



ORANGE COUNTY FIRE AUTHORITY

AGENDA

BOARD OF DIRECTORS REGULAR MEETING
Thursday, March 27, 2014
6:30 P.M.

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

Unless legally privileged, all supporting documentation and any writings or documents provided to a majority of the Board of Directors after the posting of this agenda, which relate to any item on this agenda will be made available for public review in the office of the Clerk of the Authority located on the 2nd floor of the OCFA Regional Fire Operations & Training Center, 1 Fire Authority Road, Irvine, CA 92602, during regular business hours, 8:00 a.m. - 5:00 p.m., Monday through Thursday, and every other Friday, (714) 573-6040. In addition, unless legally privileged, all supporting documentation and any such writings or documents will be available online at <http://www.ocfa.org>.

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, supporting documents, including staff reports, 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 Friday from 8 A.M. to 5 P.M.

If you wish to speak before the Fire Authority Board, 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 Board. 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 Duncan McColl

PLEDGE OF ALLEGIANCE by Vice Chair Murray

ROLL CALL

PRESENTATIONS

No items.

PUBLIC COMMENTS

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

Any member of the public may address the Board on items within the Board'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 Board as a whole, and do not engage in dialogue with individual Board Members, Authority staff, or members of the audience.

The Agenda and Minutes are now available through the Internet at 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 Board of Directors meeting.

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

1. **Minutes from February 27, 2014, Regular Board of Directors Meeting (A), and Minutes from the March 13, 2014, Special Board of Directors Meeting (B)**
Submitted by: Sherry Wentz, Clerk of the Authority

Recommended Action:
Approve as submitted.

CONSENT CALENDAR

2. **Requests for Commendations and Proclamations**
Submitted by: Sherry Wentz, Clerk of the Authority
 - A. Proclamation declaring May 4-10, 2014, as "Wildfire Awareness Week"
 - B. Proclamation declaring participation in the "Drowning Prevention Awareness" Campaign from Memorial Day through Labor Day 2014

Recommended Action:
Approve requests as submitted.

3. **FY 2013/14 Mid-year Budget Adjustments**
Submitted by: Lori Zeller, Assistant Chief, Business Services Department

Recommended Actions:

1. Authorize the proposed mid-year budget adjustments.
2. Approve the proposed Schedule of Fund Balance.

4. **Orange County Employees' Retirement System – Direct Lending**
Submitted by: Lori Zeller, Assistant Chief, Business Services Department

Recommended Action:

Review the agenda item and support the Budget and Finance Committee's recommendation to send a letter to OCERS expressing concern with the Direct Lending Program.

5. **Implementation of Audit Recommendations - Purchasing**
Submitted by: Lori Zeller, Assistant Chief, Business Services Department

Recommended Action:

Approve the submitted changes to the Roles/Responsibilities/Authorities Matrix effective July 1, 2014.

6. **Reserve Firefighter Program Status Update**
Submitted by: Dave Thomas, Assistant Chief, Operations Department

Recommended Action:

Receive and file the report.

7. **Secured Fire Protection Agreement for The Preserve at San Juan, LLC, for Entitlements in The Preserve at San Juan Development, Tract 17270 and 17269, in the Unincorporated County of Orange area off Ortega Highway**
Submitted by: Brian Stephens, Assistant Chief, Support Services Department

Recommended Actions:

1. Approve and authorize the Fire Chief to enter into a Secured Fire Protection Agreement with The Preserve at San Juan, LLC, for Entitlements in the Preserve at San Juan Development, Tract 17270 and 17269, in the Unincorporated County of Orange area off Ortega Highway.
2. Direct the Clerk of the Authority to record the Secured Fire Protection Agreement in the Official Records of the County of Orange and furnish to The Preserve at San Juan, LLC a copy of the conformed document within fifteen (15) days of recordation.

8. **Implementation of Audit Recommendations – Community Risk Reduction**
Submitted by: Lori Zeller, Assistant Chief, Business Services Department

Recommended Action:

Receive and file the report.

DISCUSSION CALENDAR

9. Director of Communications

Submitted by: Janet Wells, Interim Human Resources Director

Recommended Actions:

1. Approve the attached Job Class Specification for the Director of Communications position at a salary range of \$104,478.40 - \$166,046.40 and direct staff to add the position to the Master Position Control.
2. Direct staff to begin recruiting for the new Director of Communications.
3. Approve implementation of Option 3 specified below.

10. Board Stipends, Board Attendance, and Additional Standing Committees

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

Recommended Action:

Receive and file the report.

PUBLIC HEARING(S)

No items.

REPORTS

11. Chief's Report

BOARD MEMBER COMMENTS

CLOSED SESSION

CS1. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION

Name of Case: Orange County Fire Authority and City of Irvine v All Persons Interested in the Matter of the Validity of that Second Amendment to Amended Joint Powers Authority

Case No.: OC Superior Court Case No. 30-2013-006945527

Authority: Government Code Section 54956.9(d)(1)

CS2. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION

Authority: Government Code Section 54956.9(b) – Significant Exposure to Litigation (1 case)

CS3. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Position: Fire Chief

Authority: Government Code Section 54954.5

CLOSED SESSION REPORT

ADJOURNMENT - The next meeting of the Orange County Fire Authority Board of Directors is scheduled for April 17, 2014, at 6:00 p.m.

AFFIDAVIT OF POSTING

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted in the lobby and front gate public display case of the Orange County Fire Authority, Regional Training and Operations Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting. Dated this 20th day of March 2014.

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

UPCOMING MEETINGS:

Budget and Finance Committee Meeting	Wednesday, April 9, 2014, 12 noon
Board of Directors Special Meeting	Thursday, April 17, 2014, 6:00 p.m.
Claims Settlement Committee Meeting	Thursday, April 24, 2014, 5:00 p.m.
Executive Committee Meeting	Thursday, April 24, 2014, 5:30 p.m.
Board of Directors Meeting	Thursday, April 24, 2014, 6:30 p.m.

MINUTES ORANGE COUNTY FIRE AUTHORITY

**Board of Directors Regular Meeting
Thursday, February 27, 2014
6:30 P.M.**

**Regional Fire Operations and Training Center
Board Room
1 Fire Authority Road
Irvine, CA 92602-0125**

CALL TO ORDER

A regular meeting of the Orange County Fire Authority Board of Directors was called to order on February 27, 2014, at 6:30 p.m. by Chair Steven Weinberg.

INVOCATION

Chaplain Bob George offered the invocation.

PLEDGE OF ALLEGIANCE

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

ROLL CALL

Present: Sam Allevato, San Juan Capistrano
Rick Barnett, Villa Park
Randal Bressette, Laguna Hills
Gerard Goedhart, La Palma
Gene Hernandez, Yorba Linda
Trish Kelley, Mission Viejo
Jerry McCloskey, Laguna Niguel
Al Murray, Tustin
David Shawver, Stanton
Todd Spitzer, County of Orange
Chad Wanke, Placentia
Steven Weinberg, Dana Point

Bob Baker, San Clemente
Pat Bates, County of Orange
Carol Gamble, Rancho Santa Margarita
Noel Hatch, Laguna Woods
Robert Johnson, Cypress
Warren Kusumoto, Los Alamitos
Kathryn McCullough, Lake Forest
Roman Reyna, Santa Ana
David Sloan, Seal Beach
Elizabeth Swift, Buena Park
Phillip Tsunoda, Aliso Viejo

Absent: Jeffrey Lalloway, Irvine

Tri Ta, Westminster

Also present were:

Fire Chief Keith Richter
Deputy Chief Craig Kinoshita
Assistant Chief Dave Thomas
Clerk of the Authority Sherry Wentz

General Counsel Dave Kendig
Assistant Chief Brian Stephens
Assistant Chief Lori Zeller
Assistant Clerk Lydia Slivkoff

PRESENTATIONS

1. **Requests for Commendations and Proclamations** (X: 11.09)

A. Length of Service Recognition

On motion of Director Spitzer and second by Director Bressette, the Board voted unanimously to approve requests as submitted and make presentations to those present.

Chair Weinberg and Fire Chief Richter recognized OCFA Length of Service recipient Fire Apparatus Engineer Tommy Harris for his 30 years of service. (F: 11.09D)

Chair Weinberg noted he was using his Chair's discretion to reorder agenda items, as follows: Consent Calendar Agenda Items Nos. 1-10, Agenda Item No. 13, Agenda Item Nos. 11-12, and 14, Public Comments, Budget and Finance Committee Report, Agenda Item No. 2, and finally Closed Session.

PUBLIC HEARING(S)

No items.

MINUTES

2. **Minutes from January 9, 2014, (A) Special Board of Directors Meeting and January 23, 2014, (B) Regular Board of Directors Meeting** (F: 11.06)

On motion of Director Bressette and second by Director Swift, the Board voted to approve the Minutes from the January 9, 2014, Special Board of Directors and January 23, 2014, Regular Board of Directors meetings. Directors Johnson, Sloan, Reyna, Spitzer, and Wanke noted abstentions for the January 9, 2014, Special Board of Directors meeting, and Directors Barnett, Shawver, Reyna, and Sloan noted abstentions for the January 23, 2014, Regular Board of Directors meeting. Directors Allevato and Bates were absent for the vote.

CONSENT CALENDAR

Agenda Item Nos. 3, 6, 9, and 10 were pulled from the Consent Calendar for separate consideration.

Director Bates arrived at this point (6:45 p.m.).

3. FY 2013/14 Second Quarter Progress Report on Planning & Development Services Activity (F: 18.03A)

Vice Chair Murray pulled this agenda item to inquire into inspection performance and to suggest the implementation of an educational outreach to contractors in the inspection process to decrease the need to schedule multiple inspections.

Assistant Chief Thomas provided an overview on the Planning & Development report and indicated at its last meeting, the Board approved two new inspector positions, which should improve inspection performance.

Deputy Fire Marshal Pete Bonano provided clarification on the need for re-inspections and indicated, in the past; staff has utilized an educational outreach regarding the inspection process and would re-implement this effort.

On motion of Vice Chair Murray and second by Director Allevato, the Board voted unanimously to receive and file the report.

4. OCFA 2014 Grants Status and Priorities (F: 11.10G)

On motion of Vice Chair Murray and second by Director Johnson, the Board voted unanimously to approve OCFA's grant priorities for 2014.

5. Orange County Fire Authority Fire Corps Status Report (F: 17.11C)

On motion of Vice Chair Murray and second by Director Johnson, the Board voted unanimously to receive and file the report.

6. Management Partners' Organizational Structure and Management System Review (F: 17.16)

Director Spitzer pulled this item to request Management Partners provide an update on its observations of OCFA communications, and asked if they believed staff was prepared to implement the proposed recommended actions for the Standards of Cover.

Director Tsunoda arrived at this point (6:50 p.m.).

Cathy Standiford, Management Partners, indicated she was on track to provide a full report of observations and recommendations to the Board of Directors in March, and that she was not prepared to respond to the inquiry regarding staff's readiness to implement the Standards of Cover as this was not within Management Partners' work scope.

On motion of Director Bressette and second by Director Kelley, the Board voted unanimously to receive and file the report.

7. Disposition of Remaining Hazardous Materials Disclosure Fund Balance (F: 18.11A1)

On motion of Vice Chair Murray and second by Director Johnson, the Board voted unanimously to:

1. Direct staff to implement all necessary budget adjustments to remit the \$935,870 in HMD funds designated in the OCFA's General Fund, and to transmit any unclaimed refunds remaining after April 30, 2014, to the Orange County Health Care Agency (HCA). The HCA will deposit the funds in a special revenue account for use in the existing HMD Program.
2. Approve the submitted Indemnification Agreement between the OCFA and the County of Orange to hold the County harmless from liability arising from the transfer of funds.

8. Secured Fire Protection Agreement with Metropolis Gardens, LLC, a California Corporation, for Entitlements in the Metropolis Garden Apartments Development, Tract 17109, in the City of Irvine (F: 18.14)

On motion of Vice Chair Murray and second by Director Johnson, the Board voted unanimously to:

1. Approve and authorize the Fire Chief to enter into a Secured Fire Protection Agreement with Metropolis Gardens, LLC, for entitlements in the Metropolis Gardens Apartments development, Tract 17109 in the City of Irvine.
2. Direct the Clerk of the Authority to record the Secured Fire Protection Agreement in the Official Records of the County of Orange and furnish to Metropolis Gardens, LLC, a copy of the conformed document within fifteen (15) days of recordation.

9. Agreement to Transfer Property or Funds for 2012 Homeland Security Grant Program Purposes between the County of Orange Sheriff-Coroner Department and the Orange County Fire Authority (F: 16.02A)

Vice Chair Murray pulled this item to request budget information regarding a command vehicle that was referenced in the staff report.

Assistant Chief Thomas indicated staff was currently in discussions with the Department of Homeland Safety, and the actual budget item would be provided to the Board at a future meeting.

On motion of Vice Chair Murray and second by Director Kelley, the Board voted unanimously to:

1. Adopt the Resolution No. 2014-03 approving and authorizing the Fire Chief, or his designee, to execute the Agreement to Transfer Property or Funds for 2012 Homeland Security Grant Program Purposes.

RESOLUTION NO. 2014-03
A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY
BOARD OF DIRECTORS AUTHORIZING FIRE CHIEF TO EXECUTE
DOCUMENTS NECESSARY TO OBTAIN FEDERAL ASSISTANCE

2. Increase revenue and appropriations in the FY 2013/14 General Fund by \$160,000 for the Fire Captain position at the Orange County Intelligence Assessment Center.

10. Appointment of Special Litigation Counsel for Validation Proceedings
(F: 12.03E3d)

General Counsel Dave Kendig provided an overview on the appointment of special litigation counsel for validation proceedings.

Stephen Wontrobski, Mission Viejo resident, provided public comments regarding the appointment of a special litigation counsel and provided a letter outlining his concerns, which is on file in the Office of the Clerk.

On motion of Vice Chair Murray and second by Director Swift, the Board voted to appoint T. Peter Pierce of Richards, Watson & Gershon as special litigation counsel to represent the OCFA in the Validation Action, and authorize the Fire Chief to execute a professional services agreement and the Disclosure and Consent Letter as proposed. Directors Bates and Spitzer abstained.

DISCUSSION CALENDAR

11. Update on the 911 Emergency Ambulance Contract Request for Proposals
(F: 18.05B 2014)

Assistant Chief Zeller provided an overview of the 911 Emergency Ambulance Contract Request for Proposals.

Dr. Sam Stratton, Medical Director, County of Orange, provided a report on the Request for Proposal for 911 Emergency Ambulance Contracts process, and indicated he would welcome input from all agencies.

Stephen Wontrobski, Mission Viejo resident, provided public comments in opposition to OCFA reimbursement for BLS and ALS costs. He provided a letter outlining his concerns, which is on file in the Office of the Clerk.

On motion of Director Spitzer and second by Director Bressette, the Board voted unanimously to:

Submit a formal request from the OCFA Board of Directors to the Orange County Emergency Medical Services (OCEMS) Medical Director, requesting that the County of Orange (County) continues to include the following provisions in the 911 Emergency Ambulance Contract Request for Proposal (RFP) process:

Require the contracted ambulance service provider(s) to reimburse OCFA for advanced life support (ALS) services and medical supplies provided by OCFA to patients whom are subsequently transported to the hospital by the ambulance service provider(s). ALS reimbursement and medical supply rates shall not exceed OCFA's marginal costs for ALS paramedic services and supplies, and shall be approved by the County Board of Supervisors each year.

Director Barnett registered in opposition. Directors Bates and Spitzer abstained.

12. Communications Work Program Prepared by SAE Communications (F: 17.10C1)

Fire Chief Richter introduced Principals Scott Summerfield and Sheri Benninghoven, SAE Communications, to provide an update on communications.

A lengthy discussion ensued.

On motion of Director Spitzer and second by Director Gamble, the Board voted unanimously to:

1. Receive and file the attached 2014 Communications Work Program, prepared by SAE Communications.
2. Direct staff to prepare the job classification for a new civilian position titled "Director of Communications," conduct research for the appropriate salary range, and return to the Executive Committee for approval of the classification at their March 27, 2014, meeting.
3. Direct staff to include the cost of this job position in the mid-year budget adjustments that will be submitted to the Budget and Finance Committee and Board of Directors in March 2014, or as soon as practical.
4. Direct staff to continue the meet and confer process with the Orange County Chief Officers Association regarding this position.

Chair Weinberg and Directors Barnett and Sloan registered in opposition.

13. Standards of Coverage and Deployment Study (F: 18.13 2014)

Jack Snook and Joe Parrott, Emergency Services Consulting International (ESCi), provided a PowerPoint presentation on the Standards of Coverage and Deployment Study.

Fire Chief Richter provided an additional PowerPoint presentation on the Standards of Coverage and Deployment Study.

A lengthy discussion ensued.

Dave Phillips, President, Orange County Chief Officers Association, provided public comments in opposition to the recommended actions. Indicating that due to the size and complexity of the document there was not adequate time provided to review it. He indicated that it may be better to delay any change to the deployment model until the organization can fully determine the impacts of the implementation of the expanded criteria-based dispatching and the new Computer Aided Dispatch system. He shared his concern with the document being rushed through without being properly vetted prior to recommendations being implemented.

Dave Rose, President, Orange County Professional Firefighters Association, IAFF Local 3631, informed the Board of a misrepresentation by the consultant in outreach to the Association during this process. He noted opposition to the recommended actions indicating the study contained 180 discrepancies and summarized the Association's concerns with the report and the proposed deployment model. He noted the Association's intent to withdraw its support of the Fire Chief, due to the many issues currently plaguing the OCFA. He requested that the Board limit its action this evening to receiving and filing the report, and work collaboratively to fully vet this document and any changes to deployment prior to implementation.

Discussion continued and concluded with a commitment by Dave Rose, President, Orange County Professional Firefighters Association, IAFF Local 363, to provide staff with the discrepancies that the Association identified within the study, impacts to the safety of the public and fire personnel with the proposed model, and its suggestions to attaining the goal of improving response times within two weeks; a commitment by the consultant, ESCi to review those errors identified by the Association and provide responses within two weeks of receiving the redlined version of the Study provided by the Association, and that OCFA staff agreed to work concurrently with the consultant in the review process.

On motion of Director Kelley and second by Director Bressette, the Board voted unanimously to:

1. Receive and file the Orange County Fire Authority-Standards of Coverage and Deployment Plan 2014 submitted by Emergency Services Consulting, Intl (ESCi).
2. Direct staff to schedule a Board Workshop to review the final Standards of Coverage and Deployment Study.
3. Direct staff to solicit input and comments from stakeholders for presentation to the Board including the discrepancies identified by Local 3631 along with the replies by the consultant and OCFA staff.

4. Direct OCFA staff to provide the Board with a final redlined version of the report with the additional requested input and with sufficient time to review the report prior to the Board Workshop.

14. Board Stipends, Board Attendance, and Additional Standing Committees
(F: 11.04) (F: 12.02)

Chair Weinberg indicated Agenda Item No. 14 would be continued to the next regular meeting.

Director Bates left at this point (10:35 p.m.)

REPORT FROM THE BUDGET AND FINANCE COMMITTEE CHAIR (F: 11.12)

Budget and Finance Committee Chair Beth Swift reported at the February 5, 2014, meeting of the Budget and Finance Committee, the Committee discussed and voted unanimously to send the OCFA 2014 Grants Status and Priorities to the Board of Directors with the recommendation that the Board approve the item. She also reported the Committee received its monthly status update on the Orange County Employees' Retirement System, and provided staff the proposed scope of work for year two of the Comprehensive Review of OCFA's Financial Internal Controls.

PUBLIC COMMENTS (F: 11.11)

Chair Weinberg opened the Public Comments portion of the meeting.

Stephen Wontrobski, Mission Viejo resident, provided public comments regarding legal services, requested the Board issue a Request for Proposals for General Counsel services, and provided a letter in support of his comments, which is on file in the Office of the Clerk.

Chair Weinberg closed the Public Comments portion of the meeting.

REPORTS

15. Chief's Report (F: 11.14)

Fire Chief Richter indicated the memorial service for former Fire Apparatus Engineer Greg Hennessey would be held on March 4, 2014, at Saddleback Church. He also indicated a ground breaking ceremony for Fire Station 56, Sendero Ranch, would be held on March 7, 2014.

BOARD MEMBER COMMENTS (F: 11.13)

Director Shawver thanked Chief Richter for being a special guest the Cypress College's 39th Annual Americana Awards at the Disneyland Hotel on February 22, 2014, where first responders were honored. He indicated OCFA 3631 members were well represented, along with the OCFA Pipes and Drums. Director Shawver indicated OCFA filled the Grand Ballroom and showed its colors true and blue.

Director Spitzer invited Directors to attend the Countywide Visionary Conference for elected officials at the Anaheim Stadium on April 7, 2014. He also indicated the County of Orange had five finalists for the Victims Memorial at Mesa Park, and encouraged everyone to attend the Crime Victims March on April 12, 2014.

Vice Chair Murray encouraged Directors to attend the Grand Opening of Fire Station 37 on March 27, 2014, at 10 a.m. He also thanked OCFA for working with Tustin Police Department to apprehended four juveniles who started a fire at Tustin High School.

Director Gamble requested staff schedule a Board Closed Session item for the Executive Committee to provide an update on the Fire Chief's performance plan, requested an update on the Internal Control Review regarding the Community Risk Reduction (formerly known as Fire Prevention) Department, and thanked Fire Chief Richter and Division Chief Wells for assisting a business within her community regarding a response concern.

Director McCullough shared her concern with City of Irvine's potential separation from the OCFA, and its potential impacts on the Authority. She supported the need for the OCFA to continue its communication improvement efforts.

Director Hatch indicated he would not be in attendance at the next meeting.

Director Baker indicated OCFA needs to consider implementation of an alternative voting system.

Director Barnett commented on his meeting with officials of the OCFA on the Standards of Cover on February 18, 2014.

Director Kelley commended Battalion Chief Devin Leonard for providing a CPR demonstration at the City of Mission Viejo's Council meeting, thanked the crew at Fire Station 24 for attending, and Doctors Ambulance for providing the CPR equipment for the demonstration. She indicated the demonstration raised CPR awareness in her community.

CLOSED SESSION (F: 11.15)

Chair Weinberg indicated the Closed Session item would be deferred to the next regular Board meeting.

CS1. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION

Name of Case: Orange County Fire Authority and City of Irvine v All Persons
Interested in the Matter of the Validity of that Second Amendment to
Amended Joint Powers Authority

Case No.: OC Superior Court Case No. 30-2013-006945527

Authority: Government Code Section 54956.9(d)(1)

CLOSED SESSION REPORT (F: 11.15)

No Closed Session report was needed, due to the item's continuance.

ADJOURNMENT –Chair Weinberg adjourned the meeting at 10:52 p.m. The next regular meeting of the Orange County Fire Authority Board of Directors is scheduled for March 27, 2014, at 6:30 p.m.

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

MINUTES ORANGE COUNTY FIRE AUTHORITY

**Board of Directors Special Meeting
Thursday, March 13, 2014
6:00 P.M.**

**Regional Fire Operations and Training Center
Board Room
1 Fire Authority Road
Irvine, CA 92602-0125**

CALL TO ORDER

A special meeting of the Orange County Fire Authority Board of Directors was called to order on March 13, 2014, at 6:03 p.m. by Chair Steven Weinberg.

INVOCATION

Chaplain Jeff Hetchel offered the invocation.

PLEDGE OF ALLEGIANCE

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

ROLL CALL

Present: Bob Baker, San Clemente
Randal Bressette, Laguna Hills
Gerard Goedhart, La Palma
Gene Hernandez, Yorba Linda
Warren Kusumoto, Los Alamitos
Jeffrey Lalloway, Irvine
David Shawver, Stanton
Todd Spitzer, County of Orange
Tri Ta, Westminster

Rick Barnett, Villa Park
Carol Gamble, Rancho Santa Margarita
Noel Hatch, Laguna Woods
Robert Johnson, Cypress
Kathryn McCullough, Lake Forest
Al Murray, Tustin
David Sloan, Seal Beach
Chad Wanke, Placentia
Steven Weinberg, Dana Point

Absent: Sam Allevato, San Juan Capistrano
Trish Kelley, Mission Viejo
Roman Reyna, Santa Ana
Phillip Tsunoda, Aliso Viejo

Pat Bates, County of Orange
Jerry McCloskey, Laguna Niguel
Elizabeth Swift, Buena Park

Also present were:

Fire Chief Keith Richter
Deputy Chief Craig Kinoshita
Assistant Chief Dave Thomas
Clerk of the Authority Sherry Wentz

General Counsel Dave Kendig
Assistant Chief Brian Stephens
Assistant Chief Lori Zeller
Assistant Clerk Lydia Slivkoff

PRESENTATIONS

No items.

PUBLIC COMMENTS (F: 11.11)

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

REPORT FROM THE BUDGET AND FINANCE COMMITTEE CHAIR (F: 11.12)

There was no report from the Budget and Finance Committee Chair.

MINUTES (F: 11.06)

No items.

CONSENT CALENDAR

1. Tustin Legacy Fire Station 37 Lease (F: 19.07C37)

On motion of Director Lalloway and second by Director McCullough, the Board voted unanimously to:

1. Approve and authorize the Fire Chief to sign the Tustin Legacy Fire Station 37 Lease.
2. Direct staff to implement necessary budget adjustments increasing revenues and expenditures in Fund 122 by \$50,000 for the purchase of furniture, fixtures and equipment for Fire Station 37.

DISCUSSION CALENDAR

No items.

PUBLIC HEARING(S)

No items.

REPORTS

There were no reports.

BOARD MEMBER COMMENTS

The Board had no comments.

Minutes

OCFA Board of Directors Special Meeting

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CLOSED SESSION (F: 11.15)

General Counsel David Kendig reported the Board would be convening to Closed Session to consider the matter on the Agenda identified as CS1, Conference with Labor Negotiator.

Chair Weinberg recessed the meeting to Closed Session at 6:06 p.m.

CS1. CONFERENCE WITH LABOR NEGOTIATOR

Agency Designated Representative: Peter Brown, Liebert Cassidy Whitmore
Employee Organizations: Orange County Professional Firefighters' Association,
Local 3631
Authority: Government Code Section 54957.6

Director Bressette and Vice Chair Murray arrived at this point (6:15 p.m.)

Director Barnett arrived at this point (6:20 p.m.)

Director Ta left at this point (8:45 p.m.)

Director Wanke left at this point (9:10 p.m.)

Chair Weinberg reconvened the meeting at 9:35 p.m.

CLOSED SESSION REPORT (F: 11.15)

General Counsel David Kendig indicated the Board had taken no reportable action.

ADJOURNMENT – Chair Weinberg adjourned the meeting at 9:37 p.m. The next regular meeting of the Orange County Fire Authority Board of Directors is scheduled for Thursday, March 27, 2014, at 6:30 p.m.

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

WILDFIRE AWARENESS WEEK

WHEREAS, California is in a state of emergency with the recent drought, and Orange County's long, hot, and dry months with no rain make our wildland areas vulnerable to severe wildfire conditions; and

WHEREAS, Orange County is currently experiencing low humidity and dry periods, which has made the brush extremely dry and flammable, creating more dangerous fire conditions than usual; and

WHEREAS, this year's "Wildfire Awareness Week" theme of, "Ready, Set, Go!," emphasizes the importance of hardening your home with fire resistant building materials, assuring homeowners know it is their responsibility to maintain 100-feet of defensible space, and being prepared with emergency supplies and evacuation routes as some of the most important factors in protecting families and homes from wildfires; and

WHEREAS, all Californians who live, work and recreate in our state's wildland must recognize the high risk of wildfire and therefore, should strive to be fire safe and take every precaution to protect themselves, their property, community and our natural resources; and

WHEREAS, "Wildfire Awareness Week" is a valuable opportunity for California's fire agencies, partners and communities to reduce the risk of wildfire and increase public safety and environmental health; and

WHEREAS, Governor Jerry Brown and the California Office of Emergency Services has designed the first full week of May as "Wildfire Awareness Week" throughout the State.

NOW, THEREFORE BE IT RESOLVED, that the Orange County Fire Authority Board of Directors does hereby declare May 4-10, 2014, as "Wildfire Awareness Week."

DROWNING PREVENTION AWARENESS

WHEREAS, drowning is the leading cause of accidental death in Orange County for children under the age of five and last year an influx of adult drowning occurred at an alarming rate requiring everyone's help; and

WHEREAS, fatal and non-fatal drowning is a silent event occurring in as little as two inches of water, including swimming pools, spas, lakes, the ocean and any other body of water; and

WHEREAS, the theme of this year's water safety campaign "Take an Active Stance to Prevent a Tragedy" provides in-depth information on what residents can do to prevent drowning; and

WHEREAS, the initiatives set forth in CHOC Hospital's "3 Tragic Seconds" Program should increase public awareness regarding proper procedures to prevent this needless tragedy; and

WHEREAS, the period of May 26 (Memorial Day) through September 1 (Labor Day) when the highest percentage of drownings take place has been designated as Water Safety Summer; and

WHEREAS, the Orange County Fire Authority in partnership with CHOC Hospital in Orange County will be taking this opportunity to increase public awareness about drownings through an extensive community outreach campaign.

NOW, THEREFORE BE IT RESOLVED, that the Orange County Fire Authority Board of Directors does hereby proclaim its participation in the "Drowning Prevention Awareness" campaign--from Memorial Day through Labor Day--by encouraging all residents, schools, recreational facilities, businesses and homeowner associations to become partners in preparedness by increasing their knowledge of proper safety measures to follow in preventing unnecessary drownings.

CONSENT CALENDAR - AGENDA ITEM NO. 3
BOARD OF DIRECTORS MEETING
March 27, 2014

TO: Board of Directors, Orange County Fire Authority

FROM: Lori Zeller, Assistant Chief
Business Services Department

SUBJECT: **FY 2013/14 Mid-year Budget Adjustments**

Summary:

This item is submitted to request approval to adjust revenue, expenditures, and fund balance to reflect changes identified after adoption of the 2013/14 budget. Budgeted beginning fund balances have been revised based on the FY 2012/13 audited financial statements.

Committee Action:

At its March 12, 2014, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item. In addition, the Executive Committee will review the proposed agenda item at its March 27, 2014, meeting and will provide a recommendation to the Board of Directors for consideration.

Recommended Actions:

1. Authorize the proposed mid-year budget adjustments.
2. Approve the proposed Schedule of Fund Balance.

Background:

A comprehensive mid-year financial review was presented to the Budget and Finance Committee and the Board of Directors in January highlighting proposed mid-year changes that are needed to the FY 2013/14 budget based on events that have occurred since the budget was adopted last May. This staff report is being submitted to request approval of the technical budget adjustments following the mid-year review. The following is a summary of the significant changes being requested (See Attachment 1 for the total proposed adjustment for each Fund):

FY 2013/14 General Fund

- **Overall:** Overall the proposed General Fund changes result in a total revenue increase of \$7.9 million and a total expenditure increase of approximately \$3.5 million. Additional expenditure adjustments of approximately \$9 million, discussed in the Mid-Year Review, were completed in January, including use of prior year unencumbered fund balance for accelerated paydown of pension liability and the Irvine equity payment.

Revenue Adjustments

- **Property Tax Revenues:** Based on the County tax ledger initial billing and current receipts, property tax revenues are estimated to exceed the budget by approximately \$2.4 million. This includes Secured, Supplemental, Unsecured, and Homeowners Property Tax Relief categories.

- **Assistance-by-Hire (ABH):** OCFA is reimbursed for expenses incurred when our personnel are deployed to assist with out-of-county and State Responsibility Area emergencies. Current year ABH reimbursements are approximately \$3.1 million greater than budget due to various out-of-county responses.
- **Planning & Development (P&D) Fees:** P&D Fees are estimated at \$1.8 million over the adopted budget. This is due to an increase in construction plans submitted for OCFA review. As discussed in the Chapman forecast, there was a 23.5 percent increase in permit valuation in early 2013.
- **Inspection Services:** An increase of approximately \$558,000 is estimated for inspection services fees to account for last fiscal year inspections billed in the current fiscal year. Inspections have been traditionally performed and tracked on a calendar year basis, but beginning with FY 2014/15, annual inspections will be revised to be performed on a fiscal year basis to align these revenues with the fiscal year.
- **Miscellaneous Revenue Adjustments:** A net total of approximately \$28,000 reduction in revenue adjustments is included in this budget adjustment request. These adjustments are comprised of: \$68,000 increase for the FY 2013/14 portion of Seasonal Ambulance Services to the City of San Clemente; approximately \$93,000 for increased CRA pass-through revenue; an increase of \$123,658 for the Fullerton Hangar lease; a reduction of \$405,000 for Santa Ana S&EB, and an approximately \$93,000 increase for categories ranging from insurance settlements to the RFOTC cell tower lease.

Expenditure Adjustments

- **Assistance-by-Hire (ABH):** As stated above in regards to Revenue Adjustments, OCFA is reimbursed for expenses incurred when our personnel are deployed to assist with out-of-county emergencies. Estimated current year ABH expenditures require an increase of \$2.4 million.
- **Finance:** This Section is experiencing increased workload associated with responding to bulk data requests from the District Attorney and completing the HMD refund process. Two extra help / temporary employees are needed to help retrieve and organize the requested data, and to assist in processing vouchers for HMD customers that are due a refund. The estimated cost of temporary services is \$50,000.
- **Emergency Medical Services Consultant:** A contract for an Emergency Medical Services consultant was approved by the Executive Committee in December 2013. With the transfer of the Ambulance RFP responsibility to the County of Orange, only the expended portion of the contract, \$23,435, needs to be included in this budget adjustment.
- **Labor Negotiator:** In December 2013 the Board approved the appointment of the firm, Liebert Cassidy Whitmore, to perform employee MOU negotiations on behalf of the OCFA. The services require a budget adjustment of \$125,000.
- **Strategic Communications/Management Analysis:** Purchase orders with Management Partners and SAE Communications were approved by the Board in November 2013. The combined costs of approximately \$150,000 cannot be absorbed in the budget and are included in this Mid-Year budget adjustment request.

- **Executive Recruitment:** As a result of the recent retirement of the Assistant Chief/Fire Marshall, the OCFA is conducting a nationwide search to recruit the best qualified individuals. In order to facilitate this process, the OCFA will be using an executive recruitment firm which is experienced at recruiting for positions of this level. This service will cost approximately \$25,600 and is included in this budget adjustment.
- **Workers Compensation Actuarial Update:** The most recent actuarial report from July of 2013 indicates that an additional \$62,496 is required to maintain the 50% confidence level in the current fiscal year. The funding will be increased to a 60% confidence level in future years.
- **Reclassification of CIP Expenditures:** An approximate \$523,000 increase in General Fund expenditures is proposed for expenditures originally budgeted in CIP Funds 124 and 133 (Communications/Information Systems Replacement and Vehicle Replacement). This is to properly account for projects which have recently transitioned from Capital Improvements (purchase, installation and testing of new business systems) to ongoing operating maintenance. In the case of Fund 133, expenditures for a required helicopter inspection and rescue hoist overhaul were reclassified as maintenance.
- **Budgeted beginning Fund Balance:** General Fund beginning fund balance will be adjusted in accordance with the 2012/13 year-end audit. This increase resulted primarily from salary savings due to vacancies as well as S&S savings.
- **Miscellaneous Expenditure Adjustments:** A net expenditure increase of approximately \$116,000 is included in this adjustment request. These adjustments are comprised of the following: reimbursable S&S increases of \$160,000 for fire incident activity; funding of \$56,000 for hand-crew position changes; internal control/procurement audits of \$15,000; funding of \$10,000 for increased staff travel costs; and an addition of the FY 2013/14 portion of Seasonal Ambulance Services to the City of San Clemente of \$68,000; and S&EB will be decreased by \$193,000 for reconciliation of funding to the approved number of fire pilot positions.
- **Operating Transfer for Community Risk Reduction Fee Funded Capital Needs:** Staff has completed the reconciliation of FY 2012/13 Fee Funded Programs. Based on the volume of activity in FY 2012/13 and the corresponding fee-component which provides for automation and vehicle replacement, staff recommends a transfer of \$251,180 to the CIP Funds. Of this amount, \$165,775 is for Planning and Development (P&D) business system software replacement and program-specific vehicles. The remaining amount of \$85,405 is for Safety and Environmental Services (S&ES) business system software replacement and program-specific vehicles.
- **Operating Transfer for ALS and BLS Fee Funded Capital Needs:** Staff has completed the reconciliation of FY 2010/11 through 2012/13 Fee Funded Programs. Based on the reconciliation and the corresponding ALS and BLS fee-component which provides for Defibrillators and Paramedic vehicle (squads and vans) replacement, staff recommends a transfer of \$621,348 to CIP Fund 133 – Vehicle Replacement.

FY 2013/14 Capital Improvement Funds/Other Funds

- Facilities Maintenance & Improvements (Fund 122) – Revenues are increasing by approximately \$24,000 due to adjusted facility maintenance charges to Cities. Expenditures need to be adjusted by \$100,000 relating to a fire at Fire Station 62. As a result of the fiscal year 2012/13 annual audit, the budgeted beginning fund balance will increase by approximately \$300,000.
- Facilities Replacement (Fund 123) – Revenues are increasing by approximately \$1.3 million primarily due to developer station contributions. As a result of the fiscal year 2012/13 annual audit, the budgeted beginning fund balance will increase by approximately \$2.7 million.
- Communications & Information Systems Replacement (Fund 124) – Revenues are increasing by approximately \$140,000 due to the receipt of bankruptcy proceeds. Expenditures are decreasing by \$321,000 to accommodate their transfer to the General Fund. As a result of the fiscal year 2012/13 annual audit, the budgeted beginning fund balance will increase by approximately \$3 million.
- Vehicle Replacement (Fund 133) – Revenues are increasing by approximately \$80,000, primarily as a result of bankruptcy proceeds. Expenditures are decreasing by approximately \$125,000 to accommodate their transfer to the General Fund. As a result of the fiscal year 2012/13 annual audit, the budgeted beginning fund balance will increase by approximately \$3.9 million.
- Structural Fire Fund Entitlement Fund (Fund 171) – Revenues are increasing by approximately \$3,000 due to an interest adjustment. Expenditures are increasing by \$163,000 to fund projects in the City of Irvine. As a result of the FY 2012/13 annual audit, the budgeted beginning fund balance will increase by approximately \$1.2 million.
- Self Insurance Fund (Fund 190) – There is a net revenue decrease of approximately \$23,000 due to an estimated interest reduction. An expenditure increase of approximately \$648,000 is needed for outgoing payments from this fund as a result of the updated actuarial estimate for this fiscal year. As a result of the FY 2012/13 annual audit, the budgeted beginning fund balance will increase by approximately \$3.4 million.

Schedule of Fund Balance

The Schedule of Fund Balance (Attachment 3) updates the amounts and classifications of fund balance to include all mid-year adjustments.

Impact to Cities/County:

None.

Fiscal Impact:

Not Applicable.

Staff Contacts for Further Information:

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Attachments:

1. FY 2013/14 Mid- year Budget Adjustments
2. Combined Budget Summary
3. Schedule of Fund Balance

FY 2013/14 Mid-Year Budget Adjustments

The following adjustments to the 2013/14 budget are requested:

General Fund (Fund 121)

Revenue - \$7,966,320 increase
Budgeted Beginning Fund Balance - \$4,433,649 increase
Appropriations - \$3,474,813 increase
Operating Transfer Out - \$872,528 increase

Facilities Maintenance and Improvement Fund (Fund 122)

Revenue - \$24,210 increase
Budgeted Beginning Fund Balance - \$284,997 increase
Appropriations - \$100,000 increase

Facilities Replacement (Fund 123)

Revenue - \$1,273,949 increase
Budgeted Beginning Fund Balance - \$2,661,815 increase
Appropriations – No Change

Communications and Information Systems Replacement Fund (Fund 124)

Revenue - \$142,537 increase
Operating Transfer In - \$214,986 increase
Budgeted Beginning Fund Balance - \$3,009,169 increase
Appropriations - \$321,000 decrease

Vehicle Replacement Fund (Fund 133)

Revenue - \$79,804 increase
Operating Transfer In - \$657,542 increase
Budgeted Beginning Fund Balance - \$3,873,855 increase
Appropriations - \$125,820 decrease

Structural Fire Fund Entitlement Fund (Fund 171)

Revenue - \$3,193 increase
Budgeted Beginning Fund Balance - \$1,198,222 increase
Appropriations - \$163,000 increase

Self-Insurance Fund (Fund 190)

Revenue - \$22,787 decrease
Budgeted Beginning Fund Balance - \$3,387,294 increase
Appropriations - \$647,643 increase

**ORANGE COUNTY FIRE AUTHORITY
COMBINED BUDGET SUMMARY
2013/14**

	121 General Fund	<i>CIP Funds</i>				<i>Other Funds</i>		Total
		122 Facilities Maint & Improvement	123 Facilities Replacement	124 Communications & Info Systems Repl	133 Vehicle Replacement	171 SFF Entitlement	190 Self Insurance	
FUNDING SOURCES								
Property Taxes	\$189,412,501	\$0	\$0	\$0	\$0	\$0	\$0	\$189,412,501
Intergovernmental								
State Reimbursements	6,855,398	-	-	-	-	-	-	6,855,398
Federal Reimbursements	3,289,006	890,000	-	-	-	-	-	4,179,006
Community Redevelopment Pass-thru	7,242,493	-	-	-	-	-	-	7,242,493
Charges for Current Services								
Contracts	83,643,150	240,388	-	920,000	1,362,214	-	-	86,165,752
HMS Revenue	-	-	-	-	-	-	-	-
Fees - Community Risk Reduction	7,903,810	-	-	-	-	-	-	7,903,810
Other Charges for Services	171,085	-	-	-	-	-	-	171,085
ALS Reimbursements, Supplies	4,570,574	-	-	-	-	-	-	4,570,574
Charges for Workers' Comp	-	-	-	-	-	-	62,496	62,496
Use of Money and Property								
Interest	128,487	10,238	50,111	63,073	112,554	3,489	170,481	538,433
Other								
Developer contributions	-	-	5,253,050	-	-	-	-	5,253,050
Sales and Settlements	121,014	-	-	-	-	-	-	121,014
Miscellaneous	1,351,617	-	76,949	129,909	722,825	-	12,763,412	15,044,712
Other Funding Sources								
Total Revenues & Other Financing Sources	304,689,135	1,140,626	5,380,110	1,112,982	2,197,593	3,489	12,996,389	327,520,324
Operating Transfer In	-	1,078,745	-	2,449,115	1,842,515	-	-	5,370,375
Beginning Fund Balance	52,525,839	2,577,414	16,683,531	17,305,595	28,816,498	1,268,159	53,230,384	172,407,420
TOTAL AVAILABLE RESOURCES	\$357,214,974	\$4,796,785	\$22,063,641	\$20,867,692	\$32,856,606	\$1,271,648	\$66,226,773	\$505,298,119
EXPENDITURES								
Salaries & Emp Benefits	\$270,532,280	\$0	\$0	\$0	\$0	\$0	\$0	\$270,532,280
Services & Supplies	34,775,845	1,347,614	-	1,934,465	86,958	699,758	10,503,824	49,348,464
Capital Outlay	172,400	890,000	12,956,900	10,774,152	9,203,940	-	-	33,997,392
Debt Service	-	-	-	-	2,531,723	-	-	2,531,723
Total Expenditures	\$305,480,525	2,237,614	12,956,900	\$12,708,617	11,822,621	699,758	10,503,824	356,409,859
Appropriation for Contingencies	3,000,000	-	-	-	-	-	-	3,000,000
Operating Transfer Out	5,370,375	-	-	-	-	-	-	5,370,375
Ending Fund Balance	43,364,074	2,559,171	\$9,106,741	8,159,075	21,033,985	571,890	55,722,949	140,517,885
TOTAL FUND COMMITMENTS & FUND BALANCE	\$357,214,974	\$4,796,785	\$22,063,641	\$20,867,692	\$32,856,606	\$1,271,648	\$66,226,773	\$505,298,119

ORANGE COUNTY FIRE AUTHORITY
Schedule of Fund Balance
2013/14

	General Operating Fund 121	Facilities Maint & Improv Fund 122	Facilities Replacement Fund 123	Comm & Info Sys Repl Fund 124	Vehicle Replacement Fund 133	SFF Entitlement Fund 171	Self Insurance Fund 190	Total
Projected Fund Balance 6/30/14	\$43,364,074	\$2,559,171	\$9,106,741	\$8,159,075	\$21,033,985	\$571,890	\$55,722,949	\$140,517,885
Components of Fund Balance								
• Donations	14,815							14,815
• Stn 18 CDF Contribution			533,232					533,232
• SFF - Irvine						571,242		571,242
• SFF - Laguna Niguel						144		144
• SFF - Villa Park						23		23
• SFF - Aliso Viejo						79		79
• SFF - Dana Point						133		133
• SFF - Rancho Santa Margarita						47		47
• SFF - San Juan Capistrano						15		15
• SFF - County Unincorporated						207		207
• Capital Improvement Programs		2,559,171	8,573,509	7,944,089	20,111,716			39,188,485
• Community Risk Reduction Fee Funded Capital Needs				214,986	922,269			1,137,255
• Workers Comp							55,722,949	55,722,949
• General Fund Operating (a)	25,962,818							25,962,818
• Cash Flow Needs	17,386,441							17,386,441
Total	\$43,364,074	\$2,559,171	\$9,106,741	\$8,159,075	\$21,033,985	\$571,890	\$55,722,949	\$140,517,885

(a) Reflects \$3 million reduction for Appropriation for Contingencies

CONSENT CALENDAR – AGENDA ITEM NO. 4
BOARD OF DIRECTORS MEETING
March 27, 2014

TO: Board of Directors, Orange County Fire Authority

FROM: Lori Zeller, Assistant Chief
Business Services Department

SUBJECT: **Orange County Employees' Retirement System – Direct Lending**

Summary:

This agenda item is submitted to provide an update on a recent article in the Orange County Register on the Orange County Employees' Retirement System's (OCERS) Direct Lending Program.

Committee Action:

At its March 12, 2014, meeting, the Budget and Finance Committee reviewed this agenda item and recommended that staff include the item on the agenda for the Executive Committee and Board of Directors concurrently, for the Board's consideration to direct staff to send a letter to OCERS expressing concern with the Direct Lending Program. The Executive Committee will review the proposed agenda item at its March 27, 2014, meeting and will provide a recommendation to the Board of Directors for consideration.

Recommended Action:

Review the agenda item and support the Budget and Finance Committee's recommendation to send a letter to OCERS expressing concern with the Direct Lending Program.

Background:

On January 23, 2014, an article appeared in the Orange County Register entitled, *Pension Board for Public Employees Takes \$450 Million Risk* (Attachment 1). It reported that OCERS will be directing 4% of their \$10.9 billion in assets or \$450 million to eight investment firms that manage loan funds in the hopes of earning a higher yield than traditional bond funds. These loans are made to companies in the US, Europe and the Asia Pacific region that are unable to obtain a loan from a bank.

Director Bressette, Laguna Hills, contacted staff regarding the article and inquired if there was any concern regarding this type of investment. Upon request, OCERS' Chief Investment Officer (CIO), Girard Miller, provided the following information:

“Direct lending or private lending is provided to companies that cannot access the investment-grade bond market. This does not mean they are bad credits, they usually are smaller and mid-size firms that are not large enough to issue bonds that would be rated like Fortune 500 companies. Hence, they pay a higher interest rate. Most of the loans funded by OCERS through the managers we retain to perform this work are senior or even senior secured debt that stands above ordinary creditors in bankruptcy, and usually have advantageous terms in events of technical default which work to the investor's advantage in times of stress. Thus, the creditworthiness of this debt is actually higher

than so-called junk bonds which are issued by lower-rated national and multi-national corporations, or bank loans which are purchased in the secondary market. Interest rates are typically floating rate, so that investors are protected from inflation and rising interest rates, which makes them good diversifiers in the overall credit portfolio and a hedge against inflation. The firms that OCERS selected to perform this work for us all have lending teams with a decade or more experience in these markets, and have successfully worked through the Great Recession, and often multiple business cycles, so they understand credit even better than most conventional bankers, and most of them have owner capital at risk in the funds they operate.

Loan term (length) varies, but most of these are 3-5 years, not long- long term debt. So there is no duration risk. The direct lending funds through which we invest typically wind down in 6-7 years or less, after an initial 2 year investment period. Some of the capital comes back sooner as loans get prepaid for a variety of reasons. So the best comparable would be intermediate term corporates”.

In addition, the CIO also provided a staff report to OCERS’ Investment Committee that describes the loan program in more detail (Attachment 2) as well as a presentation made by one of the investment firms, Tennebaum Capital Partners LLC (Attachment 3), that OCERS selected.

Some of the information contained in the attached materials that is worth highlighting for the Committee includes:

1. The loans are typically floating rate and for 3-5 years.
2. The loans are usually senior and/or senior secured debt.
3. The loans are a higher credit quality than junk bonds.
4. The staff report states that there is growing conviction at the staff and consultant level that OCERS’ commitment to Direct Lending might be expanded over time.
5. The staff report has a footnote which discloses that the OCERS’ CIO does have an investment interest in Tennebaum Capital which is one of the investment firms OCERS’ is using for the Direct Lending program.

Staff will continue to monitor the investment performance of OCERS including the Direct Lending program and update OCFA’s Budget and Finance Committee.

Impact to Cities/County:

Not applicable.

Fiscal Impact:

Not applicable.

Staff Contacts for Further Information:

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Attachments:

1. Orange County Register article, *Pension Board for Public Employees Takes \$450 Million Risk*, January 24, 2014
2. Staff report to OCERS' Investment Committee on the Selection of Direct Lending Managers, May 29, 2013
3. Presentation by Tennebaum Capital Partners LLC, May 29, 2013

BY MIKE REICHER / STAFF WRITER

Published: Jan. 23, 2014 Updated: Jan. 24, 2014 9:35 a.m.

PENSION BOARD FOR PUBLIC EMPLOYEES TAKES \$450 MILLION RISK

[Related article »](#)

QUICK FACTS

Retirees / beneficiaries / survivors: **13,947**

Members not yet receiving benefits: **25,671**

As of Dec. 31, 2012: **Total Assets \$9.5 billion**

Unfunded liability: **\$5.7 billion**

In the past year, the Orange County Public Employees Retirement System board has agreed to loan \$450 million to companies in the U.S., Europe and the Asia-Pacific region, mostly little-known companies with poor credit ratings that need cash.

Officials are hoping the loans, made through investment managers, will supercharge earnings. But they acknowledge some of the investments are risky and each loan's principal could be lost.

Retirement boards across the U.S. are exploring more exotic investments – well beyond stocks and bonds – to keep pace with promised pension benefits and large unfunded liabilities. Experts vary on the wisdom of chasing high-return investments, but most agree they should be limited in a public pension fund.

OCERS has invested more and sooner in direct lending than most other large public pension funds. Direct lending accounts for slightly more than 4 percent of the assets in the \$10.9 billion OCERS fund.

“There's no such thing as a 15 percent safe investment ... There are reasons banks aren't doing these loans,” said John Shoven, director of the Stanford Institute for Economic Policy Research. “It would be risky in the extreme if this became a large part of the portfolio. But at the 5 percent level, I (would be) willing to take the risk.”

Direct lending is part of the “shadow banking sector,” as one Standard & Poor's report described it, which boomed after banks slowed their lending. Regulators tightened banks' requirements, hoping to avert another credit crisis like the one that triggered the Great Recession. With demand for loans outstripping supply, specialized lending funds stepped in and courted institutional investors such as OCERS.

In 2013, pension funds committed \$2.4 billion to direct lending, compared with \$611 million in 2012, according to iiSEARCHES, an investment database run by the publisher Institutional Investor. Roughly 30 U.S. funds, small and large, have entered the market, including the Los Angeles County Employees Retirement Association, which earmarked \$400 million, and the Detroit General Retirement System, which set aside \$5million.

Some are skeptical that members of the OCERS board, most of whom are not finance professionals, can effectively oversee these investments.

“Does the investment committee have the fundamental knowledge to monitor this and all the other little things they put the money into?” asked Peer Swan, an Irvine Ranch Water District board member and former director of Southern California Bank. Swan was one of the first to question the risky investments that caused Orange County's 1994 bankruptcy.

LOWER CREDIT RATINGS

Most of the borrowers are midsize companies with “non-investment grade” credit that cannot get traditional sources of capital. OCERS' managers will be making loans typically from \$10 million to \$50 million.

Compared with fixed-interest bonds, these loans are attractive, experts say, because they have a “floating” interest rate typically tied to international bank lending rates. A floating rate could be beneficial when the Federal Reserve stops its quantitative easing, and interest rates rise. It's less attractive if interest rates fall.

Bonds saw terrible returns in 2013, and pension funds have been searching for better alternatives.

“It's a very creative niche,” said county Supervisor John Moorlach. “If you're doing all the proper analysis to determine if your borrower is a good risk, this seems like an appropriate investment.”

Orange County has invested in loan funds with eight investment firms that vet companies and negotiate terms. Beginning in April 2013, the OCERS board voted to invest \$240million in U.S. lending, \$150 million in Europe and \$60 million in the Asia-Pacific market. Ultimately, the pension fund is on the hook for the loans.

The companies might need to open a line of credit, to buy some new equipment, or to finance a leveraged buyout. In Asia, officials expect to lend for natural resource development.

OCERS' direct loans will typically be secured by collateral – real estate, equipment, inventory and the like – but there are no guarantees investors will get paid in the event of a default. Most of the loans are “senior,” meaning OCERS would be first in line among creditors during a bankruptcy.

“You're putting a lot of faith in these brokers that they're operating in your interest,” said Shoven, the Stanford economist. “This is really a tough thing to do – sorting through some companies that by definition are not strong enough to access traditional credit markets.”

OCERS officials are confident they hired the best investment managers after months of evaluation and research.

“Consistent with best practices for pension board governance,” CEO Steve Delaney wrote in an email, “the OCERS board does not micromanage our money managers. We hire competent professionals with proven track records.”

The lure of direct lending is high returns. Typically, the underlying loan interest rate is in the high single-digits. With other fees and interest, OCERS expects at least one firm's annualized returns to top 15 percent. Taken as a whole, officials expect all their direct lenders to return in the high single digits. Its Asian manager boasts a 27 percent annualized return since 2004, before taking its management fees, according to a memo by Orange County's general investment consultant, NEPC.

“You can't afford to avoid opportunities that are there, so you have to push somewhat in order to get the return,” said Robert Griffith, a retired county employee and former OCERS board member who voted to invest in direct lending before his term expired in December.

CERTAIN DISADVANTAGES

Early returns from two funds are low. During the month of November, the most recent for which figures are available, one of the direct lenders earned 1.4 percent, and the other lost 1.5 percent. OCERS officials say some of the loss is due to that fund's startup costs. They cautioned against judging performance based on short-term returns.

To date, about \$150 million has been transferred to the investment managers, out of the \$450 million allocated to direct lending. OCERS officials point out the fund's broader credit investments – the larger umbrella that will cover direct loans – account for its highest-earning asset class over the past five years.

For all its potential high returns, direct lending comes with significant downsides.

Nearly 3 percent of borrowers on average couldn't make payments between 1995 and 2012, according to a presentation by NEPC, the consultant for OCERS, on leveraged loans, a comparable investment. Also, lenders were unable to recover the value of collateral in 35 percent of these loan defaults, the presentation said. Both measures were better than those for high-yield, or junk bonds.

Another disadvantage with the loans, officials say, is the relatively long time an investment is “locked in” – some managers want commitments up to five or six years. If banks loosen lending, experts say, direct funds might not command such high interest rates.

Tightened banking regulations – specifically the requirement for more capital – forced many European banks to withdraw from these types of loans.

European managers will lend OCERS money in the United Kingdom, Germany, France and other developed countries. Some money is going to pan-European companies based in Spain.

Asian-Pacific borrowers are spread throughout developed and developing economies: China, Indonesia, India, Australia, Singapore, Malaysia, South Korea and Japan.

Only two other public pension systems had invested with the Asia-Pacific manager as of late last year, according to OCERS – the Missouri Department of Transportation and another fund that couldn't be disclosed publicly. OCP Asia, the investment firm, offered OCERS discounted fees because it was one of the first investors.

After Chief Investment Officer Girard Miller returned from a due-diligence trip to Hong Kong and Singapore, the board unanimously approved the \$60million allocation to OCP Asia.

Any potential losses there would be “negligible in the big picture,” Miller wrote in a memo to the board. He called this investment a “high-income cash-flow generator.”

“Anything like this that's new requires significant due diligence and research, and I felt Girard Miller had done that,” Supervisor Moorlach said. “It's a business decision. You're being compensated for taking the risk.”

Contact the writer: mreicher@ocregister.com

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

MEMORANDUM

DATE: May 29, 2013

TO: Members of the Investment Committee

FROM: Girard Miller CFA, Chief Investment Officer

SUBJECT: Direct Lending Managers - Selection of Tennenbaum Capital

Recommendation:

1. Approve the selection of Tennenbaum Capital for funding in the Direct Lending sub-allocation of the Diversified Credit portfolio, with a commitment of \$50 million, to be funded in lieu of one-half of OCERS' European Opportunities " earmark" in the Diversified Credit portfolio.
2. As part of a mid-year portfolio strategy review, request our consultants at NEPC to research and report the feasibility and advisability of expanding OCERS' commitment to the Direct Lending opportunities in the U.S. and globally, and provide tactical or strategic recommendations for portfolio adjustments if appropriate.

Background:

In May 2012, the Investment Committee approved an allocation of 7% of the total OCERS portfolio to Diversified Credit, with a sub-allocation of 15% of that amount (presently \$110 million) to Direct Lending managers, and an equal sub-allocation or " earmark" for European credits, which was approved during the July 2012 meeting.

During January 2013, the Committee approved a search for managers in this sector, and in early April 2013, the Committee approved a short list of potentially qualified managers screened and vetted by NEPC. The short list included four domestic direct lenders and three European direct lenders.

On April 24, 2013, the Committee approved hiring three managers in the Direct Lending sub-allocation for a total of \$110 million, with \$50 million allocated to Monroe Capital and \$30 million each to Crescent Capital and NXT.

As a reminder, direct lending is the investment discipline in which advisory firms provide investment capital to borrowers as an alternative to bank lending and marketable securities (bonds and notes) in the public markets. These private transactions often carry favorable *floating* interest rates, typically as a spread over LIBOR, making them attractive alternatives to traditional fixed income investments – especially in scenarios of rising interest rates. Many times, the loans are "senior secured" or "uni-tranche," putting them at the highest level on the capital stack and first in line for payout in the event of a default, before subordinated lenders and equity investors. As a result, the actual default history for many of the premiere direct lenders is very low, in the

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

order of magnitude of 25 basis points or less over full market cycles - even including the very real-world stress test of the Great Recession.

The Committee also approved a search for credits and direct lenders in Europe, which was another sub-allocation under the Diversified Credit bucket. Our recommendation at this time is to redirect half of the European Opportunities earmark to the U.S. focused Direct Lending sub-allocation. Although the Euro-crisis will undoubtedly open strong opportunities in this space, it may be a bit early to enter this area. One of our immediate concerns is currency risk, and the potential that the Euro could erode persistently or fall dramatically against the dollar (i.e. Germany withdraws from the currency bloc). Although it is possible to hedge currency risk, the cost of such protection makes returns from Euro lending less appealing to us at this time. Currency hedges are usually rolling hedges that must be reinstated periodically and thus cannot fully cover the risks of chronic Euro depreciation beyond each contract period. Although we are working with NEPC on this issue, and expect to bring one or more finalists to the Committee in coming months to make a selection for half of the originally anticipated allocation to that space, we believe it now to be more prudent to select a fourth domestically focused direct lender where opportunities remain attractive and economic risks less evident.

Analysis:

Today, we present one additional firm for inclusion within the Direct Lending portfolio: Tennenbaum Capital located in Santa Monica, CA. The firm was on the original short-list presented by NEPC. A key difference between Tennenbaum and the other three direct lending managers is the size of the companies to which their loans are originated. Tennenbaum typically lends to larger borrowers and across the entire middle-market space, whereas Monroe, Crescent and NXT typically are more focused on the lower-middle market. Tennenbaum's style is more opportunistic than the other three firms, and we believe they offer excellent diversification of strategies for our allocation. They are not raising a multi-investor fund at this time, so OCERS' best option is to invest through them in conjunction or partnership with another NEPC client in a customized "fund of two" as envisioned in the P5 collaborative procurement strategy. Therefore, the recommended action is as follows:

- OCERS can join with another public fund client of NEPC and existing investor of Tennenbaum (the State of Wyoming plan), in what would become a "fund-of-two" structure that would be able to receive \$50 million from OCERS to be invested through Tennenbaum Capital. The Wyoming pension fund has approved a commitment to Tennenbaum of \$65 million, subject to final due diligence and contract terms.
- This "fund-of-two" vehicle would allow a portion of the portfolio to employ leverage up to 1:1 and/or to invest up to 15% in second-tier loans. Diversification guidelines have been established to prevent imprudent concentrations in individual positions in such loans.

Staff did explore a second alternative with a smaller funding commitment to Tennenbaum, although we consider it a less-attractive and more complicated path at this point in time. To minimize confusion, that option is explained in an appendix to this memorandum.

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Staff and NEPC continue to believe that direct lending offers more opportunities for OCERS than the present asset allocation plan provides, consequently we believe that this modest step-up is appropriate at this stage. We can gain some experience with the selected firms, iron out any issues, and “settle in” with them in our roster of managers with the potential to fund additional commitments at a later time if the Committee, Staff and NEPC become convinced that a larger investment position is warranted in this sector. For this to be kept in perspective, however, we should first evaluate our rationale and strategy in the core bond allocation, and also develop a better common understanding of our portfolio risks in the credit markets. We should also ponder next month whether these illiquid direct lending investments might outperform GTAA and/or Real Return commitments during 2013-2015, given the current stage of the business cycle. It is noteworthy that the Merrill Lynch U.S. High Yield bond index dropped to 5.1% recently, which could argue for a reallocation of some of that capital as an alternative also. We can also discuss at a later time this year -- not at this meeting -- the pros and cons of designating approved manager “pools” to provide tactical flexibility in portfolio strategy implementation, once we complete the task of populating the 2012 asset allocation plan with approved managers. However, for now at least, it makes more sense to appoint this particular manager in the “conventional way” with a fixed allocation to a specific vehicle.

It is noteworthy that this investment opportunity has been facilitated by our working relationship with our general consultant, NEPC. The co-investor is an NEPC client as well as a longer-term investor with Tennenbaum, and the terms we are receiving in this “cooperative procurement” are favorable in comparison with other investment terms or what we would enjoy on a standalone basis. Of particular value is the diversification benefit of investing in the “fund-of-two” with another public plan, so that the advisor can underwrite meaningful positions and still keep our exposure to any one borrower limited to the range of three to five percent of our total exposure. In this regard, we benefit from economies of scale without undue complexity or duplication of efforts. This is very similar to the kind of vehicle proposed in the P5 concept.

A due diligence summary of Tennenbaum is attached. The firm has completed a comprehensive due diligence questionnaire and provided supplemental information as required by that element of our process.

The second part of the CIO recommendation reflects a growing conviction at the staff and consultant level that our commitment to Direct Lending might be expanded over time. We would expect that NEPC could return with its findings and a recommendation on this issue in July, as part of their mid-year review.

Disclosure: CIO Girard Miller owns a security interest in the Tennenbaum Capital business development corporation at a level that would be treated as “less than reportable and material” under the proposed OCERS’ Staff Code of Conduct. This holding is mentioned here to provide full transparency of a personal investment interest in a “related security” even though the proposed policy is not effective, for reasons explained in the policy memo and draft Code document presented to the committee on April 24, 2013 and since referred to the Governance committee for review and recommendations.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

Appendix: Alternative or second-stage investment strategy with Tennenbaum

OCERS can alternatively join with San Bernardino County's pension fund (SBCERA) and one other smaller institutional investor to invest in a structured financing vehicle created by SBCERA. This structure would enable OCERS to invest \$34 million in a three-party pool that has already begun investment operations. That operation has been live for about nine months and will soon begin making interest payments on loans already originated. By investing in a pre-existing mini-fund, OCERS would gain the immediate benefit of sharing with the other two investors, *pari passu*, for loans already made. The terms of this arrangement are different, however, in that leverage up to 1.6:1 would be allowed and the fund can continue operations for 10 years. The CIO considers both of these to be acceptable terms at the macro portfolio level, but they would be more aggressive than the first option. Given the more conservative nature of the "fund-of-two," the recommended strategy is preferred today, given that OCERS is new to this market sector.


- If OCERS were to instead fund the second option, we would recommend that the Committee also approve additional allocations of \$10 million to Crescent Capital and \$5 million to NXT in order to bring our commitment to domestic direct lending to \$159 million and leave the \$60 million remainder of the allocated Diversified Credit allocation to a European direct lender to be presented and selected at a later meeting.
- A more probable and suitable scenario might be that OCERS could eventually increase our direct lending allocation and consider higher-leverage strategies as alternatives to more-traditional assets and unfilled asset classes. Then, if the "San Bernardino tranche" is still available to us, we could invest in it later, as a superior alternative to other asset classes over the investment horizon we now face. That decision should be deferred for several months, as explained previously.

Prepared by:

 **G.M. - Approved**

Girard Miller, CFA
Chief Investment Officer

Approved by:



Steve Delaney
Chief Executive Officer



Tennenbaum Senior Loan Strategy
Orange County Employees Retirement System
Board Presentation

May 29, 2013

Disclosure

This communication is provided for information purposes only. It is not an offer to sell, or a solicitation of an offer to buy, any security, nor to enter into any agreement or contract with Tennenbaum Capital Partners, LLC or any affiliates. Any offering or potential transaction that may be related to the subject matter of this communication will be made pursuant to separate and distinct documentation and in such case the information contained herein will be superseded in its entirety by such documentation in final form. In addition, because this communication is a summary only, it may not contain all material terms, and this communication in and of itself should not form the basis for any investment decision.

Target returns set forth in this presentation are based on current terms for qualifying new issues, proposed fees and expenses and current and past market conditions taking into account the volatility of expected returns. Actual returns for any given investment and overall returns of accounts or funds following the senior loan strategy described in this presentation will depend on a variety of factors and may vary significantly from the target returns. Additional performance information, including net returns for funds managed by TCP and a complete list of each investment made by such funds, is available on request. Furthermore, PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

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TCP Firm Overview & Advantage

Introduction

- Tennenbaum Capital Partners, LLC (“TCP”) proposes to manage a fund of par or near-par 1st lien debt instruments (primarily loans) which would include Orange County Employees Retirement System (“OCERS”)

- TCP is a unique alternative credit investment manager that has generated consistently strong performance and regular quarterly cash distributions since inception
 - Founded in 1999; predecessor entity commenced operations in 1996
 - Approximately \$4.6 billion of committed capital under management today
 - Invested more than \$11 billion in over 260 companies across 8 Opportunity Funds since inception
 - TCP has achieved a 15.8% annualized return on invested assets since inception across all Opportunity Funds⁽¹⁾
 - Owned by its employees; awards carried interests broadly to its staff
 - Approximately 70 employees, including 27 investment professionals
 - Senior investment staff has an average of 21 years of industry experience and 8 years working together at TCP

- Investment strategy used in TCP’s Opportunity Funds
 - Two complementary strategies: (i) Performing Credit Opportunities (which include 1st lien, 2nd lien and mezzanine) and (ii) Distressed or Stressed Debt/Special Situations
 - Primarily U.S. investments, with some exposure to European and Asia-Pacific middle-market companies
 - Broadly-diversified exposure for performing credit
 - More concentrated approach to special situation investments, including control and ownership
 - Emphasis on capital preservation
 - TCP’s ability to operate, improve and exit businesses undergoing significant change is one of its greatest competitive advantages

⁽¹⁾ Includes Special Value Bond Fund, Special Value Bond Fund II, Special Value Absolute Return Fund, Special Value Opportunities Fund, Special Value Expansion Fund, Special Value Continuation Fund, Tennenbaum Opportunities Fund V and Tennenbaum Opportunities Fund VI. The majority of these funds have typically employed a broad investment mandate commonly referred to as “credit opportunities”, primarily focused on stressed/distressed and special situation investing throughout the capital structure. Returns through 3/31/13. Past performance does not guarantee future returns. Return on Invested Assets does not include a deduction for fees, expenses or cost of leverage. Investment in a fund or account following the senior loan strategy will be subject to fees, expenses and possible cost of leverage. Advisory fees charged by TCP to its clients are described in Part 2A of TCP’s Form ADV which is available upon request

TCP's Credit Platform

DISTRESSED/SPECIAL SITUATIONS

PERFORMING CREDIT (Par/Near Par Credit)⁽¹⁾

Dedicated Senior Loan Vehicles (2012)

TCP Capital Corp. (NASDAQ:TCPC) (2012)⁽²⁾

Tennenbaum Opportunity Fund VI (2010)

DIP Fund (2009)

Tennenbaum Opportunity Fund V (2006)⁽³⁾

Special Value Continuation Fund (2006)*,⁽³⁾

Special Value Expansion Fund (2004)⁽³⁾

Special Value Opportunity Fund (2004)⁽³⁾

Special Value Absolute Return Fund (2002) – Closed⁽³⁾

Special Value Bond Fund II (2000) – Closed⁽³⁾

Special Value Bond Fund I (1999) – Closed⁽³⁾

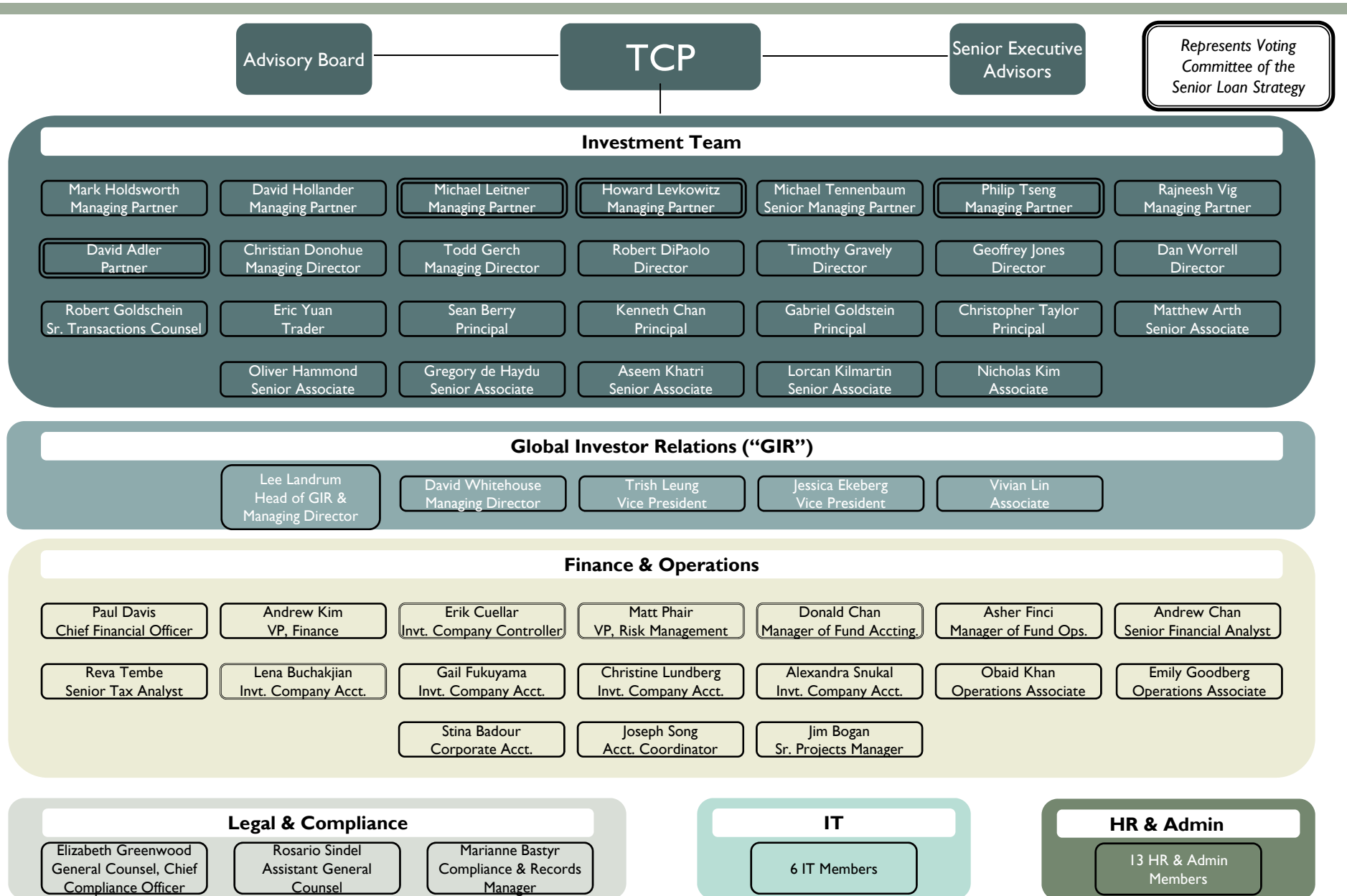
* SVCF was converted into TCPC in April 2012

⁽¹⁾ Excludes distressed/special situations

⁽²⁾ Fund is primarily focused on investment in debt securities of performing middle-market companies, but also may invest in distressed and special situations credits

⁽³⁾ Fund is primarily focused on stressed/distressed and special situation investing throughout the capital structure, but also may invest in performing credits

TCP Organization



TCP has an Excellent Track Record in Middle-Market 1st Lien Investing

- TCP has had a long and extensive track record in middle-market 1st lien leveraged loans⁽¹⁾
- Proprietary deals
- Returns resulted from creative structuring, superior underwriting and active portfolio management
- One payment default out of 75 investments - no realized or unrealized losses

1 st Lien Performance Since Inception through 3/31/13 ⁽²⁾			
(\$ in millions)	Realized	Unrealized	Total
Number of Investments	48	27	75
Amount Invested	\$2,184	\$951	\$3,135
Gross Multiple	1.22x	1.21x	1.21x
Gross IRR	14.4%	14.1%	14.4%



1 st Lien Performance of Investments Suitable for Loan Accounts Since Inception through 3/31/13 ⁽²⁾			
(\$ in millions)	Realized	Unrealized	Total
Number of Investments	26	25	51
Amount Invested	\$1,366	\$874	\$2,240
Gross Multiple	1.18x	1.21x	1.19x
Gross IRR	11.7%	14.1%	12.4%

1 st Lien Special Situations Performance Since Inception through 3/31/13 ⁽²⁾			
(\$ in millions)	Realized	Unrealized	Total
Number of Investments	22	2	24
Amount Invested	\$818	\$77	\$895
Gross Multiple	1.27x	1.20x	1.26x
Gross IRR	18.8%	14.1%	18.6%

⁽¹⁾ The performance results set forth above do not reflect a deduction for fees, expenses or cost of leverage. Returns to accounts or funds following the senior loan strategy described in this presentation will be subject to fees, expenses and possible cost of leverage. Advisory fees charged by TCP to the Opportunity Funds are described in Part 2A of TCP's Form ADV which is available upon request

⁽²⁾ Excludes secondary market purchases

TCP Advantage for Senior Loans

- **Extensive Experience & Track Record** – 17 year history investing in middle-market companies (1st lien through mezzanine) through several market cycles
- **Unique Organizational Platform** – Investment function focused on both industry specialization and cross-strategy investing expertise (i.e. focus on industries first and explore distressed and performing opportunities)
 - Senior Loan Strategy relies on rigorous underwriting and investment selection process utilized across all of our funds
 - Robust operational, trading, compliance, legal, global investor relations and risk management infrastructure
- **Superior Sourcing Capability** – Based on breadth of credit platform and the ability to work with company's, agents and advisors on a wide array of complex financing opportunities.
- **Structuring and Restructuring Capabilities** – Talented structuring and strong restructuring skill set based on TCP's long history of Distressed/Special Situations investing.
 - Strong proven track record in defending investments in the event of distress and/or restructuring
 - Essential competitive advantage for investors in an uncertain and volatile environment
- **Portfolio Management/Operating Skills** – Strong operational capabilities to turn businesses around based on a significant number of board roles and equity positions successfully managed by TCP
- **Tenured Management Team** – Senior TCP professionals have worked together for many years and have built a robust operational, trading, compliance, legal, global investor relations and risk management infrastructure
- **Advisory Board** – Over 16 ex-CEOs and other industry leaders supporting TCP's sourcing and diligence activities

TCP's Broad Sourcing Platform

- TCP is a large credit asset management platform with multiple lines of business and engages actively with many agents and partners to drive investment opportunities
 - Industry investment bankers for support for M&A, recapitalization and restructuring based originations
 - Commercial banks that work with TCP on joint financings
 - Credit funds/BDCs
 - Syndicate desks based on the significant volumes by TCP's broad businesses
 - Restructuring advisors for exit facilities
 - Sponsors (principally through board roles and joint "Opportunity" fund investment strategy) to finance M&A, growth and recapitalizations
 - Boards and management teams (through industry focus of investment organization)
- TCP has the ability to satisfy a broader array of financing situations for the borrower universe than most of our competitors (1st lien, 2nd lien, mezzanine and special situations)
 - Senior Loan strategy enjoys the synergy and benefit of our Distressed/Special Situations Platform and TCP's BDC (which have different investment objectives but make TCP a desired call to for most middle-market deal flow)
- We are known in the investing community for:
 - Our industry expertise (adding strategic value beyond the traditional "lender")
 - Willingness to create innovative financing solutions for complex situations
 - Unparalleled efficiency to get to underwriting commitments quickly to meet deadlines
 - Being an effective lead lender with the skill set and capabilities willing to defend creditor positions in the wake of a restructuring

Senior Loan Strategy Opportunity

TCP Senior Loan Investment Strategy and Approach

- **Our investment focus follows our historical practice of originating, structuring and acquiring middle-market senior loans**
 - 1st lien senior secured only, with positive and negative covenants protecting structure and collateral
 - Conservative approach with an emphasis on deep fundamental credit analysis and collateral coverage
 - Issuer must be able to withstand a restructuring and a down market, or have assets strategic to other industry players
 - Sponsor and non-sponsored deals
 - TCP market segmentation includes middle-market businesses between \$15-\$75MM EBITDA and/or businesses with strong asset profiles (working capital or other assets)
 - Avoid lower middle-market names with EBITDA below \$15MM as this size business usually cannot withstand a restructuring or bankruptcy process
 - Seek out safe credits in complex transactions and situations for above average returns
 - Lead or participate along side a club or syndicate with like minded investors
 - Significant industry and issuer diversification
- **We expect a 4-5 quarter time frame to build up a portfolio**

U.S. Middle-Market Loans – Opportunity for Investors

- Limited capital supply from fewer lenders has created an opportunity for those with middle-market lending expertise (and available capital) to capture higher credit spreads and better overall lender returns
- Credit spread gap widening but absolute spreads starting to decline based on technical factors
- Attractive return opportunities continue to exist, and the relative appeal of middle-market loans v broadly syndicated continues to increase based on yield spread and more attractive credit structuring

Average Nominal Spread of Leveraged Loans



Source: LCD

Current Portfolio Metrics

- TCP currently manages \$400M of committed capital as part of our dedicated Senior Loan Strategy under two separate vehicles
 - The first vehicle is an unleveraged separate account and is 45% deployed under committed equity with a 9.0% YTM on first lien invested assets from inception July 2012 through May 10, 2013 ^(1,2,4)
 - The second vehicle is a leveraged vehicle and has roughly 47% of its committed equity deployed with a 8.7% YTM on first lien invested assets from inception December 2012 through May 10, 2013 ^(1,3,4)
- Our Senior Loan Strategy clients pay us only when funds are invested and not based on committed capital

Current Portfolio of 1 st Lien Investments for Dedicated Accounts	
Average YTM ⁽¹⁾	8.95%
Average Cash Spread	7.24%
Average Libor Floor	1.24%
Average Rating	Between B2-B3
Average Issue Price	98.2
Average Senior Net Leverage	3.7x

⁽¹⁾ Based on cost basis as of May 10, 2013

⁽²⁾ This account includes a bucket for 2nd lien. YTM for the account including 2nd lien is 9.2%

⁽³⁾ This vehicle does not permit investments other than 1st lien investments

⁽⁴⁾ Past performance does not guarantee future returns

TCP's Approach to our Investors

- **Flexibility to Create Tailored Approaches to Investment Format and Objectives**
 - Separate account or fund
 - Commingled fund with other investors with shared investment objectives
 - TCP is focused on fewer but larger more strategic investment clients
 - Employ modest leverage at our client's request
 - Investors can elect to have a small basket (<15%) for originated 2nd lien loans or other higher yield opportunities
 - We do not expect to raise in excess of \$1B in committed capital (including leverage) over the next 4 months – not a hard cap but the level TCP feels comfortable deploying within a reasonable time frame

- **Fee Structure Approach**
 - We only charge fees on the capital deployed, not committed
 - We choose hurdle rates that are high enough (but within the range of an expected return) that gives us incentives to outperform, but creates the right alignment of interests with our investors
 - We seek to align like-minded investors into commingled funds in order to bring costs down

Summary of Indicative Terms

Account	Commingled Fund (Delaware LP) (only other investor will be another NEPC client)
Leverage	Optional leverage available up to 1.0x maximum
Portfolio	Primarily 1 st lien leveraged loans Optional “Enhanced Yield” basket up to 15% maximum to the extent requested by investors
Investment Manager	Tennenbaum Capital Partners, LLC
Management Fee	90 bps on invested capital (including leverage)
Incentive Fee	10% after 7% hurdle (no catch-up)
Distributions	The fund intends to distribute net interest income quarterly, subject to terms of any leverage facility
Liquidity/Term	Fund term 7-9 years, but investors shall have election to terminate earlier. 2-3 year re-investment period
Target Net Cash IRR*	7-8% (unlevered) and 9-11% (levered, assuming 1x leverage)

* Based on current and past market conditions taking into account the volatility of expected returns. See additional disclosures on p.1

Active Portfolio Construction and Management

- **Underwriting Standards**

- Thorough bottoms up and industry analysis
- Visibility of cash flows/defensive industry positions/significant asset coverage, ability to weather economic cycles and adjust to changes in industry structure
- Familiarity with industry, sponsor, management or board
- Allocate capital between privately placed loans that are originated and purchased on the secondary market
- Manage underwriting risk through credit agreement structure and covenants

- **Credit/Portfolio Oversight**

- Constant “C level” dialogue with company management
- Diversification by issuer and industry (~3% - 5% of assets by issuer & no more than 20% by industry)
- Balance of spread and credit quality/rating to maximize return and minimize risk (e.g. spread vs. rating)
- Actively managed account with a focus on credits in the B to B3 ranges, with some allocation toward CCC exposures to take advantage of safe but opportunistic situations
- Expect rotation based on valuation and other macroeconomic changes

- **Workout Experience**

- Core competency for TCP and a critical part of our Distressed/Special Situations investment strategy
- TCP has been involved in over 45 restructurings based on our distressed/credit special situations investment history

Leveraged Loans vs. High Yield Bonds

As of 4/30/13

- Middle-market loans typically have better structural and credit protections than high yield bonds in addition to offering a superior yield in the current environment
- As a primarily floating rate instrument, loans also benefit from a yield perspective in an environment where interest rates are more likely to rise than to fall

Characteristic	Leveraged Loans	TCP SLS Accounts	High Yield Bonds
Security Position	Senior secured position in the capital structure	Senior secured position in the capital structure	Junior unsecured position in the capital structure
Rate	Typically Floating	Typically Floating	Typically Fixed
Current Yield ⁽¹⁾	4.88%	8.62%	7.24%
Coupon ⁽¹⁾	4.83%	8.48%	7.70%
Yield to Maturity ⁽¹⁾	5.84%	8.56% ⁽²⁾	6.28%
Years to Maturity ⁽¹⁾	4.82 years	4.78 years	6.56 years
Average Rating ⁽¹⁾	Split BB/B	Typically B2 or B3	B
Risks	Borrower-specific	Borrower-specific	Borrower and Market
Performance Drivers	Individual Credit Performance	Individual Credit Performance	Sector Rotation
Covenants	Extensive	Extensive	Flexible
Reporting	Extensive	Extensive	Moderate
Risk Mitigation	Covenants, Management and Sponsor Support	Covenants, Management and Sponsor Support	Research, Hedging

⁽¹⁾ Source: Credit Suisse Leveraged Loan Index and Credit Suisse High Yield Index II

⁽²⁾ Based on market value

Previously Submitted OCERS Investment Staff Questions

1. What differentiates you from the other three managers OCERS has selected?
2. What's your track record on loan defaults and recovery?
3. Explain how our investment and "fund" will fit into your overall business plan. E.g., what loans would go to the BDC vs. our fund vs. others?
4. When, if ever, do you expect to launch a larger fund for general investors, or will you continue to raise capital more along the lines of what you've done with us?
5. How has the increased number of participants impacted loan availability and pricing?
6. What is your expected investment pace and how will that impact management fees?

Appendix

Tennenbaum Waterman Fund Terms

- TCP raised \$145M of committed capital under a lock-up leveraged vehicle, with terms as specified below. TCP has the ability to add \$35M of new equity into the vehicle prior to 9/30/13, unless otherwise extended by the existing investors:
 - Fund initial closing date December 2012
 - 10-year equity term
 - Ability to raise additional \$35M of equity prior to 9/30/13, subject to having a pro-rata increase to the existing credit facility
 - 10-year total committed leverage facility of \$90M provided by Natixis
 - Leverage amounts to approx. 1.6:1 based on equity commitment
 - Current blended rate on debt is L+240
 - As the additional equity is drawn, the leverage commitments will be matched in the same proportions as the first closing. Based on current market conditions, Natixis has indicated an ability to price the new tranche at roughly L+180.
 - 3 year re-investment period
 - Fund is currently 30% deployed (equity is 47% deployed) as of May 2013
 - YTM for the Waterman Fund is 8.7% since inception through May 2013⁽¹⁾

⁽¹⁾ Past performance does not guarantee future returns

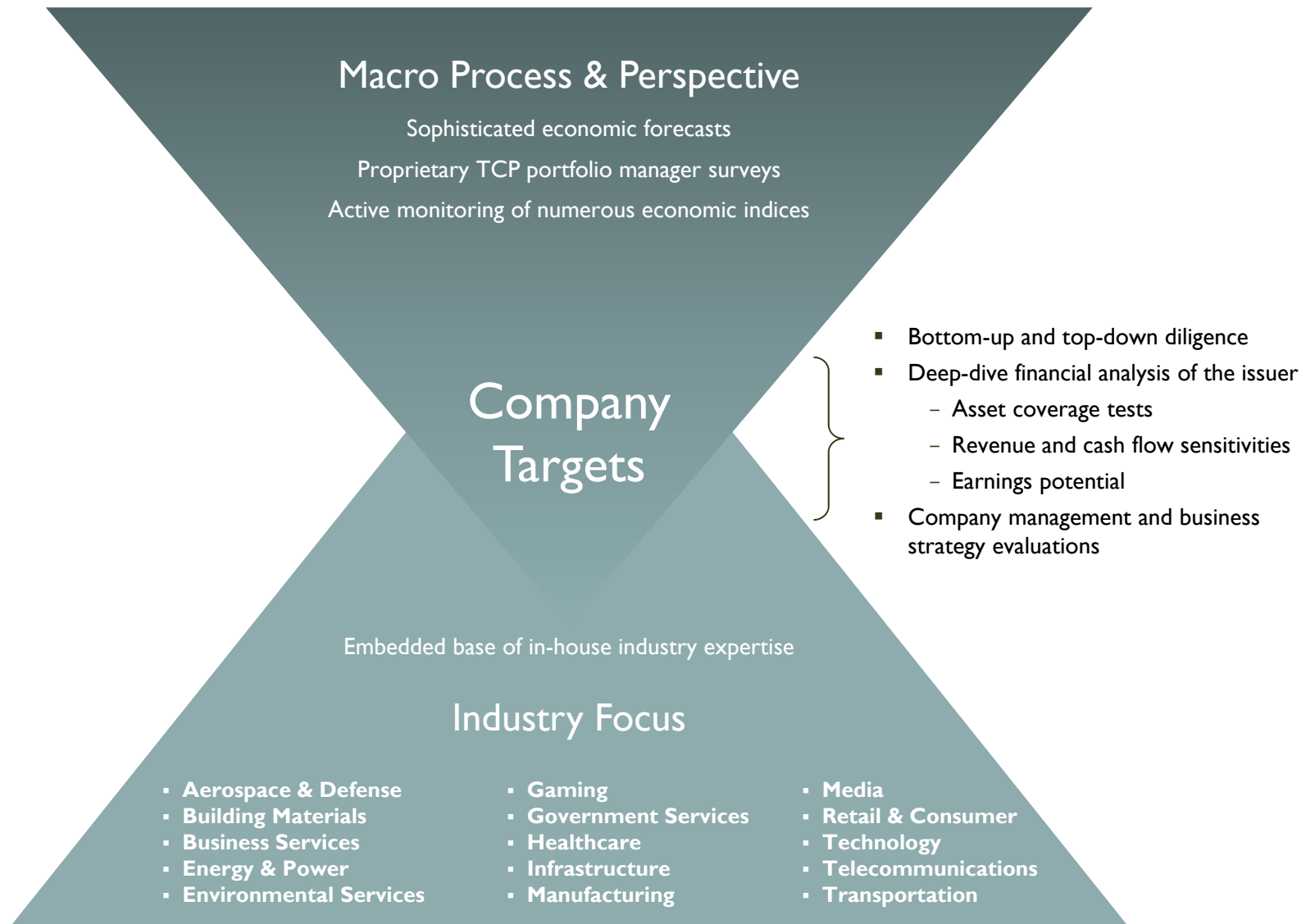
Current 1st Lien Portfolio Detail

- Representative 1st lien debt acquisitions since establishment of dedicated Senior Loan Strategy vehicles

Issuer	Invested		Spread	OID	LIBOR	Total	YTM ⁽¹⁾	Moody's Industry Classification
	Capital (\$MM)	Maturity			Floor	Coupon		
Refurbishment/remanufacturing services industry	4.0	05/2018	5.5%	1.0%	1.25%	6.8%	6.9%	Ecological services & equipment
Tubing and casing products	2.2	10/2017	9.5%	3.0%	1.50%	11.0%	11.9%	Energy: Oil & Gas
Reseller and integrator of communications solutions	11.5	05/2019	8.0%	1.5%	1.25%	9.3%	9.6%	Services: Business
Commercial touch screens	5.0	06/2018	6.5%	1.0%	1.50%	8.0%	8.2%	High Tech Industries
Outsourced transmission services for media companies	4.1	08/2017	5.5%	0.0%	1.25%	6.8%	6.8%	Media: Broadcasting & Subscription
Large Canadian steel producer	1.7	09/2014	7.5%	2.0%	1.25%	8.8%	10.3%	Metals & Mining
In-flight wireless	11.7	06/2017	9.8%	5.0%	1.50%	11.3%	12.8%	Telecommunications
TV broadcaster	2.3	05/2018	7.3%	1.0%	1.25%	8.5%	8.6%	Media: Broadcasting and Subscription
Integrated, specialized communications solutions	5.0	07/2017	6.5%	2.0%	1.25%	7.8%	8.3%	Banking, Finance, Insurance & Real Estate
Operator of mountain resorts	2.5	12/2017	5.8%	1.5%	1.25%	7.0%	7.4%	Hotel, Gaming & Leisure
Manufacturer of proprietary pipe coating	3.4	06/2018	9.5%	0.0%	0.00%	9.5%	9.5%	Energy: Oil & Gas
Printed circuit boards	10.0	09/2015	8.0%	0.0%	2.00%	10.0%	10.0%	Chemicals, Plastic & Rubber
Healthcare patient education	11.5	05/2018	6.8%	3.0%	1.25%	8.0%	8.7%	Media: Advertising, Printing & Publishing
Internet protocol-based enterprise telephony solutions	4.4	02/2019	5.8%	1.0%	1.25%	7.0%	7.2%	Telecommunications
Lithium-based battery pack solutions	11.5	12/2017	9.0%	2.0%	1.00%	10.0%	10.5%	Services: Business
Power plant	2.9	09/2018	7.5%	1.5%	1.50%	9.0%	9.4%	Utilities: Oil & Gas
Power plant	4.1	04/2019	6.0%	1.0%	1.25%	7.3%	7.5%	Utilities: Oil & Gas
Data center operator	4.0	10/2018	6.0%	3.0%	1.25%	7.3%	7.9%	Services: Business
Dental services organization	10.5	11/2018	7.0%	3.0%	1.25%	8.3%	8.9%	Healthcare
Packaged ice products	5.0	03/2019	5.5%	1.5%	1.25%	6.8%	7.0%	Beverage, Food & Tobacco
Performance rights organization	2.0	02/2019	4.8%	1.0%	1.25%	6.0%	6.2%	Healthcare
Metals producer	3.0	04/2020	5.5%	1.0%	1.25%	6.8%	6.9%	Nonferrous metals/minerals
New England-based hospital network	5.6	04/2018	8.9%	0.6%	0.00%	8.9%	9.0%	Metals & Mining
Provider of long-haul marine transportation services	6.3	04/2018	5.8%	1.0%	1.25%	7.0%	7.2%	Transportation: Cargo
Outsourced shelf-edge media solutions	7.5	12/2018	5.8%	1.5%	1.25%	7.0%	7.3%	Retail
Average/Weighted Average	5.7		7.2%	1.8%	1.24%	8.5%	8.9%	

⁽¹⁾ Based on cost basis. The list above includes all new 1st lien investments in dedicated funds following the Senior Loan Strategy since inception through May 10, 2013

Our Investment Approach



Case Study

The following case study provides an example of an investment made by TCP that demonstrates TCP's investment approach and is for illustrative purposes only. There can be no assurance that this investment or any future investments will be profitable.

Case Study: Overview



Borrower	Aircell Business Aviation Services, LLC, Gogo LLC and Gogo Intermediate Holdings LLC
Description	In-flight internet connectivity
Instrument	1 st Lien Senior Secured Term Loan
Tranche Size	\$135 million
Use of Proceeds	Domestic Commercial Aviation and International expansion
Deal Source	Ron LeMay, Chairman; Morgan Stanley; Ripplewood

Case Study: Highlighted Terms



Spread	L + 975																																										
OID / Purchase Price	96.00																																										
Libor Floor	150 bps																																										
Leverage ⁽¹⁾	4.1x																																										
Maturity	6/21/2017																																										
Call Protection	Year 1-2: Make-whole / Year 3: 103 / Thereafter: 100																																										
Amortization	2.5% per annum (paid quarterly)																																										
Estimated YTM	13%																																										
Historical Performance	<table border="1"> <thead> <tr> <th>(\$ in millions)</th> <th>Q4 2011</th> <th>Q1 2012</th> <th>Q2 2012</th> <th>Q3 2012</th> <th>LTM Q3 2012</th> </tr> </thead> <tbody> <tr> <td colspan="6"><u>Business Aviation</u></td> </tr> <tr> <td>Revenue</td> <td>\$20,177</td> <td>\$24,652</td> <td>\$24,872</td> <td>\$24,512</td> <td>\$94,213</td> </tr> <tr> <td>EBITDA</td> <td>5,940</td> <td>9,004</td> <td>9,740</td> <td>8,617</td> <td>33,301</td> </tr> <tr> <td colspan="6"><u>Consolidated</u> ⁽²⁾</td> </tr> <tr> <td>Revenue</td> <td>\$46,383</td> <td>\$54,273</td> <td>\$57,879</td> <td>\$57,840</td> <td>\$216,375</td> </tr> <tr> <td>EBITDA</td> <td>923</td> <td>4,053</td> <td>4,180</td> <td>583</td> <td>9,739</td> </tr> </tbody> </table>	(\$ in millions)	Q4 2011	Q1 2012	Q2 2012	Q3 2012	LTM Q3 2012	<u>Business Aviation</u>						Revenue	\$20,177	\$24,652	\$24,872	\$24,512	\$94,213	EBITDA	5,940	9,004	9,740	8,617	33,301	<u>Consolidated</u> ⁽²⁾						Revenue	\$46,383	\$54,273	\$57,879	\$57,840	\$216,375	EBITDA	923	4,053	4,180	583	9,739
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⁽¹⁾ Represents Business Aviation gross LTM 9/30/12 leverage

Case Study: Due Diligence included...



- Multiple in person diligence meetings with management supplemented by follow-up calls
- Research, cross-referencing and discussions with following industry contacts:
 - Airlines Industry:
 - Jerry Laderman, Treasurer of United Airlines
 - Ron Bauer, VP Fleet Planning for United Airlines
 - James Childs, Aircraft Transactions Manager for Delta
 - Satellite Industry (Competitors):
 - Gregg Falcowitz, Founder and former President of Row 44
 - Thomas Moore, Senior VP and President of WildBlue Communications, a subsidiary of ViaSat (oversight of Viasat's competitive in-flight offerings)
 - Erwin Hudson, CTO of Viasat's WildBlue Division
 - David Leonard, ex-CEO of Wild Blue
 - Ed Horowitz, ex-CEO of SES Americom (Ku partner now for Gogo)
 - Customers:
 - Bob Kahn, former CMO of Netjets
 - Vendors:
 - Clifford Topham, former executive at EMS (Honeywell's in-flight connectivity division)
 - Others:
 - Sanjay Swani, Welsh Carson (reference for CEO Michael Small)
 - Larry Levine, Ripplewood (sponsor of Gogo)
 - Oakleigh Thorne, Thorn Family Foundation (sponsor of Gogo)
 - Ron LeMay, Chairman; Morgan Stanley; Ripplewood

Case Study: Key Covenants & Structural Features



- Key Covenants & Structural Features included:
 1. Financial Covenants
 - A. Maximum Capex
 - B. Restrictions on Subsidiary Distributions
 - C. Minimum Cash Balances
 2. Use of proceeds restrictions
 3. Scheduled Amortization: 2.5% per annum paid quarterly
 4. Non-prepayable for 2 years (Make Whole) and 3% premium for optional redemptions in year 3
 5. 50% Excess Cash Flow Sweep for Business Aviation
 6. Collateral: Secured by a first priority security interest in and lien on the following subsidiaries:
 - A. Aircell Business Aviation Services LLC
 - B. Gogo LLC
 - C. AC BidCo LLC
 - D. Aircell International, Inc.

Contact Us

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Lee R. Landrum

Managing Director

Direct: 310-899-4949

lee@tennenbaumcapital.com

TCP Biographies

Mark K. Holdsworth, Managing Partner

Prior to joining Mr. Tennenbaum in founding TCP, Mr. Holdsworth was a Vice President, Corporate Finance, of US Bancorp Libra, a high-yield debt securities investment banking firm. He also worked as a generalist in Corporate Finance at Salomon Brothers, Inc., and as an Associate at a Los Angeles real estate advisory firm. He is a former member of the boards of directors of Alabama Aircraft Industries, Inc. and Anacomp, Inc., and a former Chairman of the Board of Directors of the International Wire Group. Mr. Holdsworth currently serves as Chairman of RM Holdco, LLC, WinCup, Inc., Vice Chairman of EP Management Corporation and as a Director of the Parsons Corporation, one of the largest engineering, design and construction companies in the world. He is also a member of TCP's Management Committee and a National Trustee of the Boys and Girls Club of America

- M.B.A. from the Harvard Business School
- B.S. (honors) in Engineering and Applied Science from the California Institute of Technology
- B.A. in Physics from Pomona College

David A. Hollander, Managing Partner

As Managing Partner at TCP, Mr. Hollander focuses on the firm's private placements and DIP lending and heads the special situations investment group. Prior to joining TCP in 2002, Mr. Hollander was an attorney for sixteen years at O'Melveny & Myers. While at O'Melveny, Mr. Hollander specialized in leveraged finance, insolvency, and mergers and acquisitions, and represented debtors and creditors in numerous multi-billion dollar transactions. Mr. Hollander has also represented boards of directors and has served on various creditor committees.

- J.D. from Stanford Law School, Associate Editor of the Stanford Law Review
- B.S. (highest honors) in Economics from The Wharton School of the University of Pennsylvania

Michael E. Leitner, Managing Partner

Prior to joining TCP in 2005, Mr. Leitner served as Senior Vice President of Corporate Development for WiTel Communications, and before that as President and Chief Executive Officer of GlobeNet Communications, leading the company through a successful turnaround and sale. Previously, he was Vice President of Corporate Development of 360networks and served as Senior Director of Corporate Development for Microsoft Corporation, managing corporate investments and acquisitions in the telecommunications, media, managed services, and business applications software sectors. Prior to Microsoft, he was a Vice President in the M&A group at Merrill Lynch. He currently serves as a representative for TCP on the board of Integra Telecom and is a board observer to Primacom GmbH. Mr. Leitner is active in community events, serving on several non-profit boards and committees.

- M.B.A. from the University of Michigan
- B.A. in Economics from the University of California at Los Angeles

TCP Biographies

Howard M. Levkowitz, Managing Partner

Prior to joining Mr. Tennenbaum in founding TCP, Mr. Levkowitz was an attorney specializing in real estate and insolvencies with Dewey Ballantine LLP. He is Chairman of TCP's Management Committee and President of TCP's Opportunity Funds. Mr. Levkowitz is also Chairman and Chief Executive Officer of TCP Capital Corp. He has served as a director of both public and private companies, and he has also served on a number of formal and informal creditor committees.

- J.D. from the University of Southern California
- B.S. (Magna Cum Laude) in Economics (concentration in finance) from The Wharton School of the University of Pennsylvania
- B.A. (Magna Cum Laude) in History from the University of Pennsylvania

Michael E. Tennenbaum, Senior Managing Partner

Prior to founding TCP in 1999, and its predecessor entity in 1996, Mr. Tennenbaum was a Wall Street executive where he managed various departments of a major investment bank including Investment Banking, Risk Arbitrage and Options. Mr. Tennenbaum has served on the boards of a number of both public and private companies. His board service has included the chairmanship of all significant board committees as well as of the boards themselves. Currently, Mr. Tennenbaum is a member of the Secretary of the Navy Advisory Panel and a recipient of the Department of Defense Distinguished Civilian Service Award; a Board member of The RAND Center for Asia Pacific Policy and of the Smithsonian Institution National Board and Founder of the Tennenbaum Marine Observatories; a member of the Los Angeles Philharmonic Board of Overseers; a member of the UCLA School of Medicine Board of Visitors; and Founder of the Tennenbaum Interdisciplinary Center at the Neuropsychiatric Institute at UCLA and of the Michael E. Tennenbaum Family Endowed Chair in Creativity Research. He was a Commissioner on the Intercity High-Speed Rail Commission for California and was Chairman of the California High-Speed Rail Authority. He served as Chairman of the Special Financial Advisory Committee to the Mayor of Los Angeles. He is a member of the Committee on University Resources (COUR) at Harvard University; a previous member of the Board of Associates of Harvard Business School and was a member of its Visiting Committee; and a previous Vice Chairman of the Board of Governors of the Boys & Girls Clubs of America and Chairman of its Investment Committee, and is now a Life Member of the Board of Governors. In addition, he served as a member of the National Advisory Board of Georgia Tech and as a Trustee of the Georgia Institute of Technology Foundation, Inc., where he was Chairman of its Investment Committee, and currently is Trustee Emeritus. He is a member of the Academy of Distinguished Engineering Alumni of Georgia Tech's College of Engineering and Founder of the Tennenbaum Institute for Enterprise Transformation at the Georgia Tech School of Industrial and Systems Engineering. Also, he is a Member National of The Explorers Club.

- M.B.A. with honors from the Harvard Business School
- B.S. in Industrial Engineering from Georgia Institute of Technology

Philip M. Tseng, Managing Partner

Prior to joining TCP, Mr. Tseng was a member of the Credit Suisse First Boston technology investment banking group focusing on technology and business services. While at CSFB, he advised on and executed M&A, public and private equity and structured debt transactions for a broad range of small and large cap companies. He also spent time covering technology services companies as an equity research analyst. Prior to that, he spent time in investment banking at Deutsche Banc Alex Brown, where he managed equity and debt offerings for telecommunications companies, both emerging and incumbent carriers. Mr. Tseng currently serves as a Director on the boards of First Advantage, Shopzilla Inc., Anacomp, Inc., and also as a Director on the board of the United States Tennis Association (USTA) Southern California section.

- M.B.A. from the Harvard Business School
- A.B. (honors) in Economics from Harvard College

TCP Biographies

Rajneesh Vig, Managing Partner

Prior to joining TCP, Mr. Vig worked for Deutsche Bank in New York as a member of the its Principal Finance Group. Prior to that, Mr. Vig was a Director in Deutsche Bank's Technology Investment Banking group in San Francisco. Prior to his time at Deutsche Bank, Mr. Vig was a Manager in Price Waterhouse's Shareholder Value Consulting group, after beginning his career in Arthur Andersen's Financial Markets/Capital Markets group. He is a member of TCP's Management Committee and President and Chief Operating Officer of TCP Capital Corp. He is currently on the Board of Dialogic Inc. and on the Los Angeles Advisory Board of the Posse Foundation.

- M.B.A. in Finance from New York University
- B.A. (highest honors) in Economics and Political Science from Connecticut College

David J. Adler, Partner

Mr. Adler is responsible for sourcing and initiating new investments as well as managing existing portfolio positions primarily in the retail/consumer, restaurant, and oil production/service sectors. Prior to joining TCP, Mr. Adler held positions at Focus Capital Group, and the Alternative Investments Group at TCW. He is a board observer of Woodbine Acquisition LLC, and is an advisory committee member of a non-profit organization that mentors and introduces at-risk youth to board sports.

- M.B.A. from The Wharton School of the University of Pennsylvania
- B.A. (high honors) in Business/Economics from University of California at Los Angeles
- CFA Charterholder

Christian G. Donohue, Managing Director

Prior to joining Tennenbaum Capital, Mr. Donohue was a Vice President in GE Capital's Global Media & Communications Group. He held various positions within GE, including Vice President in the Distressed Portfolio Group and Execution Leader within the Sponsor Coverage Group. Before GE Capital, Mr. Donohue worked at Sprint/Global One as a Project Manager, implementing the installation of telecom systems and services in Eastern Europe, the Middle East, Africa, and the Indian Subcontinent. He oversaw the installation of the first high-speed data network into Egypt and India and the first Internet network into Namibia and Botswana. Currently, Mr. Donohue is a board member at Envirotest and Hanley Wood.

- M.B.A. (with distinction) from the Yale School of Management
- B.A. from Georgetown University

Todd R. Gerch, Managing Director

Prior to joining TCP, Mr. Gerch worked at Ares Management LLC, a private equity and leveraged finance investment management firm, where he focused on credit investments across multiple industries. He also worked as a generalist in investment banking at Credit Suisse First Boston where he was involved in mergers and acquisitions advisory, restructurings, and equity and debt financings. Mr. Gerch currently serves as Chairman of Revere Industries, LLC.

- M.B.A. from The Wharton School of the University of Pennsylvania
- B.B.A. (high honors) from the University of Notre Dame in Finance and Business Economics

TCP Biographies

Lee R. Landrum, Managing Director

Prior to joining TCP, Mr. Landrum was a Principal with The Carlyle Group and a member of their Global Market Strategies team. Before Carlyle, he served as a Managing Director with Babson Capital Management LLC where he focused on buyout and special situation fund investments as well as direct junior capital investments in middle-market buyout transactions. Mr. Landrum began his career with Wachovia Securities, Inc. and served in multiple roles over a ten-year period including capital raising for middle-market companies, leveraged buyout financings and institutional sales and trading. In addition to his undergraduate and graduate degrees, Mr. Landrum also studied at Oxford University in England.

- M.B.A. from Vanderbilt University
- B.A. from The University of Georgia

David Whitehouse, Managing Director

Prior to joining TCP, Mr. Whitehouse was a Managing Director at Apollo Global Management in New York in the fundraising and investor relations group where he focused on selling the firm's platform of products. Prior to that, he was Partner and Head of North American Investor Relations for Apax Partners. Mr. Whitehouse's previous experience also includes that as a Managing Director in Merrill Lynch's Private Equity Funds Group, and at Morgan Stanley.

- M.S. in Business Management from Massachusetts Institute of Technology
- B.S. (cum laude) from Virginia Polytechnic Institute

Elizabeth Greenwood, General Counsel & Chief Compliance Officer

Prior to joining TCP, Ms. Greenwood served as General Counsel & Chief Compliance Officer at Strome Investment Management, L.P. Prior to that, Ms. Greenwood served as in-house counsel to companies funded by Pacific Capital Group and Ridgestone Corporation. She has diverse experience having worked in hedge funds, venture capital, private equity, and portfolio companies. She began her legal career as an associate in the Century City office of Stroock & Stroock & Lavan. Ms. Greenwood serves on the Board of the Association for Women in Alternative Investing and on the California Council of the Humane Society of the United States.

- J. D. from Stanford Law School
- B.A. (highest honors) in Business Administration from The University of Texas at Austin

Paul Davis, Chief Financial Officer

Mr. Davis previously served as Chief Compliance Officer and Vice President, Finance of TCP. Prior to joining TCP, Mr. Davis was Controller of a Beverly Hills-based securities broker-dealer. Mr. Davis began his career as an auditor at Arthur Andersen LLP where he supervised audits of alternative investment companies, banks, and other financial institutions.

- B.A. (high honors) in Business and Economics from the University of California at Los Angeles
- Certified Public Accountant in the State of California

TCP Biographies

Sean Berry, Principal

Prior to joining TCP, Mr. Berry worked in UBS Investment Bank's Growth Capital and Restructuring group, where he was involved in a variety of transactions including leveraged buyouts, private placements and debt financings across various industries. Mr. Berry is currently involved in the L.A. Works Let's Read volunteer organization. In addition to being a weekly participant in the Let's Read program where volunteers read to underprivileged children, he helped spearhead the organization's fundraising and recruiting efforts.

- B.A. (honors) in Business Administration from the Richard Ivey School of Business at the University of Western Ontario

Kenneth Chan, Principal

Prior to joining TCP, Mr. Chan worked as a financial analyst at UBS Investment Bank in Los Angeles for two years, where he executed debt financings, leveraged buyouts, mergers & acquisitions and minority investment transactions for financial sponsors and corporate clients primarily in the Media, Technology and Business Services sectors.

- B.A. (highest honors) in Economics from the University of Pennsylvania
- B.S. (highest honors) in Economics from The Wharton School of the University of Pennsylvania

Gabriel Goldstein, Principal

Prior to joining TCP, Mr. Goldstein was an Associate at CIBC World Markets in the Corporate and Leveraged Finance Group where he was involved in a variety of transactions including leveraged buyouts, private placements and debt financings. Prior to that, Mr. Goldstein was an Analyst at Barrington Associates where he worked on numerous merger and acquisition assignments. Mr. Goldstein is a mentor South Central Scholars, an organization dedicated to assisting highly motivated, talented students from disadvantaged communities of Los Angeles County achieve academic and personal success in college and beyond.

- B.A. in History from Yale University, member of the varsity tennis team

Timothy Gravely, Principal

Prior to joining TCP, Mr. Gravely was an Associate at RBC Capital Markets in the Leveraged and Syndicated Finance Group where he executed acquisition debt financing for financial sponsors and corporate clients. Mr. Gravely's experience also includes restructuring and DIP financing. Prior to that, Mr. Gravely was an Associate with Macquarie Capital Advisors in Toronto where he focused on private equity investments predominantly in the Communications, Media, Technology and Entertainment industries. Prior to joining Macquarie Mr. Gravely was an analyst at RBC Capital Markets in the Mergers & Acquisitions Group. Mr. Gravely is actively involved with the Pediatric Oncology Group of Ontario (POGO), a charity organization that works to ensure that all of Ontario's children have equal access to state-of-the-art diagnosis, treatment and required ancillary services

- Bachelor of Commerce degree with an Honors in Finance (First Class Honors with Distinction) from Mount Allison University in New Brunswick, Canada

Chris Taylor, Principal

Prior to joining TCP, Mr. Taylor worked as an analyst in Credit Suisse Investment Bank's Los Angeles office where he was involved in a variety of transactions including debt financings and leveraged buyouts. Among the transactions he completed was the debt financing of Centaur Gaming Inc. and leveraged buyout of ECI Telecom by Ashmore Investment Management and the Swarth Group. Prior to Credit Suisse, Mr. Taylor worked for Goldman Sachs Investment Bank in Los Angeles as a summer analyst. Mr. Taylor is currently a mentor with the Fulfillment Fund, an organization that provides guidance and college preparatory services to underprivileged high school students in Los Angeles.

- B.S. (high honors) in Business Administration with an emphasis in Financial Analysis and Valuation from the University of Southern California

CONSENT CALENDAR - AGENDA ITEM NO. 5
BOARD OF DIRECTORS MEETING
March 27, 2014

TO: Board of Directors, Orange County Fire Authority

FROM: Lori Zeller, Assistant Chief
Business Services Department

SUBJECT: **Implementation of Audit Recommendations - Purchasing**

Summary:

This item is submitted to the Budget and Finance Committee pursuant to the direction at the October 24, 2013 Executive Committee meeting to provide clarification to professional service contracts and consulting services per the Auditor's recommendations in the Agreed-Upon Purchasing Procedures. Staff is submitting this report to change this section in the Roles/Responsibilities/Authorities, and to modify the matrix accordingly.

Committee Action:

At its March 12, 2014, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item. In addition, the Executive Committee will review the proposed agenda item at its March 27, 2014, meeting and will provide a recommendation to the Board of Directors for consideration.

Recommended Action:

Approve the submitted changes to the Roles/Responsibilities/Authorities Matrix effective July 1, 2014.

Background:

The auditors, Lance, Soll & Lunghard, LLP (LSL), noted in Observation 1 of the purchasing audit report that the roles and responsibilities matrix distinguished different Board approval levels for service and consulting contracts; \$100,000 for service and \$25,000 for consulting. LSL recommended that these contracts be better defined or that the approval levels be consistent so that both service and consulting contracts would require the same approvals. Staff was further directed by the Executive Committee to consider requiring the same approvals.

A survey has shown that other agencies do not differentiate approval levels for professional and consulting services. In addition, most large regional agencies, such as the County of Orange, Orange County Sanitation District, and the Orange County Transportation Authority, require approval at \$100,000 for all services contracts.

The current Executive Committee approval level for the purchase of commodities and fixed assets is \$100,000 per unit cost. As a result, purchases below the \$100,000 unit price, but with an annual aggregate total exceeding \$100,000, do not require Executive Committee approval.

In addition, the current emergency purchasing threshold requiring Executive Committee approval is \$75,000. Staff is recommending that the Executive Committee approval be established at an annual aggregate amount of \$100,000 for commodities, fixed assets, all service contracts including both professional and consulting services, and increasing the emergency purchasing threshold to \$100,000. This change would provide a consistent level regardless of the type or classification of purchase and would insure approval by the Executive Committee based on the aggregate annual amount regardless of the unit price. A consistent approval threshold will simplify administration. This is the first step of a comprehensive revision to the Purchasing Ordinance as recommended in the Purchasing Audit. Purchasing staff anticipates submitting the ordinance revision to the Budget and Finance Committee and Board of Directors for review July 2014.

Impact to Cities/County:

Not Applicable.

Fiscal Impact:

Not Applicable.

Staff Contact for Further Information:

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

debbiecasper@ocfa.org

(714) 573-6641

Attachment:

Roles/Responsibilities/Authorities Matrix

ORANGE COUNTY FIRE AUTHORITY Roles/Responsibilities/Authorities

All authority rests with the Board of Directors unless it is delegated by statute or board action. When delegated, these authorities are further defined by contracts, resolutions, policies, or other board actions. The following chart defines OCFA's levels of authority. The Board of Directors has the authority to change these delegations within the parameters of legal and contractual restrictions.

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
Levels of Service	Develop and implement programs to provide the identified "Levels of Service."		Approve temporary changes in "Levels of Service."	Approve "Levels of Service" for the Authority.
Resource Deployment	Establish policy/deployment that maintains the approved "Levels of Service."			
Standard Operating Procedures (SOPs) and General Orders (GOs)	Develop and implement SOPs and GOs consistent with Board policies.			
Budget Adoption	Develop the budget.		Budget & Finance Committee - Review the budget; make recommendations.	Approve the budget prior to June 30 each year (JPA Agreement, Article IV.1)
Budget Execution	Authorize expenditures within approved budget appropriations (JPA Agreement, Article IV.2)			
Budget: Intra- and inter-fund transfer; increases and decreases to appropriation.	Approve intra-fund transfers within adopted budgets			Approve inter-fund transfers between budgets; Approve increases and decreases to appropriations.

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
Fire Station 41, Air Operations Maintenance Facility - Leases	Negotiate, approve and execute leases and/or lease amendments for Hangers Nos. 1, 2, 3, and 4			
Fund Balance - Assigned	Assign amounts for workers' compensation and the capital improvement program within requirements of the <i>Assigned Fund Balance Policy</i>		Budget & Finance Committee – Review calculations used to determine assignments for workers' compensation and the capital improvement program for consistency with <i>Assigned Fund Balance Policy</i>	Assign and un-assign fund balance for any specific purposes other than workers' compensation and the capital improvement program, within the guidelines of GASB Statement No. 54
Fund Balance – Committed				Commit and un-commit fund balance via minutes action, within the guidelines of GASB Statement No. 54
Contingency Planning and funding	Develop plan; administer budget in a manner consistent with plan and policies.		Budget & Finance Committee - Review contingencies and spending for compliance with plan and policies.	Establish plan and policies. Transfer of Appropriation for Contingencies requires prior approval of the Chair or the Vice Chair, in the absence of the Chair, and must be reported to the Board immediately in writing.

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
Debt obligation	Develop and recommend financing plans.		Budget & Finance Committee – Review of recommended financing plans.	Approve all debt obligations. (Note: long-term bonded indebtedness requires approval by 2/3 rd vote of the members.)
Purchase of commodities and fixed assets	Approve purchase of commodities and fixed assets with a unit cost up to \$100,000 aggregate per contract year.		Approve purchase of commodities and fixed assets with a unit cost over \$100,000 aggregate per contract year.	
Emergency Purchases/Contracts	Approve emergency purchases up to \$75,000 \$100,000.		Purchases in excess of \$75,000 \$100,000 require prior approval of Chair or Vice Chair and must be reported at the next Executive Committee meeting.	
Purchasing Service Contracts	Approve all service contracts up to \$100,000 per contract year. Approve Sole Source Service Contracts up to \$50,000 per contract year.		Approve all service contracts over \$100,000 per contract year. Approve Sole Source Service Contracts over \$50,000 per contract year.	
Purchasing Consultant Contracts	Approve consultant contracts up to \$25,000.		Approve all consultant contracts over \$25,000.	

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
Public Works	Approve all public works contracts in amounts up to the statutory limits authorized by Section 22032 of the Public Contract Code.			Approve all public works contracts in amounts at or above the statutory limits authorized by Section 22032 of the Public Contract Code.
Change Orders/ Modifications (excludes Public Works contracts in excess of the formal limit set forth in Section 22032 of the Public Contract Code)	Approve change order/modifications, within the original scope of work, up to 15% but not to exceed a total value of \$50,000.		Approve change order/modifications, not within the original scope of work, or-over 15%, or exceeding a total value of \$50,000.	
Change Orders/ Modifications for Public Works contracts in excess of the formal limit set forth in Section 22032 of the Public Contract Code	Approve change order/modifications up to 10%, but not to exceed a total value of \$50,000.		Approve change order/modifications over 10%, or exceeding a total value of \$50,000.	
Investment Practices	Provide financial data to Budget & Finance Committee, Executive Committee and Board of Directors. Develop draft policy.		Budget & Finance Committee - Review Treasury/Investment actions to insure compliance with policy. Executive Committee – review monthly reports.	Adopt investment and Treasury policies.

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
Setting of salaries/benefits and other terms and conditions of employment	Identify issues, recommend negotiations approach; negotiate with labor organizations as approved by the Board of Directors.		Review management recommendations; make recommendations to the Board of Directors.	Provide direction to chief negotiator on negotiations; adopt resulting MOUs and changes in the PSR.
Grievances	Administer procedures pursuant to MOU and PSR provisions.			
Disciplinary Actions	Implement disciplinary actions within legal and MOU requirements.			
Hire/Terminate	Hire/terminate Authority staff.		Make recommendations to the Board of Directors on General Counsel legal services contract and Fire Chief employment contract, and compensation of General Counsel and the Fire Chief.	Hire/terminate Fire Chief and General Counsel. Approve service contract for General Counsel. Approve employment contract for Fire Chief.
Appointments				Appointment of clerk, auditor, and treasurer (JPA Agreement Articles II.9 and II.13)
Classification and Salary Ranges	Administer classification system within existing classes and budget.		Adopt and approve new or modified classes and corresponding salary ranges.	
Settlement of Employee Complaints and Grievances	Approve settlements up to \$10,000 within existing PSR parameters.		Approve settlements up to \$50,000.	Approve settlements over \$50,000.

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
File Legal action				Authorize filing of legal action.
Respond to legal action				Authorize response to legal action.
Settlement of Claims and Litigation	Approve settlements of claims and litigation up to \$50,000. in accordance with Board of Directors Rules of Procedure.	Approve settlements of claims and litigation over \$50,000 not to exceed \$250,000. in accordance with Board of Directors Rules of Procedure.		Approve settlements of claims and litigation over \$250,000.
Level of risk/coverage/exposure	Recommend risk management policies; administer risk management program within established Board of Directors and legal requirements.			Establish policies.
Write-Off for Uncollectible Accounts	Approve write-off of uncollectible accounts up to \$15,000.		Approve of Write-off of uncollectible accounts over \$15,000. Budget and Finance Committee review annual report of uncollectibles and make a recommendation to Executive Committee for final decision.	
Accept Real Property Interests	Accept interest in real property if the Board of Directors or Executive Committee has previously approved.			Approve Secured Fire Protection Agreements and Purchase Agreements for the acquisition of real property.

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
Accept Grants	Accept all grants except: (1) when the grantor requires approval by the governing body, or; (2) when an adjustment is immediately needed to appropriations to expend the grant, or; (3) when a contract award is needed, requiring approval by the Executive Committee or Board.		Accept all grants in which the grantor requires approval by the governing body.	

CONSENT CALENDAR – AGENDA ITEM NO. 6
BOARD OF DIRECTORS MEETING
March 27, 2014

TO: Board of Directors, Orange County Fire Authority

FROM: Dave Thomas, Assistant Chief
Operations Department

SUBJECT: **Reserve Firefighter Program Status Update**

Summary:

This item is submitted to provide a six month status report on the OCFA Reserve Firefighter Program.

Recommended Action:

Receive and file the report.

Background:

This report on the Reserve Firefighter Program activities covers the period of July 1, 2013, to December 31, 2013. During the September 23, 2010, Board of Directors' meeting, staff was directed to implement the adopted recommendations to the Reserve Firefighter Program, as adopted in the Reserve Firefighter Program Report to the Board of Directors. These modifications were implemented on October 8, 2010.

Implemented Modifications:

On October 8, 2010, the modifications to the Reserve Program were implemented as follows:

1. Reserve Firefighter Program is continued in the following stations:
 - Station #7, San Juan Capistrano
 - Station #11, Emerald Bay
 - Station #14, Silverado Canyon
 - Station #16, Modjeska Canyon
 - Station #18, Trabuco Canyon
 - Station #26, Irvine
 - Station #30, Dana Point
 - Station #32, Yorba Linda
 - Station #41, Fullerton Airport
 - Reserve Hand Crew #18, Trabuco Canyon

2. Development of an OCFA Citizen Fire Corps volunteer program. This program is intended to provide opportunities for community volunteers to assist the OCFA in a non-emergency role. The Board of Directors approved the implementation of this program at its January, 2012 meeting. The OCFA Fire Corps program is fully operational since October 10, 2012. We have 23 Fire Corps volunteers on staff that is managed by the OCFA Community Risk reduction section.

3. Evaluation of the Reserve Firefighter Program is progressing on a continual basis. All current Reserve stations, units, and personnel are operating as directed. No program changes are recommended at this time.
4. Recruitment is ongoing through the on-line Neo Gov system, managed by the OCFA Human Resources Section.
5. Reports are scheduled to be provided to the Board of Directors at six-month intervals.

Current Reserve Program Status: Monthly Senior Reserve Officer Conference Calls and Quarterly Senior Reserve Officer Meetings continue to be held in order to provide opportunities for discussion and dissemination of information.

Roster Size/Strength: Current reserve company rosters continue to be a concern for some companies. Most notably, Station #14 in Silverado Canyon and Station #11 in Emerald Bay remain geographically challenging areas for recruitment. Area demographics and long term cultural changes defy robust recruitment efforts. Current roster information is presented for review in the Attachments.

Accountability: The accountability of the Reserve Firefighter Program performance was identified within the May 29, 2009, and September 23, 2010, Reserve Firefighter Reports and was utilized in the analysis of the program and subsequent recommendations for action.

Individual Reserve performance continues to be evaluated which requires that each Reserve Firefighter respond to a minimum of 30% of all calls for their station/unit. This means that each Reserve is expected to respond to their station for 3 out of 10 calls for service, within the allotted response time.

The ability to track individual RFF's performance is accomplished by the Reserve Staffing Program. This program is a proprietary software program that is used to enter and track the individual activities of each Reserve. The Reserves are required to enter their incident response records into the system, as well as entering their drills, training, and community activity information. This system is directly tied into the OCFA's Payroll System, which minimizes any manual entries by Payroll staff, reducing the possibility of entry errors. Additionally, this system can be utilized to determine individual performance frequency, as well as the ability to determine whether or not a response-ready crew was able to respond to the station within the approved timeframes. This is an important factor in the measurement of individual and unit performance.

Unit performance standards are defined as:

- a. Engines and Patrols: *"The appropriate number of properly trained personnel needed for the most resource dependent unit to arrive at the station within 10 minutes 80% of the time"*
- b. Water Tenders and Air Utilities: *"The appropriate number of properly trained personnel to arrive at the station within 20 minutes 80% of the time"*
- c. Helicopter Support and Reserve Hand Crew: *"The appropriate number of properly trained personnel to arrive at the station with 45 minutes 80% of the time"*

As noted in the September 23, 2010, report, the need to measure the ability for Reserve personnel to respond and arrive at the station in a timely manner is important; the need to measure the ability to place the unit enroute to an incident and arrive on scene is also an important analysis factor. The combination of these factors helps to define the *effective utilization* of a unit, in order to measure whether the unit was effective, ineffective, or not necessary. During this evaluation period, all of the current Reserve units would appear to have been utilized effectively.

After intensive discussion and data collection, it was determined by staff that to minimize response discrepancies and staffing pressure, patrols would be dispatched to medical and remote rescue responses only (in lieu of dispatching both the RFF engine and patrol). All other dispatch modalities remain the same. This change took place on December 13, 2013, and has been reviewed accordingly in 2013 for effectiveness.

Recruitment/Hiring: Due to roster vacancies, the CVS Office has recently been focused on the three level 1 Reserve stations for targeted recruitment efforts. Outreach efforts are being reviewed to improve the recruiting and hiring of Reserve Firefighters at the following Reserve stations:

Station 11	Emerald Bay
Station 14	Silverado Canyon
Station 16	Modjeska Canyon

Applicant interest remains high for the Helicopter Support Crew at Station #41, and for the Reserve Hand Crew at Station #18. This can be attributed to the programs being able to draw applicants county-wide, based on the 45 minute response criteria and provides opportunities for individuals not within response range of the other Reserve Stations. Current roster information and applications can be reviewed in the Attachment.

Efforts are underway for the planning, recruitment, and hiring of candidates for Reserve Academy #17, scheduled to begin in September 2014.

The CVS Office continues to evaluate the need for periodic tests to measure the physical fitness of new applicants to the Reserve Firefighter Program. The OCFA currently uses the Biddle Physical Agility for Level 1 (14, 16, and 11) station applicants and the Arduous Pack Test, developed by the United States Forestry Service, for Level 2 station applicants. Scheduling these tests on an as-needed basis ensures that the available applicants are processed in a timely fashion for the hiring and selection of new Reserve Firefighters.

Training/EMS: The Operations Training and Safety Section continues to provide monthly and quarterly training to the Reserve Firefighters. This training consists of in-station, and centralized training, in order to provide skills maintenance, new training concepts, and implementation of mandatory training requirements.

Reserve Academy #16 began on July 8, 2013, and 40 new Reserve Firefighters graduated on December 1, 2013 and were welcomed as the OCFA's newest members.

A Reserve Driver-Operator and Water-Tender Driver Academy was conducted in March and April of 2013. Twenty candidates applied. Of these, 11 candidates* completed and graduated the course:

- 0 Reserves as Level 1 Driver-Operators (Type 1 Engines)
- 8 Reserves as Patrol/Water Tender Operators
- 3 Reserves as Air Utility Operators
- 0 Reserves as Helicopter-Tender Operators

* Note: several Reserve Firefighters completed training on multiple units.

Another Reserve Driver-Operator and Water-Tender Academy was scheduled for March 2014 but is being delayed until the late spring of 2014 due to organizational changes within the Operations Training and Safety section.

A “needs assessment” has been conducted to determine if a Reserve Officer training course is warranted. We are presently preparing a Reserve Officer training course to be delivered in the summer of 2014.

Training continues to be provided to Career Firefighters for the operation of the Patrol Units with Compressed Air Foam Systems (CAFS).

The CVS Office and Emergency Medical Services (EMS) Office are continuing to ensure that all Reserve Firefighters complete mandatory Emergency Medical Technician (EMT) training and certification within 18 months of appointment and ensure re-certification every 2 years. To help facilitate this requirement, the EMS Section staff is helping to coordinate delivery of EMT courses through Santa Ana Community College and our own OCFA staff.

Reserve Firefighters who allow their EMT certification to lapse are notified of this requirement by U.S. mail. This notification provides direction that if they do not complete EMT training by their final due date, that they will be separated from the Reserve Firefighter Program.

Residency Requirements: The CVS Office continues to periodically review data to evaluate that all Reserves meet the residency and response requirements, as adopted by the Board. When a current RFF moves outside of their response area, they are released from the OCFA Reserve Firefighter Program.

Performance Measures/Threshold: Response performance is tracked by pay period in the Staffing System and is evaluated on a quarterly basis for compliance.

Resources: No changes to the allocation of resources have occurred since the October, 2010 modifications to the Reserve Program. Currently the CVS office and Division 1 Jon Jones (who oversees our Air Operations section) are reviewing our FS41 roster for possible changes to our allocated positions to streamline our process for supporting our helicopter program. More will be announced during the next RFF staff report due in September 2014.

Reserve Program Cost Savings:

Following the modifications of the Reserve Program, significant cost savings have been achieved in the direct costs of the program. This is attributed to:

- All units placed on Select Call
- Elimination of the All-Call System
- Reduction in Reserve personnel
- Reduction in stipend payments
- Reductions in insurance and benefit costs

Impact to Cities/County:

Not Applicable.

Fiscal Impact:

\$342,153 direct costs for FY 2012/2013

Note: Direct costs represented reflect only the costs of stipends, benefits, and insurance paid to, or on behalf of the Reserves. Cost figures do not represent other indirect costs such as: overtime paid to staff for training and meetings, costs of stations and equipment, costs of services and supplies, and equivalent values of staff personnel time expended for the Reserve Program during their normal work schedule.

Staff Contact for Further Information:

George Casario, Battalion Chief, Community Volunteer Services
georgecasario@ocfa.org
(714) 573-6055

Attachments:

1. Reserve Program Staffing Levels as of 04/14/2014
2. Summary of Reserve Unit Activity (7/1/13 to 12/31/13)

Reserve Firefighter Program
STAFFING LEVELS

Reserve Program staffing levels, vacancies, applications, and new recruits as of March 14, 2014

Station	Equipment	Total Roster Positions	# Qualified	# Vacancies	# in Academy	% of Total Roster	Apps in NeoGov	
7	San Juan Capo	Patrol, WT	25	19	6	0	76%	18
11	Emerald Bay	Engine, Patrol	25	11	14	0	44%	5
14	Silverado Cyn	Engine, Patrol	25	6	19	0	24%	2
16	Modjeska Cyn	Engine, Patrol, WT	25	19	6	0	76%	1
18	Trabuco Cyn	Patrol	20	12	8	0	60%	7
26	Irvine	Patrol	20	18	2	0	90%	33
30	Dana Point	Patrol, Air Unit	25	10	10	0	60%	21
32	Yorba Linda	Patrol, WT	25	22	3	0	88%	29
C18	Trabuco Cyn	Reserve Hand Crew	35	25	10	0	71%	90
C41	Fullerton Airport	Heli-Support, WT, Air Unit	35	31	4	0	89%	177
Totals			260	178	82	0	68%	383

**Orange County Fire Authority
Reserve Program Summary* of Unit Activity
June 31, 2013 to December 31, 2013**

	(A)	(B)	(C)	(D)	(E)	
	# Dispatched Responses	# Responses Enroute	% Dispatched Enroute ⁱ	# Responses On Scene	% Dispatched On Scene	
San Juan	<i>Patrol 7</i>	289	103	36%	55	19%
Capistrano	<i>Water Tender 7</i>	6	5	83%	3	50%
	Sta. 7 Totals	295	108	37%	58	20%
Emerald Bay	<i>Engine 11</i>	25	13	52%	13	52%
	<i>Patrol 11</i>	46	34	74%	28	61%
	Sta. 11 Totals	71	47	66%	41	58%
Silverado	<i>Engine 14</i>	4	2	50%	2	50%
	<i>Patrol 14</i>	34	27	79%	24	71%
	Sta. 14 Totals	38	29	76%	26	68%
Modjeska	<i>Engine 16</i>	23	21	91%	17	74%
	<i>Patrol 16</i>	47	44	94%	36	77%
	<i>Water Tender 16</i>	6	6	100%	5	83%
	Sta. 16 Totals	76	71	93%	58	76%
Irvine	<i>Patrol 26</i>	220	210	95%	147	67%
	Sta. 26 Totals	220	210	95%	147	67%
Trabuco Canyon	<i>Patrol 18</i>	40	21	53%	9	23%
	<i>Crew 18</i>	10	3	30%	4	40%
	Sta. 18 Totals	50	24	48%	13	26%
Dana Point	<i>Patrol 30</i>	169	63	37%	40	24%
	<i>Air Utility 30</i>	15	6	40%	6	40%
	Sta. 30 Totals	184	69	38%	46	25%

**Orange County Fire Authority
Reserve Program Summary* of Unit Activity
January 1, 2013 to June 30, 2013**

	(A)	(B)	(C)	(D)	(E)	
	# Dispatched Responses	# Responses Enroute	% Dispatched Enroute ⁱ	# Responses On Scene	% Dispatched On Scene	
Yorba Linda						
	<i>Patrol 32</i>	66	43	65%	25	38%
	<i>Water Tender 32</i>	4	3	75%	2	50%
	Sta. 32 Totals	70	46	66%	27	39%
Fullerton						
Airport						
	<i>Heli-Support 41</i>	6	6	100%	3	50%
	<i>Heli-Tender 41</i>	16	11	69%	3	18%
	<i>Air Utility 41</i>	7	5	71%	0	0%
	Sta. 41 Totals	29	22	76%	6	21%

**Summary includes all dispatched calls for Reserve units.*

ⁱ Reserve Engines and Patrols are required to respond within 10 minutes

ⁱ Air Utilities and Water Tenders are required to respond within 20 minutes; Helicopter Support Crew 41 and Crew 18 have a 45 minute response time to station and are frequently cancelled. This may account for low enroute statistics.

CONSENT CALENDAR - AGENDA ITEM NO. 7
BOARD OF DIRECTORS MEETING
March 27, 2014

TO: Board of Directors, Orange County Fire Authority

FROM: Brian Stephens, Assistant Chief
Support Services Department

SUBJECT: **Secured Fire Protection Agreement for The Preserve at San Juan, LLC, for Entitlements in The Preserve at San Juan Development, Tract 17270 and 17269, in the Unincorporated County of Orange area off Ortega Highway**

Summary:

This item is submitted to authorize the Fire Chief to enter into a Secured Fire Protection Agreement (SFPA) with The Preserve at San Juan, LLC, for Entitlements in the Preserve at San Juan Development, Tract 17270 and 17269, in the Unincorporated County of Orange area off Ortega Highway. This agreement defines the “fair share” contribution needed to adequately serve the intended development and current communities adjacent to this area.

Recommended Actions:

1. Approve and authorize the Fire Chief to enter into a Secured Fire Protection Agreement with The Preserve at San Juan, LLC, for Entitlements in the Preserve at San Juan Development, Tract 17270 and 17269, in the Unincorporated County of Orange area off Ortega Highway.
2. Direct the Clerk of the Authority to record the Secured Fire Protection Agreement in the Official Records of the County of Orange and furnish to The Preserve at San Juan, LLC a copy of the conformed document within fifteen (15) days of recordation.

Background:

The Preserve at San Juan, LLC will be developing 51 single-family dwelling units. Fair share funding is required under the Ranch Plan PA1 for participation in new station 56 development and a Secured Fire Protection Agreement is required. Payments will be made to OCFA after the agreement is signed and recorded and prior to the building permit issuance.

The proposed agreement should provide OCFA and The Preserve at San Juan, LLC with the ability to make long-range plans and decisions with respect to both infrastructure costs and operational costs associated with this development. The agreement provides OCFA with the necessary assurances needed to complete work/review on enhancement to the regional emergency fire services delivery system.

Impact to Cities/County:

This agreement has no negative impacts to any of our member cities or the County.

Fiscal Impact:

Revenue produced by full entitlements would be \$30,600

Staff Contact for Further Information:

Michele Hernandez, Management Analyst, Strategic Services
michelehernandez@ocfa.org
(714) 573-6199

Attachment:

Secured Fire Protection Agreement

SECURED FIRE PROTECTION AGREEMENT

by and between the

**ORANGE COUNTY FIRE AUTHORITY,
A CALIFORNIA JOINT POWERS AUTHORITY**

and

The Preserve at San Juan, LLC

Effective Date: _____

Project Name: The Preserve

**ORANGE COUNTY FIRE AUTHORITY
SECURED FIRE PROTECTION AGREEMENT**

WITH

The Preserve at San Juan, LLC

This Secured Fire Protection Agreement ("Agreement") is made between the Orange County Fire Authority, a California Joint Powers Authority ("OCFA") and The Preserve at San Juan LLC ("Company"), and is effective as of _____, 200____.

RECITALS

A. OCFA is a governmental entity, organized as a California Joint Powers Authority, providing fire protection and life safety services to over one million residents within the County of Orange ("County"), including the County of Orange ("County") and all of the real property described in this Agreement.

B. This Agreement covers real property owned by Company located within the County of Orange as of the date of this Agreement, all as described on Exhibit A attached hereto. The extent of Company development for which fire protection services will be provided by Authority shall cover all of the property subject to Tentative Tract Map No's 17270 and 17269.

C. Company's development of the Project Area is subject to the general development requirements and conditions (collectively, the "County Conditions") related to the provision for emergency response, fire protection services, equipment and facilities imposed by the County. The County Conditions generally include requirements for Company to enter into agreements with OCFA to ensure that Company will provide for and contribute its *pro rata* fair share costs of emergency response, fire protection services, equipment and facilities for the benefit of residents residing within the Project Area.

D. OCFA and Company believe that this Agreement contains adequate safeguards to ensure OCFA's ability to enforce the obligations of this Agreement and protect the public interest.

AGREEMENT

Based upon the foregoing Recitals and in consideration of the covenants and conditions contained in this Agreement, the parties agree to timely perform each of their respective obligations as set forth herein.

SECTION 1. DEFINITIONS

Unless the context otherwise requires, wherever in this Agreement the following terms are used, the intent and meaning shall be interpreted as provided herein.

"Agreement" means this Secured Fire Protection Agreement, including the attached Exhibits between OCFA and the Company.

"OCFA" means the Orange County Fire Authority, a governmental entity and California joint powers authority.

"COUNTY" means the County Of Orange, a member of OCFA.

"Company" means The Preserve at San Juan LLC

"County Conditions" means the general development requirements and conditions related to the provision of emergency response, fire protection services, equipment and facilities imposed by the County as conditions of approval on development projects proposed or undertaken in the County by Company.

"Effective Date" means the date this Agreement is approved by the OCFA Board of Directors.

"Fee" means the most current fee, as approved by OCFA or its successors or predecessors in interest, or as may be adopted by OCFA or its successors from time to time, for the funding in whole or in part of emergency response, fire protection services, equipment and facilities within the jurisdiction of OCFA.

"Project Area" means the property owned by Company within the County as of the date of this Agreement, and as more particularly described in Exhibit A.

"Security Instruments" means surety bonds, letters of credit or any other form of security or method, acceptable to OCFA, of assuring construction, installation, or provision of emergency response, fire protection services, equipment and facilities.

SECTION 2. COMPANY OBLIGATIONS

Company is in the process of developing the property in the Project Area and constructing improvements thereon that will result in regional impacts that will require emergency response, fire protection services, equipment and facilities by OCFA. In recognition and consideration of these impacts, OCFA and Company mutually agree as follows:

A. Acknowledgment of Obligations and Satisfaction of OCFA Requirements

Company acknowledges that pursuant to the County Conditions, Company is required (i) to provide a *pro rata* share of funding necessary to establish adequate emergency response, fire protection services, equipment and facilities, and (ii) contribute towards overall regional emergency response, fire protection services, equipment and facilities as provided herein in this Agreement. OCFA acknowledges that Company's performance of the obligations set forth in this Agreement constitute satisfaction of the obligations of Company for this Project. The *pro rata* share does not include standard processing fees for plan checking, permits and similar services or requirements of OCFA.

B. Pro Rata Share

1. Company agrees to pay in full its *pro rata* share as provided below:

(a) A cash contribution in an amount determined by multiplying the applicable fee in effect at the time payment is due by the number of proposed residential dwelling units and, in the case of commercial development, the square footage equivalency as determined by the formula in subparagraph (b) below (all as shown on the attached Exhibit B), within ten (10) days of issuance of the first residential or commercial building permit ("Due Date") for any portion of the property owned by Company within the Project Area as of the Effective Date. The parties agree that the applicable fee on the Effective Date is \$600/unit. The parties further agree that the Company's total funding obligation on the effective date of this Agreement is \$30,600 (all as shown on Exhibit B).

(b) Such amounts of residential dwelling units and square footage of commercial development may be adjusted according to an equivalency formula as follows: 1) commercial development square footage may be divided by 1,000 and then multiplied by 0.9 (nine/tenths or 9/10) to reach the equivalent dwelling units; 2) residential dwelling units may be divided by 0.9 (nine/tenths or 9/10) and then multiplied by 1,000 to reach the equivalent commercial square footage.

2. Nothing in this Agreement shall be construed to prohibit Company from paying all, or a portion, of the amount(s) set forth above in advance of the Due Date. Such prepayment will be calculated by multiplying \$600 or the applicable fee in effect at the time of payment by the number of units for which the Company wishes to prepay. Company will not be responsible for any subsequent fee increase that may be adopted by OCFA between the date of payment and the issuance of a building permit for the units covered by the paid fee.

3. In the event that the actual number of dwelling units, or equivalent dwelling units, built is less than 51, OCFA will make such adjustments as may be appropriate, including the payment of any refund for any amounts overpaid. At build-out, documentation satisfactory to OCFA shall be furnished to OCFA which

verifies the actual number of dwelling units, or equivalent dwelling units, constructed and that no further units, or equivalent units, shall be built on the property in the Project Area owned by Company on the Effective Date. Such documentation shall serve as the basis for making any necessary adjustments by multiplying the applicable fee in effect at the time of the last payment to OCFA by the actual number of units, or equivalent units, that were not built (calculated by subtracting the total number of units, or equivalent units, built from 51, the total number of units, or equivalent units, allowed). OCFA shall refund the Company for any amounts overpaid within thirty (30) days of the earlier of (i) written notification to OCFA that the Company will build less than the 51 proposed residential dwelling units; and (ii) the date the OCFA receives the above-referenced documentation which shall serve as the basis for making any necessary adjustments by multiplying the applicable fee in effect at the time of the last payment to OCFA by the actual number of units, or equivalent units, that were not built.

SECTION 3. SECURITIES

A. Security to Guarantee Payment

Within sixty (60) days after execution of this Agreement, Company shall furnish OCFA with a Faithful Performance Bond or Letter of Credit or any other security instrument acceptable to the Fire Chief and OCFA Counsel, securing Company's then remaining obligation to pay OCFA the *pro rata* share amount set forth in Section 2, subject to the following requirements:

1. Form of Security Instruments. All Security Instruments shall meet the following minimum requirements and otherwise shall be in a form acceptable to OCFA:

(a) Any insurance company acting as surety shall have a minimum rating of A, as rated by the current edition of Best's Key Rating Guide published by A.M. Best's Company, Oldwick, New Jersey 08858; any bank issuing a Letter of Credit shall have a minimum rating of AA, as rated by Moody's or Standard & Poor's; each entity acting as a surety shall be licensed to do business in California.

(b) Payments under the security instrument shall be required to be made in the County of Orange, State of California.

(c) The security instrument shall reference Company's obligations under this Agreement, shall be irrevocable, and shall include, as an additional obligation secured, the responsibility to compensate OCFA for all of OCFA's reasonable attorneys' fees and litigation expenses reasonably incurred in enforcing its rights under the security instrument.

2. Release of Security Instruments. OCFA shall release or partially release the Faithful Performance Bond or Letter of Credit, *pro rata*, upon Company's written request as and when OCFA receives payment and after acceptance of Company's final payment obligation pursuant to Section 2.

SECTION 4. DEFAULT AND ATTORNEYS' FEES

A. Remedies Not Exclusive

In any case where this Agreement provides a specific remedy to OCFA for breach or default by Company hereunder, such remedy shall be in addition to, and not exclusive of, OCFA's right to pursue any other administrative, legal or equitable remedy to which it may be entitled.

B. Attorneys' Fees and Costs

In the event of any litigation arising out of this Agreement or under any of the Security Instruments referenced herein, the prevailing party in such action, in addition to any other relief, which may be granted, shall be entitled to recover its reasonable attorneys' fees and costs. Such attorneys' fees and costs shall include fees and costs on any appeal, and all other reasonable costs incurred in investigating such action, taking depositions and discovery, retaining expert witnesses, and all other necessary and related costs with respect to such litigation or arbitration. All such fees and costs shall be deemed to have accrued on commencement of the action and shall be enforceable whether or not the action is prosecuted to judgment.

SECTION 5. GENERAL PROVISIONS

A. Successors and Assigns

This Agreement shall be binding upon all successors and assigns of Company's right, title, and interest in and to the Project Area and any portions thereof.

B. Density and Intensity of Development

The provisions of this Agreement shall be deemed to be in substantial compliance with all County Conditions for this Project. In the event the density or intensity of development for this Project is proposed to be increased, OCFA and Company shall meet and confer and determine whether there should be any modification to this Agreement to provide for additional services, equipment or facilities necessary to serve the Project Area as a result of the approval of any such increase. In the event the parties cannot agree, OCFA shall have the right to protest or contest in any administrative or judicial forum as OCFA deems appropriate any approval of any such increase.

C. Waiver of Rights and Claims

Company agrees and acknowledges that there is an essential nexus between its *pro rata* share and a legitimate governmental interest and that its *pro*

rata share is roughly proportional to and reasonably and rationally related to the impacts that will be caused by development of the Project Area.

In consideration of the mutual promises and covenants set forth in this Agreement, Company, its successors and assigns, hereby waives and releases any present or future rights or claims Company, or its successors or assigns may have or possess under Government Code section 66000 et. seq. (as amended) with respect to OCFA's establishment, receipt and use of the fees required to be paid to OCFA under this Agreement so long as OCFA, or its successors in interest, continues to provide fire protection and related services to the Project Area as contemplated by this Agreement.

D. Good Faith Negotiations

Company acknowledges and agrees that OCFA is prepared to conduct a fee study that might result in an increased *pro rata* share to Company. Company desires to avoid the delay and uncertain results of such a study and enters this Agreement in good faith and in consideration for OCFA deferring such a study to a later date.

E. Severability

In the event any portion of this Agreement shall finally be determined by a court of competent jurisdiction to be unlawful, such provision shall be deemed to be severed from this Agreement and every other provision of this Agreement shall remain in full force and effect. If any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad, it shall be construed, by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable laws then in effect.

F. Notices

All written notices pursuant to this Agreement shall be addressed as set forth below or as either party may hereafter designate by written notice and shall be delivered in person or sent certified or registered mail, postage prepaid and addressed as follows:

To: Orange County Fire Authority
Attn: Fire Chief
1 Fire Authority Road
Irvine, CA 92602

To: The Preserve at San Juan,
LLC
Thomas Wilkinson
4000 Barranca Parkway
Suite 250
Irvine, Ca. 92604

WITH COPY TO:
David Kendig, General Counsel
Woodruff, Spradlin & Smart
555 Anton Blvd., Suite 1200
Costa Mesa, CA 92626

WITH COPY TO:
None

All notices provided for herein shall be deemed effective upon receipt if personally served or seventy-two (72) hours after being sent by certified or registered mail, postage prepaid.

G. Entire Agreement

This Agreement constitutes the entire understanding between the parties and supersedes all prior negotiations or agreements between them pertaining to the subject matter hereof.

H. Recordation of Agreement

This Agreement and any amendment shall be recorded in the Official Records of the County of Orange by OCFA with a conformed copy being furnished to Company by OCFA within fifteen (15) days of recordation.

I. Time of the Essence

OCFA and Company agree that time is of the essence with respect to each provision of this Agreement of which time is an element.

J. Exhibits to Agreement

This Agreement includes the following Exhibits, which are attached hereto and made a part hereof:

- Exhibit A - Description of the Project Area
- Exhibit B - Fire Service Impact Fees

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K. Authorized Signatories

Company and its signatories herein covenant and represent that each individual executing this Agreement is a person duly authorized to execute this Agreement for Company.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year above written.

ORANGE COUNTY FIRE AUTHORITY
a California Joint Powers Authority

Date: _____

By: _____
Keith Richter, Fire Chief
Orange County Fire Authority

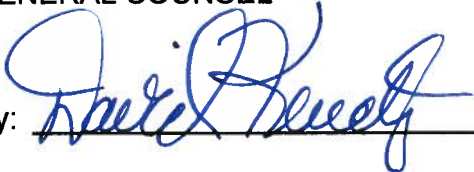
ATTEST:

By: _____
Sherry Wentz
Clerk of the Orange County
Fire Authority

Date: _____

APPROVED AS TO FORM:

DAVID KENDIG
GENERAL COUNSEL

By:  _____

Date: 3/19/14 _____

The Preserve at San Juan, LLC

Date: _____

By: _____
Thomas Wilkinson

By: _____
Its Authorized representative

EXHIBIT A

LEGAL DESCRIPTION OF THE PROJECT AREA

LEGAL DESCRIPTION

Real property in the unincorporated area of the County of Orange, State of California, described as follows:

PARCEL A: (APN'S: 125-120-40, 125-120-41 AND 125-120-39)

PARCELS 1, 2 AND 3 AS SHOWN ON LOT LINE ADJUSTMENT NO. 2007-021, RECORDED APRIL 21, 2008 AS INSTRUMENT NO. 2008-185221, OFFICIAL RECORDS OF ORANGE COUNTY, CALIFORNIA.

PARCEL B: (APN: 125-120-037)

PARCEL 2 OF PARCEL MAP NO. 92-118, AS SHOWN ON A MAP FILED IN BOOK 274, PAGES 38 AND 39 OF PARCEL MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

EXHIBIT B
FIRE SERVICE IMPACT FEES

Dwelling Units	Rate	Obligation
51	\$600	\$ 30,600
		<hr/>
Total Units – 51	\$600	\$ 30,600

CONSENT CALENDAR – AGENDA ITEM NO. 8
BOARD OF DIRECTORS MEETING
March 27, 2014

TO: Board of Directors, Orange County Fire Authority

FROM: Lori Zeller, Assistant Chief
Business Services Department

SUBJECT: **Implementation of Audit Recommendations – Community Risk Reduction**

Summary:

This agenda item is submitted to provide an update on the work underway with the Limited Term Finance Manager to assist with implementation of recommended enhancements to the internal control environment in the Community Risk Reduction (CRR) Department.

Recommended Action:

Receive and file the report.

Background:

At the July 25, 2013, meeting of the Board of Directors, staff was authorized to hire a Limited Term Finance Manager to assist with implementation of actions that had been recommended through an Internal Control review of the Community Risk Reduction Department (CRR). The intent of this position was to assist in strengthening the overall internal control environment surrounding fee-funded programs. The duration of the assignment was estimated between six-months to one-year.

Mr. Irwin Bornstein was hired for this project on August 26, 2013. The proposed workplan that was developed for Mr. Bornstein was segregated into phases, including:

- Phase I: Assessment & Documentation of Processes - *completed*
- Phase II: Recommendations for Process Changes and Enhancements - *completed*
- Phase III: Staff Evaluation and Implementation of Recommendations;
Implementation Assistance – *partially completed, continuing work-in-progress*
- Phase IV: Evaluation, Course Corrections, Future Sustainability – *scheduled for May/June*

Phases I and II were completed on February 10, 2014. The workplan anticipated that Phase III would last approximately three months, to allow time for CRR staff to routinely practice and “live with” the new internal control processes as normal courses of business. During Phase III, Mr. Bornstein is not actively working at OCFA, but is available for assistance, if needed. Mr. Bornstein is scheduled to return in May for completion of the final phase of his work, which is to evaluate the effectiveness of the internal control practices and make recommendations for adjustments where needed. At that time, he will prepare a final report, including an assessment of the level of support that staff is putting forth in sustaining a strengthened internal control environment. This final report will be scheduled for review and discussion by Mr. Bornstein with the Board of Directors upon completion in July.

Impact to Cities/County:

Not applicable.

Fiscal Impact:

Not applicable.

Staff Contact for Further Information:

Lori Zeller, Assistant Chief/Business Services Department

LoriZeller@ocfa.org

(714) 573-6020

Attachments:

None.

DISCUSSION CALENDAR - AGENDA ITEM NO. 9
BOARD OF DIRECTORS MEETING
March 27, 2014

TO: Board of Directors, Orange County Fire Authority

FROM: Janet Wells, Interim Human Resources Director

SUBJECT: **Director of Communications**

Summary:

This agenda item is submitted in response to the recommendations made by SAE Communications in its report to the Board on February 27, 2014, to develop a Job Class Specification for a new civilian position titled "Director of Communications" and to propose an appropriate salary range for the position.

Recommended Actions:

1. Approve the attached Job Class Specification for the Director of Communications position at a salary range of \$104,478.40 - \$166,046.40 and direct staff to add the position to the Master Position Control.
2. Direct staff to begin recruiting for the new Director of Communications.
3. Approve implementation of Option 3 specified below.

Background:

In our efforts to improve communications with a variety of audiences, from the public, to the Board, to our employees and our member agencies, the Executive Committee approved an agreement for strategic communications consulting with SAE Communications from November 2013 to February 2014. SAE's 2014 Work Program for the OCFA recommended transitioning the "Corporate Communications" function from a rotational Chief Officer position to a senior-level civilian position titled "Director of Communications."

Staff conducted a survey of similar positions serving organizations within the County of Orange. The results of this survey are presented in Attachment 1. The average salary range for these four positions was \$116,128 to \$187,372. Although the survey results could justify a higher salary, it is suggested that this position be placed in the same salary range as the OCFA's Human Resources Director which is \$104,478 to \$166,046 to not only be competitive within the external market, but also maintain internal equity with similar positions within the OCFA.

It is important to note that the current manager over the Corporate Communications Section is a Battalion Chief, which is a position represented in the Orange County Chief Officers' Association (COA) labor group. Transitioning this position to a civilian position required us to meet with the COA and reach agreement for the proposed change, before we could move forward with implementation. According to the MOU with the COA, the Corporate Communications position will be held by a Battalion Chief until December 11, 2015. Staff met with the COA Board of Directors and they are unwilling to forfeit the Corporate

Communications Battalion Chief position at this time. In addition, they would prefer that the Director of Communications report to the Corporate Communications Battalion Chief. This item was also provided to Local 3631 for review and comments. The Local expressed their concerns that one of the funded Captain positions in the Training Section would be frozen to provide funding for the Director of Communications. While the Local understands the need to improve communications at the OCFA, they feel that “prioritizing this issue over the training and safety of our people is against the fundamentals of any organization.” The two vacant positions in the Training Section have been vacant for an extended period of time. Utilizing the one position to fund the Director would still leave one position available to fill. The COA also expressed concerns with utilizing one of the Training positions to fund the Director of Communications position.

Staff evaluated and discussed three different options to meet our goal to provide a civilian Director of Communications to represent the OCFA.

Option 1:

Continue to operate the Corporate Communications Section with a Battalion Chief until the end of the contract on December 11, 2015, and contract with an outside communications consultant on a retainer or as needed basis to assist with more difficult media situations. The Community Education Educators would be moved from the Community Risk Reduction Section and report to the Community Relations Supervisor. The current Community Relations Supervisor and the current Captain Public Information Officer would continue to report to the Corporate Communications Battalion Chief as would the Multimedia Specialists and the Office Services Specialist.

Cost of Option 1:

Estimated cost of consulting contract \$200,000 - \$300,000
21 months from April 1, 2014, through December 31, 2015

Option 2:

Hire a full time civilian Director of Communications to manage the OCFA Corporate Communications Section. The Corporate Communications Battalion Chief and the Community Relations Supervisor would report to the new Director. The four Community Education Educators would be moved from the Community Risk Reduction Section and report to the Community Relations Supervisor. The current Captain Public Information Officer would continue to report to the Corporate Communications Battalion Chief as would the Multimedia Specialists and the Office Services Specialist.

Cost of Option 2:

Hire a full time civilian Director of Communications including Salary and Benefits \$212,976

Option 3:

Hire a full time civilian Director of Communications to manage the OCFA Corporate Communications Section. The Corporate Communications Battalion Chief and the Community Relations Supervisor would report to the new Director. The four Community Education Educators would be moved from the Community Risk Reduction Section and report to the Community Relations Supervisor. The current Captain Public Information Officer would continue to report to the Corporate Communications Battalion Chief along with the Multimedia Specialists and the Office Services Specilaist.

An alternative vacant staff Captain position currently assigned to the Training Section would be frozen to offset the cost of the new Director position. The impact of freezing this staff Captain position is anticipated to be minimal, since the position has remained vacant for an extended period of time, which has required management to make adjustments in order to manage the work in spite of the vacancy. This staff captain position is not a designated position in the MOU with Local 3631, but management would meet to discuss this option with the Local.

Cost of Option 3:

Hire a full time civilian Director of Communications including Salary and Benefits	\$212,976
Freeze a vacant staff Captain position in the Training Section	<u>(\$240,050)</u>
Net Savings	(\$ 27,024)

Impact to Cities/County:

Not Applicable.

Fiscal Impact:

The estimated annual savings from implementing Option 3 is \$27,024.

Staff Contacts for Further Information:

Janet Wells. Interim Director of Human Resources
janetwells@ocfa.org
(714) 573-6801

Keith Richter, Fire Chief

keithrichter@ocfa.org
(714) 573-6010

Attachments:

1. Salary Survey
2. Proposed Job Class Specification for the Director of Communications
3. Option 3 Organization Chart

Attachment 1

Salary Survey
Director of Communications

Director of Communications & Public Affairs		Monthly Salary		Annual Salary	
		Bottom	Top	Bottom	Top
Irvine Ranch Water District	Director of Public Affairs	\$9,650	\$14,376	\$115,800	\$172,512
Orange Co. Sanitation District	Public Affairs Manager	\$8,871	\$13,307	\$106,455	\$159,684
City of Irvine	Director of Public Affairs & Comm.	\$10,386	\$16,182	\$124,634	\$194,189
County of Orange	Chief Information Officer	\$9,802	\$18,592	\$117,624	\$223,101
Average Salary Range		\$9,677	\$15,614	\$116,128	\$187,372
Proposed Salary Range		\$8,707	\$13,837	\$104,478	\$166,046

Attachment 2

Proposed Job Class Specification for the Director of Communications
Director of Communications



ORANGE COUNTY FIRE AUTHORITY

CLASS SPECIFICATIONS

JOB TITLE: Director of Communications

REPORTS TO: Communications

FLSA: Exempt

SUPERVISES:

CLASS CODE:

DEPARTMENT:

CLASS SUMMARY:

Incumbents are responsible for establishing internal and external information, public relations standards, goals, priorities, operational plans, policies and procedures. The position will manage relations with news media through news releases, press conferences, briefings, interviews, media appearances, correspondence and reports. This position also supervises the community relations/education division including authority communication and community outreach.

DISTINGUISHING CHARACTERISTICS:

This is a single position class responsible for the development, coordination and administration of public information programs involving Authority goals, policies, programs and services including community relations and education. The incumbent advises the Fire Chief, Board Members and staff regarding strategies for the delivery of public information. The position reports to the Fire Chief.

ESSENTIAL FUNCTIONS: (These duties are intended to be representative sample of the duties performed by the class.)

- Organizes communication activities to foster public understanding of Authority goals, policies, programs and services;
 - Oversees the operations of the Community Relations/Education division;
 - Manage the Authorities community outreach programs; conduct community meetings; prepare and deliver speeches to community groups and assist in coordinating additional speakers as needed.
 - Develop and approve plans for communication of information to external and internal audiences. Manage the production of communications and graphics materials including: newsletters, news releases, brochures, photo displays, slide shows and video productions;
 - Seeks, writes and applies for grants to benefit the departments various programs.
-
-

- Handles emergency communications involving crisis or unforeseen circumstances requiring research writing, editing, and speaking
 - Organizes and coordinates public meetings involving special issues, elected officials, community groups, and fire safe councils. Organizes and coordinates public education events, safety fairs and equipment/apparatus demonstrations.
 - Organizes and coordinates public meetings involving special issues, elected officials, community groups, and fire safe councils. Organizes and coordinates public education events, safety fairs and equipment/apparatus demonstrations.
 - Brings to public attention through various forms of media, significant facts, opinions and interpretations to keep the public informed;
 - Develops materials to be presented in press announcements, including press releases, press briefings, press conferences and feature articles on various services;
 - Develops, coordinates and participates in news conferences, special events, and other programs of the Authority and public interest;
 - Facilitates the accurate and full coverage of issues by the news media;
 - Reviews daily logs for release to the press;
 - Organizes emergency public information in the event of a local disaster;
 - Supervises the content and design of publications, including quarterly newsletter, informational booklets, pamphlets and fliers;
 - Advises staff and elected officials in media relations and public information policies and procedures;
 - Consults with staff and elected officials in the preparation of speeches and letters on behalf of the Authority;
 - Coordinates and conducts special events ceremonies and Authority functions;
 - Develops and implements methods and materials to promote special events sponsored by the Authority;
 - Manages employees including prioritizing and assigning work; conducting performance evaluations; ensuring staff are trained;
 - Oversees the preparation and dissemination of information to the public related to fire safety education;
 - Prepares and disseminates information to the public related to fire safety education; and
 - Perform related duties and responsibilities as assigned.
-

MINIMUM QUALIFICATIONS:

EDUCATION (position requirements at entry):

- Bachelor's degree from an accredited college or university with major course work in journalism, communications, public relations or a related field.

EXPERIENCE (position requirements at entry):

- Four years of experience in journalism, public relations, or the media, which included the writing and placing of news releases or the writing of news and feature articles for various communication media, and providing information to the public in the capacity of an organization's public relations spokesperson;
- Public Sector Experience desirable.

LICENSES AND CERTIFICATIONS (position requirements at entry):

None required.

KNOWLEDGE, SILLS AND ABILITIES:

KNOWLEDGE :

Knowledge of:

- Media operations, story placement and public agency marketing strategies used in both print and electronic media;
- Principles and practices of public administration;
- Principles, practices, terminology and regulations of Public Safety agencies;
- Newspaper, magazine and broadcast writing theories and practices;
- Current English usage and journalistic styles, both for broadcast and print;
- Print publication editing and layout methods;
- Media tactics, including basic interview techniques and preparation;
- Current media trends and practices;
- Modern office practices, methods and computer equipment;
- Safe driving principles and practices;
- Basic photography;
- Basic video production techniques.

SKILLS :

Skill to:

- Operate standard office equipment;
- Operate digital camera equipment;
- Operate video cameras and editing equipment and software;
- Operate a personal computer and proficiency in word processing, photo, video and audio editing programs and desktop publishing software;
- Operate a motor vehicle safely

ABILITIES :

Ability to:

- Write in a variety of formats, including, but not limited to print and broadcast press releases, video and audio scripts, business and professional letters, speeches and articles;
- Review, proofread, edit and verify written materials for accuracy and adherence to policies and procedures;
- Prioritize tasks to meet deadlines;
- Establish and maintain effective working relationships with the public, news media, staff, elected officials and others contacted in the course of assignment;
- Gather and verify news information through interview, observation and research;
- Accurately interpret policies and procedures to provide and clarify information;
- Write articles of a caliber required for professional publication;
- Communicate clearly and concisely, both orally and in writing;
- Maintain a professional demeanor during stressful and highly visible situations;
- Work within stringent deadlines to complete projects and assignments;

- Exercise sound judgment in safeguarding confidential or sensitive information;
- Read, comprehend and interpret complex and sensitive information on a wide range of subjects and topics;
- Respond to citizen and media requests in a courteous, effective manner;
- Organize, prioritize and perform multiple tasks;
- Effectively perform a broad range of supervisory responsibilities over others;
- Perform varied and responsible assignments involving the use of initiative and independent judgment;
- Use a computer and demonstrate proficiency in word processing and basic familiarity with desktop publishing, audio, video and photo editing programs;
- Maintain effective audio-visual discrimination and perception needed for making observations, communicating with others, reading and writing, and operating assigned office equipment.

PHYSICAL REQUIREMENTS:

Positions in this class typically require: crouching, reaching, extensive sitting, grasping, talking, hearing, seeing and repetitive motions.

Light Work: Exerting up to 20 pounds of force occasionally, and/or up to 10 pounds of force frequently, and/or negligible amount of force constantly to move objects. If the use of arm and/or leg controls requires exertion of forces greater than that for Sedentary Work and the worker sits most of the time, the job is rated for Light Work.

WORKING CONDITIONS:

Incumbents may be subjected to poor ventilation, extreme temperatures, inadequate lighting, workspace restrictions, intense noise, and travel.

Incumbents may be subjected to traveling to and from remote locations for incident assignments and may be required to stay in remote locations without accommodations.

NOTE:

The above job description is intended to represent only the key areas of responsibilities; specific position assignments will vary depending on the needs of the department.

Classification History:

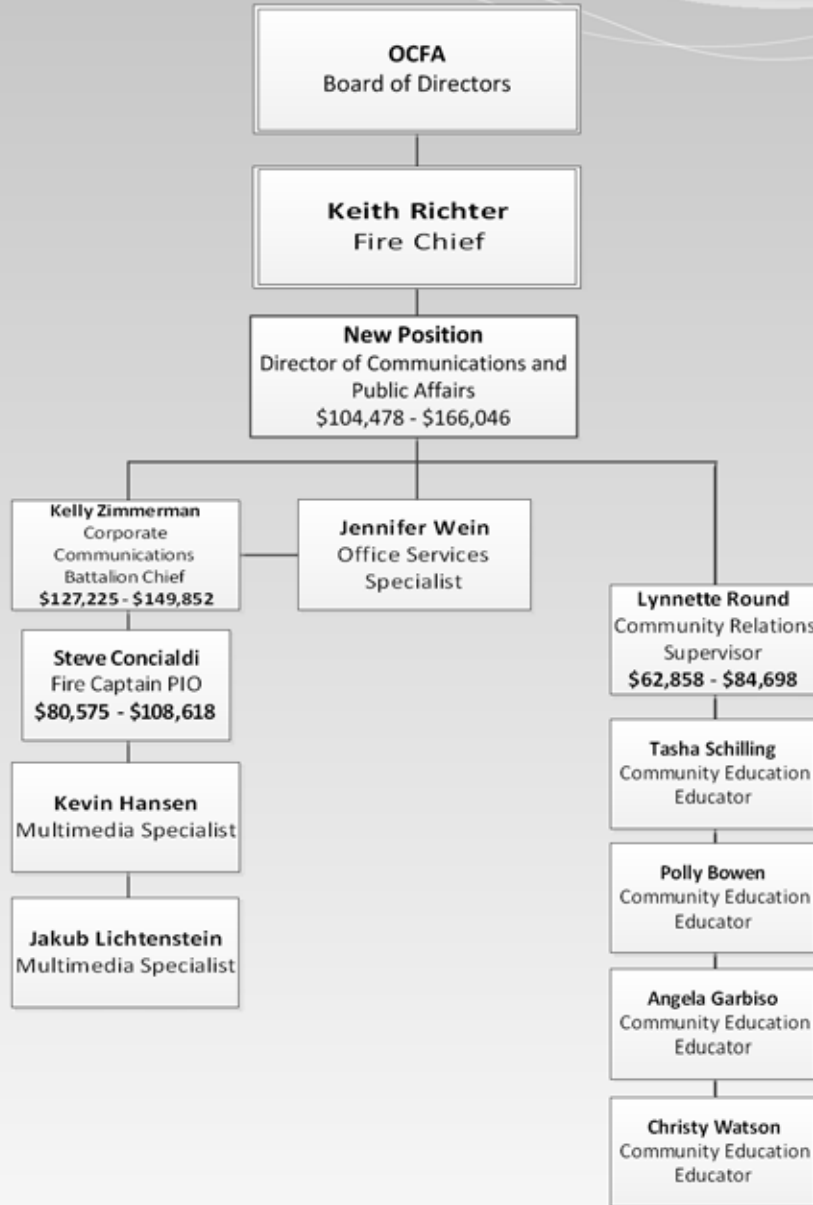
Prepared by OCFA, Date:

Human Resources Director Review:

Janet Wells _____ Date: _____

Adopted by Board of Directors:

Attachment 3
Corporate Communications
Option Number Three Organization Chart



3-5-2014
JW:oc

DISCUSSION CALENDAR – AGENDA ITEM NO. 10
BOARD OF DIRECTORS MEETING
March 27, 2014

TO: Board of Directors, Orange County Fire Authority

FROM: Lori Zeller, Assistant Chief
Business Services Department

SUBJECT: **Board Stipends, Board Attendance, and Additional Standing Committees**

Summary:

This agenda item is submitted to provide additional information to the Board regarding its previous discussion of Board stipends, Board attendance, and potential need for additional standing committees.

Board Action:

Due to the lateness of the hour at its February 27, 2014, meeting, the Board continued this item to its next regular agenda.

Recommended Action:

Receive and file the report.

Background:

At a special meeting of the Board of Directors on December 11, 2013, the Board had a brief dialogue concerning past standing committees, potential need for additional standing committees, current Board stipends, and Board Member attendance at scheduled meetings.

Board Stipends

Compensation for the Board of Directors has been a topic of discussion on various occasions in the past. The Joint Powers Agreement (JPA) creating the OCFA prohibited compensation to the Directors, but did allow for reimbursement of expenses. The Amended JPA (Article 1, Section 4-T) allowed the Authority to determine the compensation of Directors.

On July 27, 1995, the Board of Directors adopted Resolution No. 95-13, which set the expense reimbursement rate of twenty dollars (\$20) per meeting, not to exceed eighty dollars (\$80) per month.

During a Board workshop on February 11, 2000, the Board agreed to increase the rate to one hundred dollars (\$100) per meeting per day, with a maximum of \$300 per month. Compensation would only apply to voting members attending Board or Committee meetings and the monthly Chair/Chief meeting. This action was approved by the Board at its regular March 23, 2000, meeting.

On January 28, 2010, the Board considered cost containment measures to address the dramatic loss in revenue, due to the recession. The Board discussed various ways that it could directly reduce its operational costs, including discussion concerning Board compensation, agenda distribution, the Annual Report, and Board meals. At that time, the Board took action to reduce costs for agenda distribution and meals, returned the production of the Annual Report in-house, and left stipends unchanged. Therefore, the Board stipend has remained at \$100 per meeting per day with a maximum cap at \$300 per month for 14 years. In addition, although the Chair also attends monthly Chair/Fire Chief meetings, there is no current provision for a stipend above the \$300 cap for these additional meetings.

As requested by the Board, attached is a stipend survey of other local government agencies to assist you in the discussion of this subject (Attachment 1).

Board Attendance

There is no identified attendance requirement in the JPA agreement or in the OCFA Board Rules of Procedure. The JPA indicates that the governing body of each member agency shall designate and appoint one representative to act as its Director, except for the County whose Board of Supervisors shall appoint two representatives. Each Director shall hold office until the selection of a successor by the appointing body. OCFA Directors serve at the pleasure of their respective appointing agency. To institute an attendance requirement that would remove a non-participating Director from his/her position from the Board due to a lack of attendance would necessitate an amendment to the JPA. OCFA staff has surveyed other local regional agencies asking if they have instituted a membership attendance policy. Attached is a matrix with the attendance policy survey results (Attachment 2) along with an attendance matrix for the 2013 OCFA Board of Directors for your review (Attachment 3).

Standing Committees Background

At a special organization meeting of the Board of Directors held on March 1, 1995, the Board established its first standing committee, the Executive Committee.

Executive Committee

The Executive Committee's role is to conduct all business of the Authority, with the exception of policy issues, including labor relations, budget issues, and other matters specifically retained by the Board of Directors. Its membership consists of no more than nine members of the Board of Directors. Members of the Executive Committee serve until a new member is seated in their stead by virtue of appointment or assumption of one of the designated positions. The Executive Committee membership is comprised of the following designated positions: the Chair and Vice Chair of the Board of Directors, the immediate past Chair of the Board, and the Chair of the Budget and Finance Committee. In addition, membership as constituted shall include at least one member of the County Board of Supervisors. The Chair shall appoint the remaining at-large members, who shall serve subject to approval by majority vote of the Directors present at a subsequent meeting. In the selection of at-large members, appointments shall be made in such a manner as to achieve approximately the ratio of cash contract cities to total member

agencies of the Authority. The Chair of the City Managers Technical Advisory Committee shall serve as the ex officio non-voting member of the Executive Committee and shall not be included in the determination of a quorum for any meeting.

The current Executive Committee Members:

Weinberg, Steven (Board Chair)	Dana Point
Murray, Al (Board Vice Chair)	Tustin*
Kelley, Trish (Board Immed. Past Chair)	Mission Viejo
Swift, Elizabeth (BFC Chair)	Buena Park*
Spitzer, Todd (Supervisor)	County of Orange
Bressette, Randy (At-Large)	Laguna Hills
Hernandez, Gene (At-Large)	Yorba Linda
Lalloway, Jeffrey (At-Large)	Irvine
Shawver, David John (At-Large)	Stanton*

*=Denotes Cash Contract City

• ***Executive Committee Alternates***

The Chair shall appoint a three-member panel of structural fire fund Alternate Directors and a three-member panel of cash contract city Alternate Directors. If an at-large member of the Executive Committee notifies the Clerk of the Authority that he or she cannot attend an Executive Committee meeting, the Clerk shall call, on a rotating basis, Alternate Directors from the respective panels in an attempt to replace a structural fire fund Director with a structural fire fund Alternate and/or a cash contract city Director with a cash contract city Alternate, as the case may be.

The current Executive Committee Alternates:

Chair, Vice Chair, Immediate past Chair	No Alternates per Rule 9 (c)
Budget & Finance Committee Vice Chair	Randy Bressette – Laguna Hills
Orange County Supervisor	Bates, Pat and Nguyen, Janet
Cash Contract (3)	Tri Ta - Westminster* Vacancy Vacancy
Structural Fire Fund (3)	Gerard Goedhart – La Palma Noel Hatch – Laguna Woods Sam Allevato - SJC

At the June 22, 1996, Board of Directors special meeting, the Board established three (3) additional standing committees, which included Administration and Personnel, Budget and Finance, and Planning and Operations with the purpose of facilitating a thorough review of various issues before presentation to and action by the full Board or Executive Committee. Originally membership on these committees was that as a Director joined the Board of Directors, he/she would indicate a preference for a committee assignment. The Chair appointed each

Director to a Committee, taking into consideration the expressed preference of the Director, the needs of the authority, and the existing membership of the Committees. Each Committee Chair became a member of the Executive Committee. The appointment process was refined and defined in the Board Rules of Procedure. Below is an outline of the past committees with their assigned roles. For those active committees, included is a matrix of the current membership.

• ***Administration and Personnel***

The Administrative and Personnel Committee advises the staff and makes recommendations to the Board of Directors on matter regarding human resources policies; labor negotiations; staff development and recognition programs; succession planning; risk management policies; community relations and education programs; legislation; and development of management information systems.

• ***Budget and Finance Committee***

The Budget and Finance Committee advises staff and makes recommendations to the Board of Directors on matters related to financial and budget policies; development of budgets for the general fund and capital expenditures, designations of reserves, budget balancing measures, evaluation and development of plans to meet long-term financial needs; development and monitoring of the Authority's strategic business plan; fiscal issues related to any proposed outsourcing or privatization of services; and purchasing policies. The Chair makes all appointments to the Budget and Finance Committee. Appointments to the Budget and Finance Committee shall be made in such a manner as to achieve, as close as reasonably possible, a balance between the number of members representing Structural Fire Fund and Cash Contract cities.

The current Budget and Finance Committee members:

Allevato, Sam	San Juan Capistrano
Bressette, Randy (Vice Chair)	Laguna Hills
Kelley, Trish	Mission Viejo
McCloskey, Jerry	Laguna Niguel
Murray, Al	Tustin*
Swift, Elizabeth (Chair)	Buena Park*
Weinberg, Steven	Dana Point
Channing, Bruce (Ex Officio) City Manager	Laguna Hills

There are no authorized alternates for the Budget and Finance Committee.

• ***Planning and Operations***

The Planning and Operations Committee advises staff and makes recommendations to the Board of Directors on matters related to new facilities planning and development; apparatus and vehicle replacement planning; level of service provided, including fire prevention and suppression programs and emergency medical care; emergency communications systems planning; and disaster response planning.

In 1999, the committees had developed a history of frequent cancellations and the inability to take formal actions due to a lack of quorum at the meetings. At its March 23, 2000, meeting, the Board disbanded the Administration & Personnel and Planning & Operations Committees and merged the responsibilities of both of these committees into those of the Executive Committee. It was also at this meeting that the Board adopted the current membership of the Executive Committee.

At its September 24, 2009, meeting, the Board approved the establishment of the Claims Settlement Committee to delegate authority to settle pre-litigation claims and lawsuits.

· **Claims Settlement Committee**

The Claims Settlement Committee has the authority to settle workers' compensation claims for amounts over \$50,000, not to exceed \$250,000, exclusive of any statutorily required future medical payments; settle non-workers' compensation claims for amounts over \$50,000, not to exceed \$250,000; and advise and recommend to OCFA's attorney of record the settlement of any lawsuit in an amount not to exceed \$250,000. (The Board authorized that settlements below the \$50,000 threshold may be authorized by the Fire Chief or his written designee, and settlement amounts above the \$250,000 threshold require Board authorization.) The Committee was established with the following five-members: the Board Chair and Vice Chair, the Budget and Finance Committee Chair, the Fire Chief, and Human Resources Director. The alternates are the Deputy Fire Chief in the absence of the Fire Chief, the Risk Manager in the absence of the Human Resources Director, and in the absence of a member of the Board of Directors the absent member may designate in writing, filed with the Clerk of the Authority, an alternate Director from the Executive Committee.

The current Claims Settlement members:

Weinberg, Steven (Chair)	Dana Point
Murray, Al (Vice Chair)	Tustin*
Swift, Elizabeth (BFC Chair)	Buena Park*
Richter, Keith/Kinoshita, Craig (Altn)	Fire Chief/Deputy Chief (Altn)
Janet Wells/Wilby, Jonathan (Altn)	Interim Human Resources Director/Risk Mgr. (Altn)

At its meeting of January 23, 2014, the Board established the Human Resources Committee, that basically replaced the prior Administration and Personnel Committee to review matters relating to Human Resources in greater detail, and to enable more time to be spent on these matters prior to making recommendations to the full Board, and allow an additional opportunity for Director's participation.

· **Human Resources Committee**

The Human Resources Committee advises the staff and makes recommendations to the Board of Directors on matters regarding human resources policies; job class specifications; compensation programs; benefit changes and renewals; labor negotiations; staff training, development and recognition programs; succession planning; risk management and workers' compensation policies; and development of management/performance evaluation and information systems (Attachment 4). This Committee's membership will consist of seven Directors appointed in the same manner as the Budget and Finance Committee.

A recruitment was undertaken for this newly formed committee; however, to date only four Directors have volunteered their services. In light of these recruitment results, the Board may wish to take this opportunity to revisit its needs for this committee and/or potential dissolution.

It is at the Board's discretion to establish additional standing committees as needed.

Impact to Cities/County:

Not Applicable.

Fiscal Impact:

Dependent upon the direction of the Board. There is potential fiscal impact should the Board implement a stipend increase or institute new standing committees.

Staff Contacts for Further Information:

Lori Zeller, Assistant Chief/Business Services Department

lorigeller@ocfa.org

(714) 573-6020

Sherry Wentz, Clerk of the Authority

sherrywentz@ocfa.org

(714) 573-6041

Attachments:

1. Stipend Survey
2. Attendance Policy Matrix
3. 2012 Board Attendance Matrix
4. Human Resources Committee Protocol

2014 Organizations Stipend Survey

Agency	Meeting Schedule	Stipend	Mileage Reimbursement	Number of Board Officials	Notes
California Joint Powers Insurance Authority 8081 Moody, La Palma 90623 (800) 229-2343	3 rd Wednesday of July	\$100.00	For any miles over 100.	122	Hotel reimbursed up to \$200.
Orange County Council of Governments 550 S. Main Street, Orange 92868 (714) 560-5613	4 th Thursday of month	None	No	20, additional 8 ex officio non voting	
Orange County Library Advisory Board 1501 St. Andrew Place, Santa Ana 92702 (714) 566-3040	As needed	None	No	26	
Orange County Sanitation District 10844 Ellis Avenue, Fountain Valley 92708 (714) 962-2411	4 th Wednesday of month	\$212.50 per meeting	Yes	25	Maximum 6 meetings per month. Chair gets stipend for up to 10 meetings per month.
Orange County Transportation Authority 550 S. Main Street. Orange 92863 (714) 560-6282	2 nd & 4 th Mondays of month	\$100.00 per meeting	Yes	18 – 17 voting, 1 ex officio	\$500.00 Max per month. Ex Officio does not get stipend
Orange County Vector Control 13001 Garden Grove Boulevard Garden Grove 92843 (714) 971-2421	3 rd Thursday of month	\$100.00 per meeting	No	35	Maximum of 12 meetings per year. Max of \$1,200.00 per year.
Orange County Water District 18700 Ward Street Fountain Valley, CA 92708 (714) 378-3200	1 st & 3 rd Wednesdays	\$221.12 per day	No	10	Up to 10 meetings a month with multiple meetings on same day.
Southern CA Association of Governments 818 West 7 th , 12 th Floor Los Angeles 90017 (213) 236-1858	1 st Thursday of month	\$120.00 per month	Yes	84	May have 5 regular meetings per month; \$120 max per month.
Transportation Corridor System 125 Pacifica #120, Irvine 92619 (949) 754-3492	2 nd Thursday of month	\$120.00 per meeting	Yes	24	Max of 18 meetings per quarter.
Orange County Fire Authority	4 th Thursday of month	\$100 per day	No	25	\$300.00 Max per month

2014 Attendance Policy Survey

Agency	Notes
California Joint Powers Insurance Authority 8081 Moody, La Palma 90623 (800) 229-2343	No policy
Orange County Council of Governments 550 S. Main Street, Orange 92868 (714) 560-5613	No policy
Orange County Library Advisory Board 1501 St. Andrew Place, Santa Ana 92702 (714) 566-3040	Bylaws: Any member who fails to attend three (3) consecutive regular meetings of the Board without previous notice of excuse to the Chair or Secretary shall automatically vacate their position.
Orange County Sanitation District 10844 Ellis Avenue, Fountain Valley 92708 (714) 962-2411	
Orange County Transportation Authority 550 S. Main Street. Orange 92863 (714) 560-6282	No policy
Orange County Vector Control 13001 Garden Grove Boulevard Garden Grove 92843 (714) 971-2421	No policy. However, if a board member misses 2 meetings, the office will place a courtesy call to the board member. After 3 missed meetings a letter is sent to the board members city.
Orange County Water District 18700 Ward Street Fountain Valley, CA 92708 (714) 378-3200	No policy
Southern CA Association of Governments 818 West 7 th , 12 th Floor Los Angeles 90017 (213) 236-1858	No policy
Transportation Corridor System 125 Pacifica #120, Irvine 92619 (949) 754-3492	
Orange County Fire Authority	No policy

Orange County Fire Authority
BOARD MEMBER ATTENDANCE 2013 (12 Board Meetings)

Meetings Attended/Meetings Eligible to Attend

Agency	Director Alternate	Total By Individual	Total By Agency
Aliso Viejo	Phillip Tsunoda	9/12	10/12
	Ross Chun	1/03	
Buena Park *	Elizabeth Swift	11/12	11/12
	Miller Oh	0/01	
Cypress	Robert Johnson	11/12	11/12
	Doug Bailey	0/01	
Dana Point	Steven Weinberg	11/12	11/12
	William Brough	0/01	
Irvine	Jeffery Lalloway	10/12	10/12
	Steven Choi	0/02	
La Palma	Gerard Goedhart	12/12	12/12
	Peter Kim	0/0	
Laguna Hills	Randal Bressette	9/12	11/12
	Dore Gilbert	2/03	
Laguna Niguel	Jerry McCloskey	11/12	11/12
	Linda Lindholm	0/01	
Laguna Woods	Noel Hatch	10/12	11/12
	Cynthia Conners	1/02	
Lake Forest	Kathryn McCullough	12/12/	12/12
	Peter Herzog	0/00	
Los Alamitos	Warren Kusumoto	9/12	10/12
	Gerri Mejia	1/03	
Mission Viejo	Trish Kelley	11/12	11/12
	Dave Leckness	0/01	
Placentia *	Joe Aguirre	11/12	11/12
	Chad Wanke	0/01	
Rancho Santa Margarita	Carol Gamble	11/12	11/12
	Jessie Petrilla	0/01	
San Clemente*	Bob Baker	9/12	9/12
	Jim Evert	0/03	
SJC	Sam Allevato	7/12	8/12
	John Taylor	1/05	
Santa Ana*	Sal Tinajero	3/12	7/12
	Angelica Amezcua	4/09	
Seal Beach *	David Sloan	8/12	9/12
	Gordon Shanks	1/04	
Stanton *	David Shawver	11/12	11/12
	Carol Warren	0/01	
Tustin *	Al Murray	11/12	11/12
	Charles Puckett	0/01	
Villa Park	Rick Barnett	12/12	12/12
	Brad Reese	0/00	
Westminster *	Tri Ta	10/12	10/12
	Sergio Contreras	0/02	
Yorba Linda	Gene Hernandez	9/12	10/12
	Craig Young	1/03	
County of Orange	Pat Bates	6/12	10/12
	Janet Nguyen	1/07	
County of Orange	Todd Spitzer	8/11	9/11
	Janet Nguyen	1/03	

R=Regular Meeting S=Special Meeting * =Cash Contract City

Human Resources Committee Protocol

Background Information

- The Human Resources (HR) Committee shall be considered a Standing Committee, as defined by Rule 10 (a) of the Board of Directors Rules of Procedure.
- The HR Committee reports directly to the Board of Directors.
- The Human Resources Committee shall consist of seven members of the Board of Directors. The Chair shall make all appointments to the Human Resources Committee. Appointments to the Human Resources Committee shall be made in such a manner as to achieve, as close as reasonably possible, a balance between the number of members representing Structural Fire Fund and Cash Contract cities.
- At the first meeting of the Human Resources Committee following the annual election of the Chair and Vice Chair of the Board of Directors, the Directors assigned to the Human Resources Committee shall elect from its members a Chair and Vice Chair of the Committee.
- The Committee shall meet at the Regional Fire Operations & Training Center, with the designated-recurring meeting dates and times to be established by the Committee.

Committee Mission/Purpose

The Human Resources Committee advises the staff and makes recommendations to the Board of Directors on matters regarding human resources policies; job class specifications; compensation programs; benefit changes and renewals; labor negotiations; staff training, development and recognition programs; succession planning; risk management and workers' compensation policies; and development of management/performance evaluation and information systems.

Committee Guidelines

This section contains the operating philosophy of the Committee, its policy and decision-making responsibilities, staff involvement, the Committee's relationship to other committees and the Board of Directors, and other details about Committee activities.

Operating Philosophy, Policy-Making and Oversight Responsibilities

- A broad regional perspective will be applied to issues coming before the Committee to achieve the mission of the Committee as well as the Authority.
- The Authority's mission and goals relevant to human resources issues will be periodically revisited by the Committee.
- The Committee will convey proposed revisions for its structure or oversight responsibilities for consideration by the Board of Directors.
- The Committee will consider whether issues should:
 - remain with the review jurisdiction of the Committee as an advisory item only
 - be referred to the Executive Committee
 - be referred to the Board of Directors
- *All policy matters or matters requiring budget adjustments shall be referred to the Board of Directors.*

Human Resources Committee Protocol

Staff Liaison, Agenda Materials & Staff Presentations

- The Human Resources Director will serve as the primary Staff Liaison to the Committee.
- Items shall be included on the Committee's agenda only with the approval of the Committee Chair or Staff Liaison.
- Written and oral reports by staff will be used in presenting issues to the Committee.
- An executive summary followed by sufficient backup material will be used to describe the major issues of the item and form the basic model of agenda material coming before the Committee.

**REPORTS – AGENDA ITEM NO. 11
BOARD OF DIRECTORS MEETING
March 27, 2014**

CHIEF'S REPORT

1. Customer Satisfaction Survey Results by City - February 2014
2. Chief's Monthly Report dated March 18, 2014

CUSTOMER SATISFACTION SURVEY

Attachment 1

Data by City for February 1 - 28, 2014

CITY/AREA	FORMS SENT	FORMS RETURNED *	PERCENT RETURNED *	AVERAGE RATING
Aliso Viejo	92	24	26.09%	99.24%
Buena Park	210	36	17.14%	97.51%
Coto de Caza	17	6	35.29%	97.02%
Cypress	97	34	35.05%	93.34%
Dana Point	121	23	19.01%	95.41%
El Modena	4	2	50.00%	96.43%
Emerald Bay	0	0		
Irvine	501	92	18.36%	97.35%
La Palma	49	10	20.41%	98.13%
Ladera Ranch	24	9	37.50%	96.03%
Laguna Hills	128	25	19.53%	97.54%
Laguna Niguel	181	47	25.97%	97.36%
Laguna Woods	220	86	39.09%	96.69%
Lake Forest	166	53	31.93%	98.15%
Los Alamitos	49	13	26.53%	98.05%
Las Flores	7	0		
Midway City	18	3	16.67%	100.00%
Mission Viejo	294	112	38.10%	96.69%
Modjeska Canyon	1	0		
Orange Park Acres	3	0		
Placentia	117	29	24.79%	96.85%
Portola Hills	0	0		
Rancho Santa Margarita	83	30	36.14%	96.73%
Rossmoor	20	10	50.00%	98.57%
San Clemente	140	40	28.57%	97.50%
San Juan Capistrano	115	38	33.04%	97.10%
Santa Ana	746	115	15.42%	95.79%
Santa Ana Heights	18	3	16.67%	98.81%
Santiago Canyon	1	0		
Seal Beach	154	61	39.61%	95.73%
Silverado Canyon	1	1	100.00%	89.29%
Stanton	96	10	10.42%	100.00%
Trabuco Canyon	9	2	22.22%	83.93%
Tustin	200	29	14.50%	96.06%
Villa Park	11	4	36.36%	99.11%
Westminster	245	52	21.22%	94.32%
Yorba Linda	152	42	27.63%	97.50%
Non-OCFA cities	87	22	25.29%	96.60%
TOTALS/AVERAGE	4,377	1,063	24.29%	96.53%

* Forms Returned and Percent Returned include forms sent in prior months, received this month.

Orange County Fire Authority
Executive Management

MEMO

DATE: March 18, 2014
TO: OCFA Board of Directors
FROM: Keith Richter, Fire Chief
SUBJECT: **Chief's Monthly Report**

Communications

- Received final report from SAE Communications with their recommendations for improving agency communications
- Developed job specification for Director of Communications
- Established standard time for morning conference call for each field battalion
- Initiated ad hoc conference calls with chief officers to provide timely information and feedback to and from the Operations Department
- I continue to meet weekly with a mid-level manager to discuss their section and learn more about the issues and challenges each of them is currently facing

Awareness

- I had an initial meeting with field personnel to discuss the action plan and have an opportunity for face-to-face discussion. Due to the current level of emotion resulting from the Standard of Coverage report, I have decided to delay meeting about the action plan and will instead give updates through other formats.
- Electronic calendar and station log application continues to be field tested. The primary staff person working on the project has left the agency, so IT staff is working to replace him for work on this project.
- I met with Human Resources staff to review the objectives of the action plan. I explained to them the three core themes of “risk reduction,” “readiness,” and “response” and how these themes apply to their activities in the agency.

Structure

- We have developed a draft policy to standardize the morning activities for fire station personnel. This will improve communications and provide consistency on expectations for station activities. Our labor groups have been given the opportunity to review the policy and discuss any impacts on our staff.
- We have implemented a revised organizational structure in the CRR Department to better align our chain of command.
- The timeline for our Fire Marshal recruitment is established and under way
- A job offer was accepted by Mr. Jeremy Hammond to be our Human Resources Director. He will begin work on April 7th.
- The final draft report from Management Partners will be presented to the Board in March. Upon Board approval, the report will be presented in open session during the April Board meeting.

Accountability

- Pilot testing of an electronic dashboard for managers continues and new modules for the tool are under development.
- The weekly Comparative Statistics (CompStat) report presented to Executive Management continues. The rotating schedule has reviewed both operational and support functions within the OCFA.
- The RFP to purchase a new performance appraisal system is nearing completion and will be released to prospective vendors.

Change Management

- The Standard of Coverage and Deployment report will create questions and concerns from multiple stakeholders. This will require a concerted effort to discuss what changes are needed, possible options to achieve the desired outcomes, and timelines associated with a recommended change. We anticipate this process will take significant time and will be an open project for several years.