



# 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 20, 2015

6:00 P.M.

**Regional Fire Operations and Training Center**

**Board Room**

1 Fire Authority Road

Irvine, CA 92602

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

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



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

### CALL TO ORDER

INVOCATION by OCFA Chaplain Bob George

PLEDGE OF ALLEGIANCE by Director Lalloway

### ROLL CALL

## 1. PRESENTATIONS

No items.

## REPORT FROM THE BUDGET AND FINANCE COMMITTEE CHAIR

## REPORT FROM THE HUMAN RESOURCES COMMITTEE CHAIR

## PUBLIC COMMENTS

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

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

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

## 2. MINUTES

### A. Minutes from the July 16, 2015, Regular Executive Committee Meeting

Submitted by: Sherry Wentz, Clerk of the Authority

Recommended Action:

Approve as submitted.

## 3. CONSENT CALENDAR

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

### A. Monthly Investment Reports

Submitted by: Patricia Jakubiak, Treasurer

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

Recommended Action:

Receive and file the reports.

### B. Annual Investment Report

Submitted by: Patricia Jakubiak, Treasurer

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

Recommended Action:

Receive and file the report.

**C. Blanket Order Contract Extensions – Xerox Copiers**

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

Recommended Action:

Approve and authorize the Purchasing Manager to increase and extend two blanket orders with Xerox Corporation, including an increase of \$81,000 to B00694 for Regional Fire Operations and Training Center copiers and an increase of \$51,000 to B00729 for fire station copiers, to cover costs on a month-to-month basis through June 30, 2016.

**D. Sole Source Purchase Order Renewal and Extension – Information Technology**

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

Recommended Action:

Approve and authorize the Purchasing Manager to issue a sole source purchase order with the Genesis Group for up to three years in an amount not to exceed \$9,000 annually for Genwatch software maintenance.

**END OF CONSENT CALENDAR****4. DISCUSSION CALENDAR****A. TriTech CAD System Annual Software Support and Maintenance – Information Technology**

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

Recommended Action:

Approve and authorize the Purchasing Manager to issue a blanket order for TriTech CAD software annual support and maintenance for up to five years at the rates provided in the attached schedule.

**B. Westnet, Inc. Contract Amendment and Annual Software Support and Maintenance – Information Technology**

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

Recommended Action:

Approve and authorize the Purchasing Manager to issue a blanket order for Westnet, Inc. for Fire Station Alerting Systems software annual support and maintenance for up to five years at the rates provided in the proposed schedule, which includes an amendment to increase the first year of maintenance in the blanket order by \$8,000 from \$43,677.75 to \$51,677.75.

**C. Contract Increase and Extension – Professional Labor Negotiation Services**

Submitted by: Jeremy Hammond, Director/Human Resources Department

Recommended Actions:

1. Approve and authorize the Purchasing Manager to increase the value of the Professional Services Agreement with Peter Brown, of Liebert Cassidy Whitmore, by \$100,000 and extend the term through June 30, 2016.
2. Direct staff to submit a request to the Board of Directors with the FY 2015/16 Mid-Year Budget Adjustments to increase General Fund (Fund 121) appropriations by \$100,000 for professional labor negotiations services.

**D. August Legislative Update**

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

Recommended Action:

Receive and file the report.

**COMMITTEE MEMBER COMMENTS**

**CLOSED SESSION**

**CS1. PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

Position: Fire Chief

Authority: Government Code Section 54957

**CLOSED SESSION REPORT**

**ADJOURNMENT** – The next regular meeting of the Executive Committee is scheduled for Thursday, September 17, 2015, at 6:00 p.m.

**AFFIDAVIT OF POSTING**

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted in the lobby, front gate public display case, and website of the Orange County Fire Authority, Regional Training and Operations Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting. Dated this 13<sup>th</sup> day of August 2015.

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

**UPCOMING MEETINGS:**

|                                      |  |
|--------------------------------------|--|
| Board of Directors Special Meeting   | Thursday, August 27, 2015, 5:30 p.m.     |
| Human Resources Committee Meeting    | Tuesday, September 1, 2015, 12:00 noon   |
| Budget and Finance Committee Meeting | Wednesday, September 9, 2015, 12:00 noon |
| Claims Settlement Committee Meeting  | Thursday, September 17, 2015, 5:30 p.m.  |



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

**Executive Committee Meeting**  
**August 20, 2015**

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

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There are no presentations scheduled for this agenda.

# **MINUTES ORANGE COUNTY FIRE AUTHORITY**

**Executive Committee Regular Meeting  
Thursday, July 16, 2015  
6:00 P.M.**

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

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## **CALL TO ORDER**

Chair Murray called the regular meeting of the Orange County Fire Authority Executive Committee to order at 6:03 p.m. on July 16, 2015.

## **INVOCATION**

Chaplain Brett Peterson offered the invocation.

## **PLEDGE OF ALLEGIANCE**

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

## **ROLL CALL**

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

**Absent:** Jerry McCloskey, Laguna Niguel

Also present were:

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

## **1. PRESENTATIONS**

No items.

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

Vice Chair Swift reported at the July 15, 2015, meeting of the Budget and Finance Committee, the Committee voted unanimously to direct staff to place the Monthly Investment Reports and the Quarterly Change Order Report on the agenda for the Executive Committee meeting with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports. The Committee voted to direct staff to place the Updated Cost Reimbursement Rates, the Approval of the Updated OCFA ALS Paramedic and BLS Medical Supplies Reimbursement Rates, and the Community Risk Reduction Fee Study and Adoption of Associated Fee Schedules on the agenda for the Board of Directors meeting with the Budget and Finance Committee's recommendation that the Board of Directors approve the recommended actions. The Committee also reviewed the Quarterly Status Update – Orange County Employees' Retirement System, and accepted the Grant Acceptance FEMA Assistance to Firefighter Grant.

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

Chair Shawver reported at the July 15, 2015, meeting of the Human Resources Committee, the Committee voted unanimously to direct staff to place the Award of RFP for Class & Compensation Study Services on the agenda for the Executive Committee meeting with the Human Resources Committee's recommendation that the Executive Committee approve the recommended actions. The Committee received updates on the RFOTC Active Shooter Drill, the Professional Standards Unit, promotional process for sworn employees, and the Academy 41 Orientation.

### **REPORT FROM THE FIRE CHIEF**

Fire Chief Jeff Bowman introduced Assistant Chief David Thomas who provided an update on the recent 241 Fire.

### **PUBLIC COMMENTS (F: 12.02B3)**

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



## **2. MINUTES**

### **A. Minutes from the June 18, 2015, Regular Executive Committee Meeting (F: 12.02B2)**

On motion of Director Shawver and second by Vice Chair Hernandez, the Executive Committee voted unanimously by those present to approve the regular Executive Committee Minutes as submitted.

## **3. CONSENT CALENDAR**

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

On motion of Director Shawver and second by Director Swift, the Executive Committee voted unanimously by those present to receive and file the reports.

### **B. Award of RFP # DC2001 – Class & Compensation Study Services (F: 17.18A)**

On motion of Director Shawver and second by Director Swift, the Executive Committee voted unanimously by those present to approve and authorize the Purchasing Manager to award contracts to CPS HR Consulting and Ralph Andersen & Associates in an aggregate amount not to exceed \$100,000 annually and to approve two additional renewal options based on need and contract performance.

### **C. Quarterly Change Order Report (F: 11.10H1)**

Director Spitzer pulled this item for clarification on a few of the change orders.

On motion of Director Spitzer and second by Chair Murray, the Executive Committee voted unanimously by those present to receive and file the report.

### **D. Award of Bid JA2053 – Purchase of 4 Chevrolet Tahoes (F: 19.09E)**

On motion of Director Shawver and second by Director Swift, the Executive Committee voted unanimously by those present to approve and authorize the Purchasing Manager to issue a purchase order to Simpson Chevrolet in the amount of \$208,113.56 (includes sales tax).

### **E. Wildland Inspection Mobile Computer Application (F: 19.08A6)**

Director Spitzer pulled this item to address his continued concerns regarding travel expenses being included within contracts.

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

1. Approve and authorize the Fire Chief to sign the Environmental Systems Research Institute, Inc. (ESRI) contract amendment.
2. Approve and authorize the Purchasing Manager to increase purchase order PO 008794 to ESRI by \$50,000 for a new not to exceed amount of \$100,000 for additional GIS professional services for computer application design and development of the OCFA GIS Wildland Inspection Mobile Computer Application.

**F. Blanket Order Contract Increases and Renewals – Fleet Services (F: 15.09F)**

On motion of Director Shawver and second by Director Swift, the Executive Committee voted unanimously by those present to:

1. Approve and authorize the Purchasing Manager to renew and extend the blanket order with Dartco Transmissions for the final remaining renewal year of the contract as proposed.
2. Approve and authorize the Purchasing Manager to renew and extend the blanket order with Traction Genuine Parts Co. for up to three additional years as proposed.
3. Approve and authorize the Purchasing Manager to increase the blanket order with Trucparco by \$10,000 for a total not to exceed amount of \$50,000 annually and extend the contract for up to three additional years as proposed.

**G. Blanket Order Contract – Janitorial Supplies (F: 18.10A2b1)**

On motion of Director Shawver and second by Director Swift, the Executive Committee voted unanimously by those present to approve and authorize the Purchasing Manager to replace the existing janitorial supplies blanket order, which is expiring on July 31, 2015, with a new two-year blanket order contract with Waxie Sanitary Supply for a not to exceed amount of \$180,000 annually.

**H. Annual Renewal of California State Association of Counties Excess Insurance Authority (CSAC-EIA) Workers' Compensation Excess Insurance (F:18.102b1)**

On motion of Director Shawver and second by Director Swift, the Executive Committee voted unanimously by those present to approve and authorize the Fire Chief, or his designee, to bind insurance coverage with the CSAC-EIA for workers' compensation excess insurance with an annual premium of \$222,614 for coverage with a \$2,000,000 self-insured retention.

**END OF CONSENT CALENDAR**

#### **4. DISCUSSION CALENDAR**

##### **A. Legislative Update AB 1217 and Status Report on the Third Amendment to the JPA Agreement (F: 11.10F4) (X: 10.2)**

Director of Communications and Public Affairs Sandy Cooney provided the status of AB 1217 and the JPA's Third Amendment. He also noted that he is researching proposed Drone bills within the State Legislature.

#### **CLOSED SESSION**

There were no items scheduled for Closed Session.

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

Director Shawver commented on his observations at the recent Fire Explorer's "Life in the Day" training exercises.

Director Spitzer requested staff to report on the recent drone activity inhibiting firefighters at the next meeting and noted an upcoming Drowning Prevention Task Force meeting had been scheduled for August 3, 2015.

Director Swift noted attending the Grand Opening of Fire Station 56 and thanked Assistant Chief Schroeder for the facility tour.

Chair Murray complimented staff for the great Grand Opening held at Station 56. He thanked Division Chief McKeown for his work on the Explorer Academy. He noted attending the Fire/EMS Deployment Demonstration for the City Managers and commended Fire Chief Bowman and staff on their presentations. He also thanked the firefighters who assisted with the 241 Fire, and complemented the OCFA updated website.

**ADJOURNMENT** – Chair Murray adjourned the meeting at 6:48 p.m. The next regular meeting of the Executive Committee is scheduled for Thursday, August 20, 2015, at 6:00 p.m.

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



Orange County Fire Authority  
**AGENDA STAFF REPORT**

Executive Committee Meeting  
August 20, 2015

Agenda Item No. 3A  
Consent Calendar

**Monthly Investment Reports**

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**Contact(s) for Further Information**

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

**Summary**

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

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

At its regular August 12, 2015, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item.

**RECOMMENDED ACTION(S)**

Receive and file the reports.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Not Applicable.

**Background**

Attached is the final monthly investment report for the month ended June 30, 2015. A preliminary investment report as of July 24, 2015, 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 2015/Preliminary Report – July 2015

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



***Final Report – June 2015***

***Preliminary Report – July 2015***



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

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***Orange County Fire Authority***

***Final Investment Report***

***June 30, 2015***



## **EXECUTIVE SUMMARY**

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

During the month of June 2015, the size of the portfolio decreased significantly by \$39.0 million to \$165.0 million. Significant receipts for the month included quarterly cash contract payments, property tax receipts, intergovernmental payments and developer fees totaling \$23.1 million. Significant disbursements for the month included two biweekly payrolls, which were approximately \$8.4 million each with related benefits. Total June cash outflows for operating expenditures amounted to approximately \$19.7 million. In addition, on June 30, 2015, a repayment of \$44.3 million (principal plus interest) was made for the FY14/15 TRANs (Tax and Revenue Anticipation Notes). The portfolio's balance is expected to reverse and increase significantly in July with the issuance of the \$36.3 million TRANs for FY15/16.

In June, the portfolio's yield to maturity (365-day equivalent) increased by 6 basis points to 0.34%. The effective rate of return declined by 2 basis points to 0.26% for the month, but stayed unchanged at 0.27% for the fiscal year to date. The average maturity of the portfolio lengthened by 14 days to 126 days to maturity. As the FY14/15 ended, portfolio interest earnings slightly exceeded budgeted expectations for the year.

### ***Economic News***

The U.S. economy continued to improve in June. There were a total of 223,000 new jobs created for the month and the unemployment rate declined by 2 basis points to 5.3%, nearing what the Fed considers full employment. Both manufacturing and non-manufacturing sectors grew in June. Industrial production edged up slightly while durable goods orders rose better than expected by 3.4% due to increase in aircraft orders. Both the CPI (Consumer Price Index) and the PPI (Producer Price Index) increased further in June. Housing activity stayed mixed but continued to improve overall. Consumer confidence picked up in June, but retail sales unexpectedly declined. The NFIB (National Federation of Independent Business) Small Business Optimism Index also unexpectedly dropped to the lowest level since March 2014. Despite the recent global concerns over Greece and China's economic crisis, current expectations remain that the Fed is likely to raise rates in September 2015.



**BENCHMARK COMPARISON AS OF JUNE 30, 2015**

3 Month T-Bill: 0.02%

1 Year T-Bill: 0.28%

6 Month T-Bill: 0.09%

LAIF: 0.30%

OCFA Portfolio: 0.26%

**PORTFOLIO SIZE, YIELD, & DURATION**

|                             | <u>Current Month</u> | <u>Prior Month</u> | <u>Prior Year</u> |
|-----------------------------|----------------------|--------------------|-------------------|
| Book Value-                 | \$164,961,691        | \$203,983,755      | \$159,315,564     |
| Yield to Maturity (365 day) | 0.34%                | 0.28%              | 0.24%             |
| Effective Rate of Return    | 0.26%                | 0.28%              | 0.24%             |
| Days to Maturity            | 126                  | 112                | 185               |



**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Summary**  
**June 30, 2015**

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

(See Note 1 on page 9)

(See Note 2 on page 9)

| Investments  | Par Value             | Market Value          | Book Value            | % of Portfolio | Term       | Days to Maturity | YTM/C 360 Equiv. | YTM/C 365 Equiv. |
|--|-----------------------|-----------------------|-----------------------|----------------|------------|------------------|------------------|------------------|
| Money Mkt Mutual Funds/Cash                            | 18,252,264.91         | 18,252,264.91         | 18,252,264.91         | 11.14          | 1          | 1                | 0.001            | 0.001            |
| Commercial Paper Disc. -Amortizing                     | 8,585,000.00          | 8,573,367.60          | 8,577,918.75          | 5.24           | 203        | 143              | 0.211            | 0.214            |
| Federal Agency Coupon Securities                       | 42,000,000.00         | 41,978,010.00         | 42,013,203.91         | 25.64          | 1,307      | 400              | 0.841            | 0.853            |
| Federal Agency Disc. -Amortizing                       | 45,000,000.00         | 44,996,580.00         | 44,995,070.00         | 27.46          | 124        | 55               | 0.070            | 0.071            |
| Local Agency Investment Funds                          | 50,000,000.00         | 50,018,798.95         | 50,000,000.00         | 30.52          | 1          | 1                | 0.295            | 0.299            |
| <b>Investments</b>                                     | <b>163,837,264.91</b> | <b>163,819,021.46</b> | <b>163,838,457.57</b> | <b>100.00%</b> | <b>380</b> | <b>126</b>       | <b>0.336</b>     | <b>0.341</b>     |
| <b>Cash and Accrued Interest</b>                       |                       |                       |                       |                |            |                  |                  |                  |
| Passbook/Checking (not included in yield calculations) | 1,142,146.67          | 1,142,146.67          | 1,142,146.67          |                | 1          | 1                | 0.000            | 0.000            |
| Accrued Interest at Purchase                           |                       | 522.50                | 522.50                |                |            |                  |                  |                  |
| Subtotal   |                       | 1,142,669.17          | 1,142,669.17          |                |            |                  |                  |                  |
| <b>Total Cash and Investments</b>                      | <b>164,979,411.58</b> | <b>164,961,690.63</b> | <b>164,981,126.74</b> |                | <b>380</b> | <b>126</b>       | <b>0.336</b>     | <b>0.341</b>     |

| Total Earnings           | June 30 Month Ending | Fiscal Year To Date | Fiscal Year Ending |
|--------------------------|----------------------|---------------------|--------------------|
| Current Year             | 42,725.42            | 453,988.07          | 453,988.07         |
| Average Daily Balance    | 201,124,008.89       | 170,862,379.91      |                    |
| Effective Rate of Return | 0.26%                | 0.27%               |                    |

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

Patricia Jakubak, Treasurer

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

Book Value of Cash & Investments before GASB 31 (Above)

\$ 164,981,126.74

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

\$ (19,436.11)

Total

\$ 164,961,690.63

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**June 30, 2015**

(See Note 1 on page 9)

(See Note 2 on page 9)

| CUSIP                                     | Investment # | Issuer                                      | Average Balance       | Purchase Date | Par Value             | Market Value          | Book Value            | Stated Rate | YTM/C 365    | Days to Maturity | Maturity Date |
|---|--------------|---|-----------------------|---------------|-----------------------|-----------------------|-----------------------|-------------|--------------|------------------|---------------|
| <b>Money Mkt Mutual Funds/Cash</b>        |              |   |                       |               |                       |                       |                       |             |              |                  |               |
| SYS528                                    | 528          | High Mark 100% US Treasury MMF              |                       |               | 18,252,264.91         | 18,252,264.91         | 18,252,264.91         | 0.001       | 0.001        | 1                |               |
|   |              | <b>Subtotal and Average</b>                 | <b>21,877,658.09</b>  |               | <b>18,252,264.91</b>  | <b>18,252,264.91</b>  | <b>18,252,264.91</b>  |             | <b>0.001</b> | <b>1</b>         |               |
| <b>Commercial Paper Disc. -Amortizing</b> |              |   |                       |               |                       |                       |                       |             |              |                  |               |
| 36959JYR8                                 | 860          | GEN ELEC CAP CRP                            |                       | 04/23/2015    | 2,570,000.00          | 2,566,427.70          | 2,567,901.17          | 0.200       | 0.206        | 147              | 11/25/2015    |
| 36595JYL1                                 | 862          | GEN ELEC CAP CRP                            |                       | 05/06/2015    | 6,015,000.00          | 6,006,939.90          | 6,010,017.58          | 0.210       | 0.218        | 142              | 11/20/2015    |
|   |              | <b>Subtotal and Average</b>                 | <b>8,577,202.95</b>   |               | <b>8,585,000.00</b>   | <b>8,573,367.60</b>   | <b>8,577,918.75</b>   |             | <b>0.214</b> | <b>143</b>       |               |
| <b>Federal Agency Coupon Securities</b>   |              |   |                       |               |                       |                       |                       |             |              |                  |               |
| 3133ECM76                                 | 809          | Federal Farm Credit Bank (Callable anytime) |                       | 04/25/2013    | 9,000,000.00          | 9,000,270.00          | 8,998,297.77          | 0.400       | 0.424        | 296              | 04/22/2016    |
| 3133EEA75                                 | 861          | Federal Farm Credit Bank (Callable 7-22-15) |                       | 04/23/2015    | 9,000,000.00          | 8,987,220.00          | 8,999,575.28          | 0.990       | 1.031        | 21               | 01/22/2018    |
| 3134G7FK2                                 | 863          | Fed Home Loan Mtg Corp (Callable 12-23-15)  |                       | 06/30/2015    | 9,000,000.00          | 8,997,030.00          | 9,008,388.73          | 1.100       | 0.905        | 175              | 03/23/2018    |
| 3133804V6                                 | 787          | Fed Home Loan Bank (Callable anytime)       |                       | 08/09/2012    | 6,000,000.00          | 6,000,600.00          | 6,000,000.00          | 1.000       | 0.981        | 770              | 08/09/2017    |
| 3133813R4                                 | 800          | Fed Home Loan Bank (Callable 7-9-15)        |                       | 12/20/2012    | 9,000,000.00          | 8,992,890.00          | 9,006,942.13          | 1.000       | 0.986        | 862              | 11/09/2017    |
|   |              | <b>Subtotal and Average</b>                 | <b>42,976,150.82</b>  |               | <b>42,000,000.00</b>  | <b>41,978,010.00</b>  | <b>42,013,203.91</b>  |             | <b>0.853</b> | <b>400</b>       |               |
| <b>Federal Agency Disc. -Amortizing</b>   |              |   |                       |               |                       |                       |                       |             |              |                  |               |
| 313396MC4                                 | 859          | Freddie Mac                                 |                       | 04/23/2015    | 9,000,000.00          | 8,998,740.00          | 8,998,300.00          | 0.080       | 0.082        | 85               | 09/24/2015    |
| 313384JF7                                 | 855          | Fed Home Loan Bank                          |                       | 04/23/2015    | 9,000,000.00          | 8,999,910.00          | 8,999,760.00          | 0.060       | 0.062        | 16               | 07/17/2015    |
| 313384KK4                                 | 856          | Fed Home Loan Bank                          |                       | 04/23/2015    | 9,000,000.00          | 8,999,550.00          | 8,999,285.00          | 0.065       | 0.067        | 44               | 08/14/2015    |
| 313384KZ1                                 | 857          | Fed Home Loan Bank                          |                       | 04/23/2015    | 9,000,000.00          | 8,999,460.00          | 8,998,985.00          | 0.070       | 0.072        | 58               | 08/28/2015    |
| 313588LP8                                 | 858          | Fed Home Loan Bank                          |                       | 04/23/2015    | 9,000,000.00          | 8,998,920.00          | 8,998,740.00          | 0.070       | 0.072        | 72               | 09/11/2015    |
|   |              | <b>Subtotal and Average</b>                 | <b>77,692,997.02</b>  |               | <b>45,000,000.00</b>  | <b>44,996,580.00</b>  | <b>44,995,070.00</b>  |             | <b>0.071</b> | <b>55</b>        |               |
| <b>Local Agency Investment Funds</b>      |              |   |                       |               |                       |                       |                       |             |              |                  |               |
| SYS336                                    | 336          | Local Agency Invstmt Fund                   |                       |               | 50,000,000.00         | 50,018,798.95         | 50,000,000.00         | 0.299       | 0.299        | 1                |               |
|   |              | <b>Subtotal and Average</b>                 | <b>50,000,000.00</b>  |               | <b>50,000,000.00</b>  | <b>50,018,798.95</b>  | <b>50,000,000.00</b>  |             | <b>0.299</b> | <b>1</b>         |               |
|   |              | <b>Total and Average</b>                    | <b>201,124,008.89</b> |               | <b>163,837,264.91</b> | <b>163,819,021.46</b> | <b>163,838,457.57</b> |             | <b>0.341</b> | <b>126</b>       |               |

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**June 30, 2015**

| CUSIP                              | Investment # | Issuer               | Average<br>Balance    | Purchase<br>Date                    | Par Value             | Market Value          | Book Value            | Stated<br>Rate | YTM/C<br>365 | Days to<br>Maturity |
|------------------------------------|--------------|----------------------|-----------------------|-------------------------------------|-----------------------|-----------------------|-----------------------|----------------|--------------|---------------------|
| <b>Money Mkt Mutual Funds/Cash</b> |              |                      |                       |                                     |                       |                       |                       |                |              |                     |
| SYS10104                           | 10104        | ABPA (Acct Closed)   |                       | 07/01/2014                          | 0.00                  | 0.00                  | 0.00                  |                | 0.000        | 1                   |
| SYS10033                           | 10033        | Revolving Fund       |                       | 07/01/2014                          | 20,000.00             | 20,000.00             | 20,000.00             |                | 0.000        | 1                   |
| SYS4                               | 4            | Union Bank           |                       | 07/01/2014                          | 1,122,146.67          | 1,122,146.67          | 1,122,146.67          |                | 0.000        | 1                   |
| SYS361                             | 361          | CORVEL (Acct Closed) |                       | 07/01/2014                          | 0.00                  | 0.00                  | 0.00                  |                | 0.000        | 1                   |
| <b>Average Balance</b>             |              |                      | <b>0.00</b>           | <b>Accrued Interest at Purchase</b> |                       | <b>522.50</b>         | <b>522.50</b>         |                |              | <b>1</b>            |
| <b>Subtotal</b>                    |              |                      |                       |                                     |                       | <b>1,142,669.17</b>   | <b>1,142,669.17</b>   |                |              |                     |
| <b>Total Cash and Investments</b>  |              |                      | <b>201,124,008.89</b> |                                     | <b>164,979,411.58</b> | <b>164,961,690.63</b> | <b>164,981,126.74</b> |                | <b>0.341</b> | <b>126</b>          |

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

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

|                                     |                             |                |            | Maturity<br>Par Value | Percent<br>of Portfolio | Current<br>Book Value | Current<br>Market Value |
|-------------------------------------|-----------------------------|----------------|------------|-----------------------|-------------------------|-----------------------|-------------------------|
| Aging Interval: 0 days              | ( 07/01/2015 - 07/01/2015 ) | 6 Maturities   | 0 Payments | 69,394,411.58         | 42.06%                  | 69,394,411.58         | 69,413,210.53           |
| Aging Interval: 1 - 30 days         | ( 07/02/2015 - 07/31/2015 ) | 1 Maturities   | 0 Payments | 9,000,000.00          | 5.46%                   | 8,999,760.00          | 8,999,910.00            |
| Aging Interval: 31 - 60 days        | ( 08/01/2015 - 08/30/2015 ) | 2 Maturities   | 0 Payments | 18,000,000.00         | 10.91%                  | 17,998,270.00         | 17,999,010.00           |
| Aging Interval: 61 - 91 days        | ( 08/31/2015 - 09/30/2015 ) | 2 Maturities   | 0 Payments | 18,000,000.00         | 10.91%                  | 17,997,040.00         | 17,997,660.00           |
| Aging Interval: 92 - 121 days       | ( 10/01/2015 - 10/30/2015 ) | 0 Maturities   | 0 Payments | 0.00                  | 0.00%                   | 0.00                  | 0.00                    |
| Aging Interval: 122 - 152 days      | ( 10/31/2015 - 11/30/2015 ) | 2 Maturities   | 0 Payments | 8,585,000.00          | 5.20%                   | 8,577,918.75          | 8,573,367.60            |
| Aging Interval: 153 - 183 days      | ( 12/01/2015 - 12/31/2015 ) | 0 Maturities   | 0 Payments | 0.00                  | 0.00%                   | 0.00                  | 0.00                    |
| Aging Interval: 184 - 274 days      | ( 01/01/2016 - 03/31/2016 ) | 0 Maturities   | 0 Payments | 0.00                  | 0.00%                   | 0.00                  | 0.00                    |
| Aging Interval: 275 - 365 days      | ( 04/01/2016 - 06/30/2016 ) | 1 Maturities   | 0 Payments | 9,000,000.00          | 5.45%                   | 8,998,297.77          | 9,000,270.00            |
| Aging Interval: 366 - 1095 days     | ( 07/01/2016 - 06/30/2018 ) | 4 Maturities   | 0 Payments | 33,000,000.00         | 20.01%                  | 33,014,906.14         | 32,977,740.00           |
| Aging Interval: 1096 days and after | ( 07/01/2018 - )            | 0 Maturities   | 0 Payments | 0.00                  | 0.00%                   | 0.00                  | 0.00                    |
| Total for                           |                             | 18 Investments | 0 Payments |                       | 100.00                  | 164,980,604.24        | 164,961,168.13          |



**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, 2015 includes an increase of \$18,799 to the LAIF investment and a decrease of (\$38,235) to the remaining investments.
- Note 4: The Highmark money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.



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

As of June 30, 2015, OCFA has \$50,000,000 invested in LAIF. The fair value of OCFA's LAIF investment is calculated using a participant fair value factor provided by LAIF on a quarterly basis. The fair value factor as of June 30, 2015 is 1.000375979. When applied to OCFA's LAIF investment, the fair value is \$50,018,799 or \$18,799 above cost. Although the fair value of the LAIF investment is higher 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, 2015 is included on the following page.





**State of California**  
**Pooled Money Investment Account**  
**Market Valuation**  
**6/30/2015**

| Description             | Carrying Cost Plus   |                      |                      |                  |
|-------------------------|----------------------|----------------------|----------------------|------------------|
|                         | Accrued Interest     | Purch.               | Amortized Cost       | Fair Value       |
| United States Treasury: |                      |                      |                      |                  |
| Bills                   | \$ 12,478,798,026.25 | \$ 12,486,334,849.86 | \$ 12,490,802,500.00 | NA               |
| Notes                   | \$ 20,558,752,232.85 | \$ 20,555,536,741.39 | \$ 20,580,129,500.00 | \$ 21,455,182.50 |
| Federal Agency:         |                      |                      |                      |                  |
| SBA                     | \$ 585,671,321.30    | \$ 585,666,243.58    | \$ 581,898,249.19    | \$ 515,761.93    |
| MBS-REMICs              | \$ 88,086,151.74     | \$ 88,086,151.74     | \$ 94,368,771.34     | \$ 419,094.47    |
| Debentures              | \$ 1,356,989,977.45  | \$ 1,356,980,116.34  | \$ 1,357,742,600.00  | \$ 3,825,064.96  |
| Debentures FR           | \$ -                 | \$ -                 | \$ -                 | \$ -             |
| Discount Notes          | \$ 6,937,478,493.01  | \$ 6,939,792,520.75  | \$ 6,941,176,500.00  | NA               |
| GNMA                    | \$ -                 | \$ -                 | \$ -                 | \$ -             |
| Supranational Debenture | \$ 450,178,265.15    | \$ 450,178,265.15    | \$ 450,788,000.00    | \$ 759,031.50    |
| CDs and YCDs FR         | \$ -                 | \$ -                 | \$ -                 | \$ -             |
| Bank Notes              | \$ 700,000,000.00    | \$ 700,000,000.00    | \$ 699,897,195.93    | \$ 433,666.67    |
| CDs and YCDs            | \$ 14,650,014,748.62 | \$ 14,650,014,748.62 | \$ 14,642,625,872.59 | \$ 4,375,027.76  |
| Commercial Paper        | \$ 5,921,030,472.27  | \$ 5,922,910,944.52  | \$ 5,922,245,201.40  | NA               |
| Corporate:              |                      |                      |                      |                  |
| Bonds FR                | \$ -                 | \$ -                 | \$ -                 | \$ -             |
| Bonds                   | \$ -                 | \$ -                 | \$ -                 | \$ -             |
| Repurchase Agreements   | \$ -                 | \$ -                 | \$ -                 | \$ -             |
| Reverse Repurchase      | \$ -                 | \$ -                 | \$ -                 | \$ -             |
| Time Deposits           | \$ 5,437,540,000.00  | \$ 5,437,540,000.00  | \$ 5,437,540,000.00  | NA               |
| AB 55 & GF Loans        | \$ 441,948,027.07    | \$ 441,948,027.07    | \$ 441,948,027.07    | NA               |
| TOTAL                   | \$ 69,606,487,715.71 | \$ 69,614,988,609.02 | \$ 69,641,162,417.52 | \$ 31,782,829.79 |

Fair Value Including Accrued Interest

\$ 69,672,945,247.31

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 (1.000375979). 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 \$20,007,519.59 or \$20,000,000.00 x 1.000375979.



***Orange County Fire Authority***

***Preliminary Investment Report***

***July 24, 2015***



**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Summary**  
**July 24, 2015**

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

(See Note 1 on page 18)

(See Note 2 on page 18)

| Investments   | Par Value             | Market Value          | Book Value            | % of Portfolio | Term       | Days to Maturity | YTM/C 360 Equiv. | YTM/C 365 Equiv. |
|---|-----------------------|-----------------------|-----------------------|----------------|------------|------------------|------------------|------------------|
| Money Mkt Mutual Funds/Cash                               | 13,609,346.21         | 13,609,346.21         | 13,609,346.21         | 7.39           | 1          | 1                | 0.001            | 0.001            |
| Commercial Paper Disc. -Amortizing                        | 9,585,000.00          | 9,574,952.85          | 9,578,351.85          | 5.20           | 198        | 120              | 0.212            | 0.215            |
| Federal Agency Coupon Securities                          | 42,000,000.00         | 41,968,740.00         | 42,012,402.02         | 22.81          | 1,307      | 572              | 0.834            | 0.846            |
| Federal Agency Disc. -Amortizing                          | 69,000,000.00         | 68,987,430.00         | 68,985,305.00         | 37.45          | 137        | 77               | 0.090            | 0.091            |
| Local Agency Investment Funds                             | 50,000,000.00         | 50,018,798.95         | 50,000,000.00         | 27.15          | 1          | 1                | 0.295            | 0.299            |
| <b>Investments</b>  | <b>184,194,346.21</b> | <b>184,159,268.01</b> | <b>184,185,405.08</b> | <b>100.00%</b> | <b>360</b> | <b>166</b>       | <b>0.315</b>     | <b>0.320</b>     |
| <b>Cash and Accrued Interest</b>                          |                       |                       |                       |                |            |                  |                  |                  |
| Passbook/Checking<br>(not included in yield calculations) | 808,360.02            | 808,360.02            | 808,360.02            |                | 1          | 1                | 0.000            | 0.000            |
| Accrued Interest at Purchase                              |                       | 275.00                | 275.00                |                |            |                  |                  |                  |
| Subtotal  |                       | 808,635.02            | 808,635.02            |                |            |                  |                  |                  |
| <b>Total Cash and Investments</b>                         | <b>185,002,706.23</b> | <b>184,967,903.03</b> | <b>184,994,040.10</b> |                | <b>360</b> | <b>166</b>       | <b>0.315</b>     | <b>0.320</b>     |

| Total Earnings           | July 24 Month Ending | Fiscal Year To Date |
|--------------------------|----------------------|---------------------|
| Current Year             | 39,628.44            | 39,628.44           |
| Average Daily Balance    | 191,117,330.62       | 191,117,330.62      |
| Effective Rate of Return | 0.32%                | 0.32%               |

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

Patricia Jakubak, Treasurer

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

Book Value of Cash & Investments before GASB 31 (Above)

\$ 184,994,040.10

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

\$ (19,436.11)

Total

\$ 184,974,603.99

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**July 24, 2015**

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

| CUSIP                                     | Investment # | Issuer                                      | Average Balance      | Purchase Date | Par Value            | Market Value         | Book Value           | Stated Rate | YTM/C 365    | Days to Maturity | Maturity Date |
|---|--------------|---|----------------------|---------------|----------------------|----------------------|----------------------|-------------|--------------|------------------|---------------|
| <b>Money Mkt Mutual Funds/Cash</b>        |              |   |                      |               |                      |                      |                      |             |              |                  |               |
| SYS528                                    | 528          | High Mark 100% US Treasury MMF              |                      |               | 13,609,346.21        | 13,609,346.21        | 13,609,346.21        | 0.001       | 0.001        | 1                |               |
| <b>Subtotal and Average</b>               |              |   | <b>14,543,528.95</b> |               | <b>13,609,346.21</b> | <b>13,609,346.21</b> | <b>13,609,346.21</b> |             | <b>0.001</b> | <b>1</b>         |               |
| <b>Commercial Paper Disc. -Amortizing</b> |              |   |                      |               |                      |                      |                      |             |              |                  |               |
| 36959JYR8                                 | 860          | GEN ELEC CAP CRP                            |                      | 04/23/2015    | 2,570,000.00         | 2,566,967.40         | 2,568,243.83         | 0.200       | 0.206        | 123              | 11/25/2015    |
| 36595JYL1                                 | 862          | GEN ELEC CAP CRP                            |                      | 05/06/2015    | 6,015,000.00         | 6,009,165.45         | 6,010,859.68         | 0.210       | 0.218        | 118              | 11/20/2015    |
| 36959JYR8                                 | 866          | GEN ELEC CAP CRP                            |                      | 07/01/2015    | 1,000,000.00         | 998,820.00           | 999,248.34           | 0.220       | 0.223        | 123              | 11/25/2015    |
| <b>Subtotal and Average</b>               |              |   | <b>9,577,713.87</b>  |               | <b>9,585,000.00</b>  | <b>9,574,952.85</b>  | <b>9,578,351.85</b>  |             | <b>0.215</b> | <b>120</b>       |               |
| <b>Federal Agency Coupon Securities</b>   |              |   |                      |               |                      |                      |                      |             |              |                  |               |
| 3133ECM76                                 | 809          | Federal Farm Credit Bank (Callable anytime) |                      | 04/25/2013    | 9,000,000.00         | 9,000,090.00         | 8,998,438.16         | 0.400       | 0.424        | 272              | 04/22/2016    |
| 3133EEA75                                 | 861          | Federal Farm Credit Bank                    |                      | 04/23/2015    | 9,000,000.00         | 8,977,230.00         | 9,000,000.00         | 0.990       | 0.998        | 912              | 01/22/2018    |
| 3134G7FK2                                 | 863          | Fed Home Loan Mtg Corp (Callable 12-23-15)  |                      | 06/30/2015    | 9,000,000.00         | 9,000,360.00         | 9,007,218.21         | 1.100       | 0.905        | 151              | 03/23/2018    |
| 3133804V6                                 | 787          | Fed Home Loan Bank (Callable anytime)       |                      | 08/09/2012    | 6,000,000.00         | 6,000,240.00         | 6,000,000.00         | 1.000       | 0.981        | 746              | 08/09/2017    |
| 3133813R4                                 | 800          | Fed Home Loan Bank (Callable 8-9-15)        |                      | 12/20/2012    | 9,000,000.00         | 8,990,820.00         | 9,006,745.65         | 1.000       | 0.966        | 838              | 11/09/2017    |
| <b>Subtotal and Average</b>               |              |   | <b>42,012,812.80</b> |               | <b>42,000,000.00</b> | <b>41,968,740.00</b> | <b>42,012,402.02</b> |             | <b>0.846</b> | <b>572</b>       |               |
| <b>Federal Agency Disc. -Amortizing</b>   |              |   |                      |               |                      |                      |                      |             |              |                  |               |
| 313396MC4                                 | 859          | Freddie Mac                                 |                      | 04/23/2015    | 9,000,000.00         | 8,999,280.00         | 8,998,780.00         | 0.080       | 0.082        | 61               | 09/24/2015    |
| 313384KK4                                 | 856          | Fed Home Loan Bank                          |                      | 04/23/2015    | 9,000,000.00         | 8,999,910.00         | 8,999,675.00         | 0.065       | 0.067        | 20               | 08/14/2015    |
| 313384KZ1                                 | 857          | Fed Home Loan Bank                          |                      | 04/23/2015    | 9,000,000.00         | 8,999,820.00         | 8,999,405.00         | 0.070       | 0.072        | 34               | 08/28/2015    |
| 313588LP8                                 | 858          | Fed Home Loan Bank                          |                      | 04/23/2015    | 9,000,000.00         | 8,999,460.00         | 8,999,160.00         | 0.070       | 0.072        | 48               | 09/11/2015    |
| 313384NG0                                 | 864          | Fed Home Loan Bank                          |                      | 07/01/2015    | 9,000,000.00         | 8,998,650.00         | 8,997,775.00         | 0.100       | 0.103        | 89               | 10/22/2015    |
| 313384NX3                                 | 865          | Fed Home Loan Bank                          |                      | 07/01/2015    | 9,000,000.00         | 8,997,210.00         | 8,997,530.00         | 0.095       | 0.098        | 104              | 11/06/2015    |
| 313384QB8                                 | 867          | Fed Home Loan Bank                          |                      | 07/01/2015    | 6,000,000.00         | 5,997,420.00         | 5,997,360.00         | 0.120       | 0.123        | 132              | 12/04/2015    |
| 313384QR3                                 | 868          | Fed Home Loan Bank                          |                      | 07/01/2015    | 9,000,000.00         | 8,995,680.00         | 8,995,620.00         | 0.120       | 0.123        | 146              | 12/18/2015    |
| <b>Subtotal and Average</b>               |              |   | <b>74,983,275.00</b> |               | <b>69,000,000.00</b> | <b>68,987,430.00</b> | <b>68,985,305.00</b> |             | <b>0.091</b> | <b>77</b>        |               |
| <b>Local Agency Investment Funds</b>      |              |   |                      |               |                      |                      |                      |             |              |                  |               |
| SYS336                                    | 336          | Local Agency Invstmt Fund                   |                      |               | 50,000,000.00        | 50,018,798.95        | 50,000,000.00        | 0.299       | 0.299        | 1                |               |
| <b>Subtotal and Average</b>               |              |   | <b>50,000,000.00</b> |               | <b>50,000,000.00</b> | <b>50,018,798.95</b> | <b>50,000,000.00</b> |             | <b>0.299</b> | <b>1</b>         |               |

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**July 24, 2015**

| CUSIP             | Investment # | Issuer | Average<br>Balance | Purchase<br>Date | Par Value      | Market Value   | Book Value     | Stated<br>Rate | YTM/C<br>365 | Days to<br>Maturity |
|-------------------|--------------|--------|--------------------|------------------|----------------|----------------|----------------|----------------|--------------|---------------------|
| Total and Average |              |        | 191,117,330.62     |                  | 184,194,346.21 | 184,159,268.01 | 184,185,405.08 |                | 0.320        | 166                 |

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**July 24, 2015**

| CUSIP                              | Investment # | Issuer         | Average<br>Balance    | Purchase<br>Date             | Par Value             | Market Value          | Book Value            | Stated<br>Rate | YTM/C<br>365 | Days to<br>Maturity |
|------------------------------------|--------------|----------------|-----------------------|------------------------------|-----------------------|-----------------------|-----------------------|----------------|--------------|---------------------|
| <b>Money Mkt Mutual Funds/Cash</b> |              |                |                       |                              |                       |                       |                       |                |              |                     |
| SYS10033                           | 10033        | Revolving Fund |                       | 07/01/2015                   | 20,000.00             | 20,000.00             | 20,000.00             |                | 0.000        | 1                   |
| SYS4                               | 4            | Union Bank     |                       | 07/01/2015                   | 788,360.02            | 788,360.02            | 788,360.02            |                | 0.000        | 1                   |
| <b>Average Balance</b>             |              |                | <b>0.00</b>           | Accrued Interest at Purchase |                       | 275.00                | 275.00                |                |              | <b>1</b>            |
|                                    |              |                |                       | Subtotal                     |                       | 808,635.02            | 808,635.02            |                |              |                     |
| <b>Total Cash and Investments</b>  |              |                | <b>191,117,330.62</b> |                              | <b>185,002,706.23</b> | <b>184,967,903.03</b> | <b>184,994,040.10</b> |                | <b>0.320</b> | <b>166</b>          |



**ORANGE COUNTY FIRE AUTHORITY**  
**Aging Report**  
**By Maturity Date**  
**As of July 25, 2015**

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

|                                     |                             |                |            | Maturity<br>Par Value | Percent<br>of Portfolio | Current<br>Book Value | Current<br>Market Value |
|-------------------------------------|-----------------------------|----------------|------------|-----------------------|-------------------------|-----------------------|-------------------------|
| Aging Interval: 0 days              | ( 07/25/2015 - 07/25/2015 ) | 4 Maturities   | 0 Payments | 64,417,706.23         | 34.82%                  | 64,417,706.23         | 64,436,505.18           |
| Aging Interval: 1 - 30 days         | ( 07/26/2015 - 08/24/2015 ) | 1 Maturities   | 0 Payments | 9,000,000.00          | 4.86%                   | 8,999,675.00          | 8,999,910.00            |
| Aging Interval: 31 - 60 days        | ( 08/25/2015 - 09/23/2015 ) | 2 Maturities   | 0 Payments | 18,000,000.00         | 9.73%                   | 17,998,565.00         | 17,999,280.00           |
| Aging Interval: 61 - 91 days        | ( 09/24/2015 - 10/24/2015 ) | 2 Maturities   | 0 Payments | 18,000,000.00         | 9.73%                   | 17,996,555.00         | 17,997,930.00           |
| Aging Interval: 92 - 121 days       | ( 10/25/2015 - 11/23/2015 ) | 2 Maturities   | 0 Payments | 15,015,000.00         | 8.11%                   | 15,008,389.68         | 15,006,375.45           |
| Aging Interval: 122 - 152 days      | ( 11/24/2015 - 12/24/2015 ) | 4 Maturities   | 0 Payments | 18,570,000.00         | 10.03%                  | 18,560,472.17         | 18,558,887.40           |
| Aging Interval: 153 - 183 days      | ( 12/25/2015 - 01/24/2016 ) | 0 Maturities   | 0 Payments | 0.00                  | 0.00%                   | 0.00                  | 0.00                    |
| Aging Interval: 184 - 274 days      | ( 01/25/2016 - 04/24/2016 ) | 1 Maturities   | 0 Payments | 9,000,000.00          | 4.86%                   | 8,998,438.16          | 9,000,090.00            |
| Aging Interval: 275 - 365 days      | ( 04/25/2016 - 07/24/2016 ) | 0 Maturities   | 0 Payments | 0.00                  | 0.00%                   | 0.00                  | 0.00                    |
| Aging Interval: 366 - 1095 days     | ( 07/25/2016 - 07/24/2018 ) | 4 Maturities   | 0 Payments | 33,000,000.00         | 17.85%                  | 33,013,963.86         | 32,968,650.00           |
| Aging Interval: 1096 days and after | ( 07/25/2018 - )            | 0 Maturities   | 0 Payments | 0.00                  | 0.00%                   | 0.00                  | 0.00                    |
| Total for                           |                             | 20 Investments | 0 Payments |                       | 100.00                  | 184,993,765.10        | 184,967,628.03          |



**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, 2015 includes an increase of \$18,799 to the LAIF investment and a decrease of (\$38,235) to the remaining investments.
- Note 4: The Highmark money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.



## 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 to 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 20, 2015

Agenda Item No. 3B  
Consent Calendar

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**Annual Investment Report**

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**Contact(s) for Further Information**

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

**Summary**

This agenda item is a routine transmittal of the annual investment report to the Committee in compliance with Section 18.2 of the Orange County Fire Authority's Investment Policy.

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

At its regular August 12, 2015, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item.

**RECOMMENDED ACTION(S)**

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 FY 2014/15

*Treasury and Financial Planning*



*Annual Investment Report – FY 2014/15*

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

## ***Fiscal Year 2014/15***

*The Annual Investment Report for the fiscal year ended June 30, 2015 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.*

*Treasury and Financial Planning**Annual Investment Report – FY 2014/15*

## ***Annual Investment Report***

### ***Table of Contents***

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### PORTFOLIO PERFORMANCE AND COMPARISON TO BENCHMARK

*OCFA's portfolio performance was closely aligned with LAIF performance and exceeded the Treasury benchmark comparisons as listed below for FY 2014/15.*

In FY 2014/15, the Federal Reserve Board continued to maintain the federal funds rate, the overnight bank lending rate, at a target range of 0.0% to 0.25%, where it has been for almost 7 years. The economy continued to recover during the fiscal year, and employment conditions strengthened noticeably. The unemployment rate also improved, declining from 6.1% at the beginning of the fiscal year to 5.3% in June 2015, nearing what the Fed considers full employment. The housing market continued to grow modestly overall, and prices have increased. OCFA's portfolio began the fiscal year with a maturity of 185 days and an effective rate of return of 0.24%. As the economy improved, expectations for the Fed to raise rates also increased, resulting in slightly higher interest rates throughout the year. Thus, the portfolio performance ended in June with a slightly higher return rate of 0.26% on a portfolio balance of \$165 million, with 126 days to maturity. The portfolio performance overall was closely aligned with LAIF performance and slightly exceeded the final budget projection.

| OCFA Portfolio     |                    |                  |                 | Benchmark Comparisons |                  |                 |              |
|--------------------|--------------------|------------------|-----------------|-----------------------|------------------|-----------------|--------------|
|                    | Market Value       | Days to Maturity | Effective Yield | 3 Month Treasury      | 6 Month Treasury | 1 Year Treasury | LAIF         |
| <b>July</b>        | 173,140,893        | 185              | 0.24%           | 0.03%                 | 0.06%            | 0.11%           | 0.24%        |
| <b>August</b>      | 149,519,487        | 194              | 0.27%           | 0.03%                 | 0.05%            | 0.11%           | 0.26%        |
| <b>September</b>   | 148,128,923        | 190              | 0.28%           | 0.02%                 | 0.04%            | 0.11%           | 0.25%        |
| <b>October</b>     | 133,906,613        | 188              | 0.29%           | 0.02%                 | 0.05%            | 0.10%           | 0.26%        |
| <b>November</b>    | 128,741,870        | 179              | 0.27%           | 0.02%                 | 0.07%            | 0.13%           | 0.26%        |
| <b>December</b>    | 217,030,366        | 135              | 0.22%           | 0.03%                 | 0.11%            | 0.21%           | 0.27%        |
| <b>January</b>     | 170,300,354        | 148              | 0.24%           | 0.03%                 | 0.08%            | 0.20%           | 0.26%        |
| <b>February</b>    | 156,514,261        | 151              | 0.30%           | 0.02%                 | 0.07%            | 0.22%           | 0.27%        |
| <b>March</b>       | 163,760,461        | 141              | 0.28%           | 0.03%                 | 0.11%            | 0.25%           | 0.28%        |
| <b>April</b>       | 212,936,310        | 125              | 0.29%           | 0.02%                 | 0.09%            | 0.23%           | 0.28%        |
| <b>May</b>         | 203,983,755        | 112              | 0.28%           | 0.02%                 | 0.08%            | 0.24%           | 0.29%        |
| <b>June</b>        | 164,961,691        | 126              | 0.26%           | 0.02%                 | 0.09%            | 0.28%           | 0.30%        |
| <b>Fiscal Year</b> | <b>168,577,082</b> | <b>156</b>       | <b>0.27%</b>    | <b>0.02%</b>          | <b>0.08%</b>     | <b>0.18%</b>    | <b>0.27%</b> |

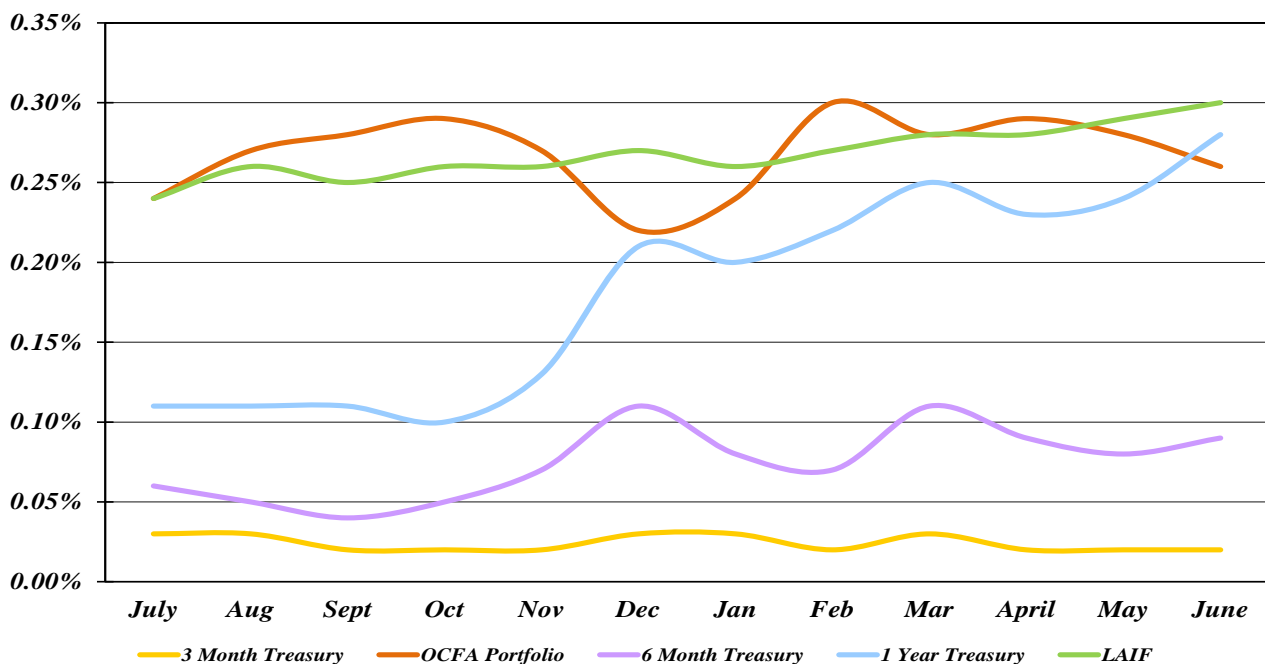


### PORTFOLIO PERFORMANCE AND COMPARISON TO BENCHMARKS

The following chart compares the Authority's monthly portfolio performance with monthly benchmarks including 3-month, 6-month, and 1-year Treasuries and LAIF. OCFA's portfolio yield was in line with the LAIF benchmark and exceeded the Treasury benchmarks during FY 2014/15.

- During FY 2014/15, Treasury yields improved slightly but remained largely at historically low levels due to the low federal funds rate kept in place by the Fed since December 2008.
- In a declining/rising interest rate environment, LAIF's return tends to decline/rise slower than the market because of their maturity structure. As such, LAIF's return gradually rose throughout the fiscal year, reflecting the modest rise in interest rates.
- OCFA kept investments primarily in Federal Agency securities, commercial paper, 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 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 2014/15



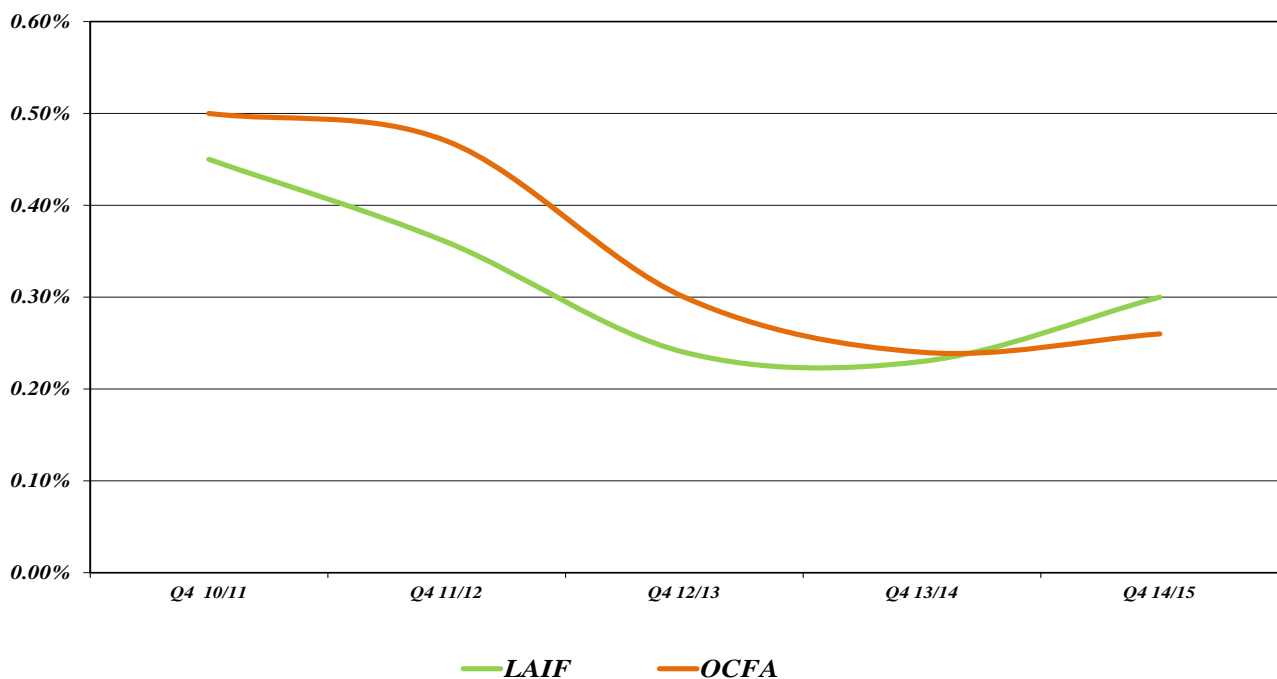




### PORTFOLIO PERFORMANCE AND COMPARISON TO BENCHMARKS

The following chart provides a 5-year history of the Authority's portfolio yield from FY 2010/11 through FY 2014/15 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 2014/15 were significantly higher than FY 2013/14.***

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.

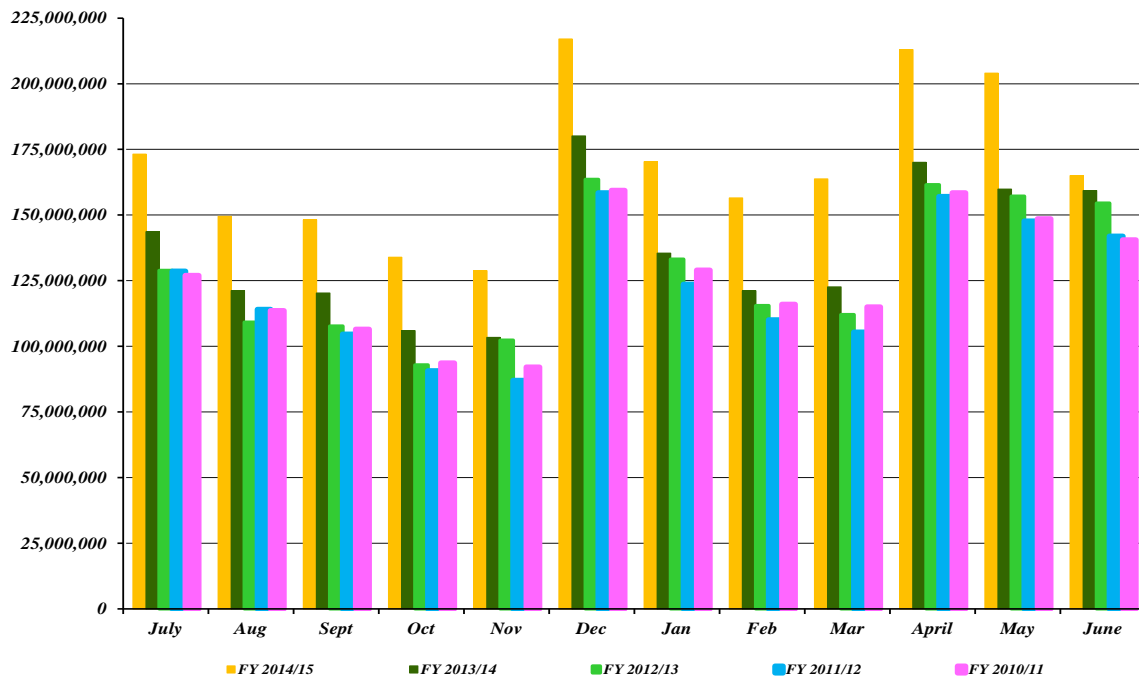
To resolve the temporary cash shortages in the General Fund, OCFA has issued Tax and Revenue Anticipation Notes (TRANs) on an as-needed basis. In FY2014/15, in order to fund its General Fund's expected cashflow deficit, OCFA issued a \$44 million TRANs, resulting in higher portfolio balances throughout the 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 2013/14, OCFA did not need to issue TRANs since it was able to meet its temporary cash shortages through use of a General Fund cashflow reserve, combined with interfund borrowing. 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 Authority's portfolio. In FY 2010/11 and FY 2011/12, the portfolio balances were lower due to significant reduction in property tax revenues as a result of the 2007 Recession coupled with significant expenditure increases. The declining trend reversed slightly in FY 2012/13 and FY 2013/14. During FY 2014/15, the portfolio balances increased significantly primarily due to the proceeds received from the issuance of the FY 2014/15 TRANs in July. 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 2014/15 due to continued low yields offered for longer-term maturities, callable securities, and based on market uncertainty as to the future direction of interest rates.***

### **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 2014/15.*

### 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<br/>Securities</i> | <i>LAIF</i> | <i>Federal<br/>Agencies</i> | <i>Commercial<br/>Paper</i> | <i>Money Market<br/>Mutual<br/>Funds</i> | <i>Total<br/>Portfolio</i> |
|-------------------|-----------------------------------|-------------|-----------------------------|-----------------------------|--|----------------------------|
| <b>Maximum</b>    | 100%                              | 75%         | 75%                         | 15%                         | 15%                                      | 100%                       |
| <b>FY Average</b> | 0.00%                             | 30.53 %     | 57.21%                      | 5.06%                       | 7.20%                                    | 100%                       |
| <b>July</b>       | 0.00%                             | 28.89%      | 49.32%                      | 9.24%                       | 12.55%                                   | 100%                       |
| <b>August</b>     | 0.00%                             | 33.54%      | 53.21%                      | 6.04%                       | 7.21%                                    | 100%                       |
| <b>September</b>  | 0.00%                             | 33.99%      | 50.54%                      | 10.19%                      | 5.28%                                    | 100%                       |
| <b>October</b>    | 0.00%                             | 37.29%      | 49.89%                      | 8.95%                       | 3.87%                                    | 100%                       |
| <b>November</b>   | 0.00%                             | 38.97%      | 45.11%                      | 9.35%                       | 6.57%                                    | 100%                       |
| <b>December</b>   | 0.00%                             | 23.12%      | 64.38%                      | 2.77%                       | 9.73%                                    | 100%                       |
| <b>January</b>    | 0.00%                             | 29.28%      | 56.75%                      | 3.51%                       | 10.46%                                   | 100%                       |
| <b>February</b>   | 0.00%                             | 32.07%      | 62.13%                      | 0.00%                       | 5.80%                                    | 100%                       |
| <b>March</b>      | 0.00%                             | 30.61%      | 65.45%                      | 0.00%                       | 3.94%                                    | 100%                       |
| <b>April</b>      | 0.00%                             | 23.50%      | 71.36%                      | 1.21%                       | 3.93%                                    | 100%                       |
| <b>May</b>        | 0.00%                             | 24.56%      | 65.32%                      | 4.21%                       | 5.91%                                    | 100%                       |
| <b>June</b>       | 0.00%                             | 30.52%      | 53.10%                      | 5.24%                       | 11.14%                                   | 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 2014/15.***

### **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, 2015, 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 (\$19,436) 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 a decrease to investment valuation at June 2014 of (\$94,166); therefore, a gain of \$74,730 was recorded to investment earnings at June 2015 to reflect the change in fair value.

|  |                     |
|--|---------------------|
| <i>GASB 31 Adjustment to Books – Beginning of year</i> | \$ (94,166.00)      |
| <i>Net Change in Fair Value (increase to earnings)</i> | <u>\$ 74,730.00</u> |
| <i>GASB 31 Adjustment to Books – End of year loss</i>  | \$ (19,436.00)      |

***INVESTMENT INCOME***

Portfolio investment income in FY 2014/15 amounted to \$453,988 (pre-GASB 31 adjustment) compared to \$411,051 in FY 2013/14. The increase in investment income was primarily due to higher average portfolio balances in FY 2014/15 as interest rates continued to remain low resulting from the low federal funds rate set by the Fed. The effective yield for the portfolio was 0.27% in FY 2014/15 compared to 0.30% in FY 2013/14. This decrease in the overall effective yield from the prior year was due to the declining interest rate trend that began in the second half of the FY 2013/14 and gradually reversed during the FY 2014/15, which was consistent with the overall bond market performance.

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

Cash forecasts for FY 2015/16 are based primarily on the FY 2015/16 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. Due to a projected short-term cashflow deficit in FY 2015/16 and insufficient interfund borrowing capacity to cover the projected cashflow deficit, OCFA issued \$36.26 million of Tax and Revenue Anticipation Notes (TRANs) on July 1, 2015. As a result, the portfolio's balance is expected to increase throughout the year but will decline at the end of the fiscal year when the FY 2015/16 TRANs is repaid on June 30, 2016.

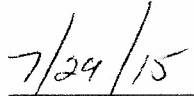
In addition, based on the Fed's latest assessment of the economy, market expectations are that the first possible rate increase by the Fed will likely take place in September 2015. Thus, interest rates are expected to rise gradually during FY 2015/16 which may result in an increase in investment income (net of TRANs) over last 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, 2014 and January 1, 2015."*

  
Patricia Jakubiak  
Treasurer

  
Date



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

**Executive Committee Meeting**  
**August 20, 2015**

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

**Blanket Order Contract Extensions - Xerox Copiers**

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**Contact(s) for Further Information**

|  |  |              |
|--|--|--------------|
| Lori Zeller, Assistant Chief<br>Business Services Department | <a href="mailto:lorizeller@ocfa.org">lorizeller@ocfa.org</a>     | 714.573.6020 |
| Jim Ruane, Finance Manager/Auditor                           | <a href="mailto:jimruane@ocfa.org">jimruane@ocfa.org</a>         | 714.573.6304 |
| Debbie Casper, Purchasing Manager                            | <a href="mailto:debbiecasper@ocfa.org">debbiecasper@ocfa.org</a> | 714.573.6641 |

**Summary**

This agenda item is submitted for approval to extend the current two blanket orders with Xerox Corporation on a month-to-month basis through June 30, 2016.

**Prior Board/Committee Action**

Not Applicable.

**RECOMMENDED ACTION(S)**

Approve and authorize the Purchasing Manager to increase and extend two blanket orders with Xerox Corporation, including an increase of \$81,000 to B00694 for Regional Fire Operations and Training Center's copiers and an increase of \$51,000 to B00729 for fire station copiers, to cover costs on a month-to-month basis through June 30, 2016.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Funding is included in the approved FY 2015/16 budget.

**Background**

In March 2010, OCFA negotiated a five year contract with Xerox based on pricing and terms available through a County of Los Angeles Master Agreement. This Master Agreement was being used by many agencies at that time, including the cities of Tustin and Mission Viejo. OCFA's contract originally included 47 copiers located at the Regional Fire Operations and Training Center (RFOTC) and at various OCFA fire stations throughout the County.

Over the years, some copiers have been removed from the contract; however, the number of printers throughout the organization has increased. As a result, staff concluded that rather than simply issuing a Request for Proposal (RFP) for a new copy-machine contract, OCFA would be better served by completing a full analysis of the OCFA's current print environment including copiers, printers, scanners, and fax machines in an effort to increase efficiencies and reduce costs. An RFP process to select a consultant for this analysis has been completed, and work is about to commence. Per terms of the solicitation and resulting contract, the consultant awarded the contract to perform the analysis will not be eligible to participate in the future RFP for copier

replacement. Once this analysis is complete, the OCFA will then complete a separate RFP focused on the comprehensive solutions developed in the analysis. Purchasing staff has been in contact with the County of Orange regarding partnership opportunities for future copier contracts, and staff intends to follow-up with the County as this project moves forward.

In the interim, while staff completes the comprehensive analysis of our print environment and prepares an RFP for a new copier contract, an extension to the current blanket orders with Xerox is needed. Costs under the current contract average \$12,000 per month, and funding is needed for the period of August 2015 through June 2016 at the latest. This extension would cover a maximum total of 11 months for a total cost not to exceed \$132,000, providing funding for both blanket orders covering all RFOTC copiers (\$81,000) and fire station copiers (\$51,000). The renewal would be issued on a month-to-month basis, with the ability to terminate the contract earlier, if the full analysis and RFP processes are completed sooner than June 2016.

**Attachment(s)**

None.



Orange County Fire Authority  
**AGENDA STAFF REPORT**

Executive Committee Meeting  
August 20, 2015

Agenda Item No. 3D  
Consent Calendar

**Sole Source Purchase Order Renewal and Extension  
Information Technology**

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**Contact(s) for Further Information**

Mike Schroeder, Assistant Chief  
Support Services Department

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

714.573.6008

Joel Brodowski, IT Manager

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

714.573.6421

**Summary**

This agenda item seeks approval to renew the sole source purchase order with the Genesis Group for support and maintenance of Genwatch software.

**Prior Board/Committee Action**

Not Applicable.

**RECOMMENDED ACTION(S)**

Approve and authorize the Purchasing Manager to issue a sole source purchase order with the Genesis Group for up to three years in an amount not to exceed \$9,000 annually for Genwatch software maintenance.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Funding is included in the FY 2015/16 General Fund budget.

**Background**

The Genesis Group is the sole source provider for Genwatch software products that integrate firefighter radio communications with Computer Aided Dispatch (CAD) and public safety systems. This software allows Motorola radios to be managed through the OCFA private radio network. Communications through the system include status messages, radio checks, and emergency alerts.

The Genwatch system has been integrated with the new OCFA TriTech CAD system and enhanced to identify which radios are assigned to each seat on each engine. Staff worked extensively with the Genesis Group to complete this integration and eliminate components of the software that were no longer needed.

Staff is requesting approval to renew the Genwatch software maintenance for up to three years, at an annual amount not to exceed \$9,000. Finalizing this year's contract was delayed while pricing was negotiated. As a result, pricing for the current renewal year (June 2015 - May 2016)

was reduced from \$9,000 to \$6,416, reflecting a reduction of \$2,584. Future renewals for years two and three will remain at \$9,000.

Based on a review of the prior contract duration and total prior expenditures with the Genesis Group (\$28,013 since 2010), purchasing staff recommended that this renewal be submitted to the Executive Committee for approval.

**Attachment(s)**

None.



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

**Executive Committee Meeting**  
**August 20, 2015**

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

**TriTech CAD System**  
**Annual Software Support and Maintenance - Information Technology**

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**Contact(s) for Further Information**

Mike Schroeder, Assistant Chief  
Support Services Department

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

714.573.6008

Joel Brodowski, IT Manager

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

714.573.6421

**Summary**

This agenda item is submitted for approval to issue a blanket order for annual software support and maintenance of the CAD system.

**Prior Board/Committee Action**

The Executive Committee approved a contract with TriTech in the amount of \$2,835,640 on September 27, 2012, to replace the Authority's 25-year old CAD system. The TriTech contract was amended three times during the implementation phase with the final revised contract amount of \$2,553,022.50 (reflecting a contract reduction of \$282,617.50) approved by the Executive Committee on December 8, 2014.

**RECOMMENDED ACTION(S)**

Approve and authorize the Purchasing Manager to issue a blanket order for TriTech CAD software annual support and maintenance for up to five years at the rates provided in the attached schedule.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Funding is included in the CIP and General Fund budgets.

**Background**

Following Executive Committee approval in September 2012, the 24-month implementation phase of the CAD replacement project began, and the new TriTech CAD system went live on September 9, 2014. Throughout the implementation phase, the project was constantly evaluated and modified to most effectively meet the needs of the Fire Authority. This resulted in three amendments to the TriTech contract and an overall cost reduction of \$282,617.50.

**Final Acceptance**

Since "Go Live," the new TriTech CAD system has had 346 days of continuous operations with over 115,000 emergency incidents processed through the system. The final contract payment of \$263,782.50 has been withheld until all performance concerns were resolved and IT and Dispatch staff were confident that final acceptance of the system could be recommended.



Staff is pleased to report that, after remaining firm with the vendor for a full year, the system is now meeting contractual specifications, and staff is prepared to proceed with final acceptance and release of the final contract payment in accordance with the contract.

#### ***Annual Support & Maintenance***

The first year cost for TriTech CAD software support and maintenance was discounted one hundred percent, while final acceptance was pending. The second year of software support and maintenance will begin on September 9, 2015 at a cost of \$334,650.34. This maintenance cost reflects a reduction of \$13,779.94 from the final amendment to the contract signed December 8, 2014. This cost savings was achieved after a thorough review of the maintenance contract and elimination of some services that are not needed.

The annual software support and maintenance cost is subject to an annual increase of 5%, or the Consumer Price Index (CPI) percentage for the preceding 12 months, whichever is less, as stated in Section 3.2 of the TriTech Software Support Agreement approved in September 2012. Staff is requesting that the Executive Committee approve payment of the annual support and maintenance renewals as provided in the attached schedule.

#### ***Future Upgrades & Enhancements***

Future upgrades and enhancements to the TriTech CAD system are anticipated as the needs of the Fire Authority evolve. These enhancements, if/when they may become needed, will be over and above the original specifications that were developed at the time of system purchase. These ongoing improvements are typical for any major technology system, and they will proceed as part of the normal support and maintenance of the system. The annual support and maintenance cost is also subject to increases based on additional licenses or products purchased during the preceding year.

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

Five-year Software and Maintenance Support Cost Table

**Orange County Fire Authority  
TriTech CAD Annual Software and  
Maintenance and Support Cost Table  
Information Technology**

| <b>TriTech Dispatch and Mobile Software Estimated Annual Support and Maintenance</b> |                                      |           |                   |
|--|--------------------------------------|-----------|-------------------|
| Note: prices include annual increase of 5%   |                                      |           |                   |
| Year 1   | Sept. 9, 2014 - Sept. 8, 2015        | \$        | -                 |
| <b>Year 2</b>  | <b>Sept. 9, 2015 - Sept. 8, 2016</b> | <b>\$</b> | <b>334,650.34</b> |
| Year 3   | Sept. 9, 2016 - Sept. 8, 2017        | \$        | 365,613.73 *      |
| Year 4   | Sept. 9, 2017 - Sept. 8, 2018        | \$        | 383,545.27 *      |
| Year 5   | Sept. 9, 2018 - Sept. 8, 2019        | \$        | 402,373.38 *      |
| 5 - year Total   |                                      | \$        | 1,486,182.72 *    |

\* For Budget Purposes only. Final support costs will be adjusted with new licenses that are purchased.

\*\* Software Support fee for the first renewal term and all renewals thereafter shall be subject to increase on an annual basis at a rate of 5%, or the Bureau of Labor Statistics Consumer Price Index (CPI) for all Urban Consumers for the previous 12 month period, whichever is less.



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

**Executive Committee Meeting**  
**August 20, 2015**

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

**Westnet, Inc. Contract Amendment and Annual Software Support and  
Maintenance - Information Technology**

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**Contact(s) for Further Information**

Mike Schroeder, Assistant Chief  
Support Services Department

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714.573.6008

Joel Brodowski, IT Manager

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

714.573.6421

**Summary**

This agenda item is submitted for approval to issue a blanket order for annual software support and maintenance of the Fire Station Alerting Systems.

**Prior Board/Committee Action**

The Executive Committee approved a contract with Westnet, Inc. on August 22, 2013, for \$1,166,915.83 to interface all 72 OCFA fire station alerting systems with the OCFA's Computer Aided Dispatch (CAD) systems. The contract has been amended twice with the First Amendment impacting language provisions only, and the Second Amendment approved on November 20, 2014, by the Executive Committee increasing the total contract value to \$1,330,258.60 for a total increase of \$163,342.77. The increase was to pay for unanticipated fire station alerting system electronic component repairs plus an upgraded radio interface controller during the implementation of the project.

**RECOMMENDED ACTION(S)**

Approve and authorize the Purchasing Manager to issue a blanket order for Westnet, Inc. for Fire Station Alerting Systems software annual support and maintenance for up to five years at the rates provided in the proposed schedule, which includes an amendment to increase the first year of maintenance in the blanket order by \$8,000 from \$43,677.75 to \$51,677.75.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Funding is included in the General Fund budget.

**Background**

Following Executive Committee approval in August 2013, during the 12-month implementation period staff began installation and integration of the Westnet, Inc. Fire Station Alerting Systems' computerized controllers and other components at all 72 fire stations, the Regional Fire Operations and Training Center (RFOTC) Data Center, and with the existing CAD systems. The last fire stations were integrated with Westnet on August 28, 2014. All fire stations' alerting systems interfaced seamlessly with the new TriTech CAD system when it went live on September 9, 2014.

### ***Final Acceptance***

The Westnet Fire Station Alerting System acceptance has not been finalized, yet. Staff is holding back on the final contract payment of \$116,691.58 until the Pacset alerting feature is fully tested. The Pacset alerting feature requires a program modification to the TriTech CAD system to transmit the appropriate incident information from the CAD system to the Westnet radio interface controller and ultimately to the correct radios. Staff expects to begin the work on this feature in September 2015 with TriTech.

### ***Annual Support & Maintenance***

The one year warranty period for the Westnet Fire Station Alerting System will end August 27, 2015. The Second Amendment to the Westnet contract from November 2014 listed the annual maintenance and support of \$43,677.75. This amount has been discovered to be in error as it did not include an \$8,000 annual maintenance and support increase for the additional hardware including the upgraded radio interface controller that was purchased as part of the \$163,342.77 change order. The correct annual support amount is \$51,677.75.

The Westnet software support and maintenance cost is subject to annual increases resulting from additional Westnet software and hardware components purchased during the preceding year, as well as an annual increase of up to 3% or the Consumer Price Index (CPI) percentage, whichever is less. Staff is recommending that the Executive Committee approve the issuance of a blanket order for the annual support and maintenance renewals as provided in the attached schedule, which includes the amended price for the first year of the blanket order, as discussed above.

### ***Future Upgrades & Enhancements***

We anticipate returning to the Executive Committee at various intervals to request approval to upgrade additional stations, estimated at five stations per year. In addition to adding more stations, future upgrades and enhancements to the Westnet Fire Station Alerting Systems are anticipated as the needs of the Fire Authority evolve. These ongoing improvements are typical for any major technology system. The annual support and maintenance cost is subject to increases as we add stations and make additional enhancements.

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

Five-year Software and Maintenance Support Cost Table

**Orange County Fire Authority  
Westnet, Inc. Annual Software and  
Maintenance and Support Cost Table  
Information Technology**

| <b>Westnet, Inc. Fire Station Alerting Systems Estimated Annual Support and Maintenance</b> |                                      |           |                  |
|---|--------------------------------------|-----------|------------------|
| Note: prices include annual increase of 3%  |                                      |           |                  |
| Year 1  | Aug. 28, 2014 - Aug. 27, 2015        | \$        | -                |
| <b>Year 2</b>   | <b>Aug. 28, 2015 - Aug. 27, 2016</b> | <b>\$</b> | <b>51,677.75</b> |
| Year 3  | Aug. 28, 2016 - Aug. 27, 2017        | \$        | 53,228.08 *      |
| Year 4  | Aug. 28, 2017 - Aug. 27, 2018        | \$        | 54,824.92 *      |
| Year 5  | Aug. 28, 2018 - Aug. 27, 2019        | \$        | 56,469.67 *      |
| 5 - year Total  |                                      | \$        | 216,200.43 *     |

\* For Budget Purposes only. Final support costs will be adjusted with new products that are purchased.

\*\* Software Support fee for the first renewal term and all renewals thereafter shall be subject to increase on an annual basis at a rate of 3%, or the Bureau of Labor Statistics Consumer Price Index (CPI) for all Urban Consumers for the previous 12 month period, whichever is less.



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

**Executive Committee Meeting**  
**August 20, 2015**

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

**Contract Increase and Extension**  
**Professional Labor Negotiation Services**

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**Contact(s) for Further Information**

Jeremy Hammond, Director  
Human Resources Department

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

714.573.6018

Lori Zeller, Assistant Chief  
Business Services Department

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

714.573.6020

**Summary**

This item is submitted for approval to increase the value and extend the term of the contract for professional labor negotiations services.

**Prior Board/Committee Action**

At its December 11, 2013, meeting, the Board of Directors appointed Peter Brown of Liebert Cassidy Whitmore to serve as OCFA's professional labor negotiator. This contract was previously increased and extended by action of the Executive Committee on November 20, 2014.

**RECOMMENDED ACTION(S)**

1. Approve and authorize the Purchasing Manager to increase the value of the Professional Services Agreement with Peter Brown, of Liebert Cassidy Whitmore, by \$100,000 and extend the term through June 30, 2016.
2. Direct staff to submit a request to the Board of Directors with the FY 2015/16 Mid-Year Budget Adjustments to increase General Fund (Fund 121) appropriations by \$100,000 for professional labor negotiations services.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

The proposed increase in the contract value was not anticipated in the FY 2015/16 Budget; therefore, a budget adjustment is required to fund this contract. The budget adjustment will be requested with the mid-year adjustments that will be submitted to the Board of Directors in March 2016.

**Background**

The professional services agreement was approved for an initial total of \$100,000, plus an approved contingency of \$50,000 to be used, if needed, in the event negotiations required more hours of service than originally anticipated. Subsequently, the Board provided additional direction to Mr. Brown regarding negotiation activities that they wanted him to pursue over the following year and as a result increased the contract value by \$100,000.

To date, Mr. Brown has successfully negotiated a comprehensive memorandum of understanding (MOU) with the Firefighters Union (3631), a subsequent mutually agreeable language clean-up MOU with 3631, a comprehensive MOU with Orange County Employees Association, and recently completed labor negotiations with the newly formed Orange County Fire Authority Management Association. In addition, Mr. Brown participated in the legal analysis of the Helicopter Pilot/FLSA grievance, and is currently at the table negotiating a new contract with 3631. In addition to the current negotiations that are underway, the current MOU with the Chief Officers Association (COA) expires at the end of the year which means that these negotiations should commence soon as well. Due to the amount of time that Mr. Brown has spent preparing for upcoming negotiations with 3631 as well as his institutional knowledge of the OCFA, it would be counter-productive to end his contract and employ another labor negotiator at this point in time.

In the interest of full disclosure, members of the Board have expressed concern over contractors billing for travel time to and from the OCFA. The contract with Liebert Cassidy Whitmore provides for reimbursement of travel time at Mr. Brown's full hourly rate. Instead of charging for travel from his office, Mr. Brown charges for travel from his home (which is closer to the OCFA) and offsets the billing for time spent in communications with other clients while on the road. Additionally, Mr. Brown negotiates for other local municipalities and will split travel charges when providing services for local municipalities on the same date. While the average round trip for Mr. Brown is approximately 2 to 2.5 hours, his average round trip travel charge to the OCFA is 1.74 hours. Total travel expenses incurred in this contract over its 20-month duration (December 2013 to July 2015) are \$36,617.50, which represents 16% of the total amount spent.

To complete the current negotiations with 3631, as well as upcoming negotiations with the COA, staff is requesting to increase the contract value by \$100,000 and to extend the term through June 30, 2016. To date, we have spent \$229,279 against the current contract value of \$250,000.

**Attachment(s)**

None.



Orange County Fire Authority  
**AGENDA STAFF REPORT**

Executive Committee Meeting  
August 20, 2015

Agenda Item No. 4D  
Discussion Calendar

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**August Legislative Update**

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**Contact(s) for Further Information**

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

**Summary**

This item is submitted as an update on actions taken by staff pursuant to the direction provided by the Board of Directors addressing the flight of drones over or near active wildfires.

**Prior Board/Committee Action**

At its July 23, 2015, meeting the Board of Directors authorized staff to send legislation position letters in support of restricting the use of drones over or near active wildfires.

**RECOMMENDED ACTION(S)**

Receive and file the report.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Not Applicable.

**Background**

As directed by the Board of Directors, letters of support from OCFA were sent via e-mail and 1<sup>st</sup> Class U.S. Mail to the following drone-related legislation authors: California State Senator Ted Gaines (SB 167), U.S. Representative Paul Cook (H.R. 3025), and California U.S. Senator Dianne Feinstein (S. 1608). OCFA's state and federal lobbyists have been instructed to engage support of these bills. Concurrently, OCFA is monitoring the legislation and being kept informed by legislative staff as these bills proceed.

The State Legislature returned this week from recess and will have until September 11, 2015, to pass bills for the Governor's signature. Congress is in recess and will not return until September 8, 2015.

**Attachment(s)**

Support Letters for SB 167, HR 3025, S. 1608





# ORANGE COUNTY FIRE AUTHORITY

P.O. Box 57115, Irvine, CA 92619-7115 • 1 Fire Authority Road, Irvine, CA 92602

Eugene “Gene” Hernandez, Board Chair

(714) 573-6000

[www.ocfa.org](http://www.ocfa.org)

July 30, 2015

The Honorable Ted Gaines  
 Senator  
 State Capitol Room 3070  
 Sacramento, CA 95814

Dear Senator Gaines:

On behalf of the Orange County Fire Authority (OCFA) Board of Directors, I am pleased to inform you that we adopted a support position on Senate Bill 167 (Gaines). Reports by on-scene personnel, as well as numerous news accounts, have demonstrated a growing problem with drones flying near or over wildfires. This was apparent most recently when aerial firefighting operations were forced to come to a temporary halt, on both the “Mill 2 Fire” in San Bernardino County and the “Lake Fire” in the San Bernardino National Forest.

The OCFA supports your efforts to deter individuals from engaging in these reckless acts and punish those who place the lives of firefighters and the public in danger. The presence of a drone, over or near a wildfire, is a critical threat to public safety. Regardless of its size, a drone can strike aircraft maneuvering in already dangerous conditions, or lose control and strike people on the ground. If spotted during a wildfire fight, drones can force operations to cease until the airspace is clear, delaying containment of a fire and jeopardizing public safety.

The use of drones by “hobbyists” is a new and evolving activity and the Legislature must address this problem. Whether interfering with wildfire operations or modifying a drone as a weapon, as was recently reported when a Connecticut teenager attached a gun to his drone, we must ensure our laws protect firefighters, police, and the public.

The OCFA is in support of your bill, SB 167 (Gaines). If you have any questions regarding our position please contact OCFA’s Legislative Analyst Jay Barkman at 714-573-6048.

Sincerely,

Eugene “Gene” Hernandez  
 OCFA Board Chair

Serving the Cities of: Aliso Viejo • Buena Park • Cypress • Dana Point • Irvine • Laguna Hills • Laguna Niguel • Laguna Woods • Lake Forest • La Palma  
 Los Alamitos • Mission Viejo • Placentia • Rancho Santa Margarita • San Clemente • San Juan Capistrano • Santa Ana • Seal Beach • Stanton • Tustin • Villa Park  
 Westminster • Yorba Linda • and Unincorporated Areas of Orange County

**RESIDENTIAL SPRINKLERS AND SMOKE ALARMS SAVE LIVES**



# ORANGE COUNTY FIRE AUTHORITY

P.O. Box 57115, Irvine, CA 92619-7115 • 1 Fire Authority Road, Irvine, CA 92602

Eugene "Gene" Hernandez, Board Chair

(714) 573-6000

[www.ocfa.org](http://www.ocfa.org)

July 30, 2015

The Honorable Paul Cook  
House of Representatives  
1222 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Cook:

On behalf of the Orange County Fire Authority (OCFA) Board of Directors, I am pleased to inform you that we adopted a support position on your bill H.R. 3025, the "Wildfire Airspace Protection Act of 2015." I encourage you to review efforts under way by California Senator Ted Gaines (R-Roseville) and Assemblyman Mike Gatto (D-Glendale). They have introduced Senate Bill 167, to punish individuals who fly drones over or near a wildfire, regardless of whether it is federal, state, or local fire personnel and equipment engaged in fire suppression.

Reports by on-scene personnel, as well as numerous news accounts, have demonstrated a growing problem with drones flying near or over wildfires. This was apparent most recently when aerial firefighting operations were forced to come to a temporary halt, on both the "Mill 2 Fire" in San Bernardino County and the "Lake Fire" in the San Bernardino National Forest.

The OCFA supports your efforts to deter individuals from engaging in these reckless acts, and punish those who place the lives of firefighters and the public in danger. The presence of a drone, over or near a wildfire, is a critical threat to public safety. Regardless of its size, a drone can strike aircraft maneuvering in already dangerous conditions, or lose control and strike people on the ground. If spotted during a wildfire fight, drones can force operations to cease until the airspace is clear, delaying containment of a fire and jeopardizing public safety.

The use of drones by "hobbyists" is a new and evolving activity and Congress must address this problem. Whether interfering with wildfire operations or modifying a drone as a weapon, as was recently reported when a Connecticut teenager attached a gun to his drone, we must ensure our laws protect firefighters and the public.

The OCFA is in support of your bill, H.R. 3025. If you have any questions regarding our position please contact OCFA's Legislative Analyst Jay Barkman at 714-573-6048.

Sincerely,

Eugene "Gene" Hernandez  
OCFA Board Chair

Serving the Cities of: Aliso Viejo • Buena Park • Cypress • Dana Point • Irvine • Laguna Hills • Laguna Niguel • Laguna Woods • Lake Forest • La Palma  
Los Alamitos • Mission Viejo • Placentia • Rancho Santa Margarita • San Clemente • San Juan Capistrano • Santa Ana • Seal Beach • Stanton • Tustin • Villa Park  
Westminster • Yorba Linda • and Unincorporated Areas of Orange County

**RESIDENTIAL SPRINKLERS AND SMOKE ALARMS SAVE LIVES**



# ORANGE COUNTY FIRE AUTHORITY

P.O. Box 57115, Irvine, CA 92619-7115 • 1 Fire Authority Road, Irvine, CA 92602

Eugene "Gene" Hernandez, Board Chair

(714) 573-6000

[www.ocfa.org](http://www.ocfa.org)

July 30, 2015

The Honorable Dianne Feinstein  
U.S. Senate  
Hart Senate Office Building 331  
Washington, D.C. 20515

Dear Senator Feinstein:

On behalf of the Orange County Fire Authority (OCFA) Board of Directors, I am pleased to inform you that we adopted a support position on your bill S. 1608, the "Consumer Drone Safety Act." The Federal Aviation Administration (FAA) must deal with the new threat posed by drones, and stop individuals from flying drones in or near wildfires. I encourage you to include bill language directing the FAA to penalize those who place the lives of firefighters and the public in danger.

Reports by on-scene personnel, as well as numerous news accounts, have demonstrated a growing problem with drones flying near or over wildfires. This was apparent most recently when aerial firefighting operations were forced to come to a temporary halt, on both the "Mill 2 Fire" in San Bernardino County and the "Lake Fire" in the San Bernardino National Forest.

The OCFA supports your efforts to deter individuals from engaging in these reckless acts, and punish those who place the lives of firefighters and the public in danger. The presence of a drone, over or near a wildfire, is a critical threat to public safety. Regardless of its size, a drone can strike aircraft maneuvering in already dangerous conditions, or lose control and strike people on the ground. If spotted during a wildfire fight, drones can force operations to cease until the airspace is clear, delaying containment of a fire and jeopardizing public safety.

The use of drones by "hobbyists" is a new and evolving activity and Congress must address this problem. Whether interfering with wildfire operations or modifying a drone as a weapon, as was recently reported when a Connecticut teenager attached a gun to his drone, we must ensure our laws protect firefighters and the public.

The OCFA is in support of your bill, S. 1608. If you have any questions regarding our position please contact OCFA's Legislative Analyst Jay Barkman at 714-573-6048.

Sincerely,

Eugene "Gene" Hernandez  
OCFA Board Chair

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