 5:00 p.m.
Executive Committee Meeting	Thursday, September 28, 2017, 5:30 p.m.
Board of Directors Meeting	Thursday, September 28, 2017, 6:00 p.m.



# ORANGE COUNTY FIRE AUTHORITY

## SUPPLEMENTAL AGENDA

### EXECUTIVE COMMITTEE REGULAR MEETING

Thursday, August 24, 2017  
5:30 P.M.

**Regional Fire Operations and Training Center**

**Board Room**

1 Fire Authority Road  
Irvine, CA 92602

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The following item is added to the above stated agenda in the location noted below. This item is posted in conformance with the Brown Act and is to be considered as part of the regular agenda.

### DISCUSSION CALENDAR

#### 4B. August 2017 Legislative Update

Presented by: Jay Barkman, Legislative Analyst/Business Services Department

##### Recommended Actions:

Based upon a recent alert that SB 302 (Mendoza) may be going under additional revisions, it is recommended that the Board:

1. Receive an oral update on the status of SB 302.
2. Re-affirm the Board's prior position to support the July 3, 2017, version of the bill.

### 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, front gate public display case, and website of the Orange County Fire Authority, Regional Fire Training and Operations Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting. Dated this 21<sup>st</sup> day of August 2017.

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

# **MINUTES ORANGE COUNTY FIRE AUTHORITY**

**Executive Committee Special Meeting  
Thursday, July 27, 2017  
5:00 P.M.**

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

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## **CALL TO ORDER**

Chair Swift called the special meeting of the Orange County Fire Authority Executive Committee to order at 5:03 p.m. on July 27, 2017.

## **INVOCATION**

Chaplain Bob George offered the invocation.

## **PLEDGE OF ALLEGIANCE**

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

## **ROLL CALL**

**Present:** Noel Hatch, Laguna Woods  
Gene Hernandez, Yorba Linda  
Joe Muller, Dana Point  
Ed Sachs, Mission Viejo  
Dave Shawver, Stanton  
Elizabeth Swift, Buena Park

**Absent:** Carol Gamble, Rancho Santa Margarita  
Todd Spitzer, County of Orange  
Tri Ta, Westminster

## **Also present were:**

Fire Chief Jeff Bowman	Assistant Chief Dave Anderson
Assistant Chief Lori Zeller	Assistant Chief Lori Smith
Assistant Chief Brian Young	Assistant Chief Mike Schroeder
General Counsel David Kendig	Human Resources Director Brigitte Gibb
Clerk of the Authority Sherry Wentz	

## **1. PRESENTATIONS**

No items.

Director Muller arrived at this point (5:05 p.m.).

### **REPORT FROM THE HUMAN RESOURCES COMMITTEE CHAIR (F: 12.02A6)**

Human Resources Committee Chair Hatch reported at the July 11, 2017, meeting, the Committee received and filed the Quarterly Human Resources Accomplishment/Project Update, Recruiting Program and Promotional Process Updates; reviewed and voted unanimously to send the New/Revised Classification Specifications for Human Resources Specialists and Analyst Services to the Executive Committee for its approval; and reviewed and voted unanimously to send both the Master Position Control Revision for Human Resources Manager and the Master Position Control Revision for Emergency Command Center Positions to the Board of Directors for its approval.

### **REPORT FROM THE BUDGET AND FINANCE COMMITTEE CHAIR (F: 12.02A6)**

No report as the Committee did not meet this month.

### **REPORT FROM THE FIRE CHIEF (F: 12.02A7)**

Fire Chief Jeff Bowman introduced Assistant Chief Dave Anderson who provided the Quarterly Capital Improvements Projects Update.

### **PUBLIC COMMENTS (F: 12.02A3)**

Stephen Wontrobski, Mission Viejo resident, made inquiries into Closed Session settlements and addressed member cities' agreements with the OCFA.

### **CLOSED SESSION (F: 12.02A5)**

No items.

## **2. MINUTES**

### **A. Minutes from the June 22, 2017, Regular Executive Committee Meeting (F: 12.02A2)**

On motion of Director Shawver and second by Vice Chair Sachs, the Executive Committee voted by those present to approve the June 22, 2017, Regular Executive Committee Minutes as submitted. Directors Hernandez and Muller were recorded as abstentions due to their absence from the meeting.

**3. CONSENT CALENDAR** (Agenda Item Nos. 3C and 3D were pulled for separate consideration)

**A. Monthly Investment Reports** (F: 11.10D2)

On motion of Vice Chair Sachs and second by Director Hernandez, the Executive Committee voted unanimously by those present to receive and file the Monthly Investment Reports.

**B. New/Revised Classification Specifications for Human Resources Specialists and Analyst Series** (F: 17.18) (X: 17.10J)

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

1. Approve replacement of the HR Analyst classification with the classifications of HR Analyst I (entry-level) and HR Analyst II (journey-level) in order to address a skills and experience gap between classifications within the multi-level HR occupational series.
2. Approve the establishment of the HR Analyst I and HR analyst II salary ranges for the purpose of addressing recruitment and retention concerns arising from internal compaction and gaps within the HR occupational series.
3. Approve adoption of the following revised classification specifications: HR Specialist, Senior HR Specialist, and Senior HR Analyst.
4. Direct staff to include the fiscal modification (\$14,675) in the March mid-year budget adjustment.

**C. Sole Source Blanket Order for Vehicle Exhaust Extraction Systems** (F: 19.07H) (X: 15.09F)

Stephen Wontrobski, Mission Viejo resident, pulled the item from the Consent Calendar to address procurement procedures and his opposition to rollover contracts.

On motion of Director Hernandez and second by Vice Chair Sachs, the Executive Committee voted unanimously by those present to approve and authorize the Purchasing Manager to increase and extend the sole source blanket order with Air Exchange Inc. for parts, maintenance, and service of Plymovent vehicle exhaust extraction systems for a three-year period in an amount not to exceed \$200,000 annually (\$600,000 during the three-year contract term). These exhaust extraction systems are designed to reduce exposure to carcinogens emitted from our vehicles.



**D. Sole Source Purchase of Motorola Remote Sensing Video Camera Equipment**  
(F: 18.08B5)

Chair Swift pulled this item from the Consent Calendar to commend Battalion Chief Brian Norton for his tireless efforts with this project noting the installation of these video cameras overlooking the wildland areas will assist in the detection and suppression of potential wildland fires.

On motion of Director Hatch and second by Vice Chair Sachs, the Executive Committee voted unanimously by those present to approve and authorize the Purchasing Manager to issue a sole source purchase order to Motorola Solutions, Inc. for the purchase of 40 video cameras and accessories to be installed on eight towers for the purpose of early detection of wildland fires in an amount not to exceed \$235,280.63 including installation, shipping and sales tax. The purchase is fully covered by CAL FIRE Drought Augmentation funding.

**E. Temporary Entry Permit – Hold Harmless Agreement Irvine Ranch Water District**  
(F: 17.14A)

On motion of Vice Chair Sachs and second by Director Hernandez, the Executive Committee voted unanimously by those present to approve and authorize the Fire Chief or his designee, to execute the proposed Hold Harmless Agreement with the Irvine Ranch Water District. This action is beneficial and protects the Orange County Fire Authority during the training exercises to be conducted on Irvine Ranch Water District's property.

**END OF CONSENT CALENDAR**

**4. PUBLIC HEARING**

No items.

**5. DISCUSSION CALENDAR**

**A. July 2017 Legislative Report (F: 11.10F1)**

Legislative Analyst Jay Barkman presented the July 2017 Legislative Report.

Brief discussion ensued.

On motion of Director Hatch and second by Director Hernandez, the Executive Committee voted by those present to adopt a position on SB 302 (Mendoza) of "Support" to ensure that OCFA is able to participate in negotiations relating to transfer of Structural Fire Fund (SFF) property tax revenues.

Director Muller voted in opposition.

## **COMMITTEE MEMBER COMMENTS (F: 12.02A4)**

Chair Swift reported attending the Fire Explorer Academy Graduation.

## **CLOSED SESSION**

No items.

**ADJOURNMENT** – Chair Swift adjourned the meeting at 5:50 p.m. The next regular meeting of the Orange County Fire Authority Executive Committee is scheduled for Thursday, August 24, 2017, at 5:30 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  
August 24, 2017

Agenda Item No. 3A  
Consent Calendar

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**Monthly Investment Reports**

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**Contact(s) for Further Information**

Tricia 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:jnewong@ocfa.org">jnewong@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**

**Budget and Finance Committee Recommendation: *APPROVE***

At its regular August 9, 2017, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item.

**RECOMMENDED ACTION(S)**

In compliance with the investment policy of the Orange County Fire Authority and with Government Code Section 53646, it is recommended that the Committee 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 June 30, 2017. A preliminary investment report as of July 21, 2017, is also provided as the most complete report that was available at the time this agenda item was prepared.

**Attachment(s)**

Final Investment Report – June 2017/Preliminary Report – July 2017

# *Orange County Fire Authority Monthly Investment Report*



*Final Report – June 2017*

*Preliminary Report – July 2017*



## ***Monthly Investment Report Table of Contents***

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# ***Orange County Fire Authority***

## ***Final Investment Report***

***June 30, 2017***



## **EXECUTIVE SUMMARY**

### ***Portfolio Activity & Earnings***

During the month of June 2017, the size of the portfolio declined further to \$178.4 million from \$194.1 million. Significant receipts for the month included cash contract payments, apportionments of property taxes, intergovernmental agency payments, an insurance reimbursement, and charges for current services totaling \$18.1 million. Significant disbursements for the month included three biweekly payrolls (instead of the typical two per month) which were approximately \$9.5 million each with related benefits. Significant disbursements also included a \$3.1 million payment for cardiac monitors, automated external defibrillators and related supplies. Total June cash outflows amounted to approximately \$35.1 million. The portfolio's balance is expected to decrease further in the following month as there are no major receipts expected for July.

In June, the portfolio's yield to maturity (365-day equivalent) edged up by 4 basis points to 1.01% while the effective rate of return stayed unchanged at 1.00% for the month and increased by 3 basis points to 0.74% or the fiscal year-to-date. The average maturity of the portfolio shortened by 49 days to 81 days to maturity. As the FY2016/17 ended, portfolio interest earnings exceeded budgeted expectations due to higher cash balances and better earning rates than expected.

### ***Economic News***

The U.S. economy continued to pick up moderately in June 2017, although overall activity stayed mixed. Employment conditions strengthened further in June with a stronger than expected jobs report. There were a total of 212,000 new jobs created in June plus a combined upward adjustment of 47,000 new jobs was made for April and May. The unemployment rate edged up slightly to 4.4%, still at a low level. Consumer confidence measures were mixed in June, but remained high. However, retail sales declined further for the month. Both manufacturing and non-manufacturing activity rose. The CPI (Consumer Price Index) stayed unchanged and remained low. Industrial production increased better than expected. As the fiscal year ended, the federal funds rate was (and still is) at a target range of 1.00% - 1.25%, which is 75 basis points higher than a year ago. Since the economy has continued to improve, current expectations are that the Fed will likely raise rates again at their scheduled meeting in September.

**BENCHMARK COMPARISON AS OF JUNE 30, 2017**

3 Month T-Bill: 1.00%

1 Year T-Bill: 1.20%

6 Month T-Bill: 1.11%

LAIF: 0.98%

OCFA Portfolio: 1.00%

**PORTFOLIO SIZE, YIELD, & DURATION**

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Book Value-	\$178,394,232	\$194,157,495	\$177,924,742
Yield to Maturity (365 day)	1.01%	0.97%	0.60%
Effective Rate of Return	1.00%	1.00%	0.54%
Days to Maturity	81	130	163





ORANGE COUNTY FIRE AUTHORITY  
Portfolio Management  
Portfolio Summary  
June 30, 2017

Orange County Fire Authority  
1 Fire Authority Road  
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	11,969,482.85	11,969,482.85	11,969,482.85	6.71	1	1	0.493	0.500
Federal Agency Coupon Securities	35,000,000.00	34,886,000.00	35,005,790.86	19.62	971	239	1.387	1.406
Federal Agency Disc. -Amortizing	48,000,000.00	47,909,940.00	47,921,416.25	26.87	142	67	0.875	0.887
Treasury Coupon Securities	9,000,000.00	8,991,900.00	8,998,617.30	5.04	209	137	0.904	0.916
Treasury Discounts -Amortizing	10,000,000.00	9,956,000.00	9,955,666.67	5.58	170	152	1.055	1.070
Local Agency Investment Funds	64,524,562.87	64,456,210.13	64,524,562.87	36.17	1	1	0.965	0.978
<b>Investments</b>	<b>178,494,045.72</b>	<b>178,169,532.98</b>	<b>178,375,536.80</b>	<b>100.00%</b>	<b>249</b>	<b>81</b>	<b>0.994</b>	<b>1.007</b>
<b>Cash and Accrued Interest</b>								
Passbook/Checking (not included in yield calculations)	206,573.35	206,573.35	206,573.35		1	1	0.000	0.000
Accrued Interest at Purchase		18,126.11	18,126.11					
Subtotal		224,699.46	224,699.46					
<b>Total Cash and Investments</b>	<b>178,700,619.07</b>	<b>178,394,232.44</b>	<b>178,600,236.26</b>		<b>249</b>	<b>81</b>	<b>0.994</b>	<b>1.007</b>

Total Earnings	June 30 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	154,154.40	1,200,835.77	1,200,835.77
<b>Average Daily Balance</b>	<b>188,364,020.22</b>	<b>162,239,011.37</b>	
<b>Effective Rate of Return</b>	<b>1.00%</b>	<b>0.74%</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, 2017. 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)

\$ 178,600,236.26

GASB 31 Adjustment to Books (See Note 3 on page 9)

\$ (206,003.82)

Total

\$ 178,394,232.44

# ORANGE COUNTY FIRE AUTHORITY

## Portfolio Management

### Portfolio Details - Investments

June 30, 2017

(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	Federated Treasury Obligations			11,969,482.85	11,969,482.85	11,969,482.85	0.500	0.500	1	
<b>Subtotal and Average</b>			<b>11,696,928.91</b>		<b>11,969,482.85</b>	<b>11,969,482.85</b>	<b>11,969,482.85</b>		<b>0.500</b>	<b>1</b>	
<b>Federal Agency Coupon Securities</b>											
3133EFJP3	869	Federal Farm Credit Bank	Callable Anytime	10/15/2015	10,000,000.00	9,956,300.00	10,000,000.00	1.100	1.054	471	10/15/2018
3133EGPD1	921	Federal Farm Credit Bank	Callable 8-1-17	04/20/2017	7,000,000.00	6,940,500.00	6,990,913.86	1.180	2.743	31	08/01/2019
3134G7FK2	863	Fed Home Loan Mtg Corp		06/30/2015	9,000,000.00	8,985,150.00	9,000,000.00	1.100	1.065	265	03/23/2018
3134GBHT2	922	Fed Home Loan Mtg Corp	Callable 10-25-17	04/25/2017	9,000,000.00	9,004,050.00	9,014,877.00	1.625	1.100	116	10/25/2019
<b>Subtotal and Average</b>			<b>39,003,291.48</b>		<b>35,000,000.00</b>	<b>34,886,000.00</b>	<b>35,005,790.86</b>		<b>1.406</b>	<b>239</b>	
<b>Federal Agency Disc. -Amortizing</b>											
313397LL3	917	Freddie Mac		04/20/2017	9,000,000.00	8,982,720.00	8,984,992.50	0.870	0.897	69	09/08/2017
313397MA6	918	Freddie Mac		04/20/2017	9,000,000.00	8,979,120.00	8,981,532.50	0.890	0.918	83	09/22/2017
313397NE7	919	Freddie Mac		04/20/2017	9,000,000.00	8,971,110.00	8,974,608.75	0.915	0.945	111	10/20/2017
313385JS6	914	Fed Home Loan Bank		04/03/2017	9,000,000.00	8,993,790.00	8,994,600.00	0.800	0.825	27	07/28/2017
313385KG0	915	Fed Home Loan Bank		04/20/2017	3,000,000.00	2,996,700.00	2,997,232.50	0.810	0.835	41	08/11/2017
313385KW5	916	Fed Home Loan Bank		04/20/2017	9,000,000.00	8,986,500.00	8,988,450.00	0.840	0.866	55	08/25/2017
<b>Subtotal and Average</b>			<b>58,168,853.50</b>		<b>48,000,000.00</b>	<b>47,909,940.00</b>	<b>47,921,416.25</b>		<b>0.887</b>	<b>67</b>	
<b>Treasury Coupon Securities</b>											
912828G20	920	Treasury Note		04/20/2017	9,000,000.00	8,991,900.00	8,998,617.30	0.875	0.916	137	11/15/2017
<b>Subtotal and Average</b>			<b>8,998,470.96</b>		<b>9,000,000.00</b>	<b>8,991,900.00</b>	<b>8,998,617.30</b>		<b>0.916</b>	<b>137</b>	
<b>Treasury Discounts -Amortizing</b>											
912796ME6	923	US Treasury Bill		06/13/2017	10,000,000.00	9,956,000.00	9,955,666.67	1.050	1.070	152	11/30/2017
<b>Subtotal and Average</b>			<b>5,971,912.50</b>		<b>10,000,000.00</b>	<b>9,956,000.00</b>	<b>9,955,666.67</b>		<b>1.070</b>	<b>152</b>	
<b>Local Agency Investment Funds</b>											
SYS336	336	Local Agency Invstmt Fund			64,524,562.87	64,456,210.13	64,524,562.87	0.978	0.978	1	
<b>Subtotal and Average</b>			<b>64,524,562.87</b>		<b>64,524,562.87</b>	<b>64,456,210.13</b>	<b>64,524,562.87</b>		<b>0.978</b>	<b>1</b>	

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**June 30, 2017**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
Total and Average			188,364,020.22		178,494,045.72	178,169,532.98	178,375,536.80		1.007	81

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**June 30, 2017**

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>										
SYS10033	10033	Revolving Fund		07/01/2016	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2016	186,573.35	186,573.35	186,573.35		0.000	1
<b>Average Balance</b>			<b>0.00</b>	Accrued Interest at Purchase		18,126.11	18,126.11			<b>1</b>
				Subtotal		224,699.46	224,699.46			
<b>Total Cash and Investments</b>			<b>188,364,020.22</b>		<b>178,700,619.07</b>	<b>178,394,232.44</b>	<b>178,600,236.26</b>		<b>1.007</b>	<b>81</b>



**ORANGE COUNTY FIRE AUTHORITY**  
**Aging Report**  
**By Maturity Date**  
**As of July 1, 2017**

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	( 07/01/2017 - 07/01/2017 )	4 Maturities	0 Payments		76,700,619.07	42.95%	76,700,619.07	76,632,266.33
Aging Interval: 1 - 30 days	( 07/02/2017 - 07/31/2017 )	1 Maturities	0 Payments		9,000,000.00	5.04%	8,994,600.00	8,993,790.00
Aging Interval: 31 - 60 days	( 08/01/2017 - 08/30/2017 )	2 Maturities	0 Payments		12,000,000.00	6.71%	11,985,682.50	11,983,200.00
Aging Interval: 61 - 91 days	( 08/31/2017 - 09/30/2017 )	2 Maturities	0 Payments		18,000,000.00	10.06%	17,966,525.00	17,961,840.00
Aging Interval: 92 - 121 days	( 10/01/2017 - 10/30/2017 )	1 Maturities	0 Payments		9,000,000.00	5.03%	8,974,608.75	8,971,110.00
Aging Interval: 122 - 152 days	( 10/31/2017 - 11/30/2017 )	2 Maturities	0 Payments		19,000,000.00	10.61%	18,954,283.97	18,947,900.00
Aging Interval: 153 - 183 days	( 12/01/2017 - 12/31/2017 )	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	( 01/01/2018 - 04/01/2018 )	1 Maturities	0 Payments		9,000,000.00	5.04%	9,000,000.00	8,985,150.00
Aging Interval: 275 - 365 days	( 04/02/2018 - 07/01/2018 )	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 366 - 1095 days	( 07/02/2018 - 06/30/2020 )	3 Maturities	0 Payments		26,000,000.00	14.56%	26,005,790.86	25,900,850.00
Aging Interval: 1096 days and after	( 07/01/2020 - )	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Total for		16 Investments	0 Payments			100.00	178,582,110.15	178,376,106.33



**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, 2017 includes a decrease of (\$68,353) to the LAIF investment and a decrease of (\$137,651) to the remaining investments.
- Note 4: The Federated Treasury Obligations 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 June 30, 2017, OCFA has \$64,524,563 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 June 30, 2017 is 0.998940671. When applied to OCFA's LAIF investment, the fair value is \$64,456,210 or (\$68,353) 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 June 30, 2017 is included on the following page.



**State of California**  
**Pooled Money Investment Account**  
**Market Valuation**  
**6/30/2017**

Description	Carrying Cost Plus		Fair Value	Accrued Interest
	Accrued Interest	Purch. Amortized Cost		
1* United States Treasury:				
Bills	\$ 13,692,767,254.60	\$ 13,728,751,205.31	\$ 13,719,815,500.00	NA
Notes	\$ 19,630,327,075.06	\$ 19,625,299,421.83	\$ 19,577,358,000.00	\$ 41,280,649.00
1* Federal Agency:				
SBA	\$ 882,589,733.26	\$ 882,570,192.18	\$ 872,312,288.85	\$ 926,565.11
MBS-REMICs	\$ 38,996,383.12	\$ 38,996,383.12	\$ 40,714,810.85	\$ 182,997.66
Debentures	\$ 1,239,486,796.46	\$ 1,239,125,268.67	\$ 1,235,188,600.00	\$ 2,639,104.30
Debentures FR	\$ -	\$ -	\$ -	\$ -
Debentures CL	\$ 150,000,000.00	\$ 150,000,000.00	\$ 149,687,000.00	\$ 77,152.50
Discount Notes	\$ 11,150,617,374.66	\$ 11,169,310,958.04	\$ 11,165,630,000.00	NA
GNMA	\$ -	\$ -	\$ -	\$ -
1* Supranational Debentures	\$ 349,845,968.23	\$ 349,845,968.23	\$ 348,153,000.00	\$ 891,562.00
1* Supranational Debentures FR	\$ 50,000,000.00	\$ 50,000,000.00	\$ 50,080,000.00	\$ 137,713.46
2* CDs and YCDs FR	\$ 625,000,000.00	\$ 625,000,000.00	\$ 625,000,000.00	\$ 1,178,642.35
2* Bank Notes	\$ 600,000,000.00	\$ 600,000,000.00	\$ 599,802,348.48	\$ 1,899,500.00
2* CDs and YCDs	\$ 14,675,000,000.00	\$ 14,675,000,000.00	\$ 14,669,085,986.46	\$ 28,253,569.48
2* Commercial Paper	\$ 8,224,098,486.16	\$ 8,237,153,416.71	\$ 8,235,998,611.13	NA
1* Corporate:				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -	\$ -
1* Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
1* Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 5,604,740,000.00	\$ 5,604,740,000.00	\$ 5,604,740,000.00	NA
AB 55 & GF Loans	\$ 645,650,000.00	\$ 645,650,000.00	\$ 645,650,000.00	NA
<b>TOTAL</b>	<b>\$ 77,559,119,071.55</b>	<b>\$ 77,621,442,814.09</b>	<b>\$ 77,539,216,145.77</b>	<b>\$ 77,467,455.86</b>

Fair Value Including Accrued Interest

\$ 77,616,683,601.63

\* Governmental Accounting Standards Board (GASB) Statement #72

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 (0.998940671). 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 \$19,978,813.41 or \$20,000,000.00 x 0.998940671.





***Orange County Fire Authority***

***Preliminary Investment Report***

***July 21, 2017***



**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Summary**  
**July 21, 2017**

Orange County Fire Authority  
1 Fire Authority Road  
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	5,208,116.24	5,208,116.24	5,208,116.24	3.03	1	1	0.493	0.500
Federal Agency Coupon Securities	35,000,000.00	34,906,050.00	35,009,410.66	20.38	971	218	1.387	1.406
Federal Agency Disc. -Amortizing	48,000,000.00	47,938,920.00	47,945,487.50	27.91	142	46	0.875	0.887
Treasury Coupon Securities	9,000,000.00	8,993,160.00	8,998,829.25	5.24	209	116	0.904	0.916
Treasury Discounts -Amortizing	10,000,000.00	9,961,600.00	9,961,791.67	5.80	170	131	1.055	1.070
Local Agency Investment Funds	64,673,154.34	64,604,644.19	64,673,154.34	37.65	1	1	0.965	0.978
<b>Investments</b>	<b>171,881,270.58</b>	<b>171,612,490.43</b>	<b>171,796,789.66</b>	<b>100.00%</b>	<b>259</b>	<b>71</b>	<b>1.013</b>	<b>1.027</b>
<b>Cash and Accrued Interest</b>								
Passbook/Checking (not included in yield calculations)	70,921.46	70,921.46	70,921.46		1	1	0.000	0.000
Accrued Interest at Purchase		18,126.11	18,126.11					
Subtotal		89,047.57	89,047.57					
<b>Total Cash and Investments</b>	<b>171,952,192.04</b>	<b>171,701,538.00</b>	<b>171,885,837.23</b>		<b>259</b>	<b>71</b>	<b>1.013</b>	<b>1.027</b>

Total Earnings	July 21 Month Ending	Fiscal Year To Date
Current Year	103,543.75	103,543.75
<b>Average Daily Balance</b>	<b>178,680,113.17</b>	<b>178,680,113.17</b>
<b>Effective Rate of Return</b>	<b>1.01%</b>	<b>1.01%</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, 2017. 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)

\$ 171,885,837.23

GASB 31 Adjustment to Books (See Note 3 on page 18)

\$ (206,003.82)

Total

\$ 171,679,833.41

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**July 21, 2017**

(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	Federated Treasury Obligations			5,208,116.24	5,208,116.24	5,208,116.24	0.500	0.500	1	
<b>Subtotal and Average</b>			<b>12,199,628.75</b>		<b>5,208,116.24</b>	<b>5,208,116.24</b>	<b>5,208,116.24</b>		<b>0.500</b>	<b>1</b>	
<b>Federal Agency Coupon Securities</b>											
3133EFJP3	869	Federal Farm Credit Bank Callable Anytime		10/15/2015	10,000,000.00	9,963,500.00	10,000,000.00	1.100	1.054	450	10/15/2018
3133EGPD1	921	Federal Farm Credit Bank Callable 8-1-17		04/20/2017	7,000,000.00	6,948,130.00	6,997,274.16	1.180	2.743	10	08/01/2019
3134G7FK2	863	Fed Home Loan Mtg Corp		06/30/2015	9,000,000.00	8,989,470.00	9,000,000.00	1.100	1.065	244	03/23/2018
3134GBHT2	922	Fed Home Loan Mtg Corp Callable 10-25-17		04/25/2017	9,000,000.00	9,004,950.00	9,012,136.50	1.625	1.100	95	10/25/2019
<b>Subtotal and Average</b>			<b>35,007,686.95</b>		<b>35,000,000.00</b>	<b>34,906,050.00</b>	<b>35,009,410.66</b>		<b>1.406</b>	<b>218</b>	
<b>Federal Agency Disc. -Amortizing</b>											
313397LL3	917	Freddie Mac		04/20/2017	9,000,000.00	8,988,300.00	8,989,560.00	0.870	0.897	48	09/08/2017
313397MA6	918	Freddie Mac		04/20/2017	9,000,000.00	8,984,700.00	8,986,205.00	0.890	0.918	62	09/22/2017
313397NE7	919	Freddie Mac		04/20/2017	9,000,000.00	8,976,420.00	8,979,412.50	0.915	0.945	90	10/20/2017
313385JS6	914	Fed Home Loan Bank		04/03/2017	9,000,000.00	8,999,010.00	8,998,800.00	0.800	0.825	6	07/28/2017
313385KG0	915	Fed Home Loan Bank		04/20/2017	3,000,000.00	2,998,500.00	2,998,650.00	0.810	0.835	20	08/11/2017
313385KW5	916	Fed Home Loan Bank		04/20/2017	9,000,000.00	8,991,990.00	8,992,860.00	0.840	0.866	34	08/25/2017
<b>Subtotal and Average</b>			<b>47,934,026.00</b>		<b>48,000,000.00</b>	<b>47,938,920.00</b>	<b>47,945,487.50</b>		<b>0.887</b>	<b>46</b>	
<b>Treasury Coupon Securities</b>											
912828G20	920	Treasury Note		04/20/2017	9,000,000.00	8,993,160.00	8,998,829.25	0.875	0.916	116	11/15/2017
<b>Subtotal and Average</b>			<b>8,998,728.32</b>		<b>9,000,000.00</b>	<b>8,993,160.00</b>	<b>8,998,829.25</b>		<b>0.916</b>	<b>116</b>	
<b>Treasury Discounts -Amortizing</b>											
912796ME6	923	US Treasury Bill		06/13/2017	10,000,000.00	9,961,600.00	9,961,791.67	1.050	1.070	131	11/30/2017
<b>Subtotal and Average</b>			<b>9,968,875.00</b>		<b>10,000,000.00</b>	<b>9,961,600.00</b>	<b>9,961,791.67</b>		<b>1.070</b>	<b>131</b>	
<b>Local Agency Investment Funds</b>											
SYS336	336	Local Agency Invstmt Fund			64,673,154.34	64,604,644.19	64,673,154.34	0.978	0.978	1	
<b>Subtotal and Average</b>			<b>64,581,169.14</b>		<b>64,673,154.34</b>	<b>64,604,644.19</b>	<b>64,673,154.34</b>		<b>0.978</b>	<b>1</b>	

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**July 21, 2017**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
Total and Average			178,680,113.17		171,881,270.58	171,612,490.43	171,796,789.66		1.027	71

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**July 21, 2017**

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>										
SYS10033	10033	Revolving Fund		07/01/2017	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2017	50,921.46	50,921.46	50,921.46		0.000	1
<b>Average Balance</b>			<b>0.00</b>	Accrued Interest at Purchase		18,126.11	18,126.11			<b>1</b>
				Subtotal		89,047.57	89,047.57			
<b>Total Cash and Investments</b>			<b>178,680,113.17</b>		<b>171,952,192.04</b>	<b>171,701,538.00</b>	<b>171,885,837.23</b>		<b>1.027</b>	<b>71</b>



**ORANGE COUNTY FIRE AUTHORITY**  
**Aging Report**  
**By Maturity Date**  
**As of July 22, 2017**

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

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	( 07/22/2017 - 07/22/2017 )	4 Maturities	0 Payments	69,952,192.04	40.70%	69,952,192.04	69,883,681.89
Aging Interval: 1 - 30 days	( 07/23/2017 - 08/21/2017 )	2 Maturities	0 Payments	12,000,000.00	6.98%	11,997,450.00	11,997,510.00
Aging Interval: 31 - 60 days	( 08/22/2017 - 09/20/2017 )	2 Maturities	0 Payments	18,000,000.00	10.46%	17,982,420.00	17,980,290.00
Aging Interval: 61 - 91 days	( 09/21/2017 - 10/21/2017 )	2 Maturities	0 Payments	18,000,000.00	10.45%	17,965,617.50	17,961,120.00
Aging Interval: 92 - 121 days	( 10/22/2017 - 11/20/2017 )	1 Maturities	0 Payments	9,000,000.00	5.24%	8,998,829.25	8,993,160.00
Aging Interval: 122 - 152 days	( 11/21/2017 - 12/21/2017 )	1 Maturities	0 Payments	10,000,000.00	5.80%	9,961,791.67	9,961,600.00
Aging Interval: 153 - 183 days	( 12/22/2017 - 01/21/2018 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	( 01/22/2018 - 04/22/2018 )	1 Maturities	0 Payments	9,000,000.00	5.24%	9,000,000.00	8,989,470.00
Aging Interval: 275 - 365 days	( 04/23/2018 - 07/22/2018 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 366 - 1095 days	( 07/23/2018 - 07/21/2020 )	3 Maturities	0 Payments	26,000,000.00	15.13%	26,009,410.66	25,916,580.00
Aging Interval: 1096 days and after	( 07/22/2020 - )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for		16 Investments	0 Payments		100.00	171,867,711.12	171,683,411.89



**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, 2017 includes a decrease of (\$68,353) to the LAIF investment and a decrease of (\$137,651) to the remaining investments.
- Note 4: The Federated Treasury Obligations 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.



## GLOSSARY

### INVESTMENT TERMS

**Basis Point.** Measure used in quoting yields on bonds and notes. One basis point is .01% of yield.

**Book Value.** This value may be the original cost of acquisition of the security, or original cost adjusted by the amortization of a premium or accretion of a discount. The book value may differ significantly from the security's current value in the market.

**Commercial Paper.** Unsecured short-term promissory notes issued by corporations, with maturities ranging from 2 to 270 days; may be sold on a discount basis or may bear interest.

**Coupon Rate.** Interest rate, expressed as a percentage of par or face value, that issuer promises to pay over lifetime of debt security.

**Discount.** The amount by which a bond sells under its par (face) value.

**Discount Securities.** Securities that do not pay periodic interest. Investors earn the difference between the discount issue price and the full face value paid at maturity. Treasury bills, bankers' acceptances and most commercial paper are issued at a discount.

**Effective Rate of Return.** Rate of return on a security, based on its purchase price, coupon rate, maturity date, and the period between interest payments.

**Federal Agency Securities.** Securities issued by agencies such as the Federal National Mortgage Association and the Federal Farm Credit Bank. Though not general obligations of the US Treasury, such securities are sponsored by the government and therefore have high credit ratings. Some are issued on a discount basis and some are issued with coupons.

**Federal Funds.** Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed Funds are considered to be immediately available funds.

**Fed Funds Rate.** The interest rate charged by one institution lending federal funds to another.

**Federal Open Market Committee.** The branch of the Federal Reserve Board that determines the direction of monetary policy.

**Local Agency Investment Fund (LAIF).** A California State Treasury fund which local agencies may use to deposit funds for investment and for reinvestment with a maximum of \$50 million for any agency (*excluding bond funds, which have no maximum*). It offers high liquidity because



deposits can be converted to cash in 24 hours and no interest is lost. Interest is paid quarterly and the State's administrative fee cannot exceed 1/4 of a percent of the earnings.

**Market value.** The price at which the security is trading and could presumably be purchased or sold.

**Maturity Date.** The specified day on which the issuer of a debt security is obligated to repay the principal amount or face value of security.

**Money Market Mutual Fund.** Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repurchase agreements and federal funds).

**Par.** Face value or principal value of a bond typically \$1,000 per bond.

**Rate of Return.** The amount of income received from an investment, expressed as a percentage. A *market rate of return* is the yield that an investor can expect to receive in the current interest-rate environment utilizing a buy-and-hold to maturity investment strategy.

**Treasury Bills.** Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

**Treasury Notes.** Intermediate U.S. government debt securities with maturities of one to 10 years.

**Treasury bonds.** Long-term U.S. government debt securities with maturities of 10 years or longer.

**Yield.** Rate of return on a bond.

**Yield-to-maturity.** Rate of return on a bond taking into account the total annual interest payments, the purchase price, the redemption value and the amount of time remaining until maturity.

## ECONOMIC TERMS

**Conference Board Consumer Confidence Index** A survey that measures how optimistic or pessimistic consumers are with respect to the economy in the near future.

**Consumer Price Index (CPI).** A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. Changes in CPI are used to assess price changes associated with the cost of living.

**Durable Goods Orders.** An economic indicator released monthly that reflects new orders placed with domestic manufacturers for delivery of factory durable goods such as autos and appliances in the near term or future.

**Gross Domestic Product.** The monetary value of all the finished goods and services produced within a country's borders in a specific time period. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.

**Industrial Production.** An economic indicator that is released monthly by the Federal Reserve Board. The indicator measures the amount of output from the manufacturing, mining, electric and gas industries.

**ISM Institute for Supply Management (ISM) Manufacturing Index.** A monthly index that monitors employment, production inventories, new orders and supplier deliveries.

**ISM Non-manufacturing Index.** An index based on surveys of non-manufacturing firms' purchasing and supply executives. It tracks economic data for the service sector.

**Leading Economic Index.** A monthly index used to predict the direction of the economy's movements in the months to come. The index is made up of 10 economic components, whose changes tend to precede changes in the overall economy.

**National Federation of Independent Business Small Business Optimism Index.** An index based on surveys of small business owners' plans and expectations regarding employment, capital, inventories, economic improvement, credit conditions, expansion, and earnings trends in the near term or future.

**Producer Price Index.** An index that measures the average change over time in the selling prices received by domestic producers for their output.

**University of Michigan Consumer Sentiment Index.** An index that measures the overall health of the economy as determined by consumer opinion. It takes into account an individual's feelings toward his or her own current financial health, the health of the economy in the short term and the prospects for longer term economic growth.



Orange County Fire Authority  
**AGENDA STAFF REPORT**

Executive Committee Meeting  
August 24, 2017

Agenda Item No. 3B  
Consent Calendar

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**Annual Investment Report**

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**Contact(s) for Further Information**

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**Summary**

This annual agenda item is submitted to the Budget and Finance Committee in compliance with Section 18.2 of the Orange County Fire Authority's Investment Policy.

**Prior Board/Committee Action**

**Budget and Finance Committee Recommendation: *APPROVE***

At its regular August 9, 2017, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item.

**RECOMMENDED ACTION(S)**

In compliance with Section 18.2 of the Orange County Fire Authority's Investment Policy, it is recommended that the Committee receive and file the report.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Not Applicable.

**Background**

Section 18.2 of OCFA's Investment Policy requires that the Treasurer submit an annual report to the Budget and Finance Committee and the Executive Committee following the close of the fiscal year. The attached report certifies that the Treasurer has complied with OCFA's investment policies and procedures and details the following:

- Portfolio performance and comparison to benchmarks
- A review of trends regarding the size of the portfolio
- Discussion of investment risk in the portfolio
- Analysis of the composition of the portfolio
- GASB 31 impacts
- Investment income
- A statement of anticipated investment fund activity in the next fiscal year

**Attachment(s)**

Annual Investment Report for Fiscal Year 2016/17

*Treasury and Financial Planning**Annual Investment Report – FY 2016/17*

# ***Orange County Fire Authority Annual Investment Report***

## ***Fiscal Year 2016/17***

*The Annual Investment Report for the fiscal year ended June 30, 2017 fulfills the requirements of Section 18.2 of the Authority's Investment Policy ("the Policy"). The Annual Report is a review of the last twelve months of investment activity by the Treasurer.*



## ***Annual Investment Report***

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### **PORTFOLIO PERFORMANCE AND COMPARISON TO BENCHMARK**

***OCFA's portfolio performance exceeded the 6-month Treasury and was in line with LAIF benchmark comparisons as listed below for FY 2016/17.***

During FY 2016/17, the Federal Reserve Board gradually raised the federal funds rate, the overnight bank lending rate, three times. The last approved rate increase occurred at their June 2017 meeting, bringing the rate to a new target range of 1.00% to 1.25% as the fiscal year ended. The economy continued to expand moderately during FY 2016/17 with improved consumer confidence and a strong jobs market resulting in a lower unemployment rate of 4.4% in June compared to 4.9% a year ago. Housing activity continued to improve and home prices also rose. OCFA's portfolio began the fiscal year with a maturity of 165 days and an effective rate of return of 0.60%. Due to the Fed's actions on interest rates during the fiscal year, OCFA's portfolio performance also climbed as a result of higher interest rates. Thus, the portfolio performance ended in June 2017 with a higher return rate of 1.00% on a portfolio balance of \$178 million. The portfolio performance beat the 3-month and 6-month Treasury benchmarks and was closely aligned with LAIF. Actual portfolio earnings exceeded the final budget projection for the fiscal year.

<b>OCFA Portfolio</b>				<b>Benchmark Comparisons</b>			
	<b>Market Value</b>	<b>Days to Maturity</b>	<b>Effective Yield</b>	<b>3 Month Treasury</b>	<b>6 Month Treasury</b>	<b>1 Year Treasury</b>	<b>LAIF</b>
<b>July</b>	158,787,017	165	0.60%	0.30%	0.40%	0.51%	0.59%
<b>August</b>	145,605,919	176	0.62%	0.30%	0.45%	0.57%	0.61%
<b>September</b>	141,183,986	105	0.62%	0.29%	0.47%	0.59%	0.63%
<b>October</b>	121,932,169	107	0.60%	0.33%	0.48%	0.66%	0.65%
<b>November</b>	133,595,605	93	0.60%	0.45%	0.58%	0.74%	0.68%
<b>December</b>	208,213,220	78	0.58%	0.51%	0.64%	0.87%	0.72%
<b>January</b>	168,999,058	83	0.66%	0.52%	0.62%	0.83%	0.75%
<b>February</b>	149,217,747	80	0.76%	0.53%	0.65%	0.82%	0.78%
<b>March</b>	153,422,308	135	0.78%	0.75%	0.89%	1.01%	0.82%
<b>April</b>	201,330,433	144	0.91%	0.81%	0.95%	1.04%	0.88%
<b>May</b>	194,157,495	130	1.00%	0.90%	1.04%	1.12%	0.93%
<b>June</b>	178,394,232	81	1.00%	1.00%	1.11%	1.20%	0.98%
<b>Fiscal Year</b>	<b>162,903,266</b>	<b>115</b>	<b>0.73%</b>	<b>0.56%</b>	<b>0.69%</b>	<b>0.83%</b>	<b>0.75%</b>

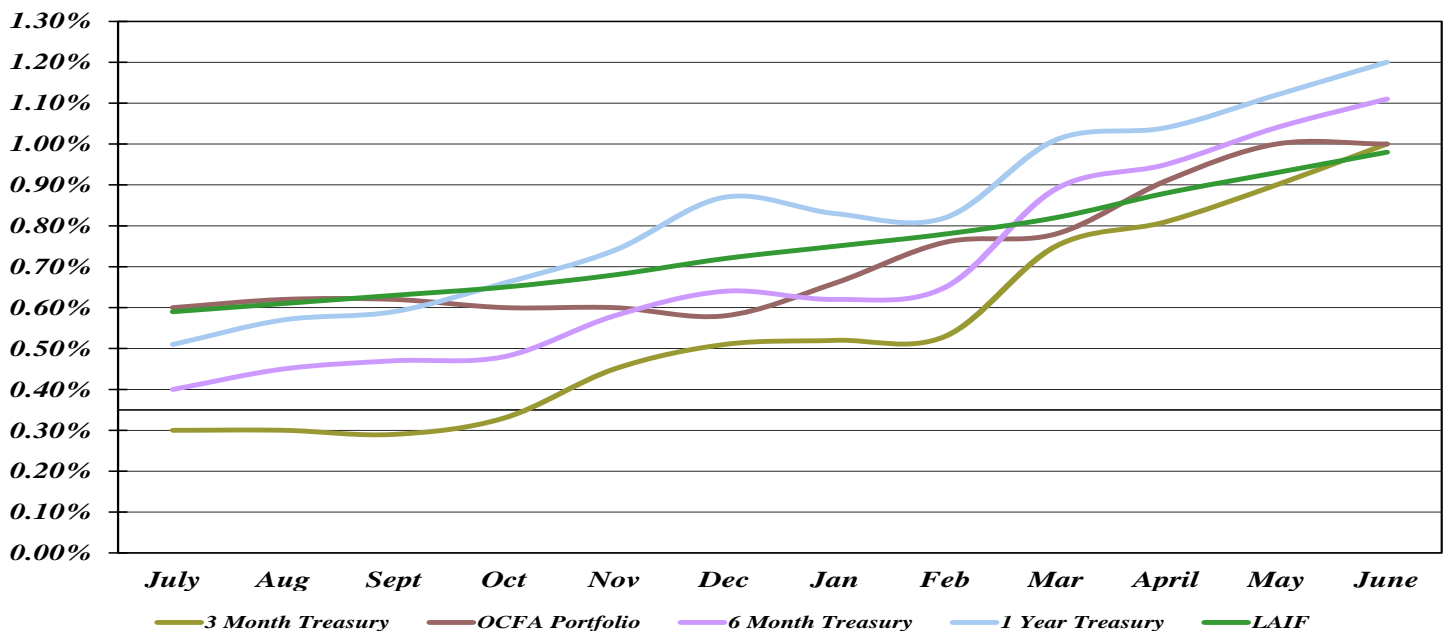


### PORTFOLIO PERFORMANCE AND COMPARISON TO BENCHMARKS

The following chart compares the Authority's monthly portfolio performance with benchmarks including 3-month, 6-month, and 1-year Treasuries and LAIF. With the portfolio's average maturity of less than 3 months, OCFA's overall portfolio yield exceeded the 3-month and 6-month Treasury benchmarks and was closely aligned with LAIF, but lagged the 1-year Treasury performance during FY 2016/17.

- During FY 2016/17, Treasury yields rose more noticeably from the prior year as a result of the 3 modest rate increases approved by the Fed.
- In a rising/declining interest rate environment, LAIF's return tends to lag the market in rising/declining due to their maturity structure. As such, LAIF's return gradually rose throughout the fiscal year as interest rates climbed.
- OCFA kept investments primarily in Federal Agency securities and LAIF which yielded higher returns compared to Treasuries. However, OCFA remains somewhat restrained due to the timing of cashflow needs. As interest rates are expected to continue to rise in the incoming fiscal year, OCFA's portfolio rate of return can also be expected to grow along with the rising interest rate environment.

#### Comparison to Benchmarks - FY 2016/17

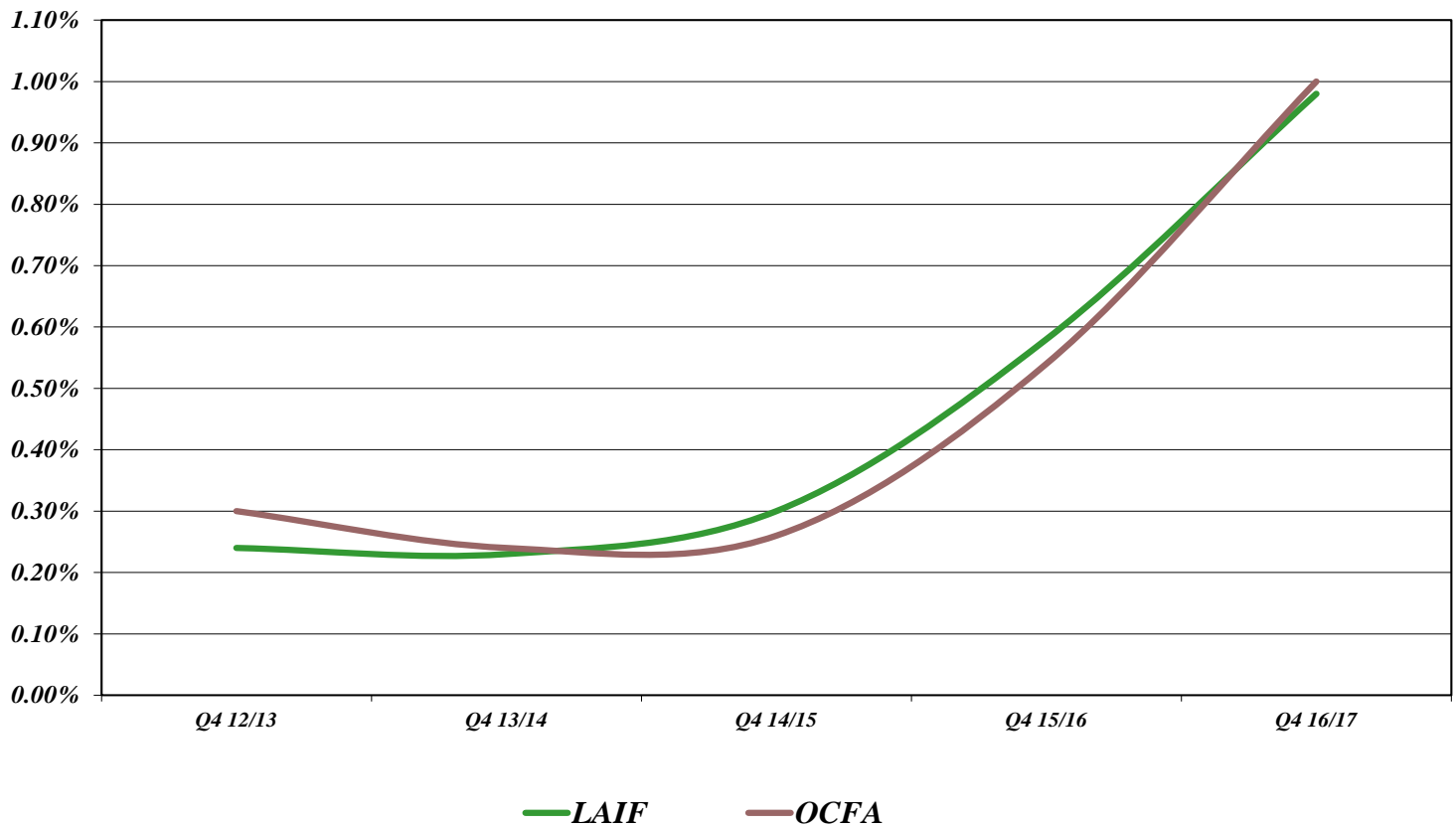




**PORTFOLIO PERFORMANCE AND  
COMPARISON TO BENCHMARKS**

The following chart provides a 5-year history of the Authority's portfolio yield from FY 2012/13 through FY 2016/17 compared to a 5-year history of the Local Agency Investment Fund's yield. As demonstrated with this historical view, OCFA's portfolio yield performs very similarly to LAIF.

**OCFA & LAIF Portfolio Yields - 5 Year History**







***REVIEW OF TRENDS REGARDING THE SIZE OF  
THE PORTFOLIO***

***Portfolio balances during FY 2016/17 were mostly lower than FY 2015/16.***

The size of the OCFA's portfolio fluctuates over the course of a fiscal year due to timing differences between cash receipts and disbursements. Excluding financing proceeds, OCFA's largest cash receipts are from secured property taxes received in December and April and from cash contract payments received quarterly, except for the City of Santa Ana which pays monthly. Cash disbursements occur more evenly with biweekly payroll expenditures representing the largest component. These timing differences cause the General Fund to experience temporary cash shortages from July through mid-December.

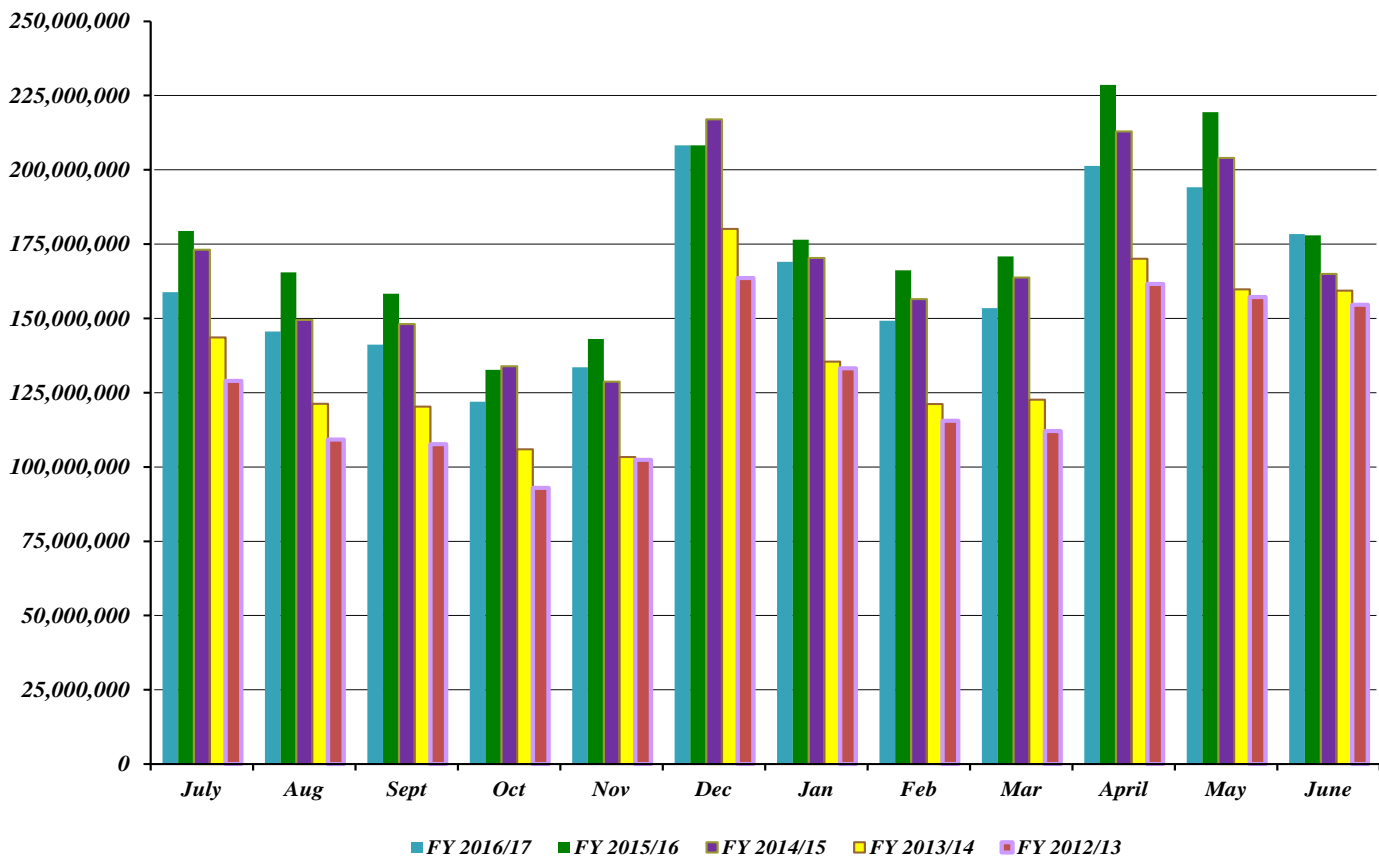
To resolve the temporary cash shortages in the General Fund, OCFA has issued Tax and Revenue Anticipation Notes (TRANs) on an as-needed basis. In FY 2015/16, in order to fund its General Fund's expected cashflow timing deficit, OCFA issued a \$36.3 million TRANs, which contributed to higher portfolio balances throughout that fiscal year. OCFA's TRANs are typically issued in July and repaid annually in June at the end of the fiscal year; therefore, the ending portfolio balance at June 30<sup>th</sup> excludes TRANs proceeds. In the previous few years, including FY's 2013/14 and 2016/17, OCFA did not need to issue TRANs since it was able to meet its temporary cashflow timing shortages through use of a General Fund cashflow reserve, combined with interfund borrowing; thus cashflow balances for those years (without TRANs proceeds) were significantly lower than FY's 2014/15 and 2015/16. In the past, OCFA has also used lease purchase financing to fund certain capital expenditures including helicopters, vehicles, communication equipment, and information systems.



### REVIEW OF TRENDS REGARDING THE SIZE OF THE PORTFOLIO

The following chart provides a 5-year history of the size of the OCFA's portfolio. Starting in FY 2012/13, portfolio balances began a gradual increase due to higher revenues and steady increase in the General Fund cashflow reserve. Additionally, due to the projected seasonal/short-term cashflow needs, the OCFA resumed issuing TRANs in FY's 2014/15 and 2015/16, which contributed to the significantly higher portfolio balances for those years. It should be noted, however, that the balances shown below represent total portfolio balance as opposed to fund balance available. Portfolio balance is always higher than fund balance because the portfolio includes cash and investments that are already committed to various contracts and purchase orders or that are reserved for future obligations.

*Size of the Portfolio - 5 Year Historical Trend*





## ***INVESTMENT RISK IN THE PORTFOLIO***

***Although all investments contain an element of risk, OCFA's Investment Policy, procedures, and investment strategies are designed to limit exposure to risk. The different types of risk are discussed below, as they pertain to the portfolio.***

### **Credit (Default) Risk**

Credit risk is defined as the risk to an investor that an issuer will default in the payment of interest and/or principal on a security. OCFA's investment policies and practices limit credit risk by:

- Limiting investments to the safest types of securities and highest quality issuers.
- Specifically excluding investments in equities, corporate bonds, derivatives, reverse repurchase agreements and financial futures or options.
- Avoiding investment in issuers placed on negative credit watch or with current events that involve negative financial implications.
- Pre-qualifying financial institutions and broker/dealers for competitive bidding of individual investment transactions.
- Diversifying investments so that potential losses on individual securities will be minimized.
- Reviewing monthly reports from the State Treasurer's Office regarding the Local Agency Investment Fund.
- Requiring collateralization of demand deposits and certificates of deposit. MUFG Union Bank, as OCFA's bank, complies with all collateralization requirements for demand deposits.
- Safekeeping investments by separate agreement with MUFG Union Bank's Trust Department.



## **INVESTMENT RISK IN THE PORTFOLIO**

### **Market Risk**

Market risk is defined as the risk that the value of a security may fall as a result of changes in the financial markets, such as increases in interest rates. In periods of rising interest rates, the market value of a security can fall below the amount of principal invested. If an investor sells the security before maturity, part of the principal will be lost. OCFA reduces market risk by matching investment maturities with cash flow needs to minimize investments that may need to be sold prematurely.

### **Interest Rate Risk**

Interest rate risk is defined as the risk that an investor will under-perform the market, as a result of holding an investment with a lower yield than the current market rate. For example, if an investor holds a one-year certificate of deposit earning 2%, and interest rates rise to 4%, the investor would incur an opportunity cost of 2%. Investors can avoid interest rate risk by keeping maturities fairly short if interest rates are expected to rise.

***OCFA's portfolio reflected an average maturity under one year throughout FY 2016/17 due to persistently low yields offered for longer-term maturities, callable securities, and market expectations of rising interest rates in the near future.***

### **Liquidity Risk**

Liquidity risk involves the ability to sell an investment before maturity. Some short-term investments are fairly illiquid. For example, a non-negotiable certificate of deposit is an illiquid asset that carries an interest penalty for early redemption. OCFA minimizes liquidity risk by maintaining a significant portion of its portfolio in very liquid instruments, such as LAIF where funds are immediately available, or Treasury and Agency securities, which have active secondary markets.



## ***COMPOSITION OF THE PORTFOLIO***

### **Authorized Investments**

Section 10 of OCFA's Investment Policy lists the types of securities allowable for investment. Subject to stipulated restrictions, these include Treasury and Federal Agency securities, collateralized or insured passbook savings accounts and demand deposits, collateralized or insured certificates of deposit, bankers' acceptances, money market funds of short-term treasury securities, repurchase agreements, the Local Agency Investment Fund (LAIF), and commercial paper (rated A1/P1/F1) by the credit rating agencies Moody's Investors Service, Standard & Poor's Ratings Services and Fitch Ratings, respectively.

***OCFA's portfolio only included those investments authorized in  
Section 10 of the Policy in FY 2016/17.***

### **Portfolio Diversification**

Section 15.1 of the Policy sets parameters for portfolio diversification. OCFA's portfolio shall not be invested in a single security type or in a single financial institution/pool in excess of 15% of the total investment portfolio, with the exception of the following:

➤ US Treasury Securities	100%
➤ Local Agency Investment Fund	75%
➤ Federal Agency Securities	75%
➤ Bankers' Acceptances	25%
➤ Negotiable CD's	25%



### COMPOSITION OF THE PORTFOLIO

#### Portfolio Diversification

	<i>US Treasury Securities</i>	<i>LAIF</i>	<i>Federal Agencies</i>	<i>Commercial Paper</i>	<i>Money Market Mutual Funds</i>	<i>Total Portfolio</i>
<b>Maximum</b>	100%	75%	75%	15%	15%	100%
<b>FY Average</b>	4.55%	40.63 %	49.20%	0.00%	5.62%	100%
<b>July</b>	0.00%	40.41%	50.97%	0.00%	8.62%	100%
<b>August</b>	0.00%	44.43%	51.90%	0.00%	3.67%	100%
<b>September</b>	0.00%	45.99%	45.12%	0.00%	8.89%	100%
<b>October</b>	0.00%	51.56%	43.87%	0.00%	4.57%	100%
<b>November</b>	0.00%	48.45%	45.21%	0.00%	6.34%	100%
<b>December</b>	9.63%	30.99%	53.01%	0.00%	6.37%	100%
<b>January</b>	11.88%	38.29%	45.19%	0.00%	4.64%	100%
<b>February</b>	6.78%	43.70%	49.52%	0.00%	0.00%	100%
<b>March</b>	6.52%	42.02%	43.69%	0.00%	7.77%	100%
<b>April</b>	4.48%	32.13%	60.17%	0.00%	3.22%	100%
<b>May</b>	4.66%	33.40%	55.32%	0.00%	6.62%	100%
<b>June</b>	10.62%	36.17%	46.50%	0.00%	6.71%	100%



## ***COMPOSITION OF THE PORTFOLIO***

### **Maturity Diversification**

In order to ensure sufficient liquidity and reduce market risk, Section 15.3 of the Policy requires that “at least 50% of the portfolio is limited to a period of one year or less,” and “unless matched to a specific requirement and approved by the Executive Committee and the Board of Directors, no portion of the portfolio may exceed five years.”

***OCFA’s portfolio complied with maturity diversification requirements as stated in Section 15.3 of the Policy throughout FY 2016/17.***

### **Market Value**

Section 18.1.7 of OCFA’s Investment Policy requires monthly reporting of the current market value of the securities in the portfolio. The Treasurer reports current market values of the portfolio in both the Portfolio Summary and the Portfolio Detail sections of the Monthly Investment Report. Market values are provided monthly by MUFG Union Bank and quarterly by the State Treasurer’s Office for the LAIF investment.



## ***GASB 31 IMPACTS***

### **What is GASB 31?**

The Governmental Accounting Standards Board's Statement 31, titled "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," establishes rules for reporting investment valuation. The Statement generally requires governmental entities to report investments at fair value in the financial statements and to reflect the related unrealized gains and losses as a component of investment income. Different rules apply to an *internal investment pool* (consisting *only* of the governmental entity's own funds) versus an *external investment pool* (consisting of combined funds from other legally separate entities, such as a state or county investment pool).

### **How Does GASB 31 Impact OCFA's Portfolio?**

At June 30, 2017, all of the Authority's investments were reported at fair value in compliance with GASB 31 guidelines. The fair value reporting of OCFA's investments resulted in a net decrease of (\$206,004) to book value. **This fair value adjustment is for financial statement reporting only.**

Under GASB 31 guidelines, investment income is similarly increased/decreased for financial statement purposes. Investment income is impacted by the change in fair value of the investments from the beginning to the end of the reporting period. OCFA previously reported an increase to investment valuation at June 2016 of \$105,582; therefore, a loss of (\$311,586) was recorded to investment earnings as of June 30, 2017 to reflect the change in fair value.

<i>GASB 31 Adjustment to Books – Beginning of year</i>	<i>\$ 105,582.00</i>
<i>Net Change in Fair Value (decrease to earnings)</i>	<i>\$ (311,586.00)</i>
<i>GASB 31 Adjustment to Books – End of year loss</i>	<i>\$ (206,004.00)</i>





### ***INVESTMENT INCOME***

Portfolio investment income in FY 2016/17 amounted to \$1,200,836 (pre-GASB 31 adjustment) compared to \$846,963 in FY 2015/16. The increase in investment income was due to both higher average portfolio balances in FY 2016/17 and higher investment yield compared to FY 2015/16. The effective yield for the portfolio was 0.73% in FY 2016/17 compared to 0.46% in FY 2015/16. This increase in the overall effective yield from the prior year was consistent with the overall bond market performance.

### ***ANTICIPATED INVESTMENT ACTIVITY IN THE NEXT FISCAL YEAR***


Cash forecasts for FY 2017/18 are based primarily on the FY 2017/18 Adopted Budget. OCFA's Adopted Budget reflects revenues which are in balance with expenditures for the year, and the Budget will enable OCFA to sustain its reserves at the Board-mandated policy level. It is anticipated that the CIP Reserves will continue to be spent down this year on planned projects. However, due to positive overall cashflow projections for FY 2017/18, OCFA did not need to issue TRANs for the FY 2017/18. As a result, the portfolio's balance is expected to decrease throughout FY 2017/18, but would level off at the end of the fiscal year (when TRANs proceeds would be paid off and not reflected in the portfolio).

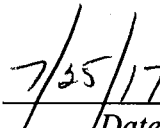
In addition, based on the Fed's latest assessment of the economy, market expectations are that the Fed will likely raise rates again at their scheduled meeting in September 2017 and perhaps additional increases are also possible during FY 2017/18. Thus, interest rates are expected to continue to rise during FY 2017/18, which may result in an increase in investment income over the prior year.



**TREASURER'S CERTIFICATION**

*"As Treasurer of the Orange County Fire Authority, I certify that I have complied with the annual Investment Policies adopted by the Board of Directors and effective January 1, 2016 and January 1, 2017."*

  
\_\_\_\_\_  
Patricia Jakubiak  
Treasurer

  
\_\_\_\_\_  
Date

***"We visualize problems and solutions through  
the eyes of those we serve."***



Orange County Fire Authority  
**AGENDA STAFF REPORT**

Executive Committee Meeting  
August 24, 2017

Agenda Item No. 3C  
Consent Calendar

**Blanket Order Contract Increase for Electrical Maintenance and Repairs**

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**Contact(s) for Further Information**

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Patrick Bauer, Property Manager

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**Summary**

This agenda item is submitted for the approval to increase funding for the previously approved contract with Williams and Maher for electrical maintenance and repair services. This increase will allow for the processing of existing invoices for services completed through June 30, 2017.

**Prior Board/Committee Action**

At the April 27, 2017, Executive Committee Meeting, the Committee approved an increase of \$20,000 (new total \$70,000) and extended the blanket order contract with Williams and Maher through June 30, 2017, to allow for the continuation of facilities maintenance and repairs as the competitive solicitation process was completed.

**RECOMMENDED ACTION(S)**

It is recommended that the Executive Committee ratify the proposed increase to the original blanket order with Williams and Maher in the amount of \$15,000 for a new total contract amount of \$85,000 to allow for the processing of existing invoices for electrical services incurred through June 30, 2017, while the competitive bid process was completed.

**Impact to Cities/County**

Not Applicable

**Fiscal Impact**

The requested increase is necessary to finalize payment of work performed before June 30, 2017. Sufficient funding in General Fund 12150 in FY 2016/17 is available to process the payment of existing invoices; however, due to the timing of the closing of FY 2016/17, final payment may need to be carried over to FY 2017/18.

**Background**

The Property Management Department is responsible for the maintenance and repair of OCFA's 22-acre headquarters, 72 fire stations, USAR Warehouse and Air Operations Hangar. The department historically utilizes outside contractor services for various maintenance and repair services to assist with workload when the workload exceeds current full-time staff capacity. Due to the number of facilities and locations that OCFA is responsible for, existing staffing levels are inadequate to keep up with the requests for repairs and other services outside of normally scheduled maintenance activities including after-hours and emergency requests for service.

Property Management staff, along with Finance, Information Technology, Accounts Payable, and the Purchasing Section are currently evaluating current ordering and invoicing processes to identify improvements and implement better records management and expenditure tracking processes to prevent future overages. An updated reporting system is being developed to better track spending and expiration dates of existing blanket orders. At the June 22, 2017, Executive Committee meeting, new contracts were awarded for electrical services after a competitive bidding process, and more accurate estimates were used to determine adequate dollar amounts for each contract awarded to better forecast the department's needs.

**Attachment(s)**

None



Orange County Fire Authority  
**AGENDA STAFF REPORT**

Executive Committee Meeting  
August 24, 2017

Agenda Item No. 4A  
Discussion Calendar

**Sole Source Blanket Order Increase and Extension for  
“EZ-IO” Intraosseous (Bone Marrow) Infusion Systems**

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**Contact(s) for Further Information**

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Kenny Dossey, Battalion Chief  
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714.573.6071

**Summary**

This item is submitted for the approval to increase and extend the sole source blanket order with Arrow International for the purchase of “EZ-IO” Intraosseous (I.O.) Infusion systems.

**Prior Board/Committee Action(s)**

At the July 17, 2014, meeting, the Executive Committee approved a three-year sole source blanket order contract extension with Arrow International (Vidacare at the time) in an amount not to exceed \$70,000 per year.

**RECOMMENDED ACTION(S)**

As Arrow International is the only known provider of a battery-operated bone marrow infusion system, it is recommended that the Committee:

1. Authorize the Purchasing Manager to increase the current sole source blanket order with Arrow International by \$80,000 (from \$70,000 to \$150,000) for the current contract term ending December 31, 2017.
2. Authorize the Purchasing Manager to extend the sole source contract for two additional one-year periods at the increased amount of \$150,000 annually (\$300,000 during the additional two-year term).

**Impact to Cities/County**

Not Applicable

**Fiscal Impact**

Funding is available in the FY 2017/18 General Fund (121) Budget.

**Background**

***Sole Source Justification***

Arrow International is the sole source provider of the EZ-IO infusion system manufactured by Teleflex, Inc. and is the only system offering battery-operated I.O. products in the marketplace. Arrow International’s sole source status is verified per the attached exclusivity letter from Teleflex, Inc., dated January 1, 2017.

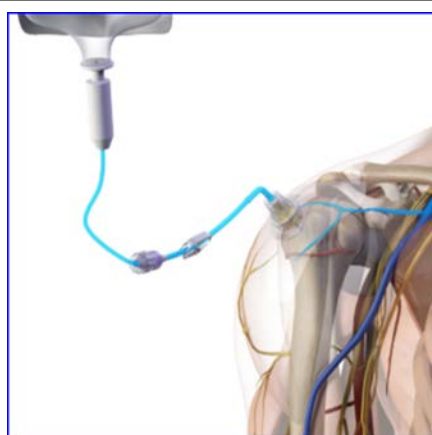


### ***Arrow “EZ-IO” Intraosseous Infusion System***

The Arrow EZ-IO infusion system is an Orange County Emergency Medical Services approved alternative for medication and fluid administration through the marrow of a bone during the delivery of advanced life support (ALS) care when intravenous access isn't obtainable. I.O. provides a rapid, safe method of administration that is most commonly used in critical patients when immediate access is imperative, such as unconscious patients pinned in vehicle accidents. Unlike establishing an I.V., which requires finding an accessible vein and then successfully cannulating, intraosseous access is rapidly obtained using the specialized needle system, entering the medullary cavity (marrow space, see insets).



**EZ-IO drills through the tissue into the medullary cavity (marrow space).**



**Infusion system in place to deliver ALS fluids and medications.**

The Authority has used these products since the procedure was implemented and is the device used by every advanced life support provider in Orange County. Its familiarity, effectiveness, reliability and safety make it the appropriate solution for the Orange County Fire Authority Emergency Medical Services (EMS) Section. Components of this system include: EZ-IO battery operated needle driver, specialized needles, “EZ-Connect” access tubing, stabilization device, and pressure infusion appliance. In addition to these tools utilized on patients, the Authority uses Arrow International specific training kits that contain training “bones” and devices.

### ***Recommendation***

Staff is recommending approval to increase the current blanket order contract with Arrow International at an amount not to exceed \$150,000. The additional cost is attributed to the increase in field usage and expiration of existing equipment. As the drill is medically sealed and self-contained, internal batteries cannot be replaced. Additionally, it is recommended that the Executive Committee authorize the Purchasing Manager to extend the contract at the increased amount for an additional two years. This extension is requested to allow for flexibility in the timing of the purchase of adequate quantities of intraosseous equipment, which tend to expire cyclically. The EMS Section needs to obtain replacements for expiring EZ-IO's, which increases the need for purchase beyond the current blanket order amount.

### ***Attachment(s)***

1. Sole Source Request Form
2. Original 2016 Blanket Order B01323-7
3. Teleflex, Inc. Exclusivity Letter

## OCFA Sole Source Request Form

*The Purchasing Ordinance of the Orange County Fire Authority requires competitive bids and proposals for service and commodity contracts. A sole source is defined as a product or service that is available from only one known supplier as a result of unique performance capabilities, manufacturing processes, compatibility requirements or market conditions. The using department requesting a sole source shall provide written clear and convincing evidence to support a sole source determination, meaning that only one source exists to fulfill the requirements. This form is to be submitted with the purchase requisition to Purchasing with any sole source requests.*

### SECTION I - INSTRUCTIONS

1. Written justification on this form will be completed by the requesting department and submitted with the purchase requisition.
2. The request must be approved by the section manager and assistant chief prior to submitting the request to the purchasing manager.
3. All sole source forms must be submitted to the Purchasing Manager for approval. Based on the new ordinance the Fire Chief is not required to approve the sole source form. The sole source request may be submitted to Assistant Chief of Business Services by the Purchasing Manager for concurrence as required.
4. All sole source contracts exceeding \$50,000 (life of contract) require Executive Committee approval. In this case, the sole source request form must be submitted to the Executive Committee as an attachment to the staff report.
5. The approved sole source justification form will be included in the contract file.

### SECTION II – REQUEST INFORMATION

<b>Department/Section:</b> EMS	<b>Requested By:</b> Todd Mitchell	<b>Date:</b> 7/24/2017
<b>Recommended Vendor:</b> Arrow International	<b>Vendor Contact:</b> Sue Stittsworth	<b>Vendor's E-mail Address:</b> sue.stittsworth@teleflex.com
<b>Vendor Address:</b> 3015 Carrington Mill Blvd Morrisville, NC. 27560		<b>Vendor's Telephone #:</b> 310 634-4679
<b>Type of Contract:</b> <input type="checkbox"/> One-time <input checked="" type="checkbox"/> Multi-Year <input type="checkbox"/> Renewal <input type="checkbox"/> Amendment <input checked="" type="checkbox"/> Increase		<b>Contract Term (Dates):</b> <b>Contract Amount:</b> \$150,000
<i>If the contract type is a Renewal, Amendment or Increase, please provide previous contract information with this request (PO, BO, previous approval date, Chief approval or EC approval, and dollar amount).</i>		<b>Attachments:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

### SECTION III – JUSTIFICATION

1. **Provide a detailed description of the product or service requested. Describe what it is. Attach additional sheet if necessary.**

The Arrow EZ IO Intraosseous system is for obtaining IV access in patients with difficult anatomy or external IV access was unsuccessful through normal IV canulation. Through past testing, OCFA has determined the Arrow system to be superior to other systems and preferred by our users. Usage has increased year to year as has the cost.

2. **Please state why the recommended vendor is the only one capable of providing the required services and/or commodities. Provide a summary of findings (research and analysis) including any supporting documentation which validates your recommendation (e.g., attach a manufacturer's letter verifying patented design and direct sale with no distributors) and demonstrates the sole source nature of this request. Attach additional sheet if necessary.**

Arrow International is the sole source provider of the "EZ-IO" intraosseous (I.O.) infusion system manufactured by Teleflex Inc. and is the only system offering battery-operated I.O. products in the marketplace. Arrow International's sole source status is verified per the attached from Teleflex Inc., dated January 1, 2017.




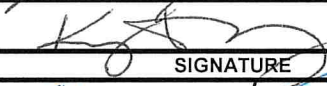

SECTION III – JUSTIFICATION (*continued*)**3. Pricing - What efforts were made to get the best pricing (e.g., did you simply request a quote, negotiate with the vendor, did the vendor provide a discount)? Please provide the quote with your sole source request.**

An annual contract is established every year in order to maintain pricing for a one year period. The vendor has not increased pricing since 2014 and has been confirmed to hold pricing up through December 31, 2017.

**4. Will this purchase obligate the OCFA to future purchases (maintenance, licensing or continuing needs)?**  
(If yes, please explain how and what the future costs will be.)


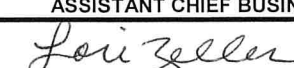
Since OCFA is currently standardized with the "EZ-IO" system and Arrow International is the only authorized distributor for Teleflex for these products, any future purchases will also be through Arrow International.

**Sole Source Request Submitted by:**

REQUESTORS NAME	SIGNATURE	DATE
Todd Mitchell		8/7/14
DIVISION CHIEF/SECTION MANAGER NAME	SIGNATURE	DATE
Kenny Dossey		8/4/17
ASSISTANT CHIEF NAME	SIGNATURE	DATE
Michael Schroeder		8/10/17

**Purchasing Manager's Comments:**

Staff contacted Arrow Intl to see if pricing could be extended.  
Arrow evaluates pricing annually and adjust January 1st if applicable.

PURCHASING MANAGER'S APPROVAL	DATE
	8/10/17
ASSISTANT CHIEF BUSINESS SERVICES CONCURRENCE	DATE
	8/10/17

Executive Committee Approval Required ☒ Yes ☐ No Sole Source over \$50,000

Executive Committee Approved: ☐ Yes ☐ No Date approved \_\_\_\_\_





# Orange County Fire Authority

1 Fire Authority Road, Irvine, CA 92602

## BLANKET ORDER

**DATE:** 12/23/16

**PURCHASE ORDER #:** B01323-7

**VENDOR:** @00004586

ARROW INTERNATIONAL  
3015 CARRINGTON MILL BLVD.  
MORRISVILLE NC 27560

**SHIP TO:**

*P.O. # must appear on all packages & correspondence.*

1 FIRE AUTHORITY ROAD  
IRVINE CA 92602

**PHONE:** 800-523-8446

**FAX:**

*Delivery Hours: 7am - 12pm and 1pm - 4pm*

**FOB:** DESTINATION

**CONTRACT TERM:** 01/01/17 - 12/31/17

**BUYER:** ROTHCHILD ONG @ 714-573-6642

**TERMS:** NET 30 DAYS

Item	Description	Total Amount
	<p>BLANKET ORDER FOR THE PURCHASE OF EZ-IO NEEDLES, DRIVERS AND ACCESSORY SUPPLIES.</p> <p>.</p> <p>THIS CONTRACT AMENDMENT IS ISSUED TO EXTEND THE TERM OF THE CONTRACT FOR A ONE YEAR PERIOD THROUGH DECEMBER 31, 2017 AND TO PROVIDE FUNDING OF A TOTAL NOT TO EXCEED: \$70,000.00. THERE IS ONE ADDITIONAL RENEWAL REMAINING ON THIS CONTRACT.</p> <p>.</p> <p>ALL PRICING, TERMS, AND CONDITIONS REMAIN THE SAME IN ACCORDANCE WITH ATTACHMENT A.</p> <p>.</p> <p>REFERENCE ACCOUNT NUMBER 1034339 TO PURCHASE PRODUCTS.</p> <p>.</p> <p>EXECUTIVE COMMITTEE APPROVED THIS CONTRACT ON 7/17/14. SOLE SOURCE LETTER DATED: 1/16/14</p> <p>.</p> <p>VENDOR CONTACT: DAVE PRICE @ 866-475-8500 VIDACARE@TELEFLEX.COM OCFA CONTACT: TODD MITCHELL @ 714-573-6074</p> <p>.</p> <p>ACCOUNTING: 121 1441 1502 200</p>	
		Amount

**Authorized Signature:**

Send invoices to: Accounts Payable @ [AP@ocfa.org](mailto:AP@ocfa.org) (Include Federal Tax ID # on invoice)

*Please acknowledge the terms and conditions on the reverse side.*



# Orange County Fire Authority

1 Fire Authority Road, Irvine, CA 92602

## BLANKET ORDER

**DATE:** 12/23/16

**PURCHASE ORDER #:** B01323-7

**VENDOR:** @00004586

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**PHONE:** 800-523-8446

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*Delivery Hours: 7am - 12pm and 1pm - 4pm*

**FOB:** DESTINATION

**CONTRACT TERM:** 01/01/17 - 12/31/17

**BUYER:** ROTHCHILD ONG @ 714-573-6642

**TERMS:** NET 30 DAYS

Item	Description	Total Amount
1	MEDICAL	70,000.00
		ADDL CHARGES: .00
		TOTAL TAXES: .00
		<b>Amount</b> 70,000.00

**Authorized Signature:**

Send invoices to: Accounts Payable @ [AP@ocfa.org](mailto:AP@ocfa.org) (Include Federal Tax ID # on invoice)

*Please acknowledge the terms and conditions on the reverse side.*

**Conditions:** The following OCFA standard work order conditions are always applicable, and the following work order conditions are also applicable when this order provides for performance of any work. Whenever used herein "OCFA" shall mean the Orange County Fire Authority, Orange County, California.

## STANDARD CONDITIONS

**1. Law:** This contract is governed by the laws of the state of California. The provisions of the Uniform Commercial Code shall apply except as otherwise set forth in this contract.

**2. Contract:** This order, when accepted by SELLER either in writing or by the shipment of any article or other commencement of performance hereunder, constitutes the entire contract between SELLER and the OCFA: no exceptions, alternates, substitutes or revisions are valid or binding on the OCFA unless authorized by the OCFA in writing. If any conditions conflict with the provisions of the written agreement, the provisions of the written agreement shall govern.

**3. Delivery:** Time of delivery is the essence of this contract. The OCFA reserves the right to refuse any goods and to cancel all or any part of the goods not conforming to the applicable specifications, drawings, samples or descriptions. Acceptance of any part of the order shall not bind OCFA to accept future shipments, nor deprive it of the right to return goods already accepted, at SELLER'S expense. Overshipment and undershipment shall be only as agreed to by OCFA.

**4. Risk of loss:** Delivery shall not be deemed to be complete until goods have been actually received and accepted by OCFA. Payment shall be made after satisfactory acceptance of shipments by OCFA.

**5. Warranty:** SELLER expressly warrants that the goods covered by this order are free of liens, of merchantable quality and satisfactory and safe for consumer use. Acceptance of this order shall constitute an agreement upon SELLER'S part to indemnify and hold harmless from liability, loss, damage and expense, including reasonable counsel fees, uncured or sustained by OCFA by reason of the failure of the goods to conform to such warranties, faulty work performance, negligent or unlawful acts, and non-compliance with any applicable local, State or Federal codes, ordinances, orders, or statutes including the Occupational Safety and Health Act (OSHA) and the California Industrial Safety Act. Such remedies shall be in addition to any other remedies provided by law. Contractor represents and warrants that the equipment provided under this agreement is designed to be used prior to, during, and after the calendar year 2000. The equipment provided will correctly differentiate between years that end in the same two digits, and will accurately process date/time data (including, but not limited to, calculating, comparing, and sequencing) from, into, and between the 20<sup>th</sup> and 21<sup>st</sup> centuries.

**6. Infringement:** SELLER shall indemnify and defend OCFA, at SELLER'S expense against all claims, demands, suits, liability and expense on account of alleged infringement of any patent, copyright or trademark, resulting from or arising in connection with the manufacture, sale, normal use or other normal disposition of any article or material furnished hereunder.

**7. Assignment:** Neither this order nor any claim against OCFA arising directly or indirectly out of or in connection with this order shall be assignable by SELLER or by operation of law, nor shall SELLER subcontract any obligations hereunder, without OCFA's prior written consent.

**8. Default:** If SELLER or any subcontractor breaches any provision hereof, or becomes insolvent, enters bankruptcy, receivership or other like proceeding (voluntarily or involuntarily) or makes assignment for the benefit of creditors, OCFA shall have the right, in addition to any other rights it may have hereunder or by law, to terminate this order by giving SELLER written notice; whereupon (a) OCFA shall be relieved of all further obligation hereunder, except to pay the reasonable value of SELLER'S prior performance, but not more than the contracted price, and (b) OCFA may procure the articles or services from other sources and may deduct from unpaid balance due the vendor or may collect against the bond or surety, or may invoice the vendor for excess cost so paid. The price paid by OCFA shall be considered prevailing market price at the time such purchase is made.

**9. Labor Disputes:** Whenever any actual or potential labor dispute delays or threatens to delay the timely performance of this order, SELLER shall immediately give written notice thereof to OCFA.

**10. Non-Discrimination:** In the performance of the terms of any contract resulting from this order, SELLER agrees that he will not engage nor permit such subcontractors where applicable as he may employ, to engage in discrimination in the employment of persons because of race, color, sex, age, disability, national origin or ancestry, or religion of such person.

**11. Termination:** OCFA reserves the right to terminate this contract without penalty with cause immediately or without cause after 30 days written notice unless otherwise specified.

**12. Taxes:** Unless otherwise provided herein or by law, price quoted does not include California State sales or use tax.

## WORK ORDER CONDITIONS

**13. Performance:** SELLER shall perform all work diligently, carefully, and in a good and worklike manner, shall furnish all labor, supervision, machinery, equipment, materials and supplies necessary therefor, shall obtain and maintain all building and other permits and licenses required by Public authorities in connection with performance of the work, and if permitted to subcontract, shall be fully responsible for all work performed by subcontractors. SELLER shall conduct all operations in SELLER'S own name and as independent contractor, and not in the name of, or as an agent of OCFA.

**14. Indemnification:** Seller agrees to indemnify and hold harmless OCFA, its officers, employees and agents from any claims, demands or liability for injury to any persons or property, including contractor, its officers, employees or agents, OCFA, its officers, employees agents or other persons arising out of or resulting from SELLER'S performance under this contract, unless such injury is caused by the sole negligence or concurrent active negligence of OCFA, its officers, employees or agents. If SELLER'S negligence combines with OCFA'S negligence to cause injury, the parties agree that liability will be apportioned as determined by a court of competent jurisdiction. Neither party shall request a jury apportionment.

**15. Safety/Liability Language:** In connection with the performance of this contract, OCFA shall have the authority to enter the worksite at any time for the purpose of identifying the existence of conditions, either actual or threatened, that may present a danger or hazard to any and all employees. Contractor agrees that OCFA, in its sole authority and discretion, may order the immediate abatement of any and all conditions that may present an actual or threatened danger or hazard to any and all employees at the worksite.

Contractor acknowledges the provisions of Section 6400 of the Labor Code, which requires that employers shall furnish employment and a place of employment that is safe and healthful for all employees working therein. In the event OCFA identifies the existence of any condition that presents an actual or threatened danger or hazard

to any or all employees at the worksite OCFA is hereby authorized to order the immediate abatement of that actual or threatened condition pursuant to this section. OCFA may also, at its sole authority and discretion, issue an immediate stop work order to Contractor to ensure that no employee working at the worksite is exposed to a dangerous or hazardous condition. Any stop work order issued by OCFA to Contractor in accordance with the provisions of this Section shall not give rise to any claim or cause of action for delay damages by Contractor or Contractor's agents or subcontractors against OCFA.

**16. Insurance:** SELLER shall maintain in full force during the term of this contract the following insurance and limits not less than those specified (a) Worker's Compensation and Employers' Liability complying with any statutory requirements; (b) Comprehensive General Liability Insurance including a broad form Property Damage endorsement with a \$1,000,000 combined single limit each occurrence; (c) Comprehensive Auto Liability (including the owned, nonowned and hired automobile hazards) with a \$1,000,000 combined single limit each occurrence; (d) Contractual Liability with \$1,000,000 combined single limit each occurrence. If OCFA so desires, these limits may be increased or decreased.

**17. Bill and Liens:** SELLER shall pay promptly all indebtedness for labor, materials and equipment used in performance of the work. SELLER shall not permit any lien or charge to attach to the work or the premises; but if any does so attach, SELLER shall promptly procure its release and indemnify OCFA against all damages and expense incident thereto.

**18. Bonds:** If OCFA so desires, SELLER shall provide payment and performance bonds as required.

**19. Changes:** SELLER shall make no changes in the work or perform any additional work without OCFA'S specific written approval.



January 1, 2017

**Teleflex**

3015 Carrington Mill Blvd.  
Morrisville, NC 27560  
USA  
Phone: 866-246-6990  
Fax: 866-804-9881  
teleflex.com

**RE: Teleflex—Sole Source for the ARROW® EZ-IO® Intraosseous Vascular Access System**

Dear Valued Customer:

Thank you for your interest in the ARROW® EZ-IO® System, which uses a proprietary patented needle and power driver technology. Teleflex is the sole manufacturer of these components. There are no other battery-powered intraosseous products currently available in the global marketplace.

Through our direct sales team, Arrow International, Inc., a wholly owned subsidiary of Teleflex, markets, sells and/or services all ARROW® EZ-IO® Device customers within the continental United States and Canada.

Please call our customer service to assist you with any questions or concerns: +1-866-246-6990.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Schneider", with a large, stylized loop at the end.

Scott Schneider  
Vice President, Sales  
Vascular



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

**Executive Committee Meeting**  
**August 24, 2017**

**Agenda Item No. 4B**  
**Discussion Calendar**

**August 2017 Legislative Report**

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**Contact(s) for Further Information**

Lori Zeller, Assistant Chief Business Services Department	<a href="mailto:brianyoung@ocfa.org">brianyoung@ocfa.org</a>	714.573.6012
Jay Barkman, Legislative Analyst	<a href="mailto:jaybarkman@ocfa.org">jaybarkman@ocfa.org</a>	714.573.6048

**Summary**

This item is submitted to provide an update on amendments to SB 302 (Mendoza) and to re-affirm the Board's position of support for the July 3, 2017, version of the bill.

**Prior Board/Committee Action**

At the March 23, 2017, Executive Committee meeting, staff was directed to advise and provide input ensuring SB 302 (Mendoza) does not negatively impact revenues allocated to the OCFA. At the June 22, 2017, Executive Committee meeting, the Committee voted to receive the update on SB 302 and adopted a position of "Oppose, Unless Amended." At the July 27, 2017, Executive Committee meeting, the Committee voted to Support the bill based on the amendments accepted to the bill.

**RECOMMENDED ACTION(S)**

Based upon a recent alert that SB 302 (Mendoza) may be going under additional revisions, it is recommended that the Board:

1. Receive an oral update on the status of SB 302 (Mendoza).
2. Re-affirm the Board's prior position to support the July 3, 2017, version of the bill.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Not Applicable.

**Background**

OCFA has been alerted that Orange County Professional Firefighters Association, Local 3631, may seek additional revisions to SB 302 (Mendoza). A meeting with all parties (City of Irvine, County of Orange, Local 3631, and OCFA) is tentatively planned for Wednesday, August 23, 2017.

Local 3631's proposed amendments would:

1. Require sign off from all OCFA member-city city councils, rather than just a majority; and,
2. Require that where a city engages in the 99.02 process, resulting in a tax transfer, that the monies transferred to that city shall be required to be expended on fire protection services.

OCFA staff informed Local 3631 that these new amendments substantively change the legislation and may lead to a change in the Board's adopted "Support" position. It is possible that the Senator or other parties may propose additional amendments at the meeting on Wednesday.

Staff is seeking to re-affirm the Board's prior adopted position and direction to inform the Senator and Local 3631 that the bill should remain substantively in the form as it exists now. (See attached July 3, 2017 Version of SB 302)

**Attachment(s)**

SB 302 (Mendoza) July 3, 2017, Version

AMENDED IN ASSEMBLY JULY 3, 2017

AMENDED IN ASSEMBLY JUNE 19, 2017

AMENDED IN SENATE MAY 4, 2017

AMENDED IN SENATE MARCH 29, 2017

## **SENATE BILL**

**No. 302**

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### **Introduced by Senator Mendoza**

February 13, 2017

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An act to ~~add Section 6503.2 to the Government Code, and to amend~~ Section 99.02 of the Revenue and Taxation Code, relating to joint powers.

#### LEGISLATIVE COUNSEL'S DIGEST

SB 302, as amended, Mendoza. Joint powers agencies: Orange County Fire Authority: funds.

~~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. Existing law additionally requires property tax revenues of the County of Orange that are allocated by that county to a joint powers agency formed for the purpose of providing fire protection to be used by that agency for fire protection purposes, as defined.~~

~~This bill would specify that withdrawal by a structural fire fund city from the Orange County Fire Authority is subject to specified negotiations, notices, and obligations, as required by law.~~

Existing law requires property tax revenues of the County of Orange that are allocated by that county to a joint powers authority formed for the purpose of providing fire protection to be used by that authority for fire protection purposes, as defined. Existing law authorizes a local agency to transfer any portion of its property tax revenues that is allocable to one or more tax rate areas within the local agency to one or more other local agencies that have the same tax rate areas, as specified, subject to specified conditions, including that the transfer will not impair the ability of the transferring agency to provide existing services.

This bill would additionally require, with regard to transfers of structural fire fund property tax revenues allocated by the County of Orange to a joint powers agency and required by existing law to be used to provide fire protection, that the transfer be approved by the county, a majority of member cities, and the agency currently receiving the funds.

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 6503.2 is added to the Government Code,~~  
2     ~~to read:~~  
3     ~~6503.2. Withdrawal by a structural fire fund city from the~~  
4     ~~Orange County Fire Authority shall be subject to property tax~~  
5     ~~transfer negotiations and any additional notices and obligations as~~  
6     ~~required by law.~~  
7     ~~SEC. 2.~~  
8     ~~SECTION 1.~~ Section 99.02 of the Revenue and Taxation Code  
9     is amended to read:  
10    99.02. (a) For the purposes of the computations required by  
11    this chapter for the 1985–86 fiscal year and fiscal years thereafter,  
12    in the case of any transfer of property tax revenues between local  
13    agencies that is adopted and approved in conformity with  
14    subdivisions (b) and (c), the auditor shall adjust the allocation of  
15    property tax revenue determined pursuant to Section 96.1 or its  
16    predecessor section, or the annual tax increment determined



1 pursuant to Section 96.5 or its predecessor section, for those local  
2 agencies whose allocation would be altered by the transfer.

3 (b) Commencing with the 1985–86 fiscal year, any local agency  
4 may, by the adoption of a resolution of its governing body or  
5 governing board, determine to transfer any portion of its property  
6 tax revenues that is allocable to one or more tax rate areas within  
7 the local agency to one or more other local agencies having the  
8 same tax rate area or tax rate areas. Upon the local agency’s  
9 adoption of the resolution, the local agency shall notify the board  
10 of supervisors of the county or the city council of the city within  
11 which the transfer of property tax revenues is proposed.

12 (c) If the board of supervisors or the city council concurs with  
13 the proposed transfer of property tax revenue, the board or council  
14 shall, by resolution, notify the county auditor of the approved  
15 transfer.

16 (d) Upon receipt of notification from the board of supervisors  
17 or the city council, the county auditor shall make the necessary  
18 adjustments specified in subdivision (a).

19 (e) Prior to the adoption or approval by any local agency of a  
20 transfer of property tax revenues pursuant to this section, each  
21 local agency that will be affected by the proposed transfer shall  
22 hold a public hearing to consider the effect of the proposed transfer  
23 on fees, charges, assessments, taxes, or other revenues. Notice of  
24 the hearing shall be published pursuant to Section 6061 of the  
25 Government Code in one or more newspapers of general circulation  
26 within each affected local agency.

27 (f) No local agency shall transfer property tax revenue pursuant  
28 to this section unless each of the following conditions exists:

29 (1) The transferring agency determines that revenues are  
30 available for this purpose.

31 (2) The transfer will not result in any increase in the ratio  
32 between the amount of revenues of the transferring agency that  
33 are generated by regulatory licenses, use charges, user fees, or  
34 assessments and the amount of revenues of the transferring agency  
35 used to finance services provided by the transferring agency.

36 (3) The transfer will not impair the ability of the transferring  
37 agency to provide existing services.

38 (4) The transfer will not result in a reduction of property tax  
39 revenues to school entities.

(5) In the case of structural fire fund property tax revenues subject to Section 6503.1 of the Government Code, where the transfer would not violate Section 6503.1 of the Government Code, the transfer is approved by the *board of supervisors of the county, the city councils of* a majority of member cities, and the agency currently receiving those funds for fire protection services.

~~SEC. 3.~~

SEC. 2. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique conditions with regard to the Orange County Fire Authority.