
From: Moorlach, John <John.Moorlach@ocgov.com>
Sent: Tuesday, June 18, 2013 9:12 AM
To: Shari Freidenrich
Subject: RE: MOORLACH UPDATE -- Begets -- June 15, 2014

Shari,

This modification, as I understood it, made sense. Even the Chief Actuary at CalPERS is realizing that major amortization changes need to be made, and he is recommending implementation.

I was supportive of the change and I thought everyone waited for a chance that you would be available to vote with the appointeds.

It looks like you voted with the wrong side of the table on this one and now I'm receiving blow-back.

You may want to call your appointed colleagues and some of those that attended the meeting to testify to provide them with your explanation.

I'm going into a long Board meeting, so at least I can duck more telephone calls on this subject for a few hours.

John

From: Shari Freidenrich [mailto:Shari.Freidenrich@ttc.ocgov.com]
Sent: Monday, June 17, 2013 8:11 PM
To: Moorlach, J
Subject: Re: MOORLACH UPDATE -- Begets -- June 15, 2014

Dear John:

All of the plan sponsors, including the County spoke about supporting alternate 3 and no other changes which is what I supported. I reached out to the CEO's office and that was what they told me, and they didn't talk about wanting a shorter amortization period on either the current or prior periods. I didn't hear anything about other options from the County and know that there will be an impact from the recent discount rate changes which I completely supported. I was surprised as last time the four board appointees voted for alternate 3 and no change to prior, and it only failed as the other board members, including me, wanted to get more input from plan sponsors. The other change to the prior UAAL came up late with no significant back-up provided or requested from the last meeting, and the actuary really counseled us last time on not making changes to prior decisions, and I listened to their professional advice and concurred with their reasoning. I am surprised that no one on the board brought it up with me earlier because they had all voted for the option 3 last time. I know that we can't talk about a vote, but at least let me know so that I could have further reviewed the prior UAAL amortization options.

It was also definitely more difficult being out of town and trying to follow such as important issue as this on a speakerphone and not being there at the meeting in person. There were so many substitute and amended motions. Also, having to leave the city offices as they closed and lose access to the board materials was not good. I had asked last month to postpone it one more month till i could be back in town, but got turned down. I had considered supporting alternate 1 if it had not been packaged with the prior amortization changes which I know that the actuary had emphatically spoken about not recommending changing in May.

I am sorry that I disappointed you. I will review the minutes to see if there was something I missed.

Shari

From: Moorlach, John [<mailto:John.Moorlach@ocgov.com>]
Sent: Monday, June 17, 2013 04:11 PM
To: Shari Freidenrich
Subject: RE: MOORLACH UPDATE -- Begets -- June 15, 2014

Shari,

Being so focused on the compensation issue, everyone thought you were on the right page with the amortization changes. What happened? I'm already getting irate phone calls about your vote.

John

From: Shari Freidenrich [<mailto:Shari.Freidenrich@ttc.ocgov.com>]
Sent: Sunday, June 16, 2013 7:31 AM
To: Moorlach, John
Subject: Re: MOORLACH UPDATE -- Begets -- June 15, 2014

Dear Honorable Moorlach:

If you have any input as a Plan sponsor regarding the CEO's compensation tomorrow on tomorrow's OCERS agenda, please let me know. The compensation study was moved to the July meeting. The study indicates he is 12 % above the public sector market, but below the blended public/private sector comparison. Please also note that in November, the board gave all OCERS management a raise in the amount of the portion of the employee portion that OCERS had been contributing. Now the employee picks up the employee portion. The agenda and backup is on the OCERS website at ocers.org.

Thanks.

Shari

From: Moorlach, John [<mailto:John.Moorlach@ocgov.com>]
Sent: Saturday, June 15, 2013 09:57 AM
To: Moorlach, John [HOA]
Subject: MOORLACH UPDATE -- Begets -- June 15, 2014

It's interesting when one article begets another one. This is the case with both of today's pieces. The first covers the Board's budget vote that was covered by the *Voice of OC* (see MOORLACH UPDATE -- Budget Hearing -- June 12, 2013). For a video account of the Board meeting's discussion on the matter, see http://www.voiceofoc.org/countywide/this_just_in/article_6c07b772-d486-11e2-b0d6-0019bb2963f4.html. The *Voice of OC* article reverberated all the way up to the Horseshoe in the State's Capitol Building. In this case, I agree with the Governor's office. The incident is provided by the *Voice of OC* in the first article below.

From: Moorlach, J <J.Moorlach@ocgov.com>
Sent: Tuesday, June 18, 2013 6:38 PM
To: Shari Freidenrich
Subject: RE: OCERS upcoming meeting

Shari,

I read your e-mail and felt that you would be fine without my input, thinking it would only echo your positions.

I guess one strategy would be to vote with the appointed members of the Board. If all four are on the same page, then joining them should be a safe bet.

John

From: Shari Freidenrich [mailto:Shari.Freidenrich@ttc.ocgov.com]
Sent: Tuesday, June 18, 2013 11:21 AM
To: Moorlach, J
Subject: Re: OCERS upcoming meeting

Dear John: Here is where I noted that we had several important issues on the OCERS agenda. I asked for input and I did not receive any from you on the pension item, I did follow up on the compensation item being moved to July. When I talked with the CEO's office, again I didn't receive anything on this item and Mitch of the CEO's office spoke during public comments yesterday and spoke in favor of alternative 3 with no changes to prior amortization. I confirmed this with the OCERS CEO during the meeting that this option was the one supported by OCFA and the County.

Communication is key and I reached out for input, considered the input received from all parties, and voted based on the knowledge I had.

What should I have done differently to get input on this issue?

Thanks.

Shari

From: Shari Freidenrich
Sent: Wednesday, June 12, 2013 08:21 AM
To: Moorlach, John [HOA]
Subject: OCERS upcoming meeting


If there is input that you have, I would encourage you to provide it directly to the Board members either at the meeting or prior to the meeting, we have several important issues on the agenda for Monday. I will not be physically there, but will be calling in from out of town. I want to hear any input that day prior to making any final decisions on the agenda items.

If you have any input prior the Board meeting, I would welcome receiving that also.

Thanks.

Shari

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Orange County Treasurer
Property Tax Questions: (714)834-3411 (9 am to 4:45 pm)
Telephone - (714)834-7625
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 Save Paper. Think Before You Print.

This year, plan to "Go Green" and pay your property tax bill on-line by eCheck at "no cost" using your bank account at ocgov.com/octaxbill.

Also, don't forget to pay your property tax bill. Sign up to receive a tax bill reminder by registering your e-mail at ocgov.com/taxreminder.

From: Moorlach, John <John.Moorlach@ocgov.com>
Sent: Tuesday, June 18, 2013 6:36 PM
To: Shari Freidenrich
Subject: RE: MOORLACH UPDATE -- Budget Hearing -- June 12, 2013

Shari,

I don't want to get argumentative, but I've also been very vocal about paying off our debts, not pushing them out into the future.

That's why I keep emphasizing the need to manage our total compensation.

We'll have to enjoy a discussion on these topics.

Thanks.

John

From: Shari Freidenrich [mailto:Shari.Freidenrich@ttc.ocgov.com]
Sent: Tuesday, June 18, 2013 11:20 AM
To: Moorlach, J
Subject: Fw: MOORLACH UPDATE -- Budget Hearing -- June 12, 2013

Dear John:

I also got this right after I sent out the e-mail asking you for input on the OCERS agendas and assumed that you had enough torpedoes and another one might break the bank.

I saw your e-mail response, and I don't recall getting that information at the meeting.

Shari

From: Moorlach, John [mailto:John.Moorlach@ocgov.com]
Sent: Wednesday, June 12, 2013 11:28 AM
To: Moorlach, John [HOA]
Subject: MOORLACH UPDATE -- Budget Hearing -- June 12, 2013

The Board of Supervisors spent a long day discussing the annual budget for fiscal year 2013-14. I made some observations, many that repeated the concerns raised in my 2012 State of the County Address. When I told you the County was facing torpedoes last year, I was not kidding.

- The County's annual contributions to its retirement system continue significant increases into the foreseeable future.
- Annual contributions into the County's Workers' Compensation plan have grown from \$22 million five years ago, to \$38 million for the upcoming fiscal year.
- The annual cost of insured health plans has gone from \$112 million five years ago to \$167 million for next year.

- Annual contributions for the County's self-insured PPO (preferred provider organization) medical insurance plan have grown from \$55 million to \$78 million over the same period of time.
- The County has a preliminary ruling on the Vehicle License Fee (VLF) pick-pocketing by the State's Department of Finance to address, which could consume a major portion of the County's reserves.
- The State's funding for the realignment of sentenced state prisoners down to the OC is \$10 to \$11 million short of actual budgeted costs in the current fiscal year for the Sheriff's Department alone.
- The State has not paid the County for unfunded mandates in recent memory, creating a sizable receivable (\$50 million+).
- The recent termination of Redevelopment Agencies has created a significant annual loss to the County.
- The Governor wants to strip supposed "savings," totaling some \$27 million, from the County as a result of implementing the Affordable Care Act (Obamacare).
- The County has once again depleted its Prop. 172 sales tax reserves to assist the funding of public safety.
- The County's reserves could go to a level that is lower than every other urban county in the state.

Where did we spend the biggest portion of our time during yesterday's meeting? Discussing whether the County's Community Corrections Partnership (CCP) should allocate 3 percent of its budget to cities in Orange County that have their own police departments, versus the 1 percent that the CCP voted for (see <http://www.ocregister.com/articles/police-512330-city-county.html>). In the debate over some \$1.5 million, I offered to give 5 percent of the Board office budgets, some \$250,000, toward the gap. My proposal did not receive a second. The funding has to come from somewhere out of the General Fund, so I provided a suggestion that would have not only provided a portion of the funding requested by our noncontract cities, but also demonstrated the board's solidarity with all the other General Fund Departments who were absorbing cuts in the neighborhood of 5%. This missed leadership opportunity generated the *Voice of OC* article below. It is followed by a photo from the *OC Register*.

In preparation for yesterday's Budget Hearing, the following information was provided to each Board office. It reflects the recent history of Board office budgets, but is missing last year (as the June 30, 2012 Comprehensive Annual Financial Report has not been completed). Two more columns have been added, the total spending for this five-year period and last year's (FY 2012-13) budget amounts (NCC = Net County Costs).

	FY 2007-08			FY 2008-09			FY 2009-10		
	Budgeted NCC	Actual NCC	NCC Savings	Budgeted NCC	Actual NCC	NCC Savings	Budgeted NCC	Actual NCC	NCC Saving
1st District	915,395	900,250	15,145	951,148	944,145	7,003	950,969	946,014	4,95
2nd District	912,384	885,897	26,487	912,384	858,908	53,476	905,205	799,659	105,54
3rd District	920,107	869,300	50,807	950,107	813,533	136,574	847,209	812,131	35,07
4th District	893,373	840,365	53,008	893,373	882,859	10,514	886,194	757,621	128,57
5th District	919,188	807,427	111,761	934,032	882,201	51,831	912,843	853,646	59,19

