



# ORANGE COUNTY FIRE AUTHORITY AGENDA

## Budget and Finance Committee Meeting

Wednesday, March 12, 2014

12:00 Noon

### Orange County Fire Authority Regional Fire Operations and Training Center

1 Fire Authority Road

Room AE117

Irvine, California 92602

Elizabeth Swift, Chair

Randal Bressette, Vice Chair

Sam Allevato Trish Kelley Jerry McCloskey Al Murray Steven Weinberg

Bruce Channing - Ex Officio

*Unless legally privileged, all supporting documentation and any writings or documents provided to a majority of the Budget and Finance Committee 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 2<sup>nd</sup> 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. Supporting documents, including staff reports, are available for review at the Orange County Fire Authority Regional Fire Operations and 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 8:00 a.m. to 5:00 p.m.

If you wish to speak before the Budget and Finance Committee, please complete a Speaker Form identifying which item(s) you wish to address. Please return the completed form to the Clerk of the Authority. Speaker Forms are available on the counter noted in the meeting 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. Notification 48 hours prior to the meeting will enable the Authority to make reasonable arrangements to assure accessibility to the meeting.

## CALL TO ORDER

PLEDGE OF ALLEGIANCE by Director Weinberg

## ROLL CALL

## PUBLIC COMMENTS

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

## MINUTES

### 1. **Minutes for the February 5, 2014, Budget and Finance Committee Meeting**

Submitted by: Sherry Wentz, Clerk of the Authority

Recommended Action:

Approve as submitted.

## CONSENT CALENDAR

### 2. **Monthly Investment Reports**

Submitted by: Patricia Jakubiak, Treasurer

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of March 27, 2014. with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

### 3. **Monthly Status Update – Orange County Employees' Retirement System**

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

Recommended Action:

Receive and file the report.

## DISCUSSION CALENDAR

### 4. **Orange County Employees' Retirement System – Direct Lending**

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

Recommended Actions:

Receive and file the report.

**5. Request for Proposal No. MD1902- Bond, Tax and Disclosure Counsel**  
Submitted by: Lori Zeller, Assistant Chief, Business Services Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of March 27, 2014, with the Budget and Finance Committee's recommendation that the Executive Committee Approve and authorize the Fire Chief to sign the Professional Services Agreement for bond, tax and disclosure counsel with Hawkins Delafield & Wood LLP for an initial term of one (1) year for a not-to-exceed amount of \$42,950 plus costs for publications necessary for public sale of Tax and Revenue Anticipation Notes (TRANS) and any reports necessary for the Official Statement (e.g., Overlapping Debt Report) with the option of two (2) additional one-year extensions subject to increases based on Consumer Price Index (CPI) with a not-to-exceed amount of 3% per year.

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

Recommended Action:

Review the proposed agenda item and direct staff to place this item on the agenda for the Board of Directors meeting of March 27, 2014, with the Budget and Finance Committee's recommendation that the Board of Directors approved the submitted changes to the Roles/Responsibilities/Authorities Matrix.

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

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 27, 2014, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

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

**REPORTS**

No items.

**COMMITTEE MEMBER COMMENTS**

**ADJOURNMENT** – The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, April 9, 2014, at 12:00 noon.

**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 Fire Operations and Training Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting. Dated this 6<sup>th</sup> day of March 2014.

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

**UPCOMING MEETINGS:**

Claims Settlement Committee Meeting	Thursday, March 27, 2014, 5:00 p.m.
Executive Committee Meeting	Thursday, March 27, 2014, 5:30 p.m.
Board of Directors Meeting	Thursday, March 27, 2014, 6:30 p.m.
Budget and Finance Committee Meeting	Wednesday, April 9, 2014, 12:00 noon

# MINUTES ORANGE COUNTY FIRE AUTHORITY

**Budget and Finance Committee Meeting**  
**Wednesday, February 5, 2014**  
**12:00 Noon**

**Regional Fire Operations and Training Center**  
**Room AE117**  
1 Fire Authority Road  
Irvine, CA 92602

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## CALL TO ORDER

A regular meeting of the Orange County Fire Authority Budget and Finance Committee was called to order on February 5, 2014, at 12:02 p.m. by Chair Swift.

## PLEDGE OF ALLEGIANCE

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

## ROLL CALL

**Present:** Sam Allevato, San Juan Capistrano  
Randal Bressette, Laguna Hills  
Trish Kelley, Mission Viejo  
Jerry McCloskey, Laguna Niguel  
Al Murray, Tustin  
Elizabeth Swift, Buena Park  
Steven Weinberg, Dana Point

**Absent:** None

### Also present were:

Fire Chief Keith Richter	General Counsel David Kendig
Deputy Chief Craig Kinoshita	Assistant Chief Brian Stephens
Assistant Chief Dave Thomas	Assistant Chief Lori Zeller
Clerk of the Authority Sherry Wentz	Assistant Clerk Lydia Slivkoff

## PUBLIC COMMENTS (X: 12.02B3)

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

## MINUTES

1. **Minutes for the January 8, 2014, Budget and Finance Committee Meeting** (F: 12.02B2)

On motion of Vice Chair Bressette and second by Director Murray, the Committee voted unanimously to approve the minutes of the January 8, 2014, Budget and Finance Committee Meeting, as submitted.

## CONSENT CALENDAR

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

On motion of Director Kelley and second by Vice Chair Bressette, the Committee voted unanimously to direct staff to place the item on the agenda for the Executive Committee meeting of February 27, 2014, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

3. **Second Quarter Financial Newsletter – July to December 2013** (F: 15.07)

On motion of Director Kelley and second by Vice Chair Bressette, the Committee voted unanimously to direct staff to place this item on the agenda for the Executive Committee meeting of February 27, 2014, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

4. **Monthly Status Update – Orange County Employees' Retirement System** (F: 17.06B)

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

## DISCUSSION CALENDAR

5. **Request for Proposal No. DC1857 - Third Party Workers' Compensation Administration & Managed Care Services** (F: 18.10A2)

Assistant Chief Zeller provided an overview on proposed Third Party Workers' Compensation Administration & Managed Care Services and introduced Interim Human Resources Director Janet Wells who provided a detailed PowerPoint presentation.

Public comments were received from Ken Gabrielson, Vice President, Orange County Professional Firefighters Association (OCPFA), Local 3631, in support of the Alternative Dispute Resolution (ADR) Program.

Public comments were received from Debbie Fredericks, Vice President, CorVel Corporation, in support of awarding the contract to CorVel Corporation. Ms. Fredericks also provided an overview of CorVel's services and facilities.

Public comments were received from Jody Gray, President, York Risk Services Group, opposing the contract award to CorVel Corporation. She indicated York stood by its points of protests, and declined the contract award to manage Traveler's claims.

A lengthy discussion ensued.

On motion of Director Kelley and second by Director Weinberg, the Committee voted unanimously to direct staff to place the item on the agenda for the Executive Committee meeting of March 27, 2014, with the Budget and Finance Committee's amendments and recommendations that the Executive Committee:

1. Approve and authorize the Fire Chief to sign the proposed Professional Services Agreement for TPA and MC Services with CorVel Corporation, effective June 1, 2014, for the initial term of five years and three additional one-year contract extensions.
  - a. The TPA pricing will be a fixed cost with annual adjustments for eight years as outlined in the updated pricing index (pricing reflects reduction of costs to exclude handling the 49 open indemnity claims).
  - b. The MC Services will be based on the agreed cost listed in the pricing index; the overall cost of these services is based on actual claims activity and bill volume (bill review, utilization review and nurse case management) for each category of service.
  - c. Allocated Expenses (attorney fees, copy service fees, interpreter fees) are not included in the claims administration fees and will be charged per the contracted rates.
2. Direct staff to return to the Budget and Finance Committee and the Executive Committee after one year of service to provide a status report and after two years of service (i.e., July 2016), to evaluate performance and the resulting contract costs under the new contract with CorVel Corporation.

## **6. OCFA 2014 Grants Status and Priorities (F: 11.10G)**

Assistant Chief Stephens introduced Legislative Analyst/Grants Manager Jay Barkman who provided an overview on the 2014 Grant Status and Priorities report.

On motion of Director Kelley and second by Vice Chair Bressette, the Committee voted unanimously to direct staff to place the item on the agenda for the Board of Directors meeting of February 27, 2014, with the Budget and Finance Committee's recommendation that the Board of Directors approve OCFA's grant priorities for 2014.

**7. Proposed Scope for Year Two of the Comprehensive Review of OCFA's Financial Internal Controls (F: 15.02A1)**

Assistant Chief Zeller introduced Finance Manager/Auditor Jim Ruane who provided an overview of the proposed scope for year two of the comprehensive review of OCFA's financial internal controls.

On motion of Director Murray and second by Vice Chair Bressette, the Committee voted unanimously to approve the following three areas to be included in the second year of the comprehensive internal control review:

1. Capital Assets and Inventory Control
2. Request for Proposals (RFP) Process
3. Advanced Life Support (ALS) Controlled Medications Accountability

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

Assistant Chief Zeller provided an overview of the disposition of the remaining Hazardous Materials Disclosure Fund Balance.

On motion of Director Kelley and second by Director Allevato, the Committee 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.

**REPORTS**

No items.

**COMMITTEE MEMBER COMMENTS**

Director Murray indicated he attended the OCFA's Best & Bravest Award Ceremony and commended Chief Richter, the nominees, and award recipients.

Chair Swift indicated she also attended the ceremony and commented on the memorial tribute to the Fire Apparatus Engineer Greg Hennessey.

Director Allevato attended the Saddleback Valley Elks 2013 Annual Firefighters and Law

Minutes

OCFA Budget and Finance Committee Meeting

February 5, 2014 Page - 4

Enforcement Appreciation Awards Dinner, and noted the camaraderie between the OCFA and Sheriff's Department.

Director Weinberg reported on his attendance at the OCFA's Best & Bravest Award Ceremony.

Chair Swift commended Battalion Chief Marc Stone for being well trained, and for following his instincts when he witnessed a damaged vehicle on his way to work. He located a bicyclist who was killed by a hit and run driver, and provided a description of the vehicle to law enforcement who was then able to pursue and arrest the driver.

Director McCloskey reported on his attendance at the Saddleback Valley Elks 2013 Annual Firefighters and Law Enforcement Appreciation Awards Dinner. He commented on the respect deputies and firefighters had for each other.

Director Kelley congratulated Assistant Chief Lori Zeller and Treasurer Tricia Jakubiak for being nominated as the Best & Bravest Manager of the year.

**ADJOURNMENT** – Chair Swift adjourned the meeting at 1:27 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, March 12, 2014, at 12:00 noon.

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

**CONSENT CALENDAR - AGENDA ITEM NO. 2**  
**BUDGET AND FINANCE COMMITTEE MEETING**  
**March 12, 2014**

TO: Budget and Finance Committee, Orange County Fire Authority

FROM: Patricia Jakubiak, Treasurer

SUBJECT: **Monthly Investment Reports**

Summary:

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

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of March 27, 2014, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

Background:

Attached is the final monthly investment report for the month ended January 31, 2014. A preliminary investment report as of February 21, 2014, is also provided as the most complete report that was available at the time this agenda item was prepared.

Impact to Cities/County:

Not Applicable.

Fiscal Impact:

Not Applicable.

Staff Contact for Further Information:

Patricia Jakubiak, Treasurer

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

(714) 573-6301

Attachment:

Final Investment Report – January 2014 / Preliminary Report – February 2014

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



***Final Report – January 2014***

***Preliminary Report – February 2014***



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

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***Orange County Fire Authority***

***Final Investment Report***

***January 31, 2014***



**EXECUTIVE SUMMARY**

***Portfolio Activity & Earnings***

During the month of January 2014, the size of the portfolio reversed and decreased significantly to \$135.5 million from \$180.1 million. Significant receipts for the month included various apportionments of property taxes and pass-through taxes, a cash contract payment, and intergovernmental contract and grant payments totaling \$15.6 million. Significant disbursements for the month included three biweekly payrolls (instead of the typical two per month) and a payment of \$29.2 million to OCERS for the prepayment of half of the retirement cost for the next fiscal year 2014/15. The portfolio's balance is expected to decrease further in the following month as there are no major receipts scheduled for February.

In January, the portfolio's yield to maturity (365-day equivalent) increased by 5 basis points to 0.29%. The effective rate of return, on the other hand, decreased slightly by 2 basis points to 0.27% for the month, and also edged down by 2 basis points to 0.32% for the fiscal year to date. The average maturity of the portfolio lengthened by 36 days to 223 days to maturity. Due to the persistently low interest rate environment, interest earnings have come in less than budgeted for the year. Thus, a reduction in interest earnings is being submitted for a mid-year budget adjustment.

***Economic News***

In January 2014, the U.S. economic activity stayed weak and mixed overall. Following a dismal December employment report, the January employment report showed a slight improvement; however, the overall employment conditions remained weak. There were a total of 113,000 new jobs added in January, a much weaker number than expected. Unemployment conditions, on the other hand, continued improving and declining by notch to 6.6%. Manufacturing activity decreased slightly while the non-manufacturing sector increased. Retail sales unexpectedly declined while consumer confidence measures were mixed for the month. Industrial production dropped in January. Housing activity stayed slow in January. On January 29, 2014, at the second day of the Federal Open Market Committee's scheduled meeting, the Committee voted to keep the federal funds rate unchanged at a target range of 0 – 0.25%. The Committee also decided to further "taper" its asset purchases beginning in February to \$65 billion per month from \$75 billion previously.



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

<i>3 Month T-Bill:</i> 0.04%	<i>1 Year T-Bill:</i> 0.12%
<i>6 Month T-Bill:</i> 0.07%	<i>LAIF:</i> 0.24%
<i>OCFA Portfolio:</i> 0.27%	

**PORTFOLIO SIZE, YIELD, & DURATION**

	<u><i>Current Month</i></u>	<u><i>Prior Month</i></u>	<u><i>Prior Year</i></u>
<i>Book Value-</i>	\$135,503,250	\$180,095,611	\$133,223,691
<i>Yield to Maturity (365 day)</i>	0.29%	0.24%	0.28%
<i>Effective Rate of Return</i>	0.27%	0.29%	0.25%
<i>Days to Maturity</i>	223	187	306



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

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

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

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Term</b>	<b>Days to Maturity</b>	<b>YTM/C 360 Equiv.</b>	<b>YTM/C 365 Equiv.</b>
Money Mkt Mutual Funds/Cash	5,237,327.98	5,237,327.98	5,237,327.98	3.82	1	1	0.001	0.001
Federal Agency Coupon Securities	45,000,000.00	44,849,490.00	45,004,739.17	32.79	1,292	641	0.586	0.594
Federal Agency Disc. -Amortizing	43,000,000.00	42,998,760.00	42,996,756.89	31.33	84	40	0.061	0.061
Local Agency Investment Funds	44,000,000.00	44,012,655.28	44,000,000.00	32.06	1	1	0.241	0.244
<b>Investments</b>	<b>137,237,327.98</b>	<b>137,098,233.26</b>	<b>137,238,824.04</b>	<b>100.00%</b>	<b>450</b>	<b>223</b>	<b>0.288</b>	<b>0.292</b>

<b>Cash</b>								
Passbook/Checking (not included in yield calculations)	(See Note 4 on page 9)	-1,254,874.82	-1,254,874.82	-1,254,874.82	0	0	0.000	0.000
<b>Total Cash and Investments</b>		<b>135,982,453.16</b>	<b>135,843,358.44</b>	<b>135,983,949.22</b>	<b>450</b>	<b>223</b>	<b>0.288</b>	<b>0.292</b>

<b>Total Earnings</b>	<b>January 31 Month Ending</b>	<b>Fiscal Year To Date</b>
Current Year	35,786.39	252,433.85
<b>Average Daily Balance</b>	<b>158,383,468.44</b>	<b>132,234,139.60</b>
<b>Effective Rate of Return</b>	<b>0.27%</b>	<b>0.32%</b>

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

*Patricia Jakubak*  
 Patricia Jakubak, Treasurer      2/7/14

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

Book Value of Cash & Investments before GASB 31 (Above)	\$ 135,983,949.22
GASB 31 Adjustment to Books (See Note 3 on page 9)	\$ (480,699.41)
<b>Total</b>	<b>\$ 135,503,249.81</b>

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

(See Note 1 on page 9)

(See Note 2 on page 9)

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity	Maturity Date
<b>Money Mkt Mutual Funds/Cash</b>											
SYS528	528	High Mark 100% US Treasury MMF		(See Note 4 on page 9)	5,237,327.98	5,237,327.98	5,237,327.98	0.001	0.001	1	
<b>Subtotal and Average</b>			<b>8,414,306.77</b>		<b>5,237,327.98</b>	<b>5,237,327.98</b>	<b>5,237,327.98</b>		<b>0.001</b>	<b>1</b>	
<b>Commercial Paper Disc. -Amortizing</b>											
<b>Subtotal and Average</b>			<b>1,677,396.99</b>								
<b>Federal Agency Coupon Securities</b>											
3133ECBT0	799	Federal Farm Credit Bank (Callable anytime)		12/26/2012	9,000,000.00	9,000,090.00	9,000,000.00	0.375	0.375	510	06/26/2015
3133ECM76	809	Federal Farm Credit Bank (Callable anytime)		04/25/2013	9,000,000.00	8,973,810.00	8,995,314.48	0.400	0.424	811	04/22/2016
3133804V6	787	Fed Home Loan Bank (Callable anytime)		08/09/2012	6,000,000.00	5,982,360.00	6,000,000.00	1.000	0.981	1,285	08/09/2017
3133813R4	800	Fed Home Loan Bank (Callable 2-9-14)		12/20/2012	9,000,000.00	8,893,710.00	9,011,117.23	1.000	0.883	8	11/09/2017
313382DC4	803	Fed Home Loan Bank (Callable anytime)		03/15/2013	12,000,000.00	11,999,520.00	11,998,307.46	0.470	0.477	765	03/07/2016
<b>Subtotal and Average</b>			<b>45,004,740.55</b>		<b>45,000,000.00</b>	<b>44,849,490.00</b>	<b>45,004,739.17</b>		<b>0.594</b>	<b>641</b>	
<b>Federal Agency Disc. -Amortizing</b>											
313385TB2	813	Fed Home Loan Bank		12/19/2013	7,000,000.00	6,999,930.00	6,999,949.39	0.020	0.021	13	02/14/2014
313385TG1	814	Fed Home Loan Bank		12/19/2013	9,000,000.00	8,999,910.00	8,999,730.00	0.060	0.062	18	02/19/2014
313385UF1	815	Fed Home Loan Bank		12/19/2013	9,000,000.00	8,999,820.00	8,999,385.00	0.060	0.062	41	03/14/2014
313385UV6	816	Fed Home Loan Bank		12/19/2013	9,000,000.00	8,999,730.00	8,998,900.00	0.080	0.082	55	03/28/2014
313385VK9	817	Fed Home Loan Bank		12/19/2013	9,000,000.00	8,999,370.00	8,998,792.50	0.070	0.072	69	04/11/2014
<b>Subtotal and Average</b>			<b>53,479,539.49</b>		<b>43,000,000.00</b>	<b>42,998,760.00</b>	<b>42,998,766.89</b>		<b>0.061</b>	<b>40</b>	
<b>Local Agency Investment Funds</b>											
SYS336	336	Local Agency Invstmnt Fund			44,000,000.00	44,012,655.28	44,000,000.00	0.244	0.244	1	
<b>Subtotal and Average</b>			<b>49,807,484.64</b>		<b>44,000,000.00</b>	<b>44,012,655.28</b>	<b>44,000,000.00</b>		<b>0.244</b>	<b>1</b>	
<b>Total and Average</b>			<b>158,383,468.44</b>		<b>137,237,327.98</b>	<b>137,098,233.26</b>	<b>137,238,824.04</b>		<b>0.292</b>	<b>223</b>	

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

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
<b>Money Mkt Mutual Funds/Cash</b>										
SYS10104	10104	American Benefit Plan Admin		07/01/2013	15,000.00	15,000.00	15,000.00		0.000	1
SYS10033	10033	Revolving Fund		07/01/2013	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank of California		07/01/2013	-1,539,874.82	-1,539,874.82	-1,539,874.82	(See Note 4 on page 9)	0.000	1
SYS361	361	YORK		07/01/2013	250,000.00	250,000.00	250,000.00		0.000	1
		<b>Average Balance</b>	<b>0.00</b>							<b>0</b>
<b>Total Cash and Investments</b>			<b>158,383,468.44</b>		<b>135,982,453.16</b>	<b>135,843,358.44</b>	<b>135,983,949.22</b>		<b>0.292</b>	<b>223</b>

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**ORANGE COUNTY FIRE AUTHORITY**  
**Aging Report**  
**By Maturity Date**  
**As of February 1, 2014**

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

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value	
Aging Interval:	0 days	( 02/01/2014 - 02/01/2014 )	6 Maturities	0 Payments	47,982,453.16	35.29%	47,982,453.16	47,995,108.44
Aging Interval:	1 - 30 days	( 02/02/2014 - 03/03/2014 )	2 Maturities	0 Payments	16,000,000.00	11.77%	15,999,679.39	15,999,840.00
Aging Interval:	31 - 60 days	( 03/04/2014 - 04/02/2014 )	2 Maturities	0 Payments	18,000,000.00	13.24%	17,998,285.00	17,999,550.00
Aging Interval:	61 - 91 days	( 04/03/2014 - 05/03/2014 )	1 Maturities	0 Payments	9,000,000.00	6.62%	8,998,792.50	8,999,370.00
Aging Interval:	92 - 121 days	( 05/04/2014 - 06/02/2014 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	122 - 152 days	( 06/03/2014 - 07/03/2014 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	153 - 183 days	( 07/04/2014 - 08/03/2014 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	184 - 274 days	( 08/04/2014 - 11/02/2014 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	275 - 365 days	( 11/03/2014 - 02/01/2015 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	366 - 1095 days	( 02/02/2015 - 01/31/2017 )	3 Maturities	0 Payments	30,000,000.00	22.06%	29,993,621.94	29,973,420.00
Aging Interval:	1096 - 1825 days	( 02/01/2017 - 01/31/2019 )	2 Maturities	0 Payments	15,000,000.00	11.04%	15,011,117.23	14,876,070.00
Aging Interval:	1826 days and after	( 02/01/2019 - )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
<b>Total for</b>			<b>16 Investments</b>	<b>0 Payments</b>		<b>100.00</b>	<b>135,983,949.22</b>	<b>135,843,358.44</b>



**NOTES TO PORTFOLIO MANAGEMENT REPORT**

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The Union Bank Trust Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year end. The adjustment for June 30, 2013 includes an increase of \$13,660 to the LAIF investment and a decrease of \$(494,359) to the remaining investments.
- Note 4: The Highmark money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.



## *Local Agency Investment Fund (LAIF)*

As of January 31, 2014, OCFA has \$44,000,000 invested in LAIF. The fair value of OCFA's LAIF investment is calculated using a participant fair value factor provided by LAIF on a quarterly basis. The fair value factor as of December 31, 2013 is 1.00028762. When applied to OCFA's LAIF investment, the fair value is \$44,012,655 or \$12,655 above cost. Although the fair value of the LAIF investment is higher than cost, OCFA can withdraw the actual amount invested at any time.

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





***Orange County Fire Authority***  
***Preliminary Investment Report***  
***February 21, 2014***



**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Summary**  
**February 21, 2014**

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

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

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	14,103,364.05	14,103,364.05	14,103,364.05	11.10	1	1	0.001	0.001
Federal Agency Coupon Securities	45,000,000.00	44,878,560.00	45,004,737.12	35.41	1,292	626	0.586	0.594
Federal Agency Disc. -Amortizing	27,000,000.00	26,999,280.00	26,998,180.00	21.24	99	34	0.071	0.072
Local Agency Investment Funds	41,000,000.00	41,011,792.42	41,000,000.00	32.26	1	1	0.241	0.244
<b>Investments</b>	<b>127,103,364.05</b>	<b>126,992,996.47</b>	<b>127,106,281.17</b>	<b>100.00%</b>	<b>479</b>	<b>229</b>	<b>0.300</b>	<b>0.305</b>
<b>Cash</b>								
Passbook/Checking (not included in yield calculations)	1,417,197.73	1,417,197.73	1,417,197.73		1	1	0.000	0.000
<b>Total Cash and Investments</b>	<b>128,520,561.78</b>	<b>128,410,194.20</b>	<b>128,523,478.90</b>		<b>479</b>	<b>229</b>	<b>0.300</b>	<b>0.305</b>

Total Earnings	February 21 Month Ending	Fiscal Year To Date
Current Year	23,549.16	275,983.01
Average Daily Balance	133,364,108.39	132,334,687.67
Effective Rate of Return	0.31%	0.32%

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

*Patricia Jakubiak* 2/28/14  
 Patricia Jakubiak, Treasurer

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

Book Value of Cash & Investments before GASB 31 (Above)	\$ 128,523,478.90
GASB 31 Adjustment to Books (See Note 3 on page 18)	\$ (480,699.41)
<b>Total</b>	<b>\$ 128,042,779.49</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**February 21, 2014**

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

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity	Maturity Date
<b>Money Mkt Mutual Funds/Cash</b>											
SYS528	528	High Mark 100% US Treasury MMF			14,103,364.05	14,103,364.05	14,103,364.05	0.001	0.001	1	
<b>Subtotal and Average</b>			<b>6,457,077.14</b>		<b>14,103,364.05</b>	<b>14,103,364.05</b>	<b>14,103,364.05</b>		<b>0.001</b>	<b>1</b>	
<b>Federal Agency Coupon Securities</b>											
3133ECBT0	799	Federal Farm Credit Bank (Callable anytime)		12/26/2012	9,000,000.00	9,000,090.00	9,000,000.00	0.375	0.375	489	06/26/2015
3133ECM76	809	Federal Farm Credit Bank (Callable anytime)		04/25/2013	9,000,000.00	8,983,710.00	8,995,437.33	0.400	0.424	790	04/22/2016
3133804V6	787	Fed Home Loan Bank (Callable anytime)		08/09/2012	6,000,000.00	5,990,100.00	6,000,000.00	1.000	0.981	1,264	08/09/2017
3133813R4	800	Fed Home Loan Bank (Callable 3-9-14)		12/20/2012	9,000,000.00	8,904,420.00	9,010,945.31	1.000	0.883	15	11/09/2017
313382DC4	803	Fed Home Loan Bank (Callable anytime)		03/15/2013	12,000,000.00	12,000,240.00	11,998,354.48	0.470	0.477	744	03/07/2016
<b>Subtotal and Average</b>			<b>45,004,738.09</b>		<b>45,000,000.00</b>	<b>44,878,560.00</b>	<b>45,004,737.12</b>		<b>0.594</b>	<b>626</b>	
<b>Federal Agency Disc. -Amortizing</b>											
313385UF1	815	Fed Home Loan Bank		12/19/2013	9,000,000.00	8,999,910.00	8,999,700.00	0.080	0.082	20	03/14/2014
313385UV6	816	Fed Home Loan Bank		12/19/2013	9,000,000.00	8,999,820.00	8,999,320.00	0.080	0.082	34	03/28/2014
313385VK9	817	Fed Home Loan Bank		12/19/2013	9,000,000.00	8,999,550.00	8,999,160.00	0.070	0.072	48	04/11/2014
<b>Subtotal and Average</b>			<b>39,045,150.30</b>		<b>27,000,000.00</b>	<b>26,999,280.00</b>	<b>26,998,180.00</b>		<b>0.072</b>	<b>34</b>	
<b>Local Agency Investment Funds</b>											
SYS336	336	Local Agency Invstmt Fund			41,000,000.00	41,011,792.42	41,000,000.00	0.244	0.244	1	
<b>Subtotal and Average</b>			<b>42,857,142.86</b>		<b>41,000,000.00</b>	<b>41,011,792.42</b>	<b>41,000,000.00</b>		<b>0.244</b>	<b>1</b>	
<b>Total and Average</b>			<b>133,364,108.39</b>		<b>127,103,364.05</b>	<b>126,992,996.47</b>	<b>127,106,281.17</b>		<b>0.305</b>	<b>229</b>	

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**February 21, 2014**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
<b>Money Mkt Mutual Funds/Cash</b>										
SYS10104	10104	American Benefit Plan Admin		07/01/2013	15,000.00	15,000.00	15,000.00		0.000	1
SYS10033	10033	Revolving Fund		07/01/2013	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank of California		07/01/2013	1,132,197.73	1,132,197.73	1,132,197.73		0.000	1
SYS361	361	YORK		07/01/2013	250,000.00	250,000.00	250,000.00		0.000	1
		<b>Average Balance</b>	<b>0.00</b>							<b>1</b>
<b>Total Cash and Investments</b>			<b>133,364,108.39</b>		<b>128,520,561.78</b>	<b>128,410,194.20</b>	<b>128,523,478.90</b>		<b>0.305</b>	<b>229</b>

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**ORANGE COUNTY FIRE AUTHORITY**  
**Aging Report**  
**By Maturity Date**  
**As of February 22, 2014**

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

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				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value	
Aging Interval:	0 days	( 02/22/2014 - 02/22/2014 )	6 Maturities	0 Payments	56,520,561.78	43.98%	56,520,561.78	56,532,354.20
Aging Interval:	1 - 30 days	( 02/23/2014 - 03/24/2014 )	1 Maturities	0 Payments	9,000,000.00	7.00%	8,999,700.00	8,999,910.00
Aging Interval:	31 - 60 days	( 03/25/2014 - 04/23/2014 )	2 Maturities	0 Payments	18,000,000.00	14.00%	17,998,480.00	17,999,370.00
Aging Interval:	61 - 91 days	( 04/24/2014 - 05/24/2014 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	92 - 121 days	( 05/25/2014 - 06/23/2014 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	122 - 152 days	( 06/24/2014 - 07/24/2014 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	153 - 183 days	( 07/25/2014 - 08/24/2014 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	184 - 274 days	( 08/25/2014 - 11/23/2014 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	275 - 365 days	( 11/24/2014 - 02/22/2015 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	366 - 1095 days	( 02/23/2015 - 02/21/2017 )	3 Maturities	0 Payments	30,000,000.00	23.34%	29,993,791.81	29,984,040.00
Aging Interval:	1096 - 1825 days	( 02/22/2017 - 02/21/2019 )	2 Maturities	0 Payments	15,000,000.00	11.68%	15,010,945.31	14,894,520.00
Aging Interval:	1826 days and after	( 02/22/2019 - )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
<b>Total for</b>			<b>14 Investments</b>	<b>0 Payments</b>		<b>100.00</b>	<b>128,523,478.90</b>	<b>128,410,194.20</b>



**NOTES TO PORTFOLIO MANAGEMENT REPORT**

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The Union Bank Trust Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year end. The adjustment for June 30, 2013 includes an increase of \$13,660 to the LAIF investment and a decrease of \$(494,359) to the remaining investments.
- Note 4: The Highmark money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.

**CONSENT CALENDAR – AGENDA ITEM NO. 3  
BUDGET AND FINANCE COMMITTEE MEETING  
March 12, 2014**

TO: Budget and Finance Committee, Orange County Fire Authority

FROM: Lori Zeller, Assistant Chief  
Business Services Department

SUBJECT: **Monthly Status Update - Orange County Employees' Retirement System**

Summary:

This agenda item is submitted to provide a status update regarding steps taken during February 2014, to improve the Orange County Employees' Retirement System's (OCERS) financial policies, procedures, and practices.

Recommended Action:

Receive and file the report.

Background:

In 2010 and 2011, accounting issues were identified at OCERS impacting actuarial calculations of the value of assets and liabilities attributable to the various plan sponsors. The total accounting values at OCERS were correct, but the attribution of values to individual plan sponsors required adjustment. A large amount of work was performed by OCERS and plan sponsor staff members to correct the issues, and ongoing improvement plans were established by OCERS. Following these events, the OCFA's Budget and Finance Committee directed OCFA staff to provide routine updates to the Committee regarding financial activities occurring at OCERS.

*Actions Taken/Financial Policies & Practices – February 2014*

**OCERS BOARD OF RETIREMENT February 18, 2014:**

**CASHOUT ASSUMPTIONS (SECOND READING)**

When members take cashout of their Annual Leave (sick leave, vacation time, or compensatory time), there is an impact on retirement benefits, as the value of that cashout is added to the member's Final Average Salary and has an impact of increasing the value of the member's final retirement benefit.

Under current OCERS practice, the Cost-of-Living Adjustment (COLA) portion of that increased benefit is paid for equally by the employer and the employee in their contribution rates. However, the basic rate portion of the benefit is paid for entirely by the employer. At its meeting in September, the OCERS Board indicated its general support of including the cost of any cashout assumption in the basic member rate calculation, rather than continuing to add it as a factor to employer contribution rates. The Board did not take action however at their September meeting, so this item returned for further Board consideration on January 21.

Segal provided various matrices indicating the cost impact of this change on member contributions, which ran anywhere from an increase of .05% to .34%, depending upon the rate

group a member was participating in. A number of the Trustees expressed concern at that January meeting that this move to impose the cost on members had an inherent inequity that can't be adjusted for – in many cases line staff can only “cashout” 40 hours in a year, while managers are able to “cashout” a larger amount of hours, 80, 90 hours or more. Yet, both members would pay the same increase in member contributions. Those Trustees raising the concern felt this was an unfair subsidization of the cost by line staff. There was no immediate answer to this concern, the only suggestion coming up in the discussion being for plan sponsors to take up the inequity when negotiating individual MOUs.

In January, this item was only a receive and file, as by policy, when the OCERS Board considers a rule change that will impose a cost on members or plan sponsors, the rule is considered in two steps. The proposed policy change returned to the OCERS Board in February for final approval. The Board did not take action on this and asked staff to work with the actuary to find an equitable way to build this cost into employee rates. This will not impact the 2013 valuation.

#### **2014 COST OF LIVING ADJUSTMENT**

Government Code Section 31870.1 directs OCERS to adjust their retirement benefits based on increases or decreases in the Consumer Price Index. For 2013 the CPI for the Los Angeles-Riverside-Orange County area was 1.08%. Statute directs that OCERS round up or down to the nearest one-half of one percent, making this year's recommended COLA 1%.

OCFA staff will continue to monitor actions taken by OCERS to improve its financial policies and practices, and will report back in April regarding progress made during the next month.

#### Impact to Cities/County:

Not applicable.

#### Staff Contacts for Further Information:

Lori Zeller, Assistant Chief/Business Services Department

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

(714) 573-6020

Tricia Jakubiak, Treasurer

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

(714) 573-6301

#### Attachments:

None.

**DISCUSSION CALENDAR – AGENDA ITEM NO. 4**  
**BUDGET AND FINANCE COMMITTEE MEETING**  
**March 12, 2014**

TO: Budget and Finance Committee, 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.

Recommended Action:

Receive and file the report.

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:

Lori Zeller, Assistant Chief/Business Services Department

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

(714) 573-6020

Tricia Jakubiak, Treasurer

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

(714) 573-6301

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](mailto:mreicher@ocregister.com)**

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

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**MEMORANDUM**

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**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

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**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.*

## ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

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.

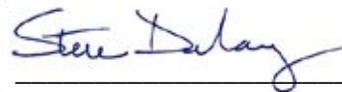
- If OCERS were to instead fund the second option, we would recommend that the Committee also approve additional allocations of \$10 million to Crescent Capital and \$5 million to NXT in order to bring our commitment to domestic direct lending to \$159 million and leave the \$60 million remainder of 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

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**A. TCP Firm Overview and Advantage**

**B. Senior Loan Strategy Opportunity**

**C. Appendix**

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# **TCP Firm Overview & Advantage**

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# Introduction

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- Tennenbaum Capital Partners, LLC (“TCP”) proposes to manage a fund of par or near-par 1<sup>st</sup> 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<sup>(1)</sup>
  - 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 1<sup>st</sup> lien, 2<sup>nd</sup> 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

<sup>(1)</sup> 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)<sup>(1)</sup>**

**Dedicated Senior Loan Vehicles (2012)**

**TCP Capital Corp. (NASDAQ:TCPC) (2012)<sup>(2)</sup>**

**Tennenbaum Opportunity Fund VI (2010)**

**DIP Fund (2009)**

**Tennenbaum Opportunity Fund V (2006)<sup>(3)</sup>**

**Special Value Continuation Fund (2006)\*,<sup>(3)</sup>**

**Special Value Expansion Fund (2004)<sup>(3)</sup>**

**Special Value Opportunity Fund (2004)<sup>(3)</sup>**

**Special Value Absolute Return Fund (2002) – Closed<sup>(3)</sup>**

**Special Value Bond Fund II (2000) – Closed<sup>(3)</sup>**

**Special Value Bond Fund I (1999) – Closed<sup>(3)</sup>**

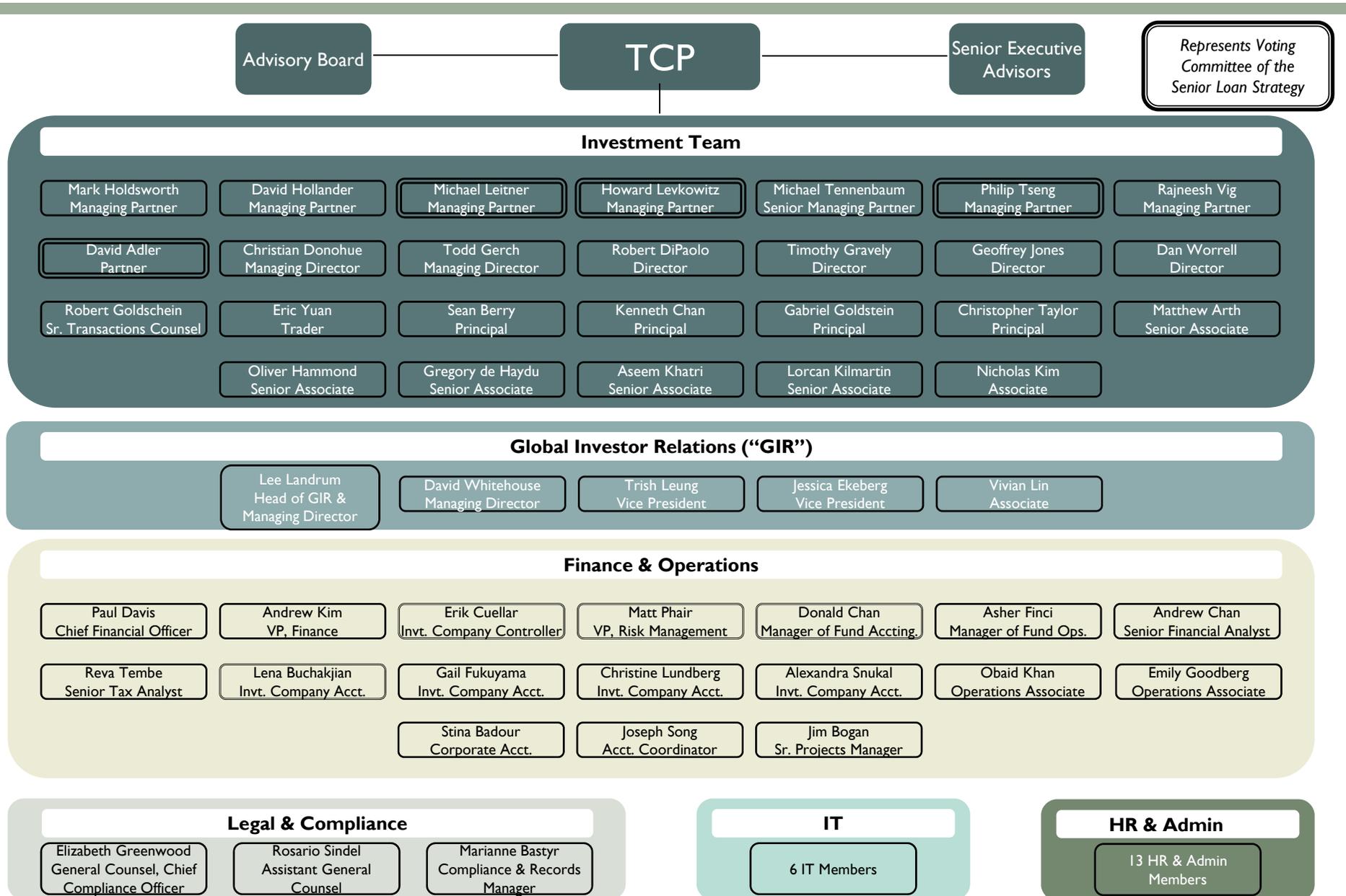
\* SVCF was converted into TCPC in April 2012

<sup>(1)</sup> Excludes distressed/special situations

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

<sup>(3)</sup> 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 1<sup>st</sup> Lien Investing

- TCP has had a long and extensive track record in middle-market 1<sup>st</sup> lien leveraged loans<sup>(1)</sup>
- 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 <sup>st</sup> Lien Performance Since Inception through 3/31/13 <sup>(2)</sup>			
(\$ 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 <sup>st</sup> Lien Performance of Investments Suitable for Loan Accounts Since Inception through 3/31/13 <sup>(2)</sup>			
(\$ 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 <sup>st</sup> Lien Special Situations Performance Since Inception through 3/31/13 <sup>(2)</sup>			
(\$ 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%

<sup>(1)</sup> 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

<sup>(2)</sup> Excludes secondary market purchases

# TCP Advantage for Senior Loans

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- **Extensive Experience & Track Record** – 17 year history investing in middle-market companies (1<sup>st</sup> 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

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- 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 (1<sup>st</sup> lien, 2<sup>nd</sup> 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

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# **Senior Loan Strategy Opportunity**

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# TCP Senior Loan Investment Strategy and Approach

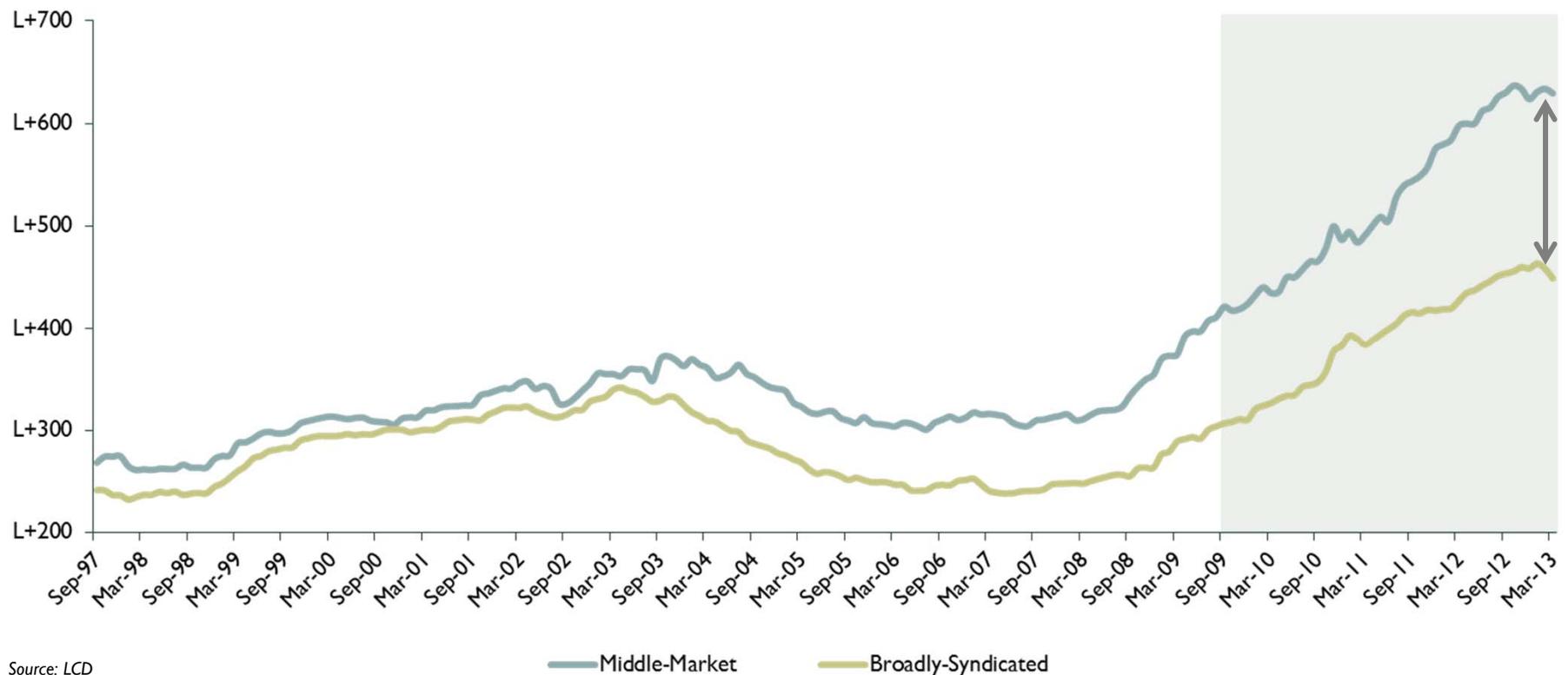
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- **Our investment focus follows our historical practice of originating, structuring and acquiring middle-market senior loans**
  - 1<sup>st</sup> lien senior secured only, with positive and negative covenants protecting structure and collateral
  - 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 <sup>(1,2,4)</sup>
  - 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 <sup>(1,3,4)</sup>
- Our Senior Loan Strategy clients pay us only when funds are invested and not based on committed capital

Current Portfolio of 1 <sup>st</sup> Lien Investments for Dedicated Accounts	
Average YTM <sup>(1)</sup>	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

<sup>(1)</sup> Based on cost basis as of May 10, 2013

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

<sup>(3)</sup> This vehicle does not permit investments other than 1<sup>st</sup> lien investments

<sup>(4)</sup> Past performance does not guarantee future returns

# TCP's Approach to our Investors

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- **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 2<sup>nd</sup> 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

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

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- **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 <sup>(1)</sup>	4.88%	8.62%	7.24%
Coupon <sup>(1)</sup>	4.83%	8.48%	7.70%
Yield to Maturity <sup>(1)</sup>	5.84%	8.56% <sup>(2)</sup>	6.28%
Years to Maturity <sup>(1)</sup>	4.82 years	4.78 years	6.56 years
Average Rating <sup>(1)</sup>	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

<sup>(1)</sup> Source: Credit Suisse Leveraged Loan Index and Credit Suisse High Yield Index II

<sup>(2)</sup> Based on market value

# Previously Submitted OCERS Investment Staff Questions

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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?

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# Appendix

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# Tennenbaum Waterman Fund Terms

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- 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<sup>(1)</sup>

<sup>(1)</sup> Past performance does not guarantee future returns

# Current 1<sup>st</sup> Lien Portfolio Detail

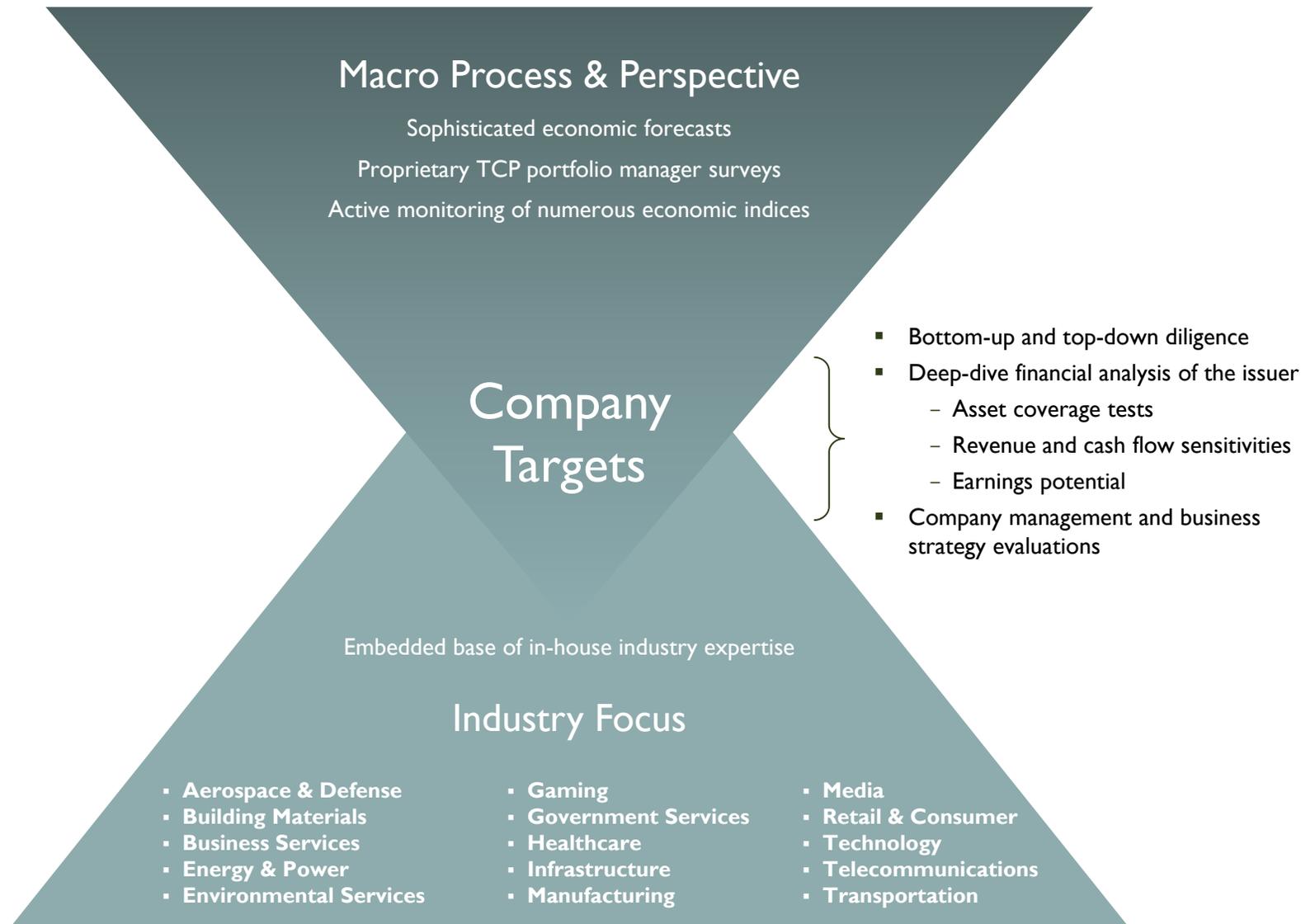
- Representative 1<sup>st</sup> lien debt acquisitions since establishment of dedicated Senior Loan Strategy vehicles

Issuer	Invested		Spread	OID	LIBOR	Total	YTM <sup>(1)</sup>	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
<b>Average/Weighted Average</b>	<b>5.7</b>		<b>7.2%</b>	<b>1.8%</b>	<b>1.24%</b>	<b>8.5%</b>	<b>8.9%</b>	

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

# Our Investment Approach

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# Case Study

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*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 <sup>st</sup> 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 <sup>(1)</sup>	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> <sup>(2)</sup></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> <sup>(2)</sup>						Revenue	\$46,383	\$54,273	\$57,879	\$57,840	\$216,375	EBITDA	923	4,053	4,180	583	9,739
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<sup>(1)</sup> 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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[www.tennenbaumcapital.com](http://www.tennenbaumcapital.com)

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[michael.leitner@tennenbaumcapital.com](mailto:michael.leitner@tennenbaumcapital.com)

**Lee R. Landrum**

Managing Director

Direct: 310-899-4949

[lee@tennenbaumcapital.com](mailto:lee@tennenbaumcapital.com)

# TCP Biographies

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## **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

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## **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

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## **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

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## **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

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## **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

**DISCUSSION CALENDAR - AGENDA ITEM NO. 5**  
**BUDGET AND FINANCE COMMITTEE MEETING**  
**March 12, 2014**

TO: Budget and Finance Committee, Orange County Fire Authority

FROM: Lori Zeller, Assistant Chief  
Business Services Department

SUBJECT: **Request for Proposal No. MD1902 - Bond, Tax and Disclosure Counsel**

Summary:

This agenda item is submitted for approval of a contract for bond, tax and disclosure counsel services with Hawkins Delafield & Wood LLP.

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of March 27, 2014, with the Budget and Finance Committee's recommendation that the Executive Committee Approve and authorize the Fire Chief to sign the Professional Services Agreement for bond, tax and disclosure counsel with Hawkins Delafield & Wood LLP for an initial term of one (1) year for a not-to-exceed amount of \$42,950 plus costs for publications necessary for public sale of Tax and Revenue Anticipation Notes (TRANs) and any reports necessary for the Official Statement (e.g., Overlapping Debt Report) with the option of two (2) additional one-year extensions subject to increases based on Consumer Price Index (CPI) with a not-to-exceed amount of 3% per year.

Background:

The Authority's Amended Joint Powers Agreement allows issuance of short-term tax and revenue anticipation notes with a one-year term (or shorter) upon a majority vote of the Board of Directors. The TRAN issuance is also in compliance with the Authority's Short Term Debt Policy adopted by the Board of Directors on March 22, 2007.

The purpose of TRANs is to provide cash liquidity in anticipation of property tax revenue to be received later in the year. The TRANs cover temporary cash flow deficits in the General Fund that result from timing differences between the receipt of revenues and disbursements. Property taxes represent 64% of General Fund revenue and are received primarily in April and December; however, disbursements occur relatively evenly throughout the year.

The financing team for the Orange County Fire Authority's (OCFA) 2014 TRAN issue includes legal counsel as discussed above and a financial advisor. The approval of a contract for financial advisory services is being done as a separate agenda item.

***Project Description***

The Treasury and Financial Planning Section utilize bond, tax and disclosure counsel services to assist with issuing a Tax and Revenue Anticipation Note (TRAN) for OCFA. The services required include the following:

### **Bond Counsel**

- Advising the Authority on various legal issues pertaining to structuring the transaction;
- Preparation/review of the authorizing resolution of the Authority, as applicable, and any other
- documents required for the issuance of the TRAN;
- Delivery of the opinion(s) of bond counsel, as required, including enforceability of the TRAN;
- Preparation and submission of forms and notices required by CDIAC and the IRS;
- Preparation of closing documents; and
- Coordination of pre-closing and closing, including preparation of transcripts in both hard copy
- and CD-ROM form for the Authority.

### **Tax Counsel**

- Advising the Authority on various tax issues pertaining to structuring the TRAN transaction;
- Delivery of the opinion(s) of tax counsel, as required, including exclusion of interest from
- gross income of bondholders for federal and California income tax purposes, if applicable;
- Preparation of the tax and non-arbitrage certificates.

### **Disclosure Counsel**

- Preparation of relevant disclosure documents required for the issuance of the TRAN,
- including the Preliminary Official Statement, final Official Statement, and Continuing Disclosure
- Certificate; and
- Delivery of the disclosure opinion, the 10(b)5 opinion

### ***RFP Facts & Figures***

Department: Treasury & Financial Planning  
Date RFP Issued: January 10, 2014  
Proposal Due Date: January 29, 2014

Vendors notified: 267  
Number of Proposals received: 5

### ***Proposal Evaluations***

A committee was formed to evaluate the proposals based upon the grading/selection criteria set forth in the RFP. The committee was comprised of the following members, and signed Committee Member Statements were received from all.

Treasurer, Treasury & Financial Planning, OCFA  
Assistant Treasurer, Treasury & Financial Planning, OCFA  
Budget Manager, Treasury & Financial Planning, OCFA

On January 29, 2014, proposals were received from the following vendors:

Fulbright & Jaworski LLP, a member of Norton Rose Fulbright
Hawkins Delafield & Wood LLP
Nixon Peabody LLP
Orrick, Herrington & Sutcliffe LLP
Polsinelli LLP

The criteria and weighting used in evaluating the proposals were as follows:

- Method of approach (10 points)
- Qualification and experience (30 points)
- Firm resources (20 points)
- Pricing (40 points)

The evaluation committee conducted their individual scoring of the proposals based on the criteria established in the RFP. The evaluation results are provided in Attachment 1. The scores demonstrated a clear separation between Hawkins Delafield & Wood LLP and the remaining four firms. The committee determined that an interview was not necessary based on the ranking. The committee recommended entering into exclusive negotiations with intent to recommend contract award to Hawkins Delafield & Wood LLP, the top ranked firm.

***Negotiations & Results***

Through exclusive negotiations, pricing terms and conditions were finalized for recommendation to the OCFA Budget and Finance Committee, as reflected in the proposed agreement (Attachment 2) and summarized in staff’s recommended action. The resulting bond, tax and disclosure counsel contract reflects a cost savings of \$5,050 from the initial offer.

The Purchasing and Materials Manager attests that the proposal and evaluation process was conducted in accordance with the OCFA’s Purchasing Ordinance and all applicable rules and regulations. Based upon the evaluation committee’s recommendation, it is recommended that the bond, tax and disclosure counsel services contract be awarded to Hawkins Delafield & Wood LLP.

**Impact to Cities/County:**

Not Applicable.

**Fiscal Impact:**

The cost for bond, tax and disclosure counsel services is for an amount not to exceed \$42,950 plus costs for publications necessary for public sale of Tax and Revenue Anticipation Notes (TRANS) and any reports necessary for the Official Statement (e.g., Overlapping Debt Report) with the option of two (2) additional one-year extensions subject to increases based on Consumer Price Index (CPI) with a not-to-exceed amount of 3% per year.

Staff Contacts for Further Information:

Debbie Casper, Purchasing Manager  
[debbiecasper@ocfa.org](mailto:debbiecasper@ocfa.org)  
(714) 573-6641

Tricia Jakubiak, Treasurer  
[triciajakubiak@ocfa.org](mailto:triciajakubiak@ocfa.org)  
(714) 573-6301

Attachments:

1. Results of Evaluation
2. Professional Services Agreement

**ORANGE COUNTY FIRE AUTHORITY**  
**MD1902 - Bond, Tax & Disclosure Counsel**

	Fulbright			Hawkins			Nixon Peabody			Orrick			Polsinelli		
<b>Cost Proposal</b>	<b>\$53,600.00</b>			<b>\$48,000.00</b>			<b>\$60,000.00</b>			<b>\$65,500.00</b>			<b>\$92,500.00</b>		
<b>Evaluators</b>	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
A. Method of Approach (10)	8	9	6	9	9	9	10	9	8	9	9	8	5	2	4
B. Qualifications & Experience (30)	22	30	22	25	30	25	20	15	20	30	30	30	15	5	18
C. Communication/Resources (20)	18	20	20	19	20	20	10	15	17	20	20	20	19	5	20
D. Proposed Costs (40)	36	36	36	40	40	40	32	32	32	29.2	29.2	29.2	20.8	20.8	20.8
<b>Sum of Proposal Scores</b>	<b>84.0</b>	<b>95.0</b>	<b>84.0</b>	<b>93.0</b>	<b>99.0</b>	<b>94.0</b>	<b>72.0</b>	<b>71.0</b>	<b>77.0</b>	<b>88.2</b>	<b>88.2</b>	<b>87.2</b>	<b>59.8</b>	<b>32.8</b>	<b>62.8</b>
<b>Individual Ranking</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Sum of Written Ranking</b>	<b>8</b>			<b>3</b>			<b>12</b>			<b>7</b>			<b>15</b>		

**ORANGE COUNTY FIRE AUTHORITY  
PROFESSIONAL SERVICES AGREEMENT**

THIS AGREEMENT FOR PROFESSIONAL SERVICES (“Agreement”) is made and entered into this 27th day of March, 2014, by and between the Orange County Fire Authority, a public agency, hereinafter referred to as “OCFA”, and Hawkins Delafield & Wood, a Limited Liability Partnership, hereinafter referred to as “Firm”.

**RECITALS**

WHEREAS, OCFA requires the services of a firm for Bond, Tax and Disclosure Counsel services, hereinafter referred to as “Project”; and

WHEREAS, Firm has submitted to OCFA a proposal in response to RFP No. MD1902 dated January 29, 2014, a copy of which is attached hereto as Exhibit “A” and is incorporated herein by this reference; and

WHEREAS, based on its experience and reputation, Firm is qualified to provide the necessary services for the Project and desires to provide such services; and

WHEREAS, OCFA desires to retain the services of Firm for the Project.

NOW, THEREFORE, in consideration of the promises and mutual agreements contained herein, OCFA agrees to employ and does hereby employ Firm and Firm agrees to provide professional services as follows:

**AGREEMENT**

**1. PROFESSIONAL SERVICES**

**1.1 Scope of Services.**

In compliance with all terms and conditions of this Agreement, Firm shall provide those services specified in the “Proposal” attached hereto as Exhibit “A.” Firm warrants that all services shall be performed in a competent, professional and satisfactory manner in accordance with all standards prevalent in the industry. In the event of any inconsistency between the terms contained in Exhibit “A” and the terms set forth in the main body of this Agreement, the terms set forth in the main body of this Agreement shall govern.

**1.2 Compliance with Law.**

All services rendered hereunder shall be provided in accordance with all laws, ordinances, resolutions, statutes, rules, and regulations of OCFA and any federal, state or local governmental agency of competent jurisdiction.

**1.3 Licenses and Permits.**

Firm shall obtain at its sole cost and expense such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement.

**1.4 Familiarity with Work.**

By executing this Agreement, Firm warrants that Firm (a) has thoroughly investigated and considered the work to be performed, (b) has investigated the site of the work and become fully acquainted with the conditions there existing, (c) has carefully considered how the work should be performed, and (d) fully understands the facilities, difficulties and restrictions attending performance of the work under this Agreement. Should the Firm discover any latent or unknown conditions materially differing from those inherent in the work or as represented by OCFA, Firm shall immediately inform OCFA of such fact and shall not proceed with any work except at Firm's risk until written instructions are received from the Contract Officer.

**1.5 Care of Work.**

Firm shall adopt and follow reasonable procedures and methods during the term of the Agreement to prevent loss or damage to materials, papers or other components of the work, and shall be responsible for all such damage until acceptance of the work by OCFA, except such loss or damages as may be caused by OCFA's own negligence.

**1.6 Additional Services.**

Firm shall perform services in addition to those specified in the Proposal when directed to do so in writing by the Contract Officer, provided that Firm shall not be required to perform any additional services without compensation. Any additional compensation not exceeding ten percent (10%) of the original Agreement sum must be approved in writing by the Contract Officer. Any greater increase must be approved in writing by Purchasing Manager.

**2. TIME FOR COMPLETION**

The time for completion of the services to be performed by Firm is an essential condition of this Agreement. Firm shall prosecute regularly and diligently the work of this Agreement according to the schedules set forth in Firm's proposal. Firm shall not be accountable for delays in the progress of its work caused by any condition beyond its control and without the fault or negligence of Firm. Delays shall not entitle Firm to any additional compensation regardless of the party responsible for the delay.

**3. COMPENSATION OF FIRM**

**3.1 Compensation of Firm.**

For the services rendered pursuant to this Agreement, Firm shall be compensated and reimbursed, in accordance with the terms set forth in Exhibit "A," in an amount not to exceed \$42,950 plus costs for publications necessary for public sale of Tax and Revenue Anticipation Notes (TRANS) and any reports necessary for the Official Statement (e.g., Overlapping Debt Report). Any price adjustment will be effective upon the effective date of the contract extension and can't be increased more than the Consumer Price Index (CPI) with a not-to-exceed amount of 3% per year.

**3.2 Method of Payment.**

In any month in which Firm wishes to receive payment, Firm shall no later than the first working day of such month, submit to OCFA in the form approved by OCFA's Director of Finance, an invoice for services rendered prior to the date of the invoice. OCFA shall pay Firm for all expenses stated thereon which are approved by OCFA consistent with this Agreement, within thirty (30) days of receipt of Firm's invoice.

**3.3 Changes.**

In the event any change or changes in the work is requested by OCFA, the parties hereto shall execute an addendum to this Agreement, setting forth with particularity all terms of such addendum, including, but not limited to, any additional fees. Addenda may be entered into:

A. To provide for revisions or modifications to documents or other work product or work when documents or other work product or work is required by the enactment or revision of law subsequent to the preparation of any documents, other work product or work;

B. To provide for additional services not included in this Agreement or not customarily furnished in accordance with generally accepted practice in Firm's profession.

**3.4 Appropriations.**

This Agreement is subject to and contingent upon funds being appropriated therefore by the OCFA Board of Directors for each fiscal year covered by the Agreement. If such appropriations are not made, this Agreement shall automatically terminate without penalty to OCFA.

**4. PERFORMANCE SCHEDULE**

**4.1 Time of Essence.**

Time is of the essence in the performance of this Agreement.

#### **4.2 Schedule of Performance.**

All services rendered pursuant to this Agreement shall be performed within the time periods prescribed in Firm's proposal, attached hereto as Exhibit "A". The extension of any time period specified in Exhibit "A" must be approved in writing by the Contract Officer.

#### **4.3 Force Majeure.**

The time for performance of services to be rendered pursuant to this Agreement may be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Firm, including, but not restricted to, acts of God or of a public enemy, acts of the government, fires, earthquakes, floods, epidemic, quarantine restrictions, riots, strikes, freight embargoes, and unusually severe weather if the Firm shall within ten (10) days of the commencement of such condition notify the Contract Officer who shall thereupon ascertain the facts and the extent of any necessary delay, and extend the time for performing the services for the period of the enforced delay when and if in the Contract Officer's judgment such delay is justified, and the Contract Officer's determination shall be final and conclusive upon the parties to this Agreement.

#### **4.4 Term.**

Unless earlier terminated in accordance with Section 8.5 of this Agreement, this Agreement shall continue in full force and effect until satisfactory completion of the services but not exceeding March 31, 2015 from the date hereof, unless extended by mutual written agreement of the parties. This contract has the option of two (2) additional one-year extensions.

### **5. COORDINATION OF WORK**

#### **5.1 Representative of Firm.**

The following principal of the Firm is hereby designated as being the principal and representative of Firm authorized to act in its behalf with respect to the work specified herein and make all decisions in connection therewith: Arto C. Becker.

It is expressly understood that the experience, knowledge, capability and reputation of the foregoing principal is a substantial inducement for OCFA to enter into this Agreement. Therefore, the foregoing principal shall be responsible during the term of this Agreement for directing all activities of Firm and devoting sufficient time to personally supervise the services hereunder. The foregoing principal may not be changed by Firm without the express written approval of OCFA.

## **5.2 Contract Officer.**

The Contract Officer shall be Tricia Jakubiak, unless otherwise designated in writing by OCFA. It shall be the Firm's responsibility to keep the Contract Officer fully informed of the progress of the performance of the services and Firm shall refer any decisions that must be made by OCFA to the Contract Officer. Unless otherwise specified herein, any approval of OCFA required hereunder shall mean the approval of the Contract Officer.

## **5.3 Prohibition Against Subcontracting or Assignment.**

The experience, knowledge, capability and reputation of Firm, its principals and employees, were a substantial inducement for OCFA to enter into this Agreement. Therefore, Firm shall not contract with any other entity to perform in whole or in part the services required hereunder without the express written approval of OCFA. In addition, neither this Agreement nor any interest herein may be assigned or transferred, voluntarily or by operation of law, without the prior written approval of OCFA.

## **5.4 Independent Contractor.**

Neither OCFA nor any of its employees shall have any control over the manner, mode or means by which Firm, its agents or employees, perform the services required herein, except as otherwise set forth herein. Firm shall perform all services required herein as an independent Firm of OCFA and shall remain at all times as to OCFA a wholly independent contractor with only such obligations as are consistent with that role. Firm shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of OCFA.

## **6. INSURANCE, INDEMNIFICATION AND BONDS**

### **6.1 Insurance.**

Firm shall procure and maintain, at its cost, and submit concurrently with its execution of this Agreement, public liability and property damage insurance against all claims for injuries against persons or damages to property resulting from Firm's performance under this Agreement. Firm shall also carry workers' compensation insurance in accordance with California worker's compensation laws. Such insurance shall be kept in effect during the term of this Agreement and shall not be cancelable without thirty (30) days written notice to OCFA of any proposed cancellation. OCFA's certificate evidencing the foregoing and designating OCFA as an additional named insured shall be delivered to and approved by OCFA prior to commencement of the services hereunder. The procuring of such insurance and the delivery of policies or certificates evidencing the same shall not be construed as a limitation of Firm's obligation to indemnify OCFA, its Firms, officers and employees. The amount of insurance required hereunder shall include comprehensive general liability, personal

injury and automobile liability with limits of at least one million (\$1,000,000) combined single limit coverage per occurrence and professional liability coverage with limits of at least one million (\$1,000,000). Coverage shall be provided by admitted insurers with an A.M. Best's Key Rating of at least A-VII. If Firm provides claims made professional liability insurance, Firm shall also agree in writing either (1) to purchase tail insurance in the amount required by this Agreement to cover claims made within three years of the completion of Firm's services under this Agreement, or (2) to maintain professional liability insurance coverage with the same carrier in the amount required by this Agreement for at least three years after completion of Firm's services under this Agreement. The Firm shall also be required to provide evidence to OCFA of the purchase of the required tail insurance or continuation of the professional liability policy.

## **6.2 Indemnification.**

The Firm shall defend, indemnify and hold harmless OCFA, its officers and employees, from and against any and all actions, suits, proceedings, claims, demands, losses, costs, and expenses, including legal costs and attorneys' fees, for injury to or death of person or persons, for damage to property, including property owned by OCFA, and for errors and omissions committed by Firm, its officers, employees and agents, arising out of or related to Firm's professionally negligent performance under this Agreement, except for such loss as may be caused by OCFA's own professional negligence or that of its officers or employees.

## **7. RECORDS AND REPORTS**

### **7.1 Reports.**

Firm shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement as the Contract Officer shall require.

### **7.2 Records.**

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

### **7.3 Ownership of Documents.**

All drawings, specifications, reports, records, documents and other materials prepared by Firm in the performance of this Agreement shall be the property of OCFA and shall be delivered to OCFA upon request of the Contract Officer or upon the termination of this Agreement, and Firm shall have no claim for further employment or additional compensation as a result of the exercise by OCFA of its full rights or

ownership of the documents and materials hereunder. Firm may retain copies of such documents for its own use. Firm shall have an unrestricted right to use the concepts embodied therein.

**7.4 Release of Documents.**

All drawings, specifications, reports, records, documents and other materials prepared by Firm in the performance of services under this Agreement shall not be released publicly without the prior written approval of the Contract Officer.

**8. ENFORCEMENT OF AGREEMENT**

**8.1 California Law.**

This Agreement shall be construed and interpreted both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Orange, State of California, or any other appropriate court in such county, and Firm covenants and agrees to submit to the personal jurisdiction of such court in the event of such action.

**8.2 Waiver.**

No delay or omission in the exercise of any right or remedy of a non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. No consent or approval of OCFA shall be deemed to waiver or render unnecessary OCFA's consent to or approval of any subsequent act of Firm. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

**8.3 Rights and Remedies are Cumulative.**

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

**8.4 (Reserved).**

### **8.5 Termination Prior to Expiration of Term.**

OCFA reserves the right to terminate this Agreement at any time, with or without cause, upon thirty (30) days written notice to Firm, except that where termination is due to the fault of the Firm and constitutes an immediate danger to health, safety and general welfare, the period of notice shall be such shorter time as may be appropriate. Upon receipt of the notice of termination, Firm shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Firm shall be entitled to compensation for all services rendered prior to receipt of the notice of termination and for any services authorized by the Contract Officer thereafter.

Firm may terminate this Agreement, with or without cause, upon thirty (30) days written notice to OCFA.

### **8.6 Termination for Default of Firm.**

If termination is due to the failure of the Firm to fulfill its obligations under this Agreement, OCFA may take over the work and prosecute the same to completion by contract or otherwise, and the Firm shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated, provided that OCFA shall use reasonable efforts to mitigate damages, and OCFA may withhold any payments to the Firm for the purpose of set-off or partial payment of the amounts owed to OCFA.

### **8.7 At torne vs ' Fee s .**

If either party commences an action against the other party arising out of or in connection with this Agreement or its subject matter, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs of suit from the losing party.

## **9. OCFA OFFICERS AND EMPLOYEES: NON-DISCRIMINATION**

### **9.1 Non-Liability of OCFA Officers and Employees.**

No officer or employee of OCFA shall be personally liable to the Firm, or any successor-in-interest, in the event of any default or breach by OCFA or for any amount which may become due to the Firm or its successor, or for breach of any obligation of the terms of this Agreement.

### **9.2 Covenant Against Discrimination.**

Firm covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, that there shall be no discrimination or segregation in the performance of or in connection with this Agreement regarding any person or group of persons on account of race, color, creed, religion, sex, marital status,

national origin, or ancestry. Firm shall take affirmative action to insure that applicants and employees are treated without regard to their race, color, creed, religion, sex, marital status, national origin, or ancestry.

**10. MISCELLANEOUS PROVISIONS**

**10.1 Confidentiality.**

Information obtained by Firm in the performance of this Agreement shall be treated as strictly confidential and shall not be used by Firm for any purpose other than the performance of this Agreement without the written consent of OCFA.

**10.2 Notice.**

Any notice, demand, request, consent, approval, or communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by pre-paid, first-class mail to the address set forth below. Either party may change its address by notifying the other party of the change of address in writing. Notice shall be deemed communicated forty-eight (48) hours from the time of mailing if mailed as provided in this Section.

Orange County Fire Authority  
Attention: Monica Dorfmeier  
1 Fire Authority Road  
Irvine, CA 92602

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

To Firm:

Hawkins Delafield & Wood LLP  
Attention: Arto C. Becker, Partner  
333 South Grand Avenue, Suite 3650  
Los Angeles, CA 90071

**10.2 Integrated Agreement.**

This Agreement contains all of the agreements of the parties and cannot be amended or modified except by written agreement.

**10.3 Amendment.**

This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

**10.4 Severability.**

In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement, which shall be interpreted to carry out the intent of the parties hereunder.

**10.5 Corporate Authority.**

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

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

**“OCFA”**

**ORANGE COUNTY FIRE AUTHORITY**

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

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

Keith Richter, Fire Chief

**APPROVED AS TO FORM.**

**ATTEST:**

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

DAVID E. KENDIG  
GENERAL COUNSEL

\_\_\_\_\_

Sherry A.F. Wentz  
Clerk of the Board

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

**“FIRM”**

**HAWKINS DELAFIELD & WOOD LLP**

Date: 2-27-14

By: 

EXHIBIT "A"

(PROPOSAL HAWKINS DELAFIELD & WOOD LLP)

**Response to**  
**REQUEST FOR PROPOSAL MD1902**  
**TO PROVIDE BOND, TAX AND DISCLOSURE COUNSEL SERVICES**

respectfully submitted to

**ORANGE COUNTY FIRE AUTHORITY**

January 28, 2014

by

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*Hawkins*  
DELAFIELD & WOOD LLP

Contact: Arto C. Becker, Partner  
213-236-9050

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333 South Grand Avenue  
Los Angeles, CA 90071

One Chase Manhattan Plaza  
New York, NY 10005

One Embarcadero Center  
San Francisco, CA 94111

Meridian Plaza - 1415 L Street  
Sacramento, CA 95814

621 South West Morrison Street  
Portland, OR 97204

601 Thirteenth Street, N.W.  
Washington, D.C. 20005

City Place - 185 Asylum Street  
Hartford, CT 06103

One Gateway Center  
Newark, NJ 07102



PHONE: (213) 236-9050  
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333 SOUTH GRAND AVENUE  
SUITE 3650  
LOS ANGELES, CA 90071  
[WWW.HAWKINS.COM](http://WWW.HAWKINS.COM)

NEW YORK  
WASHINGTON  
NEWARK  
HARTFORD  
LOS ANGELES  
SACRAMENTO  
SAN FRANCISCO  
PORTLAND

January 28, 2014

Ms. Monica Dorfmeier  
Purchasing Agent  
Orange County Fire Authority  
Attn: Purchasing Department  
1 Fire Authority Road  
Building C  
Irvine, CA 92602

Re: Request for Proposal MD1902 for Bond, Tax and Disclosure Counsel Services

Dear Ms. Dorfmeier:

Hawkins Delafield & Wood LLP ("Hawkins" and the "Firm") appreciates the opportunity to present this Proposal (the "Proposal") to the Orange County Fire Authority (the "Authority") in response to the Authority's Request for Proposal Number MD1902 for Bond, Tax and Disclosure Counsel Services (the "RFP").

For more than 150 years, Hawkins has maintained a reputation for excellence, timeliness, discretion and ethical service in the highly visible representation of many of the nation's governmental bodies and agencies and the world's leading financial institutions. **Hawkins is the only national law firm in the United States whose practice is devoted primarily to public finance and public projects.** We offer a proven, historic commitment to public finance, and a determination to remain a major force within the public finance industry by continuing to provide superior service to our clients. **We believe that our California experience, coupled with our national practice, provides us with a depth and breadth of experience in the area of public finance unmatched by other firms.**

Hawkins' standard Bond, Tax and Disclosure Counsel Services includes the tasks summarized under Section II (Scope of Work) in the RFP. We are prepared to dedicate the time and resources to meet the Authority's needs for counsel. As part of our representation of clients, we routinely make ourselves readily available and provide the high level of service outlined in the Authority's RFP. We have done so for other clients and look forward to the opportunity to deliver a similar level of service to the Authority.

Hawkins is uniquely qualified to perform Bond, Tax and Disclosure Counsel Services in connection with the Authority's contemplated tax and revenue anticipation note financing for the following reasons:

- Hawkins is among the most experienced public finance law firms in the nation and the State of California, and we consistently maintain top tier national and State rankings. **In 2013, we were ranked nationally as the number one public finance firm in the country with more financings as Bond Counsel and Underwriter's Counsel than any other firm in the country. In 2013,**

**Hawkins was the number two Bond Counsel firm and the number one Underwriter's Counsel firm in the nation.** In addition, our growth in California over the last 25 years has made us one of the top public finance practices in the State and we are committed to expanding our practice and services to address our clients' public finance needs.

- We have significant experience advising various California public agencies as Bond Counsel, Tax Counsel and Disclosure Counsel in connection with Tax and Revenue Anticipation Notes. California issuers for whom we have participated in short-term financings include the Counties of Los Angeles, San Diego, Sacramento, Kern, Mendocino, Fresno, Stanislaus, Solano, Sonoma, Plumas and Humboldt, the Cities of Los Angeles, San Diego and Oakland, the Los Angeles Unified School District, the Los Angeles County Office of Education, the Orange County Board of Education, the California Statewide Communities Development Authority and the California Community College Financing Authority.
- Hawkins has preeminent experience with federal tax laws. **Hawkins has one of the municipal industry's largest and most experienced tax departments devoted primarily to public finance.**
- **Hawkins has preeminent experience with the federal securities laws and their application to municipal finance founded on our national experience in all areas of public finance.** The Securities and Exchange Commission's attention to disclosure by public agencies has increased significantly over the last few years. We have considerable experience as Disclosure Counsel to public issuers and are uniquely qualified to advise clients regarding primary disclosure and compliance with the continuing disclosure requirements of Rule 15c2-12 of the Securities and Exchange Commission. In the event the Authority chooses a different law firm to act as Disclosure Counsel, our expertise in federal securities laws will be valuable to the Authority in our role as Bond Counsel.

Hawkins has built its reputation on providing seasoned advice and critical perspective to municipal clients in part by remaining focused on all aspects of our clients' financings. We return telephone calls promptly, review, comment to and distribute documents in a timely manner and adjust our schedules to make partners of the Firm available for meetings and conference calls. Further, we work closely with our clients' staff, advisors and consultants in a professional and collegial manner to ensure a seamless, concerted approach to achieving our clients' goals. We have a proven track record of outstanding client service.

The Firm respectfully proposes that Bond, Tax and Disclosure Counsel Services be under the supervision of Arto C. Becker. Mr. Becker would also work with partner Diane K. Quan and associate Nnanna F. Ogbu. Russell A. Miller is proposed as the responsible tax partner.

The Firm certifies that it meets the qualifications and the eligibility requirements set forth in the RFP. This proposal is valid for a period of not less than 120 days from the date of submittal.

Thank you for the opportunity to submit this Proposal. Please call me should you wish to discuss any matters that are not covered in this Proposal or to obtain clarification on any particular point. We very much hope to work with the Authority.

Very truly yours,

HAWKINS DELAFIELD & WOOD LLP

By: Arto C. Becker  
Arto C. Becker, Partner

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Exhibit A — Hawkins California Financings 2009-2013

Exhibit B — Hawkins California Tax and Revenue Anticipation Note Financings 2011-2013

Appendix A - Offeror's Information

Appendix B - References

Appendix C - Pricing Page

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## I. Firm's Detailed Information

Hawkins is a limited liability partnership that was founded in 1854, and has been a nationally-recognized Bond Counsel firm for more than 150 years. Hawkins has the largest public finance practice in the country, with more attorneys engaged in the full-time practice of public finance and projects than any other law firm in the country. The Firm is presently comprised of 38 equity partners, 10 other partners and 30 associates, all of whom practice exclusively public finance law. The Firm presently has eight offices which are identified on the cover page of this Proposal. Hawkins is consistently ranked among the top public finance firms nationally and in the State of California (the "State"). **In 2013, we were ranked nationally as the number one public finance firm in the country with more financings as Bond Counsel and Underwriter's Counsel than any other firm in the country. In 2013, Hawkins was ranked the number two Bond Counsel firm and the number one Underwriters' Counsel firm in the nation.** Representation of state and local governments and public agencies is the core of our practice. This concentration of expertise constitutes an unparalleled resource for our clients.

The Firm has served as Bond Counsel, Disclosure Counsel and Underwriter's Counsel in connection with all types of complex tax-exempt and taxable financings for all types of public agencies throughout the country. Typical transactions in which the Firm has participated and continues to participate include general obligation bond financings, tax and revenue note financings, certificates of participation and lease revenue financings for a full range of equipment and real estate projects, education financings, revenue financings for water, sewer and public power, tax assessment financings, housing financings, redevelopment and industrial development bond financings, transportation financings, nonprofit healthcare financings, conduit financings of all types, student loan financings, and many other types of projects financed by public agencies. **The Firm's involvement with a broad range of public finance clients enables the Firm to utilize innovative ideas and concepts developed in one area of public finance and apply them in other areas.**

See Appendix A - Offeror's Information attached hereto.

## II. Descriptive Narrative

Hawkins is proposing for each of Bond Counsel, Tax Counsel and Disclosure Counsel. Hawkins' standard Bond, Tax and Disclosure Counsel Services includes the tasks summarized under Section II (Scope of Work) in the RFP.

***Bond Counsel and Tax Counsel.*** The Firm's standard practice includes the full services of public finance counsel. As Bond Counsel and Tax Counsel, this includes: (i) assisting the Authority and its financial advisor, as appropriate, in reviewing and analyzing legal issues relating to the structure of the note issue, implementing the goals of the financing, explaining the details of the financings and guiding the Authority through these requirements; (ii) drafting the authorizing resolutions and all legal documents necessary in connection with the issuance of the notes, including all necessary tax due diligence in order to initiate our tax analysis; (iii) assisting in the preparation and review of the official statement; (iv) assistance in the review of documents typically prepared by Underwriter's Counsel, such as the note purchase agreement; (v) rendering our usual Bond Counsel opinions relating to the validity of the notes, the tax-exempt status of the notes, and the portions of the preliminary official statement and official statement describing the notes and the security for the notes; (vi) preparation of a closing memorandum and coordination for execution and delivery of all legal documents in connection with the closing of the note transaction, including the note documents and other necessary certificates and opinions and items requested by the underwriter, the rating agencies and the credit facility providers, as appropriate; and (v) providing advice on typical post-closing matters.

**Disclosure Counsel.** As Disclosure Counsel responsible for preparing the official statement, we review all publicly available information to ensure continuity in an issuer's disclosure materials and actively diligence information relayed to us to ensure an accurate and complete disclosure document. We work to ensure that the scope of disclosure comports with SEC standards. Further, the breadth and depth of our experience permits us to review the Authority's offering document relative to those of similarly situated entities in the market and advise on topics and issues that may be of concern from a disclosure perspective.

In this regard, we endeavor to prepare initial drafts of documents (including the Preliminary Official Statement) that include the various topics and questions that we expect to be of interest and/or concern to the Authority and to potential noteholders. Our experience is that comprehensive initial drafts can help to shorten financing schedules and inform the group as to the universe of concerns to be considered. We would then expect to review the documents with financing team and distribute revised documents in a timely manner to accommodate multiple review sessions prior to release of the draft documents to rating agencies. We would continue to update the documents for posting and simultaneously prepare closing documents and related materials so that minimal turn-around time is required upon pricing. After pricing, we would distribute revised documents for review and sign-off, at which point we would coordinate execution.

For diligence purposes, we will review the Authority's existing disclosure materials with a view to bring it current with existing disclosure requirements and market standards, which may in certain circumstances warrant consideration of additional sections (*e.g.*, a management's analysis and discussion) and the expansion of certain disclosure (*e.g.*, regulatory requirements, pension and post-employment benefits). Certain of such information may be obtained from existing reports (*e.g.*, actuarial reports and existing audits) and certain other information will require the attention of specific officials with knowledge of and/or access to the relevant material (*e.g.*, revenue and expenditure projections and their expected effects on the general fund balance).

We are prepared to dedicate the time and resources to meet the Authority's needs for counsel. As part of our representation of clients, we routinely make ourselves readily available and provide the high level of service outlined in the Authority's RFP. We have done so for other clients and look forward to the opportunity to deliver a similar level of service to the Authority. **In particular, we anticipate fulfilling the Authority's unique needs in a timely and effective manner by assembling a team of lawyers who have substantial expertise in all facets of cash flow financings such that the Authority will have full legal coverage at all times.**

### **III. Relevant Experience**

#### **1. California Practice**

**Hawkins is among the most experienced public finance law firms in the California and is consistently ranked among the top public finance firms in the State.** Our public finance experience in the State includes representation of many issuers for a variety of public projects. We have participated in transactions as Bond Counsel, Disclosure Counsel and Underwriter's Counsel for issuers such as the State and its various agencies and departments, the California Infrastructure and Economic Development Bank, the California Housing Finance Agency and the California Educational Facilities Authority. We have also served as Bond Counsel, Disclosure Counsel and Underwriter's Counsel for such issuers as the California Statewide Communities Development Authority, the California Municipal Finance Authority and other joint powers agencies and legal entities which issue bonds on behalf of for-profit and non-profit entities. The Firm has worked as Bond Counsel, Disclosure Counsel and Underwriter's Counsel for many counties in the State for a variety of transactions, including tax and revenue anticipation notes and lease revenue

bonds and certificates of participation financings. These counties include Fresno, Humboldt, Los Angeles, Mendocino, Riverside, Merced, San Bernardino, San Diego, Santa Cruz, Shasta, Stanislaus, Santa Clara, Solano and Tulare. We have also participated in transactions as Bond Counsel, Disclosure Counsel and Underwriter's Counsel for the Cities of Los Angeles, Manhattan Beach, Riverside, San Diego, San Francisco, San Jose and Tulare, and such special districts as The Metropolitan Water Authority of Southern California, the Los Angeles County Metropolitan Transportation Authority, the San Francisco Airport Commission and the Rancho California Water Authority.

The types of financings for these public agencies range the entire spectrum of public finance. They include general obligation bond financings, short-term cash flow financings, assessment and special tax financings, certificates of participation and lease revenue financings for a full range of equipment and real estate projects for various governmental purposes, such as highways, schools and governmental buildings, revenue financings for water, solid waste disposal and resource recovery and public power, refundings, housing financings, redevelopment and industrial development bond financings, transportation financings, education financings, nonprofit healthcare financings, conduit financings, student loans financings, financings for commercial development, and many other types of financings for projects financed by public agencies. Our California experience, coupled with our national practice, provides us with a depth and breadth of experience in the area of public finance unmatched by other firms. Attached as Exhibit A is a list of the Firm's California financing since 2009.

## **2. Tax Expertise**

**Hawkins has one of the municipal industry's largest and most experienced tax departments devoted primarily to public finance, consisting of eight partners and several tax associates and financial analysts.** Hawkins' active tax practice deals with specialized and technical federal, state and local tax issues arising in connection with the Firm's public finance and project finance practices. In addition to reviewing financing transactions for compliance with tax laws and advisory notices, our tax department actively participates in the development of new financing structures and programs. Some of the issues arising in our tax practice include disclosure questions relating to the offering of specialized debt instruments, the qualification of programs for tax-exempt financing, the investment and expenditure of bond proceeds, permitted uses of bond-financed projects, post-closing disposition of bond-financed property and compliance with the arbitrage rebate requirements. **Because we have done and continue to do so many transactions throughout the State and the country, we have been exposed to a wide variety of tax issues.**

Further, our tax department closely monitors and actively participates in the federal tax legislative and regulatory process. We participate proactively in the tax regulatory public comment process and often provide extensive written comments on proposed regulations. The Firm has obtained numerous private letter rulings on federal tax issues on behalf of our clients. Our financial services department, consisting of analysts and computer programmers, works in collaboration with the Firm's tax department to provide our clients with an in-house financial analysis capability that is rarely matched by other firms.

## **3. Federal Securities Laws Expertise**

Hawkins has an excellent reputation for its experience in securities law and disclosure matters relating to public finance. Our national public finance practice, which covers the entire breadth of the diverse practice area of municipal finance, affords us a unique perspective on disclosure matters under the federal securities laws. We have prepared Official Statements and other disclosure documents in each of our various roles in public finance transactions. The Firm has been engaged by various governmental entities, including Los Angeles Unified School Authority and Los Angeles Community College Authority, the Counties of Los Angeles, Fresno and Shasta, and the City of San Diego, to provide training to their staff, officials and other representatives in connection with their disclosure obligations under

federal and state securities laws. The Firm is also qualified to advise clients regarding compliance with the continuing disclosure requirements of the Rule 15c2-12 of the U.S. Securities Exchange Commission.

#### **IV. Proposal Questionnaire**

##### **1. Cash Flow Financings**

Hawkins has extensive experience with many types of short-term financing structures in use today, including tax, revenue, grant and bond anticipation notes and commercial paper, and has been involved in virtually every aspect of short-term cash flow financings for many types of public entities within the State, including such school districts and agencies as the Los Angeles Unified School District, the Los Angeles County Office of Education, the Orange County Board of Education, the California Statewide Communities Development Authority and the California Community College Financing Authority, the Counties of Los Angeles, San Diego, Sacramento, Kern, Mendocino, Fresno, Shasta, Stanislaus, Solano, Sonoma, Plumas, Tulare, and Humboldt, and the Cities of Los Angeles, San Diego and Oakland. In addition, the Firm has participated in numerous unique short-term financings for issuers in special circumstances, including special fund financing programs and multibank credit lines.

Attached as Exhibit B is a list of Hawkins' California tax and revenue anticipation note financing experience since 2011. The following are brief summaries of some of our recent representations in connection with such financings.

- ***Los Angeles Unified School District.*** The Firm has worked as Bond Counsel and Disclosure Counsel to the Los Angeles Unified School District for many years. In 2012, we served as Bond Counsel and Disclosure Counsel to the Los Angeles Unified School District for its \$550,000,000 2012-13 Tax and Revenue Anticipation Notes, Series A. We also served as Bond Counsel and Disclosure Counsel to the District for its \$780,000,000 2012-2013 Tax and Revenue Anticipation Notes, Series B, which was issued as a private placement note.
- ***County of Los Angeles.*** For almost 15 years, the Firm has served as Bond Counsel and Underwriter's Counsel for the Tax and Revenue Anticipation Notes issued by the County of Los Angeles. The Firm served as Underwriter's Counsel in connection with the County's \$1,000,000,000 2013-14 Tax and Revenue Anticipation Notes in July 2013.
- ***Los Angeles County Office of Education.*** We have served as Bond Counsel to the Los Angeles County Office of Education on its pooled tax and revenue anticipation note participation certificates for almost 20 years. These financings have involved more than 40 school districts and community college districts in Los Angeles County, including, among others, the Long Beach Unified School District's \$75,000,000 principal amount 2011-12 Tax and Revenue Anticipation Note, Series B-1. In Fiscal Year 2012-13, as Bond Counsel, we completed the Los Angeles County Office of Education's TRANs program in which seventeen school and community college districts participated. In addition, we completed three series of cross fiscal-year TRANs programs in which a total of 44 school districts and community college districts participated. We served as Bond Counsel to the Los Angeles County Office of Education for its \$73,220,000 aggregate principal amount of 2013-14 TRANs which included thirteen school districts.

- ***Orange County Board of Education (South Coast Local Educational Agencies).*** Hawkins served as Disclosure Counsel to the Orange County Board of Education for many years on its Tax and Revenue Anticipation Note Pooled Program Note Participations. We served as Disclosure Counsel on the Board's \$99,835,000 Tax and Revenue Anticipation Note Pooled Program Note Participations (South Coast Local Education Agencies) Series 2010A. In 2009, we served as Disclosure Counsel on the Board's \$69,085,000 Tax and Revenue Anticipation Note Pooled Program Note Participations (South Coast Local Education Agencies) Series 2009A.
- ***County of San Diego.*** Since 1996 Hawkins has worked as Underwriter's Counsel in connection with the County of San Diego's tax and revenue anticipation note financings, which are completed on behalf of the County and various school districts within the County. As Underwriters Counsel, we are responsible for the preparation of the Official Statement and other disclosures prepared by the County of San Diego for this program. This year, we served as Underwriter's Counsel in connection with the \$115,210,000 County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program Note Participations, Series 2013.
- ***County of Fresno.*** The Firm has served as Bond Counsel and Disclosure Counsel since 1995 to the County of Fresno in connection with many of its financings, including its tax and revenue anticipation notes. In July 2013, we served as Bond Counsel and Disclosure Counsel in connection with the County's \$63,000,000 2013-14 Tax and Revenue Anticipation Notes.

## **2. Firm Qualifications and Experience**

Hawkins has served in various capacities as bond, tax, disclosure and underwriter's counsel and maintains an active federal practice in the tax-exempt finance area. Through this work, the Firm has gained a thorough understanding of the many financing structures in use today, from traditional tax supported and revenue based structures to the many credit enhanced and other market oriented structuring techniques. The Firm's involvement with a broad range of public finance clients enables the firm to utilize ideas and concepts developed in one area of public finance and apply them in other areas. Typical transactions in which the Firm has participated, and continues to participate, include short-term cash flow financings, tax assessment financings, revenue financings for transportation, airport, water, wastewater, housing, commercial and industrial development, dock and wharf facilities, redevelopment, power, solid waste disposal and resource recovery, public power, education, student loans, hospital, convention centers and other exempt facilities and certificates of participation financings for a full range of equipment and real estate projects, cash flow financings, and general obligation financings for various governmental purposes, such as highways, schools and governmental buildings. The Firm's ability to continue as an industry leader has been the result of its continuing record of innovation.

See Section IV.1. herein for a description of Hawkins' cash flow financing experience and brief summaries of some of our recent representations. Attached as Exhibit A is a list of the Firm's California financing since 2009.

## **3. Key Personnel Resumes**

Work on the Authority's engagement would be under the supervision of partner Arto C. Becker of the Firm's Los Angeles office. Mr. Becker would be the primary contact and the person directly responsible for legal services for the Authority, including the drafting and review of legal and disclosure documents and attention to technical bond matters. Russell A. Miller would be the tax partner responsible

for this engagement. Los Angeles partner Diane K. Quan who has significant experience with cash flow financings, would actively participate in the proposed engagement. Nnanna F. Ogbu would be the lead associate to assist the partners. Other partners, associates and paralegals will be available and assigned as needed, under the supervision of the partners named herein, to ensure that the full breadth of the Firm's resources is available to the Authority.

Set forth below are descriptions of the education, employment history and qualifications of each of the attorneys proposed to be principally involved in the Authority's financings.

**Arto C. Becker, Partner** – Preparatory Education – Columbia College, Columbia University (A.B. 1977); Legal Education – Fordham Law School (J.D. 1980). Mr. Becker joined the Firm in 1980 as an associate attorney and became a partner of the Firm in 1988. He has extensive experience in the areas of short-term financings, including tax and revenue anticipation notes, general obligation bonds, lease revenue bond and certificate of participation financings for a full range of equipment and real estate projects in a variety of contexts, including general governmental projects, revenue bonds, including those for water and wastewater projects, pension obligation bonds, assessment and special tax financings, multifamily and single-family housing financings, financings for public and private educational institutions, tax allocation bonds, industrial development bonds, and many other types of taxable and tax-exempt bonds. Mr. Becker has served as Bond Counsel and Disclosure Counsel to a variety of public issuers in the State of California, including the State, the Counties of Fresno, Humboldt, Los Angeles, Mendocino, Merced, San Bernardino, San Diego, Shasta and Tulare, the Cities of Los Angeles and San Diego, the California Statewide Communities Development Authority, the Los Angeles County Office of Education, the State Water Resources Control Board, Los Angeles Unified School District, the Los Angeles County Metropolitan Transportation Authority, Rancho California Water District, The Metropolitan Water District of Southern California and The Community Redevelopment Agency of the City of Los Angeles, and has served as Underwriter's Counsel to various major investment banking firms in connection with a variety of financings in the State. Mr. Becker is a member of the Bars of the States of California and New York and his professional affiliations include the American Bar Association and the National Association of Bond Lawyers.

**Russell A. Miller, Partner** – Preparatory Education – University of Southern California (B.S. 1981); Legal Education – University of Santa Clara (J.D. 1984) and New York University (LL.M. in Taxation, 1987). Mr. Miller joined the Firm in 2000 as a partner after working at other firms since 1984. Mr. Miller specializes in federal tax law applicable to municipal financings, including tax-exempt bonds such as general obligation bonds, revenue, health care, private activity, working capital and special tax bonds, certificates of participation, and pooled financings and the financing of economic development and redevelopment projects and projects through the issuance of special obligation revenue bonds, water and wastewater utilities, traditional municipal projects, solid waste and transportation infrastructure. Mr. Miller has served as Bond Counsel on financings for the Counties of San Bernardino and Fresno, the Cities of San Diego and Los Angeles, the Los Angeles Unified School District and many other school districts in the State. Mr. Miller is a member of the Bars of the States of California and New York and his professional affiliations include the American Bar Association and the National Association of Bond Lawyers.

**Diane K. Quan, Partner** – Preparatory Education – Yale College, Yale University (B.A. 1995); Legal Education – UCLA School of Law (J.D. 2000). Ms. Quan has over a decade of securities and governance experience. She joined the Firm in 2002 as an associate attorney and became a partner of the Firm in 2007. Ms. Quan has participated in transactions including revenue bond, lease revenue bond and certificate of participation financings, cash flow financings, general obligation bond financings, pension obligation bonds, pooled financings, multifamily housing financings, tax allocation bonds, tobacco settlement securitization financings, water and wastewater financings, state revolving fund financings,

financings for school districts and education agencies, commercial paper financings and conduit financings for 501(c)(3) borrowers. Ms. Quan has participated as Bond Counsel and Disclosure Counsel for a variety of issuers, including the Counties of San Bernardino, Los Angeles and San Diego, the Cities of Los Angeles, Manhattan Beach, San Diego, Newport Beach and Azusa, The Metropolitan Water District of Southern California, the Walnut Valley Water District, the California Municipal Finance Authority, The Community Redevelopment Agency of the City of Los Angeles and the Los Angeles Unified School District. Ms. Quan has also served or participated as Underwriter's Counsel to various major investment banking firms in connection with a variety of financings in the State. Ms. Quan is a member of the California State Bar and her professional affiliations include the American Bar Association and the National Association of Bond Lawyers.

**Nnanna F. Ogbu, Associate** – Preparatory Education – Stanford University (B.A. 2001); Legal Education – University of Southern California – Gould School of Law (J.D. 2006). Mr. Ogbu joined the Firm as an associate attorney in 2007. He has participated in a variety of financings including tax and revenue anticipation notes, general obligation bonds, certificates of participation, lease revenue bonds, water and wastewater financings, education financings, pooled financings and conduit financings for 501(c)(3) borrowers. Mr. Ogbu has participated as Bond Counsel and Disclosure Counsel on transactions for issuers including the Los Angeles Unified School District, the Los Angeles County Office of Education, the Los Angeles County Metropolitan Transportation Authority, the Counties of Fresno, Los Angeles, Mendocino and Shasta and San Bernardino and the City of San Diego. Mr. Ogbu has also participated as Underwriter's Counsel to various major investment banking firms in connection with a variety of financings in the State. Mr. Ogbu is a member of the State Bar of California and his professional affiliations include the American Bar Association and the National Association of Bond Lawyers.

#### **4. Changes in Members of Team**

Changes in members of the Hawkins financing team will be made only with the advance approval of the Authority.

#### **V. Resumes of Projects**

Attached as Exhibit A is a list of the Firm's California financing since 2009. Attached as Exhibit B is a list of Hawkins' California tax and revenue anticipation note financing experience since 2011.

#### **VI. Disclosures**

A. Hawkins has no professional or personal financial interests which could be a possible conflict of interest in representing the Authority. In addition, neither the Firm nor any individual within the Firm has entered into any arrangement to derive additional compensation (formal or informal) with any other party.

B. There are no public or private reproof or disciplinary actions against the Firm or individuals within the Firm by professional organizations or oversight committees.

C. There are no litigation judgments involving the Firm in the last five years.

D. There has not been nor is there presently any investigation involving the Firm conducted by the Securities and Exchange Commission or any federal or state regulatory body.

## **VII. References**

See Appendix B attached hereto. Included in the compact disc containing the electronic copy of this Proposal are Official Statements we prepared for transactions of the public agencies included in these references.

## **VIII. Offer/Cost Proposal**

See Appendix C attached hereto. We are prepared to dedicate the time and resources necessary to accommodate the Authority's schedule and we are confident of our ability to provide these legal services at competitive rates. We hope that if this Proposal is not fully satisfactory, the Authority will apprise us of its concerns and allow us an opportunity to address those issues.

We are pleased to attend any Committee or Board meeting, the cost of which is included in our fee proposal. In addition, the Firm would seek reimbursements for out-of-pocket costs and expenses approved by the Authority. See Appendix C for caps on reimbursable expenses.

## **IX. Insurance Requirements**

The Firm will comply with the Authority's requirements for insurance. We request your consideration for a change in Section 6.2 of the proposed Services Contract. This is to include the words "professionally negligent" between the words "Firm's performance" on the third to last line of the paragraph. Among other things, this provides coverage consistent with the Firm's malpractice insurance.

## **X. Certification of Proposal**

The Firm certifies:

- A. The submission of the offer did not involve collusion or other anti-competitive practices,
- B. The Firm shall not discriminate against any employee or applicant for employment in violation of Federal or State law,
- C. The Firm has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, meal or service to a public servant in connection with the submitted offer,
- D. The individual signing the submittal is an authorized agent for the Firm and has the authority to legally bind the Firm to the Contract, and
- E. The Firm is not debarred, suspended or otherwise excluded by the United States Government.

See Appendix D attached hereto.

**Exhibit A**

**Hawkins California Financings  
2009-2013**

# Hawkins Delafield & Wood LLP

## California Financings

### 2009-2013

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>	<b>TYPE</b>
1/15/2009	149,570,000	State of California Department of Water Resources	Power Supply Revenue Bonds (Fixed Rate) Series 2005 F-3 (Remarketing)	BC	Electric
1/15/2009	198,560,000	State of California Department of Water Resources	Power Supply Revenue Bonds (Fixed Rate) Series 2005 F-5 (Remarketing)	BC	Electric
1/15/2009	17,500,000	California Municipal Finance Authority	Variable Rate Demand Revenue Bonds (Serra Catholic School) Series 2009	UC	501(c)(3)/Education
1/15/2009	217,605,000	California Educational Facilities Authority	Revenue Bonds (University of Southern California), Series 2009A	BC	501(c)(3)/Education
1/22/2009	6,200,000	ABAG Finance Authority for Nonprofit Corporations	Variable Rate Demand Revenue Bonds (Ecole Bilingue De Berkeley) Series 2009	BC	501(c)(3)/Education
1/27/2009	200,000,000	Metropolitan Water District of Southern California	Water Revenue Bonds, 2008 Authorization, Series A	BC	Water
1/29/2009	157,190,000	City of San Diego Public Facilities Financing Authority	Water Revenue Bonds, Refunding Series 2009A	DC	Water
1/29/2009	21,420,000	San Jose-Santa Clara Clean Water Financing Authority	Sewer Revenue Refunding Bonds, Series 2009A	UC	Wastewater
1/29/2009	6,037,097	Mojave Unified School District	General Obligation Bonds of School Facilities Improvement District No. 2, Election of 2008, Series 2009 (Bank Qualified)	UC	General Obligation/ Education

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>	<b>TYPE</b>
2/1/2009	14,997,021	California Statewide Communities Development Authority	Revenue Bonds (Francis Parker School) Series 2009A and Series 2009B	UC	501(c)(3)/Education
2/5/2009	150,000,000	San Francisco Unified School District	General Obligation Bonds, 2009 Series B (Proposition A, Election of 2006)	UC	General Obligation/ Education
2/19/2009	250,000,000	Los Angeles Unified School District	General Obligation Bonds Election of 2002, Series D (2009), Measure K	DC	General Obligation/ Education
2/19/2009	550,000,000	Los Angeles Unified School District	General Obligation Bonds Election of 2004, Series I (2009), Measure R	DC	General Obligation/ Education
2/19/2009	150,000,000	Los Angeles Unified School District	General Obligation Bonds Election of 2005, Series F (2009), Measure Y	DC	General Obligation/ Education
2/25/2009	197,900,000	California Educational Facilities Authority	Revenue Bonds (University of Southern California), Series 2009B	BC	501(c)(3)/Education
2/26/2009	136,885,000	County of San Diego	Lease Revenue Bonds (County Operations Center and Annex Redevelopment Project) Series 2009A	UC	Infrastructure
2/26/2009	12,000,531	Alisal Union School District	General Obligation Bonds, 2006 Election, 2009 Series B (Bank Qualified)	UC	General Obligation/ Education
3/10/2009	70,000,000	City of Anaheim Public Financing Authority	Revenue Bonds, Series 2009-A (City of Anaheim Electric and Power System Distribution Facilities)	UC	Electric
3/11/2009	64,996,843	Rio Hondo Community College District	General Obligation Bonds 2004 Election, 2009 Series B	UC	General Obligation/ Education
3/11/2009	29,998,711	Evergreen Elementary School District	General Obligation Bonds 2006 Election, 2009 Series B	UC	General Obligation/ Education
3/12/2009	30,000,000	California Municipal Finance Authority	Solid Waste Disposal Revenue Bonds (Waste Management, Inc. Project) Series 2009A	UC	Solid Waste

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>	<b>TYPE</b>
3/19/2009	103,000,000	City of San Diego Public Facilities Financing Authority	Lease Revenue Bonds, Series 2009A (Various Capital Improvement Projects)	BC	Infrastructure
3/26/2009	454,785,000	City of Los Angeles	Wastewater System Revenue Bonds, Refunding Series 2009-A	DC	Wastewater
4/1/2009	12,765,000	County of Los Angeles Office of Education	(Los Angeles County Schools Pooled Financing Program) 2008-09 Pooled TRANs Participation Certificates Series B	BC	Cash Flow/Education
4/1/2009	350,000,000	Los Angeles Community College District	General Obligation Bonds 2008 Election, 2009 Series A	UC	General Obligation/ Education
4/1/2009	75,000,000	Los Angeles Community College District	General Obligation Bonds 2008 Election, 2009 Series B	UC	General Obligation/ Education
4/7/2009	30,885,000	Santa Monica Community College District	General Obligation Bonds 2004 Election, 2009 Series C (Current Interest Bonds)	UC	General Obligation/ Education
4/7/2009	26,112,857	Santa Monica Community College District	General Obligation Bonds 2004 Election, 2009 Series C (Capital Appreciation Bonds)	UC	General Obligation/ Education
4/21/2009	14,464,947	County of Northern Inyo Local Hospital District	General Obligation Bonds, Election of 2005, Series 2009	UC	501(c)(3)/General Obligation/Healthcare
4/29/2009	1,000,000,000	Stanford University	Taxable Bonds Series 2009 A	UC	501(c)(3)/Education
5/6/2009	50,000,000	California Housing Finance Agency	Home Mortgage Bonds, 2009 Series A (Non-AMT)	BC	Single Family Housing
5/13/2009	453,775,000	City of San Diego Public Facilities Financing Authority	Senior Sewer Revenue Bonds, Series 2009A (Payable Solely From Installment Payments Secured by Wastewater System Net Revenues)	DC	Wastewater
5/14/2009	13,000,000	California Municipal Finance Authority	Revenue Bonds (Kern Regional Center Project) 2009 Series A	UC	Infrastructure

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5/27/2009	350,000,000	County of Santa Clara	General Obligation Bonds (Election of 2008), 2009 Series A	DC	General Obligation
5/27/2009	163,335,000	City and County of San Francisco	Certificates of Participation, Series 2009A (Multi Capital Improvement Projects)	BC	Infrastructure
6/1/2009	51,200,000	California Educational Facilities Authority	Revenue Bonds (Stanford University) Series S-4 (Tranche One)	UC	501(c)(3)/Education
6/1/2009	9,275,000	County of Los Angeles Office of Education	(Los Angeles County Schools Pooled Financing Program) 2008-09 Pooled TRANs Participation Certificates Series C	BC	Cash Flow/Education
6/2/2009	79,998,016	Carlsbad Unified School District	General Obligation Bonds 2006 Election, 2009 Series B	UC	General Obligation/ Education
6/2/2009	15,865,000	City of Sunnyvale Financing Authority	Variable Rate Demand Refunding Certificates of Participation, Series 2009A (Government Center Site Acquisition Project)	UC	Infrastructure
6/9/2009	634,940,000	City of San Diego Public Facilities Financing Authority	Senior Sewer Revenue Refunding Bonds, Series 2009B (Payable Solely From Installment Payments Secured by Wastewater System Net Revenues)	DC	Wastewater
6/10/2009	29,240,000	Campbell Union High School District	2009 General Obligation Refunding Bonds	UC	General Obligation/ Education
6/11/2009	6,500,000	California Infrastructure and Economic Development Bank	Variable Rate Revenue Bonds (The Bay Institute Aquarium Foundation Project) Series 2009	UC	501(c)(3)
6/25/2009	29,995,302	Citrus Community College District	Election of 2004 General Obligation Bonds 2009 Series C	UC	General Obligation/ Education
6/26/2009	328,060,000	City of San Diego Public Facilities Financing Authority	Water Revenue Bonds, Series 2009B (Payable Solely From Installment Payments Secured by Net System Revenues of the Water Utility Fund)	BC	Water
6/30/2009	54,775,000	City of Tulare	Sewer Revenue Bonds, Series 2009 (Taxable Build America Bonds - Direct Pay)	BC	Wastewater

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6/30/2009	10,000,000	California Infrastructure and Economic Development Bank	Multi-Modal Industrial Development Revenue Bonds (Olam West Coast, Inc. Project) Series 2009	BC	Industrial Development
6/30/2009	20,600,000	City of Los Angeles	Judgment Obligation Bonds, Series 2009-A	UC	Judgment Obligation
6/30/2009	27,885,000	City of Los Angeles Housing Authority	Mortgage Revenue Bonds (Property Acquisition Refundings) 2009 Series A (Bank Qualified)	UC	Multifamily Housing
7/1/2009	1,300,000,000	County of Los Angeles	2009-10 Tax and Revenue Anticipation Notes, Series A	UC	Cash Flow
7/1/2009	24,000,000	County of Santa Barbara Schools Financing Authority	2009-10 Tax and Revenue Anticipation Notes	BC	Cash Flow/Education
7/1/2009	165,000,000	County of San Bernardino	2009-10 Tax and Revenue Anticipation Notes, Series A	DC	Cash Flow
7/1/2009	95,000,000	County of Fresno	2009-10 Tax and Revenue Anticipation Notes	BC/DC	Cash Flow
7/1/2009	220,000,000	County of San Diego and School District	Tax and Revenue Anticipation Note Program Note Participations, Series A 2009	UC	Cash Flow/Education
7/1/2009	63,185,000	County of San Diego and School District	Tax and Revenue Anticipation Note Program Note Participations, Series B-1 2009	UC	Cash Flow/Education
7/1/2009	49,075,000	County of San Diego and School District	Tax and Revenue Anticipation Note Program Note Participations, Series B-2 2009	UC	Cash Flow/Education
7/1/2009	20,000,000	ABAG Finance Authority for Nonprofit Corporations	Variable Rate Demand Revenue Bonds, Series 2009 (Valley Christian Schools)	UC	501(c)(3)/Education
7/1/2009	99,555,000	County of Los Angeles Office of Education	(Los Angeles County Schools Pooled Financing Program) 2009-10 Pooled Tax and Revenue Anticipation Notes Participation Certificates Series A	BC	Cash Flow/Education

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7/1/2009	1,945,000	County of Los Angeles Office of Education	(Los Angeles County Schools Pooled Financing Program) 2009-10 Pooled Tax and Revenue Anticipation Notes Participation Certificates Series B	BC	Cash Flow/Education
7/1/2009	15,000,000	County of Los Angeles Office of Education	(Los Angeles County Schools Pooled Financing Program) 2009-10 Pooled Tax and Revenue Anticipation Notes Participation Certificates Series C	BC	Cash Flow/Education
7/1/2009	3,485,000	County of Los Angeles Office of Education	(Los Angeles County Schools Pooled Financing Program) 2009-10 Pooled Tax and Revenue Anticipation Notes Participation Certificates Series D	BC	Cash Flow/Education
7/1/2009	56,300,000	California Statewide Communities Development Authority	Tax and Revenue Anticipation Note Program Note Participations Series 2009A-2 (City of Fresno)	UC	Cash Flow
7/1/2009	55,000,000	California Statewide Communities Development Authority	Tax and Revenue Anticipation Note Program Note Participations Series 2009A-3 (County of Monterey)	UC	Cash Flow
7/1/2009	26,000,000	California Statewide Communities Development Authority	Tax and Revenue Anticipation Note Program Note Participations Series 2009B (County of Mendocino)	UC	Cash Flow
7/1/2009	65,000,000	California Statewide Communities Development Authority	Tax and Revenue Anticipation Note Program Note Participations Series 2009A-5 (County of Tulare)	UC	Cash Flow
7/9/2009	82,305,000	California Educational Facilities Authority	Revenue Bonds (University of Southern California), Series 2009C	BC	501(c)(3)/Education
7/16/2009	177,000,000	County of Santa Clara	2009-10 Tax and Revenue Anticipation Notes	DC	Cash Flow
7/17/2009	115,410,000	City of Oakland	2009-10 Tax and Revenue Anticipation Notes, Series A	UC	Cash Flow
7/17/2009	46,965,000	City of Oakland	2009-10 Tax and Revenue Anticipation Notes, Series B (Federally Taxable)	UC	Cash Flow
7/21/2009	2,318,764	College Elementary School District (County of Santa Barbara)	General Obligation Bonds, Election of 2004, Series 2009	UC	General Obligation/ Education

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7/23/2009	15,000,000	ABAG Finance Authority for Nonprofit Corporations	Variable Rate Demand Revenue Bonds (Menlo School) Series 2003	BC	501(c)(3)/Education
7/28/2009	293,000,000	California Statewide Communities Development Authority	Tax and Revenue Anticipation Note Program, Note Participations (County of Riverside), Series 2009A-4	UC	Cash Flow
7/30/2009	64,545,000	City of Oakland	General Obligation Bonds (Series 2009B, Measure DD)	BC	General Obligation
8/4/2009	51,765,000	California Educational Facilities Authority	Refunding Revenue Bonds (Stanford University) Series T-5	UC	501(c)(3)/Education
8/11/2009	81,065,000	Metropolitan Water District of Southern California	Water Revenue Refunding Bonds, 2009 Series D (Tax-Exempt Refunding Bonds)	BC	Water
8/11/2009	250,000,000	Metropolitan Water District of Southern California	Water Revenue Bonds, 2008 Authorization, Series D (Taxable Build America Bonds)	BC	Water
8/11/2009	6,254,805	Kerman Unified School District	General Obligation Bonds, Election of 2008, Series 2009	UC	General Obligation/ Education
8/12/2009	31,625,000	Western Riverside Water and Wastewater Financing Authority	Revenue Bonds, Series 2009 (Eastern Municipal Water District Improvement Districts General Obligation Bond Financing)	UC	Water
8/12/2009	87,885,000	Oakland Unified School District	General Obligation Bonds (Election of 2006, Series 2009A)	UC	General Obligation/ Education
8/12/2009	70,795,000	Oakland Unified School District	Taxable General Obligation Bonds (Election of 2006, Series 2009B) (Build America Bonds)	UC	General Obligation/ Education
8/12/2009	26,320,000	Oakland Unified School District	Taxable General Obligation Bonds (Election of 2006, Series 2009C) Qualified School Construction Bonds (Tax Credit Bonds)	UC	General Obligation/ Education
8/13/2009	750,000,000	Los Angeles Unified School District	2009-10 Tax and Revenue Anticipation Notes, Series A	DC	Cash Flow/Education

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8/18/2009	20,000,000	Indian Wells Valley Water District	Water Revenue Certificates of Participation, Series 2009 (Bank Qualified)	BC	Water
8/20/2009	36,835,000	City of Riverside	Sewer Revenue Bonds, Series 2009A	UC	Wastewater
8/20/2009	204,075,000	City of Riverside	Sewer Revenue Bonds, Series 2009B Taxable (Build America Bonds - Direct Payment to Issuer)	UC	Wastewater
8/27/2009	49,650,000	County of Los Angeles Fair Association	Taxable Variable Rate Demand Revenue Bonds, Series 2009	UC	501(c)(3)
8/27/2009	32,180,000	California Statewide Communities Development Authority	Tax and Revenue Anticipation Note Program, Note Participations, Series 2009A-7 (City of Stockton)	UC	Cash Flow
9/3/2009	92,500,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Revenue Refunding Bonds, Series 2009A (Non-AMT/Private Activity)	UC	Transportation
9/3/2009	82,500,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Revenue Refunding Bonds, Series 2009B (Non-AMT/Private Activity)	UC	Transportation
9/17/2009	18,285,000	California Municipal Finance Authority	Variable Rate Demand Revenue Bonds (Turning Point School) Series 2009	UC	501(c)(3)/Education
9/17/2009	37,885,000	City and County of San Francisco	Certificates of Participation, Series 2009B (Multiple Capital Improvement Projects)	UC	Infrastructure
9/29/2009	40,728,200	Los Angeles Unified School District	Certificates of Participation, 2009 Series A (Food Services Project)	BC	Education
9/30/2009	69,085,000	County of Orange Board of Education	Tax and Revenue Anticipation Note Pooled Program Note Participations (South Coast Local Education Agencies) Series 2009A	DC	Cash Flow/Education
10/1/2009	54,000,000	City of Long Beach	2009-10 Tax and Revenue Anticipation Notes	UC	Cash Flow

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10/1/2009	85,000,000	County of Riverside Transportation Commission	Sales Tax Revenue Bonds (Limited Tax Bonds) 2009 Series A	UC	Transportation
10/1/2009	65,000,000	County of Riverside Transportation Commission	Sales Tax Revenue Bonds (Limited Tax Bonds) 2009 Series B	UC	Transportation
10/1/2009	35,000,000	County of Riverside Transportation Commission	Sales Tax Revenue Bonds (Limited Tax Bonds) 2009 Series C	UC	Transportation
10/14/2009	80,940,000	County of San Diego	Certificates of Participation (Justice Facilities Refunding)	UC	Infrastructure
10/15/2009	26,705,000	Pasadena Area Community College District	General Obligation Bonds, Election of 2002, 2009 Series D	UC	General Obligation/ Education
10/15/2009	25,295,000	Pasadena Area Community College District	Taxable General Obligation Build America Bonds (Direct Subsidy), Election of 2002, 2009 Series E	UC	General Obligation/ Education
10/15/2009	318,800,000	Los Angeles Unified School District	General Obligation Bonds, Election of 2005, 2009 Series H (Qualified School Construction Bonds) (Tax Credit Bonds)	BC/DC	General Obligation/ Education
10/15/2009	205,785,000	Los Angeles Unified School District	General Obligation Bonds, 2009 Series KRY (Tax-Exempt)	BC/DC	General Obligation/ Education
10/15/2009	1,369,800,000	Los Angeles Unified School District	General Obligation Bonds, 2009 Series KRY (Federally Taxable Build America Bonds)	BC/DC	General Obligation/ Education
10/15/2009	74,765,000	Los Angeles Unified School District	General Obligation Refunding Bonds, 2009 Series A (Tax-Exempt)	BC/DC	General Obligation/ Education
10/15/2009	5,615,000	Los Angeles Unified School District	General Obligation Bonds, Election of 2005, 2009 Series G (Federally Taxable)	BC/DC	General Obligation/ Education
10/22/2009	320,945,000	County of Los Angeles Metropolitan Transportation Authority	Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds, Series 2009-A	UC	Transportation

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11/3/2009	67,615,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Revenue Refunding Bonds Series 2009C (Non-AMT/Private Activity) Series 2009C-1 Bonds (FSA Insured)	UC	Transportation
11/3/2009	65,300,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Revenue Refunding Bonds Series 2009C (Non-AMT/Private Activity) Series 2009C-2 Bonds	UC	Transportation
11/4/2009	88,190,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Revenue Refunding Bonds, Series 2009D (Non-AMT/Private Activity)	UC	Transportation
11/5/2009	2,935,615,000	State of California	Economic Recovery Bonds Refunding Series 2009A	UC	Cash Flow
11/5/2009	500,000,000	State of California	Economic Recovery Bonds Refunding Series 2009B	UC	Cash Flow
11/18/2009	485,800,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Revenue Bonds, Series 2009E (Non-AMT/Private Activity)	UC	Transportation
12/1/2009	16,745,000	County of Solano	Refunding Certificates of Participation, Series 2009	UC	Infrastructure
12/8/2009	9,795,000	City of Long Beach	Senior Airport Revenue Bonds, Series 2009A	UC	Transportation
12/8/2009	6,755,000	City of Long Beach	Senior Airport Revenue Refunding Bonds, Series 2009B	UC	Transportation
12/8/2009	44,890,000	City of Long Beach	Senior Airport Revenue Bonds, Series 2009C	UC	Transportation
12/8/2009	23,580,000	Lake Arrowhead Community Services District	Water and Wastewater Revenue Certificates of Participation, Series 2009 (Bank Qualified)	BC	Water/Wastewater

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12/10/2009	26,050,000	Metropolitan Water District of Southern California	Water Revenue Refunding Bonds, 2009 Series E	BC	Water
12/16/2009	25,000,000	California Municipal Finance Authority	Revenue Bonds (Harbor Regional Center Project) 2009 Series	UC	501(c)(3)
12/17/2009	7,390,000	ABAG Finance Authority for Nonprofit Corporations	Variable Rate Demand Revenue Bonds (Valley Montessori School Project) Series 2009	BC	501(c)(3)/Education
12/22/2009	45,515,000	Metropolitan Water District of Southern California	Waterworks General Obligation Refunding Bonds, 2009 Series A	BC	Water
12/22/2009	15,465,000	United Water Conservation District	Certificates of Participation, Series 2009	BC	Water
12/22/2009	200,000,000	City of Los Angeles (Municipal Improvement Corporation of Los Angeles)	Lease Revenue Commercial Paper Notes	BC	Infrastructure
12/22/2009	100,000,000	City of Los Angeles (Municipal Improvement Corporation of Los Angeles)	Lease Revenue Commercial Paper Notes	BC	Infrastructure
12/22/2009	300,000,000	City of Los Angeles (Municipal Improvement Corporation of Los Angeles)	Lease Revenue Commercial Paper Notes	BC	Infrastructure
1/7/2010	150,000,000	Long Beach Community College District	Bond Anticipation Notes, 2010 Series A	UC	Education
1/21/2010	17,650,000	California Statewide Communities Development Authority	Taxable Pension Obligation Bonds (City of Ramon) 2010 Series A	UC	Pension Obligation
1/28/2010	60,000,000	California Municipal Finance Authority	Variable Rate Demand Revenue Bonds (Westmont College) Series 2010A	UC	501(c)(3)/Education
2/3/2010	14,220,000	City and County of San Francisco Port Commission	Revenue Bonds Series 2010A (Non-AMT Tax-Exempt)	BC	Transportation

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2/3/2010	22,430,000	City and County of San Francisco Port Commission	Revenue Bonds Series 2010B (Taxable)	BC	Transportation
2/4/2010	18,575,000	Marin Emergency Radio Authority	2010 Refunding Revenue Bonds (Marin Public Safety and Emergency Radio System)	DC	Infrastructure
2/4/2010	7,122,270	Napa Valley Unified School District	General Obligation Bonds, Election of 2006 Series 2010A (Tax-Exempt)	UC	General Obligation/ Education
2/4/2010	34,000,000	Napa Valley Unified School District	General Obligation Bonds, Election of 2006 Series 2010B (Federally Taxable Build America Bonds)	UC	General Obligation/ Education
2/4/2010	14,405,000	Napa Valley Unified School District	2010 General Obligation Refunding Bonds	UC	General Obligation/ Education
2/10/2010	66,865,000	Santa Monica Community College District	Taxable General Obligation Build America Bonds (Direct Subsidy) 2008 Election, 2010 Series A-1	UC	General Obligation/ Education
2/10/2010	86,375,000	City and County of San Francisco Airport Commission	Second Series Variable Rate Revenue Refunding Bonds Series 2010A-1	UC	Transportation
2/10/2010	57,595,000	City and County of San Francisco Airport Commission	Second Series Variable Rate Revenue Refunding Bonds Series 2010A-2	UC	Transportation
2/10/2010	72,000,000	City and County of San Francisco Airport Commission	Second Series Variable Rate Revenue Refunding Bonds Series 2010A-3	UC	Transportation
2/10/2010	10,998,992	Santa Monica Community College District	General Obligation Bonds 2002 Election, 2010 Series E (Tax-Exempt)	UC	General Obligation/ Education
2/10/2010	33,135,000	Santa Monica Community College District	General Obligation Bonds 2008 Election, 2010 Series A (Tax-Exempt)	UC	General Obligation/ Education
2/18/2010	50,110,000	County of Santa Clara Financing Authority	Refunding Lease Revenue Bonds (Multiple Facilities Projects) 2010 Series N	DC	Infrastructure

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2/18/2010	4,985,000	Mendota Unified School District	2010 General Obligation Refunding Bonds	UC	General Obligation/ Education
3/4/2010	478,575,000	Los Angeles Unified School District	General Obligation Bonds Series KRY (2010)(Tax-Exempt)	DC	General Obligation/ Education
3/4/2010	1,250,585,000	Los Angeles Unified School District	General Obligation Bonds Series RY (2010) (Federally Taxable Build America Bonds)	DC	General Obligation/ Education
3/4/2010	74,995,000	Los Angeles Unified School District	General Obligation Refunding Bonds, Series A (2010) (Tax-Exempt)	DC	General Obligation/ Education
3/4/2010	3,795,000	Los Angeles Unified School District	General Obligation Bonds Election of 2005, Series I (2010) (Federally Taxable)	DC	General Obligation/ Education
3/24/2010	34,525,000	California Educational Facilities Authority	Refunding Revenue Bonds (Carnegie Institution of Washington) 2010 Series A	UC	501(c)(3)/Education
3/30/2010	38,500,000	California Educational Facilities Authority	Variable Rate Refunding Revenue Bonds (Loyola Marymount University) Series 2010B	UC	501(c)(3)/Education
3/30/2010	65,185,000	California Educational Facilities Authority	Revenue Bonds (Loyola Marymount University) Series 2010A	UC	501(c)(3)/Education
4/7/2010	3,215,000	County of Los Angeles Office of Education	Certificates of Participation (Los Angeles County Schools Pooled Financing Program) 2010 Refunding Series A (Montebello Unified School District)	BC	Education/Infrastructure
4/7/2010	13,945,000	County of Los Angeles Office of Education	Certificates of Participation (Los Angeles County Schools Pooled Financing Program) 2010 Refunding Series A (Santa Monica Community College District)	BC	Education/Infrastructure
4/7/2010	345,735,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Revenue Refunding Bonds Series 2010C (Non- AMT/Governmental Purpose)	UC	Transportation
4/7/2010	89,860,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Revenue Refunding Bonds Series 2010D (Non- AMT/Private Activity)	UC	Transportation

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4/7/2010	182,970,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Revenue Refunding Bonds Series 2010E (Taxable)	UC	Transportation
4/14/2010	11,600,000	County of Northern Inyo Local Hospital District	Revenue Bonds, Series 2010 (Bank Qualified)	UC	501(c)(3)/Healthcare
4/20/2010	29,285,000	County of Los Angeles Office of Education	Pooled Financing Program 2009-10 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series E-1	BC	Education/Cash Flow
4/20/2010	18,000,000	County of Los Angeles Office of Education	Pooled Financing Program 2009-10 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series E-2	BC	Education/Cash Flow
4/21/2010	6,385,000	West Valley Sanitation District	Sewer Revenue Refunding Bonds, Series 2010	BC	Wastewater
4/29/2010	54,055,000	City of San Jose Redevelopment Agency	Merged Area Redevelopment Project Housing Set-Aside Tax Allocation Bonds Tax-Exempt Refunding Tax Allocation Bonds Series 2010A-1	BC/DC	Tax Allocation
4/29/2010	2,655,000	City of San Jose Redevelopment Agency	Merged Area Redevelopment Project Housing Set-Aside Tax Allocation Bonds Tax-Exempt Refunding Tax Allocation Bonds Series 2010A-2	BC/DC	Tax Allocation
4/29/2010	10,695,000	City of San Jose Redevelopment Agency	Merged Area Redevelopment Project Housing Set-Aside Tax Allocation Bonds Taxable Refunding Tax Allocation Bonds Series 2010B	BC/DC	Tax Allocation
5/3/2010	5,980,000	City of Los Angeles	Adjustable Rate Certificates of Participation 2010 (American Academy of Dramatic Arts) (Remarketing)	UC	501(c)(3)
5/6/2010	190,195,000	Los Angeles Unified School District	General Obligation Bonds Election of 2005, Series J-1 (2010) Qualified School Construction Bonds (Federally Taxable Direct Subsidy Bonds)	DC	General Obligation/ Education
5/6/2010	100,000,000	Los Angeles Unified School District	General Obligation Bonds Election of 2005, Series J-2 (2010) Qualified School Construction Bonds (Federally Taxable Direct Subsidy Bonds)	DC	General Obligation/ Education
5/6/2010	159,495,000	Los Angeles Unified School District	General Obligation Bonds Series, KY (2010) (Tax-Exempt)	DC	General Obligation/ Education

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5/6/2010	215,375,000	California Educational Facilities Authority	Revenue Bonds (Stanford University) Series U-1	UC	501(c)(3)/Education
5/11/2010	16,735,000	County of Los Angeles Office of Education	Pooled Financing Program 2009-10 Pooled Tax and Revenue Anticipation Note Participation Certificates Series F-1	BC	Education/Cash Flow
5/11/2010	1,495,000	County of Los Angeles Office of Education	Pooled Financing Program 2009-10 Pooled Tax and Revenue Anticipation Note Participation Certificates Series F-1	BC	Education/Cash Flow
5/12/2010	2,992,540,000	State of California Department of Water Resources	Power Supply Revenue Bonds, Series 2010L	BC	Power
5/13/2010	2,975,000	County of Los Angeles Office of Education	Pooled Financing Program Taxable Certificates of Participation 2010 Series A (Charter Oak Unified School District) (Direct Subsidy Qualified School Construction Bonds)	UC	Education
5/27/2010	37,445,000	County of San Diego	Certificates of Participation (The Salk Institute for Biological Studies)	UC	501(c)(3)
6/10/2010	50,000,000	City and County of San Francisco	Taxable and Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 1 and 1-T	BKC	Infrastructure
6/10/2010	50,000,000	City and County of San Francisco	Taxable and Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 2 and 2-T	BKC	Infrastructure
6/29/2010	82,725,000	State of California	Veterans General Obligation Bonds Series CF (Non-AMT)	BC	General Obligation
6/29/2010	25,000,000	State of California	Veterans General Obligation Bonds Series CG (Non-AMT)	BC	General Obligation
6/29/2010	10,985,000	State of California	Veterans General Obligation Bonds Series CH (Non-AMT)	BC	General Obligation

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6/30/2010	10,000,000	County of Los Angeles Office of Education	Certificates of Participation (Antelope Valley Community College District) 2010 Series C (Bank Qualified)	BC	Education/ Infrastructure
7/1/2010	1,300,000,000	County of Los Angeles	2010-11 Tax and Revenue Anticipation Notes, Series A	UC	Cash Flow
7/1/2010	140,000,000	County of San Diego and School District	Tax and Revenue Anticipation Note Program Note Participations, 2010 Series A	UC	Cash Flow
7/1/2010	22,840,000	County of San Diego and School District	Tax and Revenue Anticipation Note Program Note Participations, 2010 Series B-1	UC	Cash Flow
7/1/2010	98,205,000	County of San Diego and School District	Tax and Revenue Anticipation Note Program Note Participations, 2010 Series B-2	UC	Cash Flow
7/1/2010	3,700,000	County of San Diego and School District	Tax and Revenue Anticipation Note Program Note Participations, 2010 Series B-3	UC	Cash Flow
7/1/2010	165,000,000	County of San Bernardino	2010-11 Tax and Revenue Anticipation Notes, Series A	BC	Cash Flow
7/1/2010	86,000,000	County of Fresno	2010-11 Tax and Revenue Anticipation Notes	BC/DC	Cash Flow
7/1/2010	23,000,000	County of Santa Barbara Schools Financing Authority	2010-11 Tax and Revenue Anticipation Notes	BC	Education/ Cash Flow
7/1/2010	49,830,000	County of Los Angeles Office of Education	Pooled Financing Program 2010-11 Pooled TRAN Participation Certificates Series A	BC	Education/ Cash Flow
7/1/2010	14,055,000	County of Los Angeles Office of Education	Pooled Financing Program 2010-11 Pooled TRAN Participation Certificates Series B	BC	Education/ Cash Flow
7/1/2010	4,500,000	County of Los Angeles Office of Education	Pooled Financing Program 2010-11 Pooled TRAN Participation Certificates Series C	BC	Education/ Cash Flow

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7/1/2010	51,335,000	City of San Diego	2010-11 Tax and Revenue Anticipation Notes, Series A	BC/DC	Cash Flow
7/1/2010	42,690,000	City of San Diego	2010-11 Tax and Revenue Anticipation Notes, Series B	BC/DC	Cash Flow
7/1/2010	69,140,000	City of San Diego	2010-11 Tax and Revenue Anticipation Notes, Series C	BC/DC	Cash Flow
7/1/2010	79,500,000	San Francisco Unified School District	2010 Tax and Revenue Anticipation Notes	UC	Cash Flow
7/1/2010	540,000,000	Los Angeles Unified School District	2010-11 Tax and Revenue Anticipation Notes, Series A	DC	Education/ Cash Flow
7/8/2010	100,000,000	City of Oakland	2010-11 Tax and Revenue Anticipation Notes	UC	Cash Flow
7/15/2010	36,975,000	California Infrastructure and Economic Development Bank	Revenue Bonds (USC-Soto Street Health Sciences Administrative Office Building Project) Series 2010	BC	501(c)(3)/Healthcare
7/22/2010	900,000,000	Los Angeles Community College District	General Obligation Build America Bonds (Direct Subsidy) 2008 Election, 2010 Taxable Series E	UC	General Obligation/ Education
7/22/2010	25,000,000	Hemet Unified School District	Taxable Direct-Pay 2010 Qualified School Construction General Obligation Bond Anticipation Notes	UC	General Obligation/ Education
7/22/2010	25,000,000	California Qualified School Bond Joint Powers Authority	2010 General Obligation Revenue Bonds Taxable Direct-Pay (Antioch Unified School District Qualified Construction Bonds) (Contra Costa County, California)	UC	General Obligation/ Education
7/22/2010	265,000	Antioch Unified School District	General Obligation Bonds (School Facilities Improvement District No. 1) Election of 2008, Series 2010 C-2	UC	General Obligation/ Education

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7/29/2010	23,080,000	City of Roseville	North Central Roseville Community Facilities District No. 1 Special Tax Refunding Bonds Series 2010	UC	Mello-Roos
8/3/2010	1,465,000	City of Calistoga	2010-11 Tax and Revenue Anticipation Notes	BC	Cash Flow
8/5/2010	121,360,000	City and County of San Francisco Airport Commission	Second Series Revenue Bonds Series 2010F (Non-AMT/Private Activity)	UC	Transportation
8/5/2010	7,100,000	City and County of San Francisco Airport Commission	Second Series Revenue Bonds Series 2010G (Non-AMT/Governmental Purpose)	UC	Transportation
8/10/2010	175,000,000	Los Angeles Community College District	General Obligation Bonds 2008 Election, 2010 Series C	UC	General Obligation/ Education
8/10/2010	94,835,000	County of Orange Board of Education	Pooled Tax and Revenue Anticipation Note Pooled Program Note Participations, Series 2010A (South Coast Local Education Agencies)	DC	Education/Cash Flow
8/10/2010	5,000,000	County of Orange Board of Education	Pooled Tax and Revenue Anticipation Note Pooled Program Note Participations, Series 2010B (South Coast Local Education Agencies)	DC	Education/Cash Flow
8/10/2010	125,000,000	Los Angeles Community College District	General Obligation Bonds 2008 Election, 2010 Taxable Series D	UC	General Obligation/ Education
8/12/2010	4,675,000	Helendale School District	General Obligation Bond Anticipation Notes 2008 Election, Series 2010	BKC	Education
8/24/2010	40,000,000	California Statewide Communities Development Authority	2010 Tax and Revenue Anticipation Bonds Series 2010A	UC	Cash Flow
8/25/2010	139,775,000	City of Los Angeles	Department of Water and Power, Power System Revenue Bonds 2010 Series C (Federally Taxable)	UC	Water
9/3/2010	7,200,000	California Statewide Communities Development Authority	Revenue Bonds (Drew School) Series 2010	BC	501(c)(3)/Education

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9/9/2010	55,600,000	California Infrastructure and Economic Development Bank	Variable Rate Demand Revenue Bonds, Series 2001 (Buck Institute for Age Research)	UC	501(c)(3)
9/9/2010	35,000,000	Paramount Unified School District	General Obligation Bond Anticipation Notes 2006 Election, Series A	BKC	Education
9/9/2010	30,000,000	Paramount Unified School District	General Obligation Bond Anticipation Notes 2006 Election, Series B	BKC	Education
9/9/2010	27,000,000	Victor Valley Union High School District	General Obligation Bond Anticipation Notes 2008 Election, Series A	BKC	Education
9/9/2010	47,500,000	Victor Valley Union High School District	General Obligation Bond Anticipation Notes 2008 Election, Series B	BKC	Education
9/15/2010	50,125,000	California Education Facilities Authority	Revenue Bonds (Santa Clara University) Series 2010	UC	Education
9/15/2010	92,500,000	City and County of San Francisco Airport Commission	Second Series Revenue Refunding Bonds Series 2009F (Non-AMT/Private Activity)	UC	Transportation
9/15/2010	82,500,000	City and County of San Francisco Airport Commission	Second Series Revenue Bonds Series 2009A (Non-AMT/Private Activity)	UC	Transportation
9/16/2010	60,000,000	County of Santa Clara	Teeter Plan Obligation Commercial Paper Notes Series A-1	DC	Cash Flow
9/16/2010	60,000,000	County of Santa Clara	Teeter Plan Obligation Commercial Paper Notes Series A-2	DC	Cash Flow
9/16/2010	12,765,000	ABAG Finance Authority for Nonprofit Corporations	Variable Rate Demand Revenue Bonds (Public Policy Institute of California) Series 2001A (Remarketing)	BC	501(c)(3)
9/16/2010	20,055,000	ABAG Finance Authority for Nonprofit Corporations	Taxable Variable Rate Demand Revenue Bonds (Public Policy Institute of California) Series 2001B (Remarketing)	BC	501(c)(3)

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9/17/2010	24,125,000	City of San Jose	Multifamily Housing Revenue Note (Kings Crossing Apartments) Series 2010C	BC	Multifamily Housing
9/23/2010	17,000,000	Westminster Unified School District	General Obligation Bond Anticipation Notes 2008 Election, Series A	BKC	General Obligation/ Education
9/23/2010	18,000,000	Westminster Unified School District	General Obligation Bond Anticipation Notes 2008 Election, Series B	BKC	General Obligation/ Education
9/30/2010	138,445,000	City and County of San Francisco	Refunding Certificates of Participation Series 2010A	BC	Infrastructure
10/7/2010	22,500,000	ABAG Finance Authority for Nonprofit Corporations	Variable Rate Demand Revenue Bonds (The Branson School) Series 2008 (Remarketing)	BC	501(c)(3)/Education
10/13/2010	39,485,000	Metropolitan Water District of Southern California	Waterworks General Obligation Refunding Bonds, 2010 Series A	BC	General Obligation/ Water
10/13/2010	19,940,000	Trinity County Public Utilities District Financing Authority	2010 Electric Revenue Bonds, Series A	UC	Electric
10/14/2010	15,000,000	County of Los Angeles Office of Education	Los Angeles County Schools Pooled Financing Program 2010-11 Pooled TRAN Participation Certificates Series D	BC	Education/Cash Flow
10/14/2010	30,000,000	ABAG Finance Authority for Nonprofit Corporations	Revenue Bonds (La Jolla Country Day School) Series 2010A	BC	501(c)(3)/Education
10/14/2010	24,990,000	Imperial Irrigation District	Water System Refunding Revenue Bonds, 2010 Series	UC	Water
10/20/2010	1,763,215,000	State of California Department of Water Resources	Power Supply Revenue Bonds, Series 2010M	BC	Electric
10/21/2010	177,420,000	City of Los Angeles	Wastewater System Revenue Bonds Series 2010-A (Taxable Build America Bonds)	DC	Water

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10/21/2010	96,000,000	City of Los Angeles	Wastewater System Revenue Bonds Series 2010-B (Taxable Recovery Zone Economic Development Bonds)	DC	Water
10/21/2010	199,790,000	City of Los Angeles	Wastewater System Subordinate Revenue Bonds Series 2010-A (Tax-Exempt)	DC	Water
11/2/2010	30,000,000	City of Long Beach	2010 Taxable Revenue Bonds (Carnival Cruise Terminal Financing)	UC	Transportation
11/3/2010	100,785,000	Rancho California Water District Financing Authority	Fixed Rate Revenue Bonds, Series 2010A (Federally Taxable Direct Pay Build America Bonds)	UC	Water
11/4/2010	30,000,000	ABAG Finance Authority for Nonprofit Corporations	Revenue Bonds (Francis Parker School) Series 2010	BC	501(c)(3)/Education
11/4/2010	19,005,000	ABAG Finance Authority for Nonprofit Corporations	Variable Rate Demand Revenue Bonds (Francis Parker School Project) Series 2005 (Remarketing)	BC	501(c)(3)/Education
11/4/2010	134,680,000	City of Los Angeles Department of Airports	Los Angeles International Airport Subordinate Revenue Bonds 2010 Series B	UC	Transportation
11/4/2010	59,360,000	City of Los Angeles Department of Airports	Los Angeles International Airport Subordinate Revenue Bonds 2010 Series C (Federally Taxable Build America Bonds)	UC	Transportation
11/5/2010	22,000,000	Buckley School	California Municipal Finance Authority Revenue Bonds (The Buckley School) Series 2010	BKC	501(c)(3)/Education
11/9/2010	12,000,000	California Municipal Finance Authority	2010 Tax-Exempt Loan (Keys Family Day School, Inc.)	BC	501(c)(3)/Education
11/10/2010	89,790,000	California Infrastructure and Economic Development Bank	Variable Rate Demand Refunding Revenue Bonds (Los Angeles County Museum of Natural History Foundation) Series 2008A and 2008B (Remarketing)	BC	501(c)(3)
11/10/2010	8,795,000	City of Burbank	Burbank Water and Power Water Revenue Refunding Bonds, Series 2010A	UC	Water

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11/10/2010	27,945,000	City of Burbank	Burbank Water and Power Water Revenue Bonds, Series 2010B (Taxable Build America Bonds)	UC	Water
11/18/2010	90,500,000	Tustin Unified School District	Community Facilities District No. 07-1 Series 2010 Special Tax Bonds (Adjustable Rate Bonds)	BKC	Education/Mello Roos
11/23/2010	102,900,000	County of Los Angeles Public Works Financing Authority	Lease Revenue Bonds (Multiple Capital Projects I), 2010 Series A (Tax-Exempt)	UC	Infrastructure
11/23/2010	688,005,000	County of Los Angeles Public Works Financing Authority	Lease Revenue Bonds (Multiple Capital Projects I), 2010 Series B (Build America Bonds/Recovery Zone Economic Development Bonds)	UC	Infrastructure
11/23/2010	60,010,000	California Infrastructure and Economic Development Bank	Variable Rate Demand Revenue Bonds (California Academy of Sciences, San Francisco, California) Series 2008B (Remarketing)	BC	501(c)(3)
11/24/2010	2,755,000	California Statewide Communities Development Authority	Variable Rate Demand Recovery Zone Facility Revenue Bonds (Cruzio Building Project) Series 2010	BC	501(c)(3)
11/30/2010	875,805,000	City of Los Angeles Department of Airports	Los Angeles International Airport Senior Revenue Bonds 2010 Series D (Non-AMT)	UC	Transportation
11/30/2010	20,085,000	City of Newport Beach	Certificates of Participation 2010A (Tax-Exempt) (Civic Center Project/Central Library Refunding)	DC	Infrastructure
11/30/2010	106,575,000	City of Newport Beach	Certificates of Participation 2010B (Federally Taxable Direct Pay Build America Bonds) (Civic Center Project)	DC	Infrastructure
12/9/2010	8,980,000	City of Los Angeles Community Redevelopment Agency	Tax Allocation Bonds Series D (Taxable) (Reseda/Canoga Park Project Area)	BC	Tax Allocation
12/9/2010	11,020,000	City of Los Angeles Community Redevelopment Agency	Tax Allocation Bonds Series E (Tax-Exempt) (Reseda/Canoga Park Project Area)	BC	Tax Allocation
12/10/2010	3,000,000	County of Los Angeles Office of Education	Los Angeles County Schools Pooled Financing Program 2010-11 Pooled TRAN Participation Certificates Series E	BC	Education/Cash Flow

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12/16/2010	133,290,000	City of Riverside	Electric Revenue Bonds, Issue of 2010A (Federally Taxable Build America Bonds- Direct Payment)	BC	Electric
12/16/2010	7,090,000	City of Riverside	Electric Revenue Bonds, Issue of 2010B (Tax Exempt; Bank Qualified)	BC	Electric
12/16/2010	3,000,000	ABAG Finance Authority for Nonprofit Corporations	Variable Rate Demand Revenue Bonds (Ecology Action of Santa Cruz) Series 2010	BC	501(c)(3)
12/16/2010	15,000,000	Escondido Union School District	2010 Taxable Health Insurance Obligation Refunding Bonds	BKC	Education
12/16/2010	15,000,000	City of Fremont	Variable Rate Demand Certificates of Participation (2010 Financing Project)	BKC	Infrastructure
12/21/2010	21,615,000	Los Angeles Unified School District	Certificates of Participation 2010 Series B-1 (Federally Taxable Direct Pay Build America Bonds) (Capital Projects I)	BC/DC	Education/Infrastructure
12/21/2010	61,730,000	Los Angeles Unified School District	Certificates of Participation 2010 Series B-2 (Tax-Exempt) (Capital Projects I)	BC/DC	Education/Infrastructure
12/21/2010	60,040,980	Rio Hondo Community College District	General Obligation Bonds 2004 Election, 2010 Series C	UC	General Obligation/ Education
12/21/2010	19,940,000	California Infrastructure and Economic Development Bank	Tax-Exempt Variable Rate Demand Revenue Bonds (Saddleback Valley Christian Schools Project) Series 2010A	BC	501(c)(3)/Education
12/21/2010	785,000	California Infrastructure and Economic Development Bank	Taxable Variable Rate Demand Revenue Bonds (Saddleback Valley Christian Schools Project) Series 2010B	BC	501(c)(3)/Education
12/22/2010	250,000,000	Metropolitan Water District of Southern California	Water Revenue Bonds 2010 Authorization, Series A (Taxable Build America Bonds)	BC	Water
12/22/2010	21,500,000	Countrydale Metropolitan District	Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Senior Note Series 2010A	BKC	General Obligation

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12/23/2010	19,425,000	City of Tulare	Sewer Revenue Bonds, Series 2010	BC	Wastewater
12/23/2010	19,000,000	California Infrastructure and Economic Development Bank	Variable Rate Demand Revenue Bonds (Loyola High School of Los Angeles) Series 2010 (Remarketing)	UC	501(c)(3)/Education
1/27/2011	2,500,000	California Statewide Communities Development Authority	Revenue Bonds (Community Foundation Santa Cruz County) Series 2011	BC	501(c)(3)
1/27/2011	124,605,000	City of Upland	Certificates of Participation (San Antonio Community Hospital)	UC	Healthcare/Infrastructure
2/1/2011	8,490,000	City of Santa Rosa	Limited Obligation Refunding Improvement Bonds, Fountaingrove Parkway Extension Assessment District (Reassessment and Refunding of 2011), Series 2011A	UC	Assessment
2/1/2011	14,999,736	Jefferson Union High School District	General Obligation Bonds 2006 Election, Series D	UC	General Obligation/Education
2/1/2011	3,405,000	City of Santa Rosa	Limited Obligation Refunding Improvement Bonds, Skyhawk Assessment District (Reassessment and Refunding of 2011), Series 2011A	UC	Assessment
2/24/2011	78,065,000	Imperial Irrigation District	Electric System Refunding Revenue Bonds, Series 2011A	UC	Electric
2/24/2011	130,000,000	City of Los Angeles (Municipal Improvement Corporation of Los Angeles)	Lease Revenue Commercial Paper Notes, Tax-Exempt Series A-1 and Taxable Series B-1	BC	Infrastructure
2/24/2011	40,000,000	City of Los Angeles (Municipal Improvement Corporation of Los Angeles)	Lease Revenue Commercial Paper Notes, Tax-Exempt Series A-3 and Taxable Series B-3	BC	Infrastructure
2/24/2011	130,000,000	City of Los Angeles (Municipal Improvement Corporation of Los Angeles)	Lease Revenue Commercial Paper Notes, Tax-Exempt Series A-2 and Taxable Series B-2	BC	Infrastructure

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3/2/2011	38,395,000	City of Pittsburg Public Financing Authority	Water Revenue Refunding Bonds, Series 2008	BKC	Water
3/3/2011	30,985,000	City of San Jose Financing Authority	Lease Revenue Bonds, Series 2011A (Convention Center Expansion and Renovation Project)	UC	Infrastructure
3/11/2011	60,000,000	City of Santa Monica Redevelopment Agency	Credit Agreement	BKC	Tax Allocation
3/16/2011	8,002,406	Cloverdale Unified School District	General Obligation Bonds Election of 2010, Series A	UC	Education/General Obligation
3/23/2011	44,625,000	Rancho California Water District Financing Authority	Adjustable Rate Refunding Revenue Bonds Series of 2008B (Remarketing)	UC	Water
3/31/2011	57,135,000	County of Los Angeles Office of Education	Pooled Financing Program 2010-11 Pooled TRAN Participation Certificates Series F-1	BC	Education/Cash Flow
3/31/2011	9,500,000	County of Los Angeles Office of Education	Pooled Financing Program 2010-11 Pooled TRAN Participation Certificates Series F-2	BC	Education/Cash Flow
3/31/2011	33,415,000	County of Los Angeles Office of Education	Pooled Financing Program 2010-11 Pooled TRAN Participation Certificates Series F-3	BC	Education/Cash Flow
3/31/2011	20,110,000	County of Los Angeles Office of Education	Pooled Financing Program 2010-11 Pooled TRAN Participation Certificates Series F-4	BC	Education/Cash Flow
3/31/2011	10,000,000	County of Los Angeles Office of Education	Pooled Financing Program 2010-11 Pooled TRAN Participation Certificates Series F-5	BC	Education/Cash Flow
4/1/2011	107,425,000	City of San Jose	Special Hotel Tax Revenue Bonds, Series 2011 (Convention Center Expansion and Renovation Project)	UC	Infrastructure
4/28/2011	56,450,000	City of Riverside	Variable Rate Refunding Electric Revenue Bonds, Issue of 2011A	BC	Electric

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5/3/2011	19,260,000	County of San Diego	Certificates of Participation (2011 MTS Tower Refunding)	UC	Infrastructure
5/18/2011	10,000,000	California Statewide Communities Development Authority	2011 Tax-Exempt Loan (Guide Dogs For The Blind, Inc.)	BC/DC	501(c)(3)
5/18/2011	14,725,000	City and County of San Francisco	Lease Revenue Bonds, Series 2011A (Equipment Program) (Remarketing)	DC	Infrastructure
5/19/2011	72,000,000	California Housing Finance Agency	Residential Mortgage Revenue Bonds 2011 Series A (Non-AMT)	BC	Single Family Housing
5/19/2011	108,000,000	California Housing Finance Agency	Residential Mortgage Revenue Bonds 2009 Series A-4 (Non-AMT)(Conversion)	BC	Single Family Housing
5/19/2011	60,000,000	California Statewide Communities Development Authority	Refunding Revenue Bonds (LACMA Project) Series 2008D (Remarketing)	BC	501(c)(3)
5/19/2011	28,000,000	California Statewide Communities Development Authority	Refunding Revenue Bonds (LACMA Project)Series 2008E (Remarketing)	BC	501(c)(3)
5/19/2011	95,000,000	California Statewide Communities Development Authority	Refunding Revenue Bonds (LACMA Project) Series 2008C (Remarketing)	BC	501(c)(3)
5/19/2011	100,000,000	California Statewide Communities Development Authority	Refunding Revenue Bonds (LACMA Project)(Variable Rate Demand Obligations) Series 2008B (Remarketing)	BC	501(c)(3)
5/19/2011	100,000,000	California Statewide Communities Development Authority	Refunding Revenue Bonds (Variable Rate Demand Obligations) (LACMA Project) Series 2008A (Remarketing)	BC	501(c)(3)
5/26/2011	59,000,000	City of Riverside	Variable Rate Refunding Water Revenue Bonds, Issue of 2011A (Index Interest Rate Period)	BC	Water
6/16/2011	75,485,000	Imperial Irrigation District	Electric System Refunding Revenue Bonds, Series 2011B	UC	Electric

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6/23/2011	60,000,000	County of Santa Clara	Teeter Plan Obligation Commercial Paper Series A-1	DC	Cash Flow
6/23/2011	60,000,000	County of Santa Clara	Teeter Plan Obligation Commercial Paper Series A-2	DC	Cash Flow
6/29/2011	4,000,000	California Statewide Communities Development Authority	2011 Tax-Exempt Loan (Presidio Hill School)	BC	Education/501(c)(3)
7/1/2011	15,055,000	County of Los Angeles Office of Education	Pooled Financing Program 2011-12 Pooled TRAN Participation Certificates Series A-2	BC	Education/Cash Flow
7/1/2011	18,500,000	County of Los Angeles Office of Education	Pooled Financing Program 2011-12 Pooled TRAN Participation Certificates Series A-3	BC	Education/Cash Flow
7/1/2011	64,915,000	County of Los Angeles Office of Education	Pooled Financing Program 2011-12 Pooled TRAN Participation Certificates Series A-1	BC	Education/Cash Flow
7/1/2011	50,000,000	County of San Diego and School Districts	Tax and Revenue Anticipation Note Program Note Participations, 2011 Series A	UC	Education/Cash Flow
7/1/2011	78,000,000	County of Fresno	2011-12 Tax and Revenue Anticipation Notes	BC	Cash Flow
7/1/2011	550,000,000	Los Angeles Unified School District	2011-12 Tax and Revenue Anticipation Notes, Series A	BC	Education/Cash Flow
7/1/2011	26,600,000	Santa Barbara Schools Financing Authority	2011-12 Tax and Revenue Anticipation Notes	BC	Education/Cash Flow
7/1/2011	80,000,000	San Francisco Unified School District	2011-12 Tax and Revenue Anticipation Notes	UC	Education/Cash Flow
7/1/2011	1,300,000,000	County of Los Angeles	2011-12 Tax and Revenue Anticipation Notes	BC	Cash Flow

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7/1/2011	31,545,000	County of San Diego and School Districts	Tax and Revenue Anticipation Note Program Note Participations, 2011 Series B-1	UC	Education/Cash Flow
7/1/2011	99,750,000	County of San Diego and School Districts	Tax and Revenue Anticipation Note Program Note Participations, 2011 Series B-2	UC	Education/Cash Flow
7/6/2011	48,000,000	County of Santa Cruz	2011-12 Tax and Revenue Anticipation Notes	UC	Cash Flow
7/7/2011	24,595,000	California Infrastructure and Economic Development Bank	Variable Rate Demand Revenue Bonds (California Academy of Sciences) Series 2008E	BC	501(c)(3)
7/8/2011	81,200,000	City of Oakland	2011-12 Tax and Revenue Anticipation Notes	BC	Cash Flow
7/13/2011	36,145,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Variable Rate Revenue Refunding Bonds Issue 36C (Non-AMT Private Activity Bonds)	UC	Transportation
7/13/2011	89,895,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Variable Rate Revenue Refunding Bonds Issue 37C (Non-AMT Private Activity Bonds)	UC	Transportation
7/14/2011	11,995,000	City of Saratoga	General Obligation Refunding Bonds, Series 2011 (Saratoga Community Library Project)	UC	General Obligation
7/19/2011	56,255,000	Eastern Municipal Water District	Refunding Water and Sewer Revenue Bonds, Series 2011 A	UC	Water/Wastewater
7/21/2011	25,000,000	County of Mendocino	2011-12 Tax and Revenue Anticipation Notes	BC/DC	Cash Flow
7/21/2011	25,999,343	Centinela Valley Union High School District	General Obligation Bonds Election of 2010, 2011 Series A	BC	Education/ General Obligation
7/21/2011	163,720,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Revenue Refunding Bonds, Series 2011C (AMT)	UC	Transportation

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7/21/2011	124,110,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Revenue Refunding Bonds, Series 2011D (Non-AMT/Governmental Purpose)	UC	Transportation
7/21/2011	62,585,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Revenue Refunding Bonds, Series 2011E (Taxable)	UC	Transportation
7/26/2011	12,925,000	Imperial Irrigation District	Water System Refunding Revenue Bonds, 2011 Series	UC	Water
7/28/2011	39,030,000	Mountain View Shoreline Regional Park Community	Revenue Bonds, 2011 Series A	UC	Infrastructure
8/1/2011	32,665,000	County of San Diego	Certificates of Participation (County Administration Center Waterfront Park)	UC	Infrastructure
8/4/2011	75,745,000	Imperial Irrigation District	Electric System Refunding Revenue Bonds, Series 2011C	UC	Electric
8/17/2011	300,000,000	University of Southern California	2011 Taxable Bonds	BC	Education/501(c)(3)
8/18/2011	13,000,000	Orange County Department of Education	Pooled Tax and Revenue Anticipation Note Program, Note Participations, Series 2011A	DC	Cash Flow
8/18/2011	74,990,000	Orange County Department of Education	Pooled Tax and Revenue Anticipation Note Program, Note Participations, Series 2011B	DC	Cash Flow
8/18/2011	14,360,000	Orange County Department of Education	Pooled Tax and Revenue Anticipation Note Program, Note Participations, Series 2011C	DC	Cash Flow
8/31/2011	959,565,000	State of California Department of Water Resources	Power Supply Revenue Bonds, Series 2011N	BC	Power
9/8/2011	22,000,000	California Statewide Communities Development Authority	2011 Tax and Revenue Anticipation Bonds (County of Monterey) Series 2011A-5a	UC	Cash Flow

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9/8/2011	21,855,000	California Statewide Communities Development Authority	2011 Tax and Revenue Anticipation Bonds (County of Monterey) Series 2011A-5b	UC	Cash Flow
9/20/2011	123,325,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Revenue Refunding Bonds Series 2011F (AMT)	UC	Transportation
9/20/2011	106,195,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Revenue Refunding Bonds Series 2011G (Non-AMT/Governmental Purpose)	UC	Transportation
9/20/2011	125,055,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Revenue Refunding Bonds Series 2011H (Taxable)	UC	Transportation
9/28/2011	1,258,735,000	State of California	Various Purpose General Obligation Bonds	UC	General Obligation
9/28/2011	1,106,950,000	State of California	General Obligation Refunding Bonds	UC	General Obligation
9/28/2011	25,210,000	State of California	Taxable General Obligation Bonds (Federally Taxable)	UC	General Obligation
10/7/2011	3,000,000	West Bay Sanitary District	Line of Credit	BKC	Wastewater
10/20/2011	106,300,000	California Statewide Communities Development Authority	Revenue and Refunding Bonds (Trinity Health Credit Group) Series 2011CA	BC	501(c)(3)/Healthcare
11/1/2011	206,735,000	Los Angeles Unified School District	2011 General Obligation Refunding Bonds Series A-1	DC	Education/General Obligation
11/1/2011	201,070,000	Los Angeles Unified School District	2011 General Obligation Refunding Bonds Series A-2	DC	Education/General Obligation
11/4/2011	5,325,000	County of Shasta	2011 Courthouse Lease	BC	Infrastructure

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11/8/2011	9,870,000	Rancho California Water District Financing Authority	Fixed Rate Revenue Bonds, Series 2011A (Qualified Energy Conservation Bonds)	UC	Water
11/15/2011	38,595,000	Contra Costa Community College District	2011 General Obligation Refunding Bonds	UC	General Obligation/Education
11/17/2011	23,105,000	City and County of San Francisco	Refunding COPs (Moscone Center South Refunding Project) Series 2011A	DC	Infrastructure
11/17/2011	63,375,000	City and County of San Francisco	Refunding COPs (Moscone Center North Refunding Project) Series 2011B	DC	Infrastructure
11/30/2011	339,475,000	City and County of San Francisco	General Obligation Refunding Bonds Series 2011-R1	DC	General Obligation
12/13/2011	97,120,000	State of California Department of Veteran Affairs	2011 Home Purchase Revenue Bonds, Series A	BC	Single Family Housing
12/13/2011	4,030,000	State of California Department of Veteran Affairs	2011 Home Purchase Revenue Bonds, Series B	BC	Single Family Housing
12/14/2011	6,200,000	California Statewide Communities Development Authority	2011 Tax-Exempt Loan (Marin Montessori School)	BC	501(c)(3)/Education
12/20/2011	31,720,000	ABAG Finance Authority for Nonprofit Corporations	Variable Rate Refunding Revenue Bonds (Point Loma Nazarene University) Series 2008 (Remarketing)	BC	501(c)(3)/Education
12/20/2011	3,800,000	California School of Mechanical Arts (Lick-Wilmerding High School)	2011 Taxable Loan Agreement	BC	501(c)(3)
12/21/2011	22,865,000	Imperial Irrigation District	Electric System Refunding Revenue Bonds, Series 2011D	UC	Electric
1/6/2012	40,000,000	Trust for Public Land	Revolving Line of Credit	BKC	501(c)(3)

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1/12/2012	15,200,000	California Statewide Communities Development Authority	2012 Tax-Exempt Loan (The Head-Royce School)	BC	501(c)(3)/Education
1/18/2012	66,300,000	California Education Facilities Authority	Revenue Bonds (Saint Mary's College of California) Series 2007 (Remarketing)	UC	501(c)(3)/Education
1/26/2012	20,593,095	Anaheim Union High School District	Certificates of Participation (2012 School Facility Bridge Funding Program)	BKC	Education/Infrastructure
1/26/2012	30,000,000	South Bayside System Authority	Revolving Line of Credit	BKC	Wastewater
1/30/2012	27,375,213	Paramount Unified School District	Certificates of Participation (2012 School Facility Bridge Funding Program)	BKC	Education/Infrastructure
2/1/2012	16,200,000	County of Orange Board of Education	Certificates of Participation (Esplanade Restructuring Program)	BKC	Education/Infrastructure
2/1/2012	9,000,000	California Statewide Communities Development Authority	2012 Tax-Exempt Loan (Georgiana Bruce Kirby Preparatory School)	BC	Education/501(c)(3)
2/9/2012	61,210,000	Fremont Unified School District	2012 General Obligation Refunding Bonds	UC	Education/General Obligation
2/14/2012	220,435,000	Department of Veteran Affairs of the State of California	Home Purchase Revenue Bonds, 2012 Series A	BC	Single Family Housing
3/1/2012	63,640,000	Irvine Unified School District	Adjustable Rate Special Tax Bonds, Series 2012A	BKC	Mello-Roos
3/1/2012	50,000,000	Irvine Unified School District	Adjustable Rate Special Tax Bonds, Series 2012B	BKC	Mello-Roos
3/1/2012	75,000,000	Los Angeles County Office of Education	2011-12 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series B-1	BC	Education/Cash Flow

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3/1/2012	135,200,000	Los Angeles County Office of Education	2011-12 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series B-2	BC	Education/Cash Flow
3/1/2012	120,000,000	Los Angeles County Office of Education	2011-12 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series B-3	BC	Education/Cash Flow
3/1/2012	60,350,000	Los Angeles County Office of Education	2011-12 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series B-4	BC	Education/Cash Flow
3/1/2012	17,450,000	Los Angeles County Office of Education	2011-12 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series B-5	BC	Education/Cash Flow
3/1/2012	1,500,000	Los Angeles County Office of Education	2011-12 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series B-6	BC	Education/Cash Flow
3/1/2012	33,500,000	Los Angeles County Office of Education	2011-12 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series B-7	BC	Education/Cash Flow
3/6/2012	50,675,000	County of Los Angeles	2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage)	UC	Infrastructure
3/8/2012	183,330,000	City and County of San Francisco	General Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2010) Series 2012A	DC	General Obligation
3/8/2012	73,355,000	City and County of San Francisco	General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008) Series 2012B	DC	General Obligation
3/8/2012	74,295,000	City and County of San Francisco	General Obligation Bonds (Road Repaving and Street Safety Bonds, 2011) Series 2012C	DC	General Obligation
3/20/2012	17,300,000	Huntington Beach Union High School District	Certificates of Participation (2012 School Facility Bridge Funding Program)	BKC	Education
3/21/2012	40,000,000	California Statewide Communities Development Authority	2012 Tax-Exempt Loan (Viewpoint School)	BC	Education/501(c)(3)

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3/22/2012	208,025,000	City and County of San Francisco Airport Commission	Second Series Revenue Refunding Bonds Series 2012A (AMT)	UC	Transportation
3/22/2012	108,425,000	City and County of San Francisco Airport Commission	Second Series Revenue Refunding Bonds Series 2012B (Non-AMT/Governmental Purpose)	UC	Transportation
4/4/2012	15,750,000	City of Irvine	Assessment District No. 87-8 Limited Obligation Improvement Bonds, Adjustable Rate Series	BKC	Assessment
4/13/2012	3,014,285	City of Watsonville	Solar Lease (New Clean Renewable Energy Bonds)	BC	Power
4/17/2012	77,760,000	California Educational Facilities Authority	Revenue Bonds (Stanford University) Series U-2	UC	Education
4/17/2012	143,235,000	California Educational Facilities Authority	Stanford University Taxable Bonds Series 2012	UC	Education
4/18/2012	30,000,000	Beverly Hills Unified School District	2012 General Obligation Refunding Bonds	UC	General Obligation/Education
4/18/2012	15,450,000	California Statewide Communities Development Authority	2012 Tax-Exempt Loan (The California School of Mechanical Arts - Lick-Wilmerding High School)	BC	Education/501(c)(3)
4/18/2012	15,635,000	Montara Water and Sanitary District	General Obligation Bonds Series 2012	BC	General Obligation/Wastewater
4/24/2012	11,350,000	ABAG Finance Authority for Nonprofit Corporations	2012 Tax-Exempt Loan (Ecole Bilingue)	BC	Education
4/24/2012	1,650,000	ABAG Finance Authority for Nonprofit Corporations	Taxable Loan (Ecole Bilingue)	BC	Education
4/26/2012	58,200,000	City of Riverside	Variable Rate Refunding Water Revenue Bonds, Issue of 2011A (Index Interest Rate Period) (Remarketing)	BC	Water

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4/26/2012	157,055,000	City of Los Angeles	Wastewater System Subordinate Revenue Bonds, Refunding Series 2012A	DC	Wastewater
4/27/2012	17,165,000	County of Orange	Irvine Coast Assessment District No. 88-1 Limited Obligation Improvement Bonds	BKC	Assessment
5/2/2012	8,155,000	Imperial County Local Transportation Authority	Sales Tax Revenue Bonds (Limited Tax Bonds) Series 2012A (City of Brawley)	UC	Transportation
5/2/2012	15,410,000	Imperial County Local Transportation Authority	Sales Tax Revenue Bonds (Limited Tax Bonds) Series 2012B (City of Calexico)	UC	Transportation
5/2/2012	2,305,000	Imperial County Local Transportation Authority	Sales Tax Revenue Bonds (Limited Tax Bonds) Series 2012C (City of Calipatria)	UC	Transportation
5/2/2012	6,170,000	Imperial County Local Transportation Authority	Sales Tax Revenue Bonds (Limited Tax Bonds) Series 2012D (City of Imperial)	UC	Transportation
5/2/2012	21,935,000	Imperial County Local Transportation Authority	Sales Tax Revenue Bonds (Limited Tax Bonds) Series 2012E (County of Imperial)	UC	Transportation
5/8/2012	25,760,000	County of Mendocino	Refunding Certificates of Participation, 2012 Series A	BC/DC	Infrastructure
5/8/2012	50,000	County of Mendocino	Refunding Certificates of Participation, 2012 Series B	BC/DC	Infrastructure
5/8/2012	156,000,000	Los Angeles Unified School District	2012 General Obligation Refunding Bonds, Series A	DC	General Obligation/ Education
5/9/2012	500,000,000	Stanford University	Commercial Paper Memoranda Updates (Taxable)	UC	Education/501(c)(3)
5/9/2012	300,000,000	Stanford University	Commercial Paper Memoranda Updates (Tax-Exempt)	UC	Education/501(c)(3)

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5/9/2012	9,815,000	City and County of San Francisco Finance Corporation	Lease Revenue Bonds, Series 2012A Equipment Program	DC	Infrastructure
5/10/2012	92,635,000	City of Los Angeles (Municipal Improvement Corporation of Los Angeles)	Lease Revenue Bonds, Series 2012A (Capital Equipment)	DC	Infrastructure
5/10/2012	33,975,000	City of Los Angeles (Municipal Improvement Corporation of Los Angeles)	Lease Revenue Bonds, Series 2012B (Real Property)	DC	Infrastructure
5/10/2012	109,730,000	City of Los Angeles (Municipal Improvement Corporation of Los Angeles)	Lease Revenue Bonds, Refunding Series 2012C (Real Property)	DC	Infrastructure
5/18/2012	10,580,000	City of Tulare	Sewer Revenue Refunding Notes 2012	BC	Wastewater
5/24/2012	49,650,000	City of Los Angeles	Wastewater System Revenue Bonds, Refunding Series 2012-A	DC	Wastewater
5/24/2012	133,715,000	City of Los Angeles	Wastewater System Subordinate Revenue Bonds, Refunding Series 2012-C	DC	Wastewater
5/30/2012	253,880,000	City of Los Angeles	Wastewater System Subordinate Revenue Bonds, Refunding Series 2012-B	DC	Wastewater
5/31/2012	32,560,000	Imperial Irrigation District	Electric System Refunding Revenue Bonds, Series 2012A	UC	Electric
5/31/2012	72,000,323	Centinela Valley Union High School District	General Obligation Bonds Election of 2010, 2012 Series B	BC/DC	General Obligation/ Education
6/7/2012	466,115,000	California Housing Finance Agency	Residential Mortgage Revenue Bonds (Separately-Secured Article XIV Bonds) 2009 Series A-5 (Remarketing)	BC	Single Family Housing
6/7/2012	4,270,000	City of Benicia	General Obligation Refunding Bonds, Series 2012	BC	General Obligation

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6/12/2012	87,845,000	Los Angeles Unified School District	Refunding Certificates of Participation, 2012 Series A (Headquarters Building Projects)	DC	Education
6/12/2012	72,345,000	Los Angeles Unified School District	Refunding Certificates of Participation, 2012 Series B (Headquarters Building Projects)	DC	Education
6/15/2012	3,625,000	Soquel Creek Water District	Water Revenue Refunding Bonds, Series 2012	BC	Water
6/20/2012	8,715,000	City of Azusa	Water System Refunding Revenue Bonds	BC/DC	Water
6/20/2012	5,820,000	City of Azusa	Electric System Refunding Revenue Bonds	BC/DC	Electric
7/2/2012	190,000,000	Los Angeles Unified School District	2012-2013 Tax and Revenue Anticipation Notes, Series A-1	BC/DC	Education/Cash Flow
7/2/2012	50,000,000	Los Angeles Unified School District	2012-2013 Tax and Revenue Anticipation Notes, Series A-2	BC/DC	Education/Cash Flow
7/2/2012	360,000,000	Los Angeles Unified School District	2012-2013 Tax and Revenue Anticipation Notes, Series A-3	BC/DC	Education/Cash Flow
7/2/2012	3,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-1	BC	Education/Cash Flow
7/2/2012	7,500,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-2	BC	Education/Cash Flow
7/2/2012	29,300,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-3	BC	Education/Cash Flow
7/2/2012	4,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-4	BC	Education/Cash Flow

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7/2/2012	17,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-5	BC	Education/Cash Flow
7/2/2012	8,500,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-6	BC	Education/Cash Flow
7/2/2012	3,650,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-7	BC	Education/Cash Flow
7/2/2012	25,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-8	BC	Education/Cash Flow
7/2/2012	3,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-9	BC	Education/Cash Flow
7/2/2012	82,000,000	County of Fresno	2012-13 Tax and Revenue Anticipation Notes	BC/DC	Cash Flow
7/2/2012	190,000,000	County of San Bernardino	2012-13 Tax and Revenue Anticipation Notes	DC	Cash Flow
7/2/2012	50,000,000	County of San Diego and San Diego County School Districts	2012 Tax and Revenue Anticipation Notes, Series A	UC	Education/Cash Flow
7/2/2012	78,760,000	County of San Diego and San Diego County School Districts	2012 Tax and Revenue Anticipation Notes, Series B-1	UC	Education/Cash Flow
7/2/2012	47,300,000	County of San Diego and San Diego County School Districts	2012 Tax and Revenue Anticipation Notes, Series B-2	UC	Education/Cash Flow
7/2/2012	1,100,000,000	County of Los Angeles	2012-13 Tax and Revenue Anticipation Notes	UC	Cash Flow
7/2/2012	18,000,000	Santa Barbara County Schools Financing Authority	2012-13 Tax and Revenue Anticipation Notes	BC/DC	Education/Cash Flow

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7/2/2012	125,000,000	City of San Jose	2012 Tax and Revenue Anticipation Notes	BC	Cash Flow
7/2/2012	1,465,000	California Statewide Communities Development Authority	2012 Tax and Revenue Anticipation Bonds, Series 2012A-1 (Apple Valley Fire Protection District)	UC	Cash Flow
7/2/2012	5,000,000	California Statewide Communities Development Authority	2012 Tax and Revenue Anticipation Bonds, Series 2012A-2 (City of Redding)	UC	Cash Flow
7/6/2012	10,835,000	California Municipal Finance Authority	2012 Tax-Exempt Loan (Saint Andrew's Parish)	BKC	501(c)(3)
7/11/2012	63,795,000	San Francisco Municipal Transportation Agency	Revenue Bonds, Series 2012	BC	Transportation
7/12/2012	17,000,000	County of Mendocino	2012-13 Tax and Revenue Anticipation Notes	BC/DC	Cash Flow
7/23/2012	5,430,000	California Municipal Finance Authority	Revenue Bonds, Series 2012A	BC	Education
7/23/2012	2,070,000	California Municipal Finance Authority	Revenue Bonds, Series 2012B (Draw Down Bond) (Children's Day School)	BC	Education/501(c)(3)
7/24/2012	3,045,000	Los Angeles County Office of Education	2012 Refunding Certificates of Participation, Series A-1 (Acton-Agua Dulce Unified School District)	BC	Education/Infrastructure
7/24/2012	2,535,000	Los Angeles County Office of Education	2012 Refunding Certificates of Participation, Series A-2 (El Monte City School District)	BC	Education/Infrastructure
7/24/2012	10,430,000	Los Angeles County Office of Education	2012 Refunding Certificates of Participation, Series A-3 (Montebello Unified School District)	BC	Education/Infrastructure
7/26/2012	53,000,000	County of Tulare	2012-13 Tax and Revenue Anticipation Notes	BC/DC	Cash Flow

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7/31/2012	10,235,000	Merced Irrigation District	2012 Electric System Refunding Revenue Bond	BC	Water/Electric
7/31/2012	7,000,000	California Statewide Communities Development Authority	2012 Tax-Exempt Loan (Holy Names University)	BC	501(c)(3)/Education
8/1/2012	39,895,000	Fresno Unified School District	2012 General Obligation Refunding Bonds, Series A	UC	Education
8/1/2012	32,390,000	Fresno Unified School District	2012 General Obligation Refunding Bonds, Series B	UC	Education
8/1/2012	8,687,050	County of Stanislaus	Downtown Center Refinancing	BKC	Infrastructure
8/8/2012	86,920,000	Santa Clara County Financing Authority	Lease Revenue Bonds (Capital Projects) 2012 Series A	DC	Infrastructure
8/9/2012	21,000,000	Roseville Financing Authority	Special Tax Revenue Refunding Bonds, Series 2012	UC	Mello-Roos
8/23/2012	35,000,000	California Statewide Communities Development Authority	2012 Tax and Revenue Anticipation Bonds (County of Monterey)	DC	Cash Flow
8/23/2012	35,000,000	California Municipal Finance Authority	2012 Tax-Exempt Loan (The Buckley School)	BKC	501(c)(3)/Education
8/29/2012	251,100,000	City and County of San Francisco	General Obligation Bonds Series 2012D	DC	General Obligation
8/29/2012	38,265,000	City and County of San Francisco	General Obligation Bonds Series 2012E	DC	General Obligation
9/4/2012	57,300,000	Poway Unified School District	Certificates of Participation (2012 School Facilities Restructuring Program)	BKC	Education

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9/6/2012	30,000,000	County of Los Angeles	Lease Revenue Tax-Exempt Commercial Paper Notes (Issue II Series D)	BC	Cash Flow
9/13/2012	2,500,000	The Sequoyah School	2012 Loan Agreement	BKC	Education/501(c)(3)
10/1/2012	8,100,000	California Municipal Finance Authority	2012 Tax-Exempt Loan (The Pegasus School)	BKC	Education/501(c)(3)
10/4/2012	1,000,000,000	State of California	Various Purpose General Obligation Bonds	UC	General Obligation
10/4/2012	776,240,000	State of California	Various Purpose General Obligation Refunding Bonds	UC	General Obligation
10/4/2012	60,035,000	Metropolitan Water District of Southern California	Water Revenue Refunding Bonds, 2012 Series F	BC	Water
10/18/2012	339,410,000	County of Los Angeles Public Works Financing Authority	Lease Revenue Bonds (Multiple Capital Projects II), Series 2012	BC	Infrastructure
10/24/2012	29,335,000	County of San Diego	Certificates of Participation (2012 Cedar and Kettner Development Project)	UC	Infrastructure
10/25/2012	8,000,000	California Municipal Finance Authority	2012 Tax-Exempt Loan (Notre Dame High School)	BKC	Education
11/7/2012	100,000,000	Regents of the University of California	Revolving Line of Credit	BKC	Education
11/8/2012	25,000,000	California Municipal Finance Authority	2012 Tax-Exempt Loan (Windward School) and Line of Credit with First Republic Bank	BKC	Education
11/14/2012	111,890,000	Metropolitan Water District of Southern California	Water Revenue Refunding Bonds, 2012 Series G	BC/DC	Water

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12/3/2012	68,940,000	California Infrastructure and Economic Development Bank	Clean Water State Revolving Fund Refunding Revenue Bonds Series 2012	BC/DC	Water
12/3/2012	55,487,289	City of Irvine	Assessment District No. 93-14 Limited Obligation Improvement Bonds, Adjustable Rate Series	BKC	Assessment
12/4/2012	84,675,000	City and County of San Francisco Airport Commission	Second Series Revenue Refunding Bonds Series 2009D (Non-AMT/Private Activity)	UC	Transportation
12/14/2012	12,890,000	California Municipal Finance Authority	2012 Tax-Exempt Loan (Park Century School)	BC	Education/501(c)(3)
12/14/2012	52,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Notes, Series B-1	BC	Education/Cash Flow
12/14/2012	40,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Notes, Series B-2	BC	Education/Cash Flow
12/14/2012	29,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Notes, Series B-3	BC	Education/Cash Flow
12/14/2012	16,500,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Notes, Series B-4	BC	Education/Cash Flow
12/17/2012	27,325,000	ABAG Finance Authority for Nonprofit Corporations	2012 Tax-Exempt Loan (San Francisco Friends School)	BC	Education
12/19/2012	46,000,000	California Educational Facilities Authority	Revenue Bonds Series 2012 (Golden Gate University)	BC	Education
1/3/2013	33,505,000	Shasta Joint Powers Financing Authority	Lease Revenue Refunding Bonds (County Administration Building Project) 2013 Series A	BC/DC	Infrastructure
1/15/2013	6,475,000	Brisbane School District (County of San Mateo)	General Obligation Refunding Bonds, Series 2013	BKC	Education/General Obligation

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1/31/2013	10,500,000	California Statewide Communities Development Authority	Master Loan Agreement (Head-Royce School)	BC	501(c)(3)/Education
2/6/2013	13,995,000	Glendale Community College District	General Obligation Bonds 2002 Election, 2013 Series F	UC	General Obligation
2/7/2013	20,000,000	California Statewide Communities Development Authority	Revenue Bonds, Series 2013A (American Baptist Homes of the West)	UC	501(c)(3)
2/7/2013	9,250,000	California Statewide Communities Development Authority	Revenue Bonds, Series 2013B-1 (Tax Exempt Mandatory Paydown Securities) (American Baptist Homes of the West)	UC	501(c)(3)
2/7/2013	12,000,000	California Statewide Communities Development Authority	Revenue Bonds, Series 2013B-2 (Tax Exempt Mandatory Paydown Securities) (American Baptist Homes of the West)	UC	501(c)(3)
2/7/2013	30,000,000	California Statewide Communities Development Authority	Revenue Bonds, Series 2013B-3 (Tax Exempt Mandatory Paydown Securities) (American Baptist Homes of the West)	UC	501(c)(3)
2/26/2013	780,000,000	Los Angeles Unified School District	2012-13 Tax and Revenue Anticipation Notes, Series B	BC/DC	Education/Cash Flow
2/28/2013	20,000,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-1	BC	Education/Cash Flow
2/28/2013	22,000,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-2	BC	Education/Cash Flow
2/28/2013	16,500,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-3	BC	Education/Cash Flow
2/28/2013	35,000,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-4	BC	Education/Cash Flow
2/28/2013	25,000,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-5	BC	Education/Cash Flow

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2/28/2013	54,000,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-6	BC	Education/Cash Flow
2/28/2013	32,000,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-7	BC	Education/Cash Flow
2/28/2013	141,200,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-8	BC	Education/Cash Flow
2/28/2013	73,715,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-9	BC	Education/Cash Flow
2/28/2013	14,725,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-10	BC	Education/Cash Flow
3/6/2013	490,000,000	County of Santa Clara	General Obligation Bonds (Election of 2008), 2013 Series B	DC	General Obligation
3/14/2013	8,000,000	ABAG Finance Authority for Nonprofit Corporations	2013 Tax-Exempt Loan (St. Paul's Day School of Oakland)	BC/BKC	501(c)(3)/Education
3/26/2013	37,000,000	California Educational Facilities Authority	Revenue Bonds (Loyola Marymount University) Taxable Series 2013A	UC	Education
3/27/2013	1,048,570,000	State of California	Various Purpose General Obligation Bonds (Tax-Exempt Construction Bonds)	UC	General Obligation
3/27/2013	1,058,860,000	State of California	Various Purpose General Obligation Bonds (Tax-Exempt Refunding Bonds)	UC	General Obligation
3/27/2013	364,260,000	State of California	Various Purpose General Obligation Bonds (Taxable)	UC	General Obligation
3/28/2013	17,300,000	Puente Basin Water Agency	Water Revenue Bonds, 2013 Series A (Walnut Valley Water District Project)	BC/DC	Water

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>	<b>TYPE</b>
4/9/2013	375,105,000	Golden State Tobacco Securitization Corporation	Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2013A	DC	Tobacco
4/18/2013	10,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series D	BC	Education/Cash Flow
4/19/2013	600,000,000	Los Angeles County Capital Asset Leasing Corporation	Lease Revenue Obligations	BC	Infrastructure
4/23/2013	1,250,000,000	State of California	Various Purpose General Obligation Bonds (Construction Bonds)	UC	General Obligation
4/23/2013	1,379,995,000	State of California	Various Purpose General Obligation Refunding Bonds (Refunding Bonds)	UC	General Obligation
4/25/2013	36,780,000	California Municipal Finance Authority	Revenue Bonds (Biola University) Series 2013	BC/DC	Education
4/30/2013	100,000,000	City and County of San Francisco Airport Commission	San Francisco International Airport Second Series Variable Rate Revenue Refunding Bonds, Issue 36A (Non-AMT Private Activity Bonds) (Remarketing)	UC	Transportation
4/30/2013	100,210,000	California Housing Finance Agency	Residential Mortgage Revenue Refunding Bonds 2013 Series A (Federally Taxable)	BC	Single Family Housing
4/30/2013	33,550,000	California Housing Finance Agency	Residential Mortgage Revenue Refunding Bonds 2013 Series B (Federally Taxable)	BC	Single Family Housing
5/1/2013	32,855,000	City of Tulare	Sewer Revenue Refunding Bonds, Series 2013	BC	Wastewater
5/7/2013	35,575,000	City and County of San Francisco	Certificates of Participation, Series 2013A (Moscone Center Improvements)	DC	Infrastructure
5/8/2013	13,130,000	Citrus Community College District	General Obligation Refunding Bonds, Series 2013	UC	Education

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>	<b>TYPE</b>
5/15/2013	261,410,000	California Educational Facilities Authority	Revenue Bonds (Stanford University) Series U-3	UC	Education
5/15/2013	39,215,000	California Educational Facilities Authority	Revenue Bonds (Stanford University) Series U-4	UC	Education
5/16/2013	22,155,000	Montebello Unified School District (County of Los Angeles)	General Obligation Refunding Bonds, Election of 2004, Series 2013A	UC	General Obligation/Education
5/23/2013	113,450,000	Oakland Joint Powers Financing Authority	Lease Revenue Refunding Bonds (Oakland Administration Buildings) 2008 Series B	BC	Infrastructure
5/23/2013	300,000,000	California Educational Facilities Authority	Tax-Exempt Commercial Paper Revenue Notes (Stanford University)	UC	Education
5/23/2013	500,000,000	The Board of Trustees of the Leland Stanford Junior University	Commercial Paper Program (Taxable)	UC	501(c)(3)/Education
5/23/2013	349,505,000	City of Los Angeles	Wastewater System Subordinate Revenue Bonds, Refunding Series 2013-A	DC	Wastewater
5/28/2013	305,535,000	City of San Jose Financing Authority	Lease Revenue Refunding Bonds Series 2013A (Civic Center Project)	UC	Infrastructure
6/5/2013	48,625,000	California Educational Facilities Authority	Revenue Bonds (Occidental College) Series 2013A (Tax-Exempt)	UC	Education
6/5/2013	6,370,000	California Educational Facilities Authority	Revenue Bonds (Occidental College) Series 2013B (Taxable)	UC	Education
6/6/2013	10,885,000	County of Merced	Certificates of Participation, Refunding Series 2013	DC	Infrastructure
6/6/2013	11,988,960	Merced Irrigation District	2013 Electric System Refunding Revenue Bond	BC	Electric

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>	<b>TYPE</b>
6/11/2013	250,000,000	Los Angeles Community College District	2008 Election General Obligation Bonds, Series F	DC	General Obligation/Education
6/11/2013	55,700,000	Los Angeles Community College District	2013 General Obligation Refunding Bonds	DC	General Obligation/Education
6/14/2013	335,000,000	City of Los Angeles (Municipal Improvement Corporation of Los Angeles)	Lease Revenue Commercial Paper Notes	BC	Infrastructure
6/18/2013	149,980,000	City of Los Angeles	Wastewater System Revenue Bonds, Series 2013-A	DC	Wastewater
6/18/2013	143,880,000	City of Los Angeles	Wastewater System Revenue Bonds, Refunding Series 2013-B	DC	Wastewater
6/18/2013	108,405,000	Santa Monica Community College District	General Obligation Refunding Bonds, 2002 Election, 2013 Series A	UC	General Obligation/Education
6/18/2013	23,450,000	Santa Monica Community College District	General Obligation Refunding Bonds, 2004 Election, 2013 Series B (Federally Taxable)	UC	General Obligation/Education
6/19/2013	30,445,000	City of San Jose Financing Authority	Lease Revenue Refunding Bonds, Series 2013B (Civic Center Garage Project)	UC	Infrastructure
6/20/2013	71,970,000	City and County of San Francisco	General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2012), Series 2013A	DC	General Obligation
6/20/2013	31,020,000	City and County of San Francisco	General Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2010), Series 2013B	DC	General Obligation
6/20/2013	129,560,000	City and County of San Francisco	General Obligation Bonds (Road Repaving and Street Safety Bonds, 2011), Series 2013C	DC	General Obligation
6/20/2013	50,000,000	California Municipal Finance Authority	2013 Tax-Exempt Loan (Scripps College)	UC	501(c)(3)/Education

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>	<b>TYPE</b>
6/26/2013	43,810,000	California Infrastructure and Economic Development Bank	Revenue Bonds (The Contemporary Jewish Museum) Series 2013	BC	501(c)(3)
6/26/2013	11,125,000	City and County of San Francisco Finance Corporation	Lease Revenue Bonds, Series 2013A (Equipment Program)	DC	Infrastructure
7/1/2013	1,000,000,000	County of Los Angeles	2013-14 Tax and Revenue Anticipation Notes	UC	Cash Flow
7/1/2013	63,000,000	County of Fresno	2013-14 Tax and Revenue Anticipation Notes	BC/DC	Cash Flow
7/1/2013	150,000,000	County of San Bernardino	2013-14 Tax and Revenue Anticipation Notes, Series A	DC	Cash Flow
7/1/2013	60,000,000	County of San Diego and San Diego County School Districts	Tax and Revenue Anticipation Note Program Note Participations, 2013 Series A	UC	Cash Flow
7/1/2013	13,050,000	County of San Diego and San Diego County School Districts	Tax and Revenue Anticipation Note Program Note Participations, 2013 Series B-1	UC	Cash Flow
7/1/2013	42,160,000	County of San Diego and San Diego County School Districts	Tax and Revenue Anticipation Note Program Note Participations, 2013 Series B-2	UC	Cash Flow
7/11/2013	43,245,000	Public Facilities Authority of the City of San Diego	Lease Revenue Bonds and Lease Revenue Refunding Bonds Series 2013A (Capital Improvement Projects and Old Town Light Rail Extension)	UC	Infrastructure
7/16/2013	205,000	County of Los Angeles	Energy Program Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1	BC	Assessment
7/17/2013	66,015,000	County of Riverside Asset Leasing Corporation	Lease Revenue Bonds, Series 2013A (Public Defender/Probation Building and Riverside County Technology Solutions Center Projects)	UC	Infrastructure
7/17/2013	17,650,000	Goleta Union School District (Santa Barbara County, California)	2013 General Obligation Refunding Bonds	UC	Education

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>	<b>TYPE</b>
7/25/2013	79,080,000	City of Riverside	Refunding Electric Revenue Bonds Issue of 2013A	BC	Electric
7/25/2013	780,000	City of Riverside	Taxable Electric Revenue Bonds Issue of 2013B	BC	Electric
7/31/2013	8,000,000	Los Angeles County Office of Education	2013-14 Pooled TRAN Participation Certificates Series A-1	BC	Education/Cash Flow
7/31/2013	38,800,000	Los Angeles County Office of Education	2013-14 Pooled TRAN Participation Certificates Series A-2	BC	Education/Cash Flow
7/31/2013	10,000,000	Los Angeles County Office of Education	2013-14 Pooled TRAN Participation Certificates Series A-3	BC	Education/Cash Flow
7/31/2013	9,000,000	Los Angeles County Office of Education	2013-14 Pooled TRAN Participation Certificates Series A-4	BC	Education/Cash Flow
7/31/2013	7,420,000	Los Angeles County Office of Education	2013-14 Pooled TRAN Participation Certificates Series A-5	BC	Education/Cash Flow
7/31/2013	360,785,000	City and County of San Francisco Airport Commission	Second Series Revenue Bonds Series 2013A (AMT)	UC	Transportation
7/31/2013	87,860,000	City and County of San Francisco Airport Commission	Second Series Revenue Bonds Series 2013B (Non-Amt/Governmental Purpose)	UC	Transportation
7/31/2013	12,480,000	City and County of San Francisco Airport Commission	Second Series Revenue Bonds Series 2013C (Taxable)	UC	Transportation
8/1/2013	56,000,000	County of Tulare	2013-14 Tax and Revenue Anticipation Notes	BC/DC	Cash Flow
8/6/2013	6,285,000	Public Facilities Authority of the City of San Diego	Lease Revenue Refunding Bonds Series 2013B (Balboa Park/Mission Bay Park)	UC	Infrastructure

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>	<b>TYPE</b>
8/21/2013	55,000,000	California Municipal Finance Authority	Revenue Bonds (South Central Los Angeles Regional Center Project) Series 2013	UC	501(c)(3)
8/27/2013	78,000,000	California Infrastructure and Economic Development Bank	Refunding Revenue Bonds (Los Angeles County Museum of Art Project) Series 2013A	BC	501(c)(3)
8/27/2013	265,000,000	California Infrastructure and Economic Development Bank	Refunding Revenue Bonds (Los Angeles County Museum of Art Project) Series 2013B, Series 2013C and Series 2013D	BC	501(c)(3)
8/29/2013	97,410,000	Sacramento City Financing Authority	Lease Revenue Refunding Bonds State of California - Cal EPA Building 2013 Series A	UC	Infrastructure
8/29/2013	106,100,000	Sacramento Transportation Authority	Measure A Sales Tax Revenue Bonds, Series 2009C (Limited Tax Bonds)	BKC	Transportation
9/4/2013	118,000,000	County of Santa Clara	2013-14 Tax and Revenue Anticipation Notes	DC	Cash Flow
9/5/2013	5,090,000	California Municipal Finance Authority	2013 Tax-Exempt Loan (Trinity School)	BC	501(c)(3)/Education
9/10/2013	100,000,000	San Francisco Municipal Transportation Agency	Commercial Paper Notes, Series A-1 (Tax-Exempt) and Series A-2 (Taxable)	BC	Transportation
9/13/2013	21,190,000	California Health Facilities Financing Authority	Refunding Revenue Bonds (Casa Colina) Series 2013	UC	501(c)(3)/Healthcare
9/19/2013	7,000,000	California Municipal Finance Authority	2013 Tax-Exempt Loan (The Buckley School)	BC	501(c)(3)/Education
10/16/2013	118,135,000	County of Riverside	2013 Series D Teeter Obligation Notes (Tax-Exempt)	UC	Cash Flow
10/16/2013	1,635,000	County of Riverside	2013 Series E Teeter Obligation Notes (Taxable)	UC	Cash Flow

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>	<b>TYPE</b>
10/23/2013	689,630,000	State of California	Various Purpose General Obligation Bonds	UC	Infrastructure
10/23/2013	234,715,000	State of California	General Obligation Bonds (School Facilities)	UC	Infrastructure
10/23/2013	723,145,000	State of California	Various Purpose General Obligation Refunding Bonds	UC	Infrastructure
10/31/2013	4,830,000	City and County of San Francisco	Certificates of Participation Series 2013B (Port Facilities Project) (Non-AMT)	DC	Infrastructure
10/31/2013	32,870,000	City and County of San Francisco	Certificates of Participation Series 2013C (Port Facilities Project) (AMT)	DC	Infrastructure
11/5/2013	689,630,000	State of California	Various Purpose General Obligation Bonds	UC	Infrastructure
11/5/2013	234,715,000	State of California	General Obligation Bonds (School Facilities)	UC	Infrastructure
11/5/2013	723,145,000	State of California	Various Purpose General Obligation Refunding Bonds	UC	Infrastructure
11/5/2013	450,000,000	State of California	General Obligation Bonds (Mandatory Put Bonds)	UC	Infrastructure
11/5/2013	186,020,000	State of California	Various Purpose General Obligation Bonds (Taxable)	UC	Infrastructure
11/7/2013	8,505,000	California Statewide Communities Development Authority	Insured Revenue Bonds, Series 2013A (Poway RHF Housing, Inc.)	UC	501(c)(3)
11/7/2013	4,840,000	California Statewide Communities Development Authority	Taxable Insured Revenue Bonds, Series 2013B (Poway RHF Housing, Inc.)	UC	501(c)(3)

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>	<b>TYPE</b>
11/14/2013	100,000,000	State of California	General Obligation Bonds, Series 2013C (Index Floating Rate Bonds)	UC	Infrastructure
11/14/2013	100,000,000	State of California	General Obligation Bonds, Series 2013D (Index Floating Rate Bonds)	UC	Infrastructure
11/14/2013	100,000,000	State of California	General Obligation Bonds, Series 2013E (Index Floating Rate Bonds)	UC	Infrastructure
11/20/2013	12,525,000	Hesperia Public Financing Authority	Revenue Bonds, Series 2004 (1993 Street Improvement Project Refinancing) (Variable Rate Demand)	BKC	Infrastructure
11/20/2013	18,930,000	Hesperia Public Financing Authority	Variable Rate Lease Revenue Refunding Bonds (Water and Administration Facilities Acquisition Project) Taxable Series 1998A and Series 1998B	BKC	Water
11/26/2013	29,970,000	California Statewide Communities Development Authority	Insured Revenue Bonds, Series 2013 (The Redwoods, a Community of Seniors)	UC	501(c)(3)
12/2/2013	256,855,000	California Infrastructure and Economic Development Bank	Revenue Bonds (California Academy of Sciences) Series 2008A, Series 2008B, Series 2008C, Series 2008D, Series 2008E and Series 2008F (Remarketing)	BC	501(c)(3)
12/4/2013	75,440,000	San Francisco Municipal Transportation Agency	2013 Revenue Bonds	BC	Transportation
12/11/2013	5,325,000	Wiseburn School District (County of Los Angeles)	2010 Election General Obligation Bonds, 2013 Series D	UC	Education
12/11/2013	25,000,000	California Municipal Finance Authority	2013 Tax-Exempt Loan (Claremont McKenna College)	BC	501(c)(3)/Education
12/19/2013	7,410,000	Los Angeles County Office of Education	Certificates of Participation 2013 Refunding Series A (Santa Monica Community College District)	BC	Education
12/19/2013	4,100,000	ABAG Finance Authority for Nonprofit Corporations	2013 Tax-Exempt Loan (Pacific Primary)	BC	501(c)(3)/Education

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>	<b>TYPE</b>
12/19/2013	13,754,707	California Statewide Communities Development Authority	2013 Tax-Exempt Loan (Notre Dame de Namur University) and Revolving Line of Credit	BKC	501(c)(3)/Education
12/19/2013	11,786,000	California Municipal Finance Authority	2013 Tax-Exempt Loan (Gideon Hausner Jewish Day School)	BC	501(c)(3)/Education

**Exhibit B**

**Hawkins California Tax and Revenue Anticipation Note Financings  
2011-2013**

# Hawkins Delafield & Wood LLP

## California Tax and Revenue Anticipation Notes 2011-2013

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>
3/31/2011	57,135,000	County of Los Angeles Office of Education	Pooled Financing Program 2010-11 Pooled TRAN Participation Certificates Series F-1	BC
3/31/2011	9,500,000	County of Los Angeles Office of Education	Pooled Financing Program 2010-11 Pooled TRAN Participation Certificates Series F-2	BC
3/31/2011	33,415,000	County of Los Angeles Office of Education	Pooled Financing Program 2010-11 Pooled TRAN Participation Certificates Series F-3	BC
3/31/2011	20,110,000	County of Los Angeles Office of Education	Pooled Financing Program 2010-11 Pooled TRAN Participation Certificates Series F-4	BC
3/31/2011	10,000,000	County of Los Angeles Office of Education	Pooled Financing Program 2010-11 Pooled TRAN Participation Certificates Series F-5	BC
6/23/2011	60,000,000	County of Santa Clara	Teeter Plan Obligation Commercial Paper Series A-1	DC
6/23/2011	60,000,000	County of Santa Clara	Teeter Plan Obligation Commercial Paper Series A-2	DC
7/1/2011	15,055,000	County of Los Angeles Office of Education	Pooled Financing Program 2011-12 Pooled TRAN Participation Certificates Series A-2	BC
7/1/2011	18,500,000	County of Los Angeles Office of Education	Pooled Financing Program 2011-12 Pooled TRAN Participation Certificates Series A-3	BC

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>
7/1/2011	64,915,000	County of Los Angeles Office of Education	Pooled Financing Program 2011-12 Pooled TRAN Participation Certificates Series A-1	BC
7/1/2011	50,000,000	County of San Diego and School Districts	Tax and Revenue Anticipation Note Program Note Participations, 2011 Series A	UC
7/1/2011	78,000,000	County of Fresno	2011-12 Tax and Revenue Anticipation Notes	BC
7/1/2011	550,000,000	Los Angeles Unified School District	2011-12 Tax and Revenue Anticipation Notes, Series A	BC
7/1/2011	26,600,000	Santa Barbara Schools Financing Authority	2011-12 Tax and Revenue Anticipation Notes	BC
7/1/2011	80,000,000	San Francisco Unified School District	2011-12 Tax and Revenue Anticipation Notes	UC
7/1/2011	1,300,000,000	County of Los Angeles	2011-12 Tax and Revenue Anticipation Notes	BC
7/1/2011	31,545,000	County of San Diego and School Districts	Tax and Revenue Anticipation Note Program Note Participations, 2011 Series B-1	UC
7/1/2011	99,750,000	County of San Diego and School Districts	Tax and Revenue Anticipation Note Program Note Participations, 2011 Series B-2	UC
7/6/2011	48,000,000	County of Santa Cruz	2011-12 Tax and Revenue Anticipation Notes	UC
7/8/2011	81,200,000	City of Oakland	2011-12 Tax and Revenue Anticipation Notes	BC
7/21/2011	25,000,000	County of Mendocino	2011-12 Tax and Revenue Anticipation Notes	BC/DC

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>
8/18/2011	13,000,000	Orange County Department of Education	Pooled Tax and Revenue Anticipation Note Program, Note Participations, Series 2011A	DC
8/18/2011	74,990,000	Orange County Department of Education	Pooled Tax and Revenue Anticipation Note Program, Note Participations, Series 2011B	DC
8/18/2011	14,360,000	Orange County Department of Education	Pooled Tax and Revenue Anticipation Note Program, Note Participations, Series 2011C	DC
9/8/2011	22,000,000	California Statewide Communities Development Authority	2011 Tax and Revenue Anticipation Bonds (County of Monterey) Series 2011A-5a	UC
9/8/2011	21,855,000	California Statewide Communities Development Authority	2011 Tax and Revenue Anticipation Bonds (County of Monterey) Series 2011A-5b	UC
3/1/2012	75,000,000	Los Angeles County Office of Education	2011-12 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series B-1	BC
3/1/2012	135,200,000	Los Angeles County Office of Education	2011-12 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series B-2	BC
3/1/2012	120,000,000	Los Angeles County Office of Education	2011-12 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series B-3	BC
3/1/2012	60,350,000	Los Angeles County Office of Education	2011-12 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series B-4	BC
3/1/2012	17,450,000	Los Angeles County Office of Education	2011-12 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series B-5	BC
3/1/2012	1,500,000	Los Angeles County Office of Education	2011-12 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series B-6	BC
3/1/2012	33,500,000	Los Angeles County Office of Education	2011-12 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series B-7	BC

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>
7/2/2012	190,000,000	Los Angeles Unified School District	2012-2013 Tax and Revenue Anticipation Notes, Series A-1	BC/DC
7/2/2012	50,000,000	Los Angeles Unified School District	2012-2013 Tax and Revenue Anticipation Notes, Series A-2	BC/DC
7/2/2012	360,000,000	Los Angeles Unified School District	2012-2013 Tax and Revenue Anticipation Notes, Series A-3	BC/DC
7/2/2012	3,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-1	BC
7/2/2012	7,500,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-2	BC
7/2/2012	29,300,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-3	BC
7/2/2012	4,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-4	BC
7/2/2012	17,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-5	BC
7/2/2012	8,500,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-6	BC
7/2/2012	3,650,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-7	BC
7/2/2012	25,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-8	BC
7/2/2012	3,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series A-9	BC

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>
7/2/2012	82,000,000	County of Fresno	2012-13 Tax and Revenue Anticipation Notes	BC/DC
7/2/2012	190,000,000	County of San Bernardino	2012-13 Tax and Revenue Anticipation Notes	DC
7/2/2012	50,000,000	County of San Diego and San Diego County School Districts	2012 Tax and Revenue Anticipation Notes, Series A	UC
7/2/2012	78,760,000	County of San Diego and San Diego County School Districts	2012 Tax and Revenue Anticipation Notes, Series B-1	UC
7/2/2012	47,300,000	County of San Diego and San Diego County School Districts	2012 Tax and Revenue Anticipation Notes, Series B-2	UC
7/2/2012	1,100,000,000	County of Los Angeles	2012-13 Tax and Revenue Anticipation Notes	UC
7/2/2012	18,000,000	Santa Barbara County Schools Financing Authority	2012-13 Tax and Revenue Anticipation Notes	BC/DC
7/2/2012	125,000,000	City of San Jose	2012 Tax and Revenue Anticipation Notes	BC
7/2/2012	1,465,000	California Statewide Communities Development Authority	2012 Tax and Revenue Anticipation Bonds, Series 2012A-1 (Apple Valley Fire Protection District)	UC
7/2/2012	5,000,000	California Statewide Communities Development Authority	2012 Tax and Revenue Anticipation Bonds, Series 2012A-2 (City of Redding)	UC
7/12/2012	17,000,000	County of Mendocino	2012-13 Tax and Revenue Anticipation Notes	BC/DC
7/26/2012	53,000,000	County of Tulare	2012-13 Tax and Revenue Anticipation Notes	BC/DC

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>
8/23/2012	35,000,000	California Statewide Communities Development Authority	2012 Tax and Revenue Anticipation Bonds (County of Monterey)	DC
9/6/2012	30,000,000	County of Los Angeles	Lease Revenue Tax-Exempt Commercial Paper Notes (Issue II Series D)	BC
12/14/2012	52,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Notes, Series B-1	BC
12/14/2012	40,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Notes, Series B-2	BC
12/14/2012	29,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Notes, Series B-3	BC
12/14/2012	16,500,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Notes, Series B-4	BC
2/26/2013	780,000,000	Los Angeles Unified School District	2012-13 Tax and Revenue Anticipation Notes, Series B	BC/DC
2/28/2013	20,000,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-1	BC
2/28/2013	22,000,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-2	BC
2/28/2013	16,500,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-3	BC
2/28/2013	35,000,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-4	BC
2/28/2013	25,000,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-5	BC

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>
2/28/2013	54,000,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-6	BC
2/28/2013	32,000,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-7	BC
2/28/2013	141,200,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-8	BC
2/28/2013	73,715,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-9	BC
2/28/2013	14,725,000	Los Angeles County Office of Education	2012-13 Tax and Revenue Anticipation Note Participation Certificates, Series C-10	BC
4/18/2013	10,000,000	Los Angeles County Office of Education	2012-13 Pooled Tax and Revenue Anticipation Note Participation Certificates, Series D	BC
7/1/2013	1,000,000,000	County of Los Angeles	2013-14 Tax and Revenue Anticipation Notes	UC
7/1/2013	63,000,000	County of Fresno	2013-14 Tax and Revenue Anticipation Notes	BC/DC
7/1/2013	150,000,000	County of San Bernardino	2013-14 Tax and Revenue Anticipation Notes, Series A	DC
7/1/2013	60,000,000	County of San Diego and San Diego County School Districts	Tax and Revenue Anticipation Note Program Note Participations, 2013 Series A	UC
7/1/2013	13,050,000	County of San Diego and San Diego County School Districts	Tax and Revenue Anticipation Note Program Note Participations, 2013 Series B-1	UC
7/1/2013	42,160,000	County of San Diego and San Diego County School Districts	Tax and Revenue Anticipation Note Program Note Participations, 2013 Series B-2	UC

<b>DATE</b>	<b>AMOUNT (\$)</b>	<b>ISSUER</b>	<b>ISSUE</b>	<b>ROLE</b>
7/31/2013	8,000,000	Los Angeles County Office of Education	2013-14 Pooled TRAN Participation Certificates Series A-1	BC
7/31/2013	38,800,000	Los Angeles County Office of Education	2013-14 Pooled TRAN Participation Certificates Series A-2	BC
7/31/2013	10,000,000	Los Angeles County Office of Education	2013-14 Pooled TRAN Participation Certificates Series A-3	BC
7/31/2013	9,000,000	Los Angeles County Office of Education	2013-14 Pooled TRAN Participation Certificates Series A-4	BC
7/31/2013	7,420,000	Los Angeles County Office of Education	2013-14 Pooled TRAN Participation Certificates Series A-5	BC
8/1/2013	56,000,000	County of Tulare	2013-14 Tax and Revenue Anticipation Notes	BC/DC
9/4/2013	118,000,000	County of Santa Clara	2013-14 Tax and Revenue Anticipation Notes	DC
10/16/2013	118,135,000	County of Riverside	2013 Series D Teeter Obligation Notes (Tax-Exempt)	UC
10/16/2013	1,635,000	County of Riverside	2013 Series E Teeter Obligation Notes (Taxable)	UC

**APPENDIX A - OFFEROR’S INFORMATION**

Please complete and/or provide all requested information. If the proposal is submitted by a corporation, please provide an additional attachment that states the names of the officers who can sign an agreement on behalf of the corporation and whether more than one officer must sign. If the proposal is by a partnership or a joint venture, state the names and addresses of all general partners and joint venture parties. If the respondent is a sole proprietorship or another entity that does business under a fictitious name, the proposal shall be in the real name of the respondent with a designation following showing “DBA (the fictitious name),” provided however, that no fictitious name shall be used unless there is a current registration with the Orange County Recorder.

The undersigned, as respondent, declares that all documents regarding this proposal have been examined and accepted and that, if awarded, will enter into a contract with the Orange County Fire Authority.

Firm’s Legal Name: Hawkins Delafield & Wood LLP	
Firm Parent or Ownership:	
Address: 333 S. Grand Ave., Suite 3650, Los Angeles, CA 90071	
Firm Telephone No. 213-236-9050	Firm Fax No. 213-236-9060
Firm’s Tax I.D. Number: 13-5513990	Incorporated: YES _____ NO <input checked="" type="checkbox"/>
Legal form of company: (partnership, corporation, joint venture) Limited Liability Partnership	
Length of time your firm has been in business: 150 years	Length of time at current location: 25 years in Los Angeles
Number of employees and Number of Current Clients See proposal	

**Management person responsible for direct contact with the Orange County Fire Authority and service required for this Request for Proposal (RFP).**

Name: Arto C. Becker	Title: Partner
Telephone No.: 213-236-9050	E-mail: abecker@hawkins.com

**Person responsible for the day-to-day servicing of the account:**

Name: Arto C. Becker	Title: Partner
Telephone No.: 213-236-9050	E-mail: abecker@hawkins.com

**APPENDIX B - REFERENCES**

Describe fully at least three contracts performed by your firm that demonstrate your ability to provide the services included with the scope of the specifications. Attach additional pages if needed. OCFA reserves the right to contact each of the references listed for additional information regarding their experience with your company.

Customer Agency Name	County of Los Angeles
Contact Individual & Title	Cammy DuPont, Esq.
E-mail/Telephone number	cdupont@counsel.lacounty.gov/213-974-1901
Date of Project & Description of services provided including contract amount	See Exhibit A - "Hawkins California Financings 2009-13."
Customer Agency Name	County of Fresno
Contact Individual & Title	Brian D. Melikian, Esq.
E-mail/Telephone number	bmelikian@co.fresno.ca.us/559-488-3695
Date of Project & Description of services provided including contract amount	See Exhibit A - "Hawkins California Financings 2009-13."
Customer Agency Name	County of Shasta
Contact Individual & Title	James R. Ross, Esq.
E-mail/Telephone number	jross@co.shasta.ca.us/530-225-5711
Date of Project & Description of services provided including contract amount	See Exhibit A - "Hawkins California Financings 2009-13."
Customer Agency Name	Los Angeles Unified School District
Contact Individual & Title	John Walsh, Esq.
E-mail/Telephone number	john.walsh@lausd.net/213-241-2187
Date of Project & Description of services provided including contract amount	See Exhibit A - "Hawkins California Financings 2009-13."
Customer Agency Name	Orange County Department of Education
Contact Individual & Title	Wendy Benkert, Dir. of Business Services
E-mail/Telephone number	wbenkert@ocde.us/714-966-4229
Date of Project & Description of services provided including contract amount	See Exhibit A - "Hawkins California Financings 2009-13."

**APPENDIX C - PRICING PAGE**

**Proposal Costs** - The fee information is relevant to a determination of whether the fee is fair and reasonable in light of the services to be provided. This section shall include the proposed costs for the Bond, Tax and Disclosure Counsel services as described in your proposal. Any additional fees outside the scope of the agreement must be approved by the OCFA in writing before commencing services for said fees.

	<b>Bond Counsel</b>	<b>Tax Counsel</b>	<b>Bond and Tax Counsel</b>	<b>Disclosure Counsel</b>	<b>Bond, Tax and Disclosure Counsel</b>
TRANS Fee	\$20,000	\$15,000	\$30,000	\$25,000	\$45,000
TRANS Expenses	\$2,500	\$500	\$2,500	\$1,000	\$3,000

Attending/Presenting at Committee and/or Board Meeting (if applicable) \$ 0\* Per Hour

Provide details of what is included in the total cost listed above. Direct expenses for reimbursements, travel, printing cost, mailing, and other expenses should be included in the total cost. Please list the rates and items for reimbursements. If there is a maximum on out of pocket expenses, please list this cost breakdown.

See Section VIII of the Response.

\*Included as a part of the fee proposal.

Any additional information you would like OCFA to consider.

**Term of Offer:** It is understood and agreed that this offer may not be withdrawn for a period of **one hundred & twenty days** (120) from the Proposal Submittal Deadline, and at no time in case of successful Offeror.

**APPENDIX D - CERTIFICATION OF PROPOSAL**

In responding to **RFP MD1902 for Bond, Tax and Disclosure Counsel Services**, the undersigned Offeror(s) agrees to provide services for OCFA per the specifications. Offeror further agrees to the terms and conditions specified herein the following terms and conditions that are a part of this proposal and any resulting contract. If there are any exceptions they must be stated in an attachment included with the offer.

- A. The Offeror hereby certifies that the individual signing the submittal is an authorized agent for the Offeror and has the authority to legally bind the Offeror to the Contract. Signature below verifies that the Offeror has read, understands, and agrees to the conditions contained herein and on all of the attachments and agenda.
- B. The submission of the offer did not involve collusion or other anti-competitive practices.
- C. The Offeror has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, meal or service to a public servant in connection with the submitted offer.
- D. The Offeror shall not discriminate against any employee or applicant for employment in violation of Federal or State law.
- E. The Offeror complies fully with the Federal Debarment Certification regarding debarment suspension, ineligibility and voluntary exclusion.

**Independent Price Determination:** I certify that this offer is made without prior understanding, arrangement, agreement, or connection with any corporation, firm or person submitting an offer for the same services, and is in all respects fair and without collusion or fraud. I certify that I have not entered into any arrangement or agreement with any Orange County Fire Authority public officer. I understand collusive bidding is a violation of State and Federal law and can result in fines, prison sentences, and civil damage awards. I agree to abide by all conditions of this offer and certify that I am authorized to sign this agreement for the offeror.

**TO THE ORANGE COUNTY FIRE AUTHORITY:**

The Undersigned hereby offers and shall furnish the services in compliance with all terms, scope of work, conditions, specifications, and amendments in the Request for Proposal which is incorporated by reference as fully set forth herein. The representations herein are made under penalty of perjury.

Hawkins Delafield & Wood LLP

Name of Firm

333 S. Grand Ave., Suite 3650

Address

Los Angeles

CA

90071

City

State

Zip

*Arto C. Becker*

January 28, 2014

Signature of Person Authorized to Sign

Date

Arto C. Becker

Partner

Printed Name

Title



**REQUEST FOR BEST AND FINAL OFFER  
RFP MD1902 BOND, TAX & DISCLOSURE COUNSEL**

**DATE BEST AND FINAL OFFERS REQUESTED: FEBRUARY 25, 2014**

**DUE DATE FOR BEST AND FINAL OFFER: FEBRUARY 25, 2014 AT 3:00 P.M.**

Your company submitted a proposal in response to the above referenced Request for Proposal (RFP) issued by the Orange County Fire Authority. As part of the evaluation process, the Orange County Fire Authority is exercising the right to request a best and final offer from the top ranking firms for further evaluation and consideration.

The purpose of the Best and Final Offer is to allow both OCFA and your firm to make any modifications to the terms of the contract before making the final decision in the recommendation for award. As a result of your proposal submittal on January 29, 2014, Hawkins Delafield & Wood LLP has been selected to participate in the process.

The Best and Final Offer will further assist in making our final recommendation. As per the telephone message on February 25, 2014, pricing is a very important aspect in the award of this contract and time is of the essence. Please complete the pricing page for further consideration.

Best and Final Offers must be received by the Orange County Fire Authority Purchasing Section, no later than Tuesday, February 25, 2014 at 3:00 p.m This response shall be sent via e-mail to: [monicadorfmeyer@ocfa.org](mailto:monicadorfmeyer@ocfa.org)

Thank you for your interest in doing business with the Orange County Fire Authority and the commitment you have made to perform to our expectations if awarded the contract.

Sincerely,

A handwritten signature in black ink that reads "Monica Dorfmeier".

Monica Dorfmeier  
Purchasing Agent

**BEST AND FINAL PRICING PAGE**

Please revise your pricing to reflect the changes in the Best and Final for further consideration.

	<b>Bond Counsel</b>	<b>Tax Counsel</b>	<b>Bond and Tax Counsel</b>	<b>Disclosure Counsel</b>	<b>Bond, Tax and Disclosure Counsel</b>
TRANS Fee	\$20,000	\$15,000	\$27,000	\$25,000	\$42,000
TRANS Expenses	\$750*	\$0	\$750*	\$200	\$950*

Attending/Presenting at Committee and/or Board Meeting (if applicable) \$ 0 Per Hour

Provide details of what is included in the total cost listed above. Direct expenses for reimbursements, travel, printing cost, mailing, and other expenses should be included in the total cost. Please list the rates and items for reimbursements. If there is a maximum on out of pocket expenses, please list this cost breakdown.

Costs include travel and preparation of transcripts and other copy costs. All costs to be approved by the Authority.

**Additional comments:**

\*Plus the costs of publications necessary for a public sale of the TRANS and any reports necessary for the Official Statement (e.g., Overlapping Debt Report).

**TO THE ORANGE COUNTY FIRE AUTHORITY:**

The Undersigned hereby offers and shall provide bond, tax and disclosure counsel in compliance with all terms, scope of work, conditions, specifications, and amendments in the Request for Proposal which is incorporated by reference as if fully set forth herein. The representations herein are made under penalty of perjury.

Hawkins Delafield & Wood LLP

Name of Company  
333 South Grand Avenue, Suite 3650

Address  
Los Angeles CA 90071

City State Zip

*Arto C. Becker*

February 25, 2014

Signature of Person Authorized to Sign  
Arto C. Becker

Date  
Partner

Printed Name

Title

**DISCUSSION CALENDAR - AGENDA ITEM NO. 6**  
**BUDGET AND FINANCE COMMITTEE MEETING**  
**March 12, 2014**

TO: Budget and Finance Committee, 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.

Recommended Action:

Review the proposed agenda item and direct staff to place this item on the agenda for the Board of Directors meeting of March 27, 2014, with the Budget and Finance Committee's recommendation that the Board of Directors approved the submitted changes to the Roles/Responsibilities/Authorities Matrix.

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 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](mailto: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.

	<b>Authority Management</b>	<b>Claims Settlement Committee</b>	<b>Executive Committee</b>	<b>Board of Directors</b>
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**

	<b>Authority Management</b>	<b>Claims Settlement Committee</b>	<b>Executive Committee</b>	<b>Board of Directors</b>
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**

	<b>Authority Management</b>	<b>Claims Settlement Committee</b>	<b>Executive Committee</b>	<b>Board of Directors</b>
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 <sup>rd</sup> vote of the members.)
Purchase of commodities and fixed assets	Approve purchase of commodities and fixed assets <del>with a unit cost</del> up to \$100,000 <b>aggregate per contract year.</b>		Approve purchase of <b>commodities and</b> fixed assets <del>with a unit cost</del> over \$100,000 <b>aggregate per contract year.</b>	
Emergency Purchases/Contracts	Approve emergency purchases up to \$75,000 <b>\$100,000.</b>		Purchases in excess of \$75,000 <b>\$100,000</b> require prior approval of Chair or Vice Chair and must be reported at the next Executive Committee meeting.	
Purchasing – <b>Professional Service Contracts</b>	Approve <b>all</b> 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.	
<del>Purchasing – Consultant Contracts</del>	<del>Approve consultant contracts up to \$25,000.</del>		<del>Approve all consultant contracts over \$25,000.</del>	

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

	<b>Authority Management</b>	<b>Claims Settlement Committee</b>	<b>Executive Committee</b>	<b>Board of Directors</b>
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 ( <b>excludes</b> 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**

	<b>Authority Management</b>	<b>Claims Settlement Committee</b>	<b>Executive Committee</b>	<b>Board of Directors</b>
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**

	<b>Authority Management</b>	<b>Claims Settlement Committee</b>	<b>Executive Committee</b>	<b>Board of Directors</b>
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**

	<b>Authority Management</b>	<b>Claims Settlement Committee</b>	<b>Executive Committee</b>	<b>Board of Directors</b>
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.	

**DISCUSSION CALENDAR - AGENDA ITEM NO. 7**  
**BUDGET AND FINANCE COMMITTEE MEETING**  
**March 12, 2014**

TO: Budget and Finance Committee, 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.

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 27, 2014, with the Budget and Finance Committee's recommendation that the Board of Directors take the following 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 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.

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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 - \$7,934,210 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 - \$999,749 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**

	<u>CIP Funds</u>					<u>Other Funds</u>		Total
	121 General Fund	122 Facilities Maint & Improvement	123 Facilities Replacement	124 Communications & Info Systems Repl	133 Vehicle Replacement	171 SFF Entitlement	190 Self Insurance	
<b>FUNDING SOURCES</b>								
<b>Property Taxes</b>	\$189,412,501	\$0	\$0	\$0	\$0	\$0	\$0	\$189,412,501
<b>Intergovernmental</b>								
State Reimbursements	6,855,398	-	-	-	-	-	-	6,855,398
Federal Reimbursements	3,256,896	890,000	-	-	-	-	-	4,146,896
Community Redevelopment Pass-thru	7,242,493	-	-	-	-	-	-	7,242,493
<b>Charges for Current Services</b>								
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
<b>Use of Money and Property</b>								
Interest	128,487	10,238	50,111	63,073	112,554	3,489	170,481	538,433
<b>Other</b>								
Developer contributions	-	-	4,978,850	-	-	-	-	4,978,850
Sales and Settlements	121,014	-	-	-	-	-	-	121,014
Miscellaneous	1,351,617	-	76,949	129,909	722,825	-	12,763,412	15,044,712
<b>Other Funding Sources</b>								
Total Revenues & Other Financing Sources	304,657,025	1,140,626	5,105,910	1,112,982	2,197,593	3,489	12,996,389	327,214,014
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
<b>TOTAL AVAILABLE RESOURCES</b>	\$357,182,864	\$4,796,785	\$21,789,441	\$20,867,692	\$32,856,606	\$1,271,648	\$66,226,773	\$504,991,809
<b>EXPENDITURES</b>								
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	43,331,964	2,559,171	\$8,832,541	8,159,075	21,033,985	571,890	55,722,949	140,211,575
<b>TOTAL FUND COMMITMENTS &amp; FUND BALANCE</b>	\$357,182,864	\$4,796,785	\$21,789,441	\$20,867,692	\$32,856,606	\$1,271,648	\$66,226,773	\$504,991,809

**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	\$43,331,964	\$2,559,171	\$8,832,541	\$8,159,075	\$21,033,985	\$571,890	\$55,722,949	\$140,211,575
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	8,299,309	7,944,089	20,111,716			38,914,285
• 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	17,354,331							17,354,331
<b>Total</b>	<b>\$43,331,964</b>	<b>\$2,559,171</b>	<b>\$8,832,541</b>	<b>\$8,159,075</b>	<b>\$21,033,985</b>	<b>\$571,890</b>	<b>\$55,722,949</b>	<b>\$140,211,575</b>

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