

REPORT ON
THE STATE OF SECURITY AT COTO DE
CAZA

2001 – 2004

Prepared for
The CZ Master Association of Coto de Casa

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I. INTRODUCTION

This report on the state of security operations in Coto de Caza has been prepared for the sole use of the Board of Directors of CZ Master Association. It has been prepared with observations and experiences I have acquired over the last two years in my capacity as the Director of Security for Coto de Caza, but has been prepared on my own time, without the pre-approval or authorization of Securitas Security Services USA, and may not reflect their position on any materials presented in this report.

In order to present an objective and un-biased analysis as contained within this document, it requires honesty and frankness that may unfortunately conflict with preconceived opinions of both individuals and companies associated with security operations at Coto de Caza. Therefore, I will present this analysis and the recommendations contained within as a "White Paper".

CZ Master Association, governed by a board of directors being comprised of volunteers, who have a desire to improve the community in which they live, must depend on the professionalism of the firms and individuals contracted to provide them with the background material with which to make the best policies and decisions for the benefit of the community they represent.

In the past, many security policies and procedures were simply passed down over the years, without being codified in a written form. This has often led to confusion and misinterpretation for everyone from the security officers to the residents of the community. Therefore, there was a resulting lack of consistency in security operations.

Over the past two years I have attempted to determine, by review of limited documents and discussions with board members, what the current desires of the community were, pertaining to gate access control and related security issues. I then attempted to create procedures needed to implement the current policies of the board.

One of the purposes of this report is to detail not only the history, but to describe the current procedures to the board in order that the members may review, modify, delete or approve of these established procedures, and establish new policies if so required.

Security is not a single policy or a program where one system fits all. But is rather a continuum, with various degrees of risks and associated cost, from low security and low cost to high security with high cost.

The first decision required of all organizations is to determine what level of security they desire on this continuum. And second to determine if they are able and willing to pay the cost for achieving the level desired.

This initial requirement may very well change from one board's tenure to another, due to changes in the philosophy of new members, or even changes in the community.

The current security procedures have been established primarily in response to directions of the prior board and may very well not be in full compliance with the desires of the current board of directors.

Therefore, the first objective of this report is to inform the board (in detail) of the current procedures, and to explain what policies were being considered when establishing current security procedures.

The second objective is to make recommendations as to what measures may be taken to further enhance the procedures now in place, if the current policies and desires of the board have not changed.

The third objective is to present to the Board of Directors for their consideration, alternatives to the current relationship between the board, their management company, and the security company, which would greatly enhance the effectiveness and accountability of security operations in Coto de Caza.

II. ACCESS CONTROL

The primary responsibility of security operations at Coto de Caza is access control. The degree to which the security officers enforce access control is dependent on the authority granted to the security operator by the Board of Directors of the CZ Master Association in a document called the Post Orders. This document assigns the duties and expectations of the security operator by the Board. The Post Orders are approved with the annual contract, and may only be amended by written authorization of the Board.

The security officers at Coto consider this singular document as the “Bible of Operations” and must be followed as if “LAW”. But as in all enforcement of laws and regulations, there may very well be different interpretations to the “degree” and extent these rules must be enforced.

This interpretation is performed by the Director of Security, who issues a set of Standard Operating Procedures (SOP’s), which translates the orders of the association, into instructions as to the procedures to follow to fulfill the desires of the community. This interpretation must be made with a thorough understanding of the true intentions of the current Board of Directors.

It is therefore imperative that direct and open communications must exist between the Director of Security, and if not the whole board, at least the board member assigned the responsibility of oversight for access control, if the true desires of the community are to be achieved.

The reason for this input from the Board is self- evident, for if the Board issues a firm set of instructions by means of the Post Orders, but does not really want active and full enforcement, the security operator may enforce to “the-letter-of-the-law”, when the Board may really want to simply give the “appearance” of enforcement.

During the term of the last Board, this communication channel was open and the intent and desires of the Board was clear. Their oversight was frequent and direct. This resulted in not only fair and consistent enforcement of rules by the security officers, but also gave the officers a feeling of “pride” in their work.

Unfortunately since the last Board election, this open communication and direct oversight has decreased substantially, and has resulted in a possible disconnect between the degree of enforcement and the true desires of the Board.

I extended an open invitation to meet with the members of the board. But with the exception of two meetings earlier last year, one with Ed Masotti, on general security issues and the second with Mitch Hill on technology support issues, there

has been no opportunity to address the Board regarding the many security issues that need to be reviewed and possibly revised by the new Board.

This lack of communications to date is one of my motivations for this report and once again, I stand willing to meet or communicate with you, the members, on any of these issues or suggestions at any time.

The single most difficult aspect of providing consistent access control lies in the very nature of the community. The gatehouses controlling access to Coto de Caza are under the jurisdiction of the CZ Master Association, yet the residents entering the community, in some cases do not belong to the CZ Master Association. Not only does this result in great difficulty when attempting to consistently enforce the (CZ Master) rules for entry into the community, but also is unfair to the residents within CZ Master Association, who are often delayed when residents and guests of the Estates or Village fail to follow proper gate entry procedures. Not to mention the many other non-resident patrons attempting to enter Coto for the purpose of going to the country clubs, Merryhill School, or the General Store without prior entry authorization.

From a safety and consistency standpoint, this conflict is easy to illustrate. The most serious problem facing access control is the situation in which a resident or visitor enters without authorization (trespasses) by “running the gates”, often driving recklessly at a high rate of speed. In many cases, not knowing the intentions of the driver is a very serious security concern. For it could be a case of an estranged spouse or other person with intent to do harm to a resident or his property. Therefore, security dispatches the patrol, calls the sheriff or takes whatever action is required or possible.

In the case of a visitor “running the gates” if we are able to ascertain their destination or stop them with the patrol, our patrol officers are directed to either escort the offender back to the gates for authorization processing, escort the offender from the community or call the sheriff for removal or arrest for trespassing.

If the “gate runner” is determined to be a resident of Coto de Caza, the security patrol officer will inform the resident of the correct procedure and request their future cooperation. If the resident is a repeated and flagrant offender and is a member of CZ Master Association, the Board of Directors, may further impose financial penalties. But if the resident is a Non-CZ Member, who resides in the “Estates or Village”, they act with impunity, they can and do in many cases continue to violate CZ Master regulations.

I have repeatedly expressed my concern to Securitas, Keystone, and the Board of Directors, regarding this issue. Not only does this issue make consistent enforcement impossible and creates a safety hazard, but is patently unfair to the

dues paying residents of the CZ Master Association, who must follow the rules and carry the full financial burden of providing access control for Coto de Caza.

The purpose of this report is not only to highlight problems, but also to make suggestions. In due respect to the Board, I will simply repeat the only solutions that I see possible:

- 1) Request that the other associations within Coto de Caza join CZ Master, following the rules and paying their fare share.
- 2) CZ Master Association, The Estates, and The Village Associations, employ the same management company to ensure consistency and equal financial penalties for violations of access control regulations.
- 3) Enter an agreement with The Estates and Village Associations, which require that their respective management companies work together to enforce consistent and equal financial penalties for violations of access control regulations.
- 4) Physically separate CZ Master Association controlled areas from The Estate and Village controlled areas, denying the Estates and Village access to CZ Master controlled gates and common areas, as some residents have suggested.

Gatehouses:

One of the primary areas of responsibility for security operations at Coto de Caza is access control into the community. This function is performed by the security officers who are assigned to the 4-gatehouses controlling access into the community on a 24hrs a day/7days a week basis.

Two years ago each gate, with the exception of the North Gate, were manned by three officers from 6:00 AM – 10:00 PM. By successfully implementing my recommendation of installing a new camera system covering the center lanes of the Antonio and Oso/South Gates, and reassigning the duties of the gate officers, we were able to reduce the staffing to two officers per daytime shift, and convert the middle lanes to “flex lanes”, facilitating the rapid re-admission of vehicles possessing valid paper passes.

Prior to these changes the center lanes of these gates were reserved for transponder equipped vehicles and large vehicles only, therefore requiring all other residents, guests and vendors to wait in the first lane for entry. This procedure resulted in long lines during peak periods and especially during holidays. These changes, along with my creation of the “Green Pass Procedure”,

and other changes implemented in gate procedures have resulted in far faster guest processing and authorized entry into the community.

Additional improvements to the physical design of the gate lanes have been also recommended for Board consideration.

The first being the modification of the Antonio Gate turn-around lane by installing a traffic control sign on the exit side of the gatehouse, which could be automatically activated by sensors whenever a vehicle enters the turn-around lane. This improvement is a needed safety improvement and should be expedited before anyone else is seriously injured or killed.

The second suggestion was to consider adding an additional gate lane to the Oso/Right Gatehouse. With the completion of the build-out of the South Bend area, the residents who reside in that part of the community deserve equal access to their neighborhood. They have suffered the greatest by enduring the traffic delays at the South Bend (Oso/Right Gate). Once this area is turned over to the jurisdiction of the Association, it seems possible to add an additional lane by simply sacrificing the horse trail immediately to the right of the current lanes. I believe there is another horse trail that could be used which runs parallel to the Coto trail, through the county park.

I have also recommended that after the turnover, a warning barrier with flashing yellow lights be constructed on Coto Drive at the end of Oso Parkway. In my brief time at Coto, the security patrol has reported at least three serious accidents, with vehicles jumping the curb and hitting the stone wall. In most cases the victims were young teenage drivers, who were driving too fast, and failed to notice that the road was ending until it was too late to make the turn right or left on to Coto Drive.

Passes:

Two years ago, the gate officers, Keystone Pacific, and the Golf & Racquet Club issued passes. These passes totaled 8 different printed paper passes designated as: Guest Passes, Over Night Guest Passes, Monthly Service Passes, Daily Service Passes, Monthly Construction Passes, Daily Construction Passes, Restaurant Passes, and Golf Passes.

Not only was it difficult dealing with this many different types of passes, but maintaining printed supplies in the correct number was difficult to manage, not to mention the associated cost of printing all these different passes.

Working with the board, I recommended reducing these passes to the current paper passes designated as, Resident Passes, Guest Passes, Service Passes, Monthly Construction Passes, and Activity Passes.

Recently another problem was solved when the Board consolidated all passes issued under security operations. The Board had realized that Keystone Pacific was authorizing and re-authorizing overnight passes far in excess of the period and out side the guidelines designated by the Board, and that the management and control of Permanent (one year) Overnight On The Street Parking Permits (Hang Tags) were not being properly administered. Since this transfer of responsibility all extended parking passes and hang tag assignments have been tightly controlled and logged by the Antonio Gate Commander, and the transponder officers at Sports Park. In the future, I will be converting the current authorization logs into an Extended Pass Authorization Database, which will provide even greater control.

Another set of problems, still being worked on, is the implantation of computer generated passes under IEM. The first problem is the pass format itself. Due to IEM maintaining exclusive control over the formatting process, it has been virtually impossible to change any of the formats to conform to current pass requirements. For example, just to have the printed date font enlarged to a larger and more visible size literally took months. In addition printed notations such as, "Please Return Pass When Exiting The Community", printed at the bottom of the passes did not reflect reality. This created a safety hazard when drivers exiting the community stopped in the exit lanes to return the passes. The second problem was that the ink printed on the pass stock fades, making a printed pass illegible within 30 days if the vehicle is parked in the Sun.

Transponder Operations:

The successful implementation of a transponder program is critical to reducing the number of vehicles requiring manual processing by gate security officers upon entry to Coto de Caza. This program was initiated by a previous Board of Directors, with the selection of IEM, owned by Barrington Hilsley, a resident of Coto, as the vendor of choice.

IEM was originally responsible for the gate equipment and transponder system, consisting of vehicle mounted transponder devices and antennas located at the gates. IEM was also the de facto project manager, for the issuance of transponders to the residents.

Sometime after the initial issuance of transponders, IEM installed their GateWorks program on a single user computer system and started to transfer the gate access information (at that time maintained on a MS Access database administered by Burns security personnel) to their GateWorks database.

The previous board decision to implement a transponder program was obviously the right decision, as well as indicating a farsighted appreciation of the ever-increasing traffic volume entering the community.

At the time the Board selected IEM to provide a gate transponder system it issued a 3-phase policy for the issuance of transponders to residents and non-residential entities such as: The Golf & Racquet Club, Coto Valley Club Members, and other authorized individuals. These phases were intended to be short in duration, and to coincide with the promised ability of the GateWorks System to control gate access based on various time and expiration restrictions. It's been over three years since these initial expectations were made, and to date the system's functionalities as promised to the Association are not operational and the transponder issuance program is still in Phase I.

I have reported, to members of the Board, that to date, the gate control database and the GateWorks database do not communicate, and therefore are unable to restrict any access, with the exception of IEM accessing the gate control system on a gate-by-gate manual basis. This limitation is also a serious problem when it becomes necessary to deactivate a transponder, due to theft or at the request of the owner. On notification to de-activate a transponder, the Sports Park Transponder Office can only send a fax indicating the ID number of the transponder to deactivate, and hope and trust that IEM will manually enter this transponder number into each gate's local deny list. This process cannot be controlled by accessing the GateWorks database server at Sports Park, due to the fact that the GateWorks database currently does not interface to the control panels at the gates.

At the time of my arrival at Coto, even though the transponder program had been in place and in use for some time, it was painfully obvious that the program had been poorly managed both by IEM and Burns security personnel.

First, it has been reported that many of the transponders initially issued were defective and had to be replaced by the manufacture. This resulted in numerous errors in logging transponder number identity and accountability. Management had setup no-less-than 7-different logbooks to record transponder numbers and ownership. This was in addition to duplicate notations on the Resident's Gate Access Form. This resulted in duplication and confusion in manual record keeping, when the initial transponders malfunctioned and were re-issued, and were at a later date incorrectly entered into the new IEM computerized gate access database (GateWorks). As everyone is familiar with the computer database analogy "garbage in-garbage out" this fact became reality.

My first attempt at dealing with this inherited problem was to re-organize the log and accountability system maintained at the Sports Park transponder office by combining the 7-logs into a 1-page register which reflects all the information such as, transponder number assignment, vehicle identification and accounting transaction information contained within the various 7-logs.

During this period of time IEM installed its new database server at Sports Park, having merged the currently operational (Access) database maintained by Burns Security to its new (SQL) database on the new system. Given that the Access database was not designed to record transponder information, this transponder assignment information was entered first by IEM personnel, and later by a Burn's contract employee (at significant cost), who attempted to verify and correct database errors.

Karen Rose, President of the CZ Master Board, was justifiably concerned about the corrupted gate entry database and made a priority of understanding the cause and requested recommendations needed to correct the information contained within the database. As a result of this priority to correct the erroneous data, I discovered that a report listing residents sorted by transponder number was available in the new SQL system. On printing this listing, it was revealed that the transponder number was not being sorted numerically, which made it impossible to determine duplicate transponder numbers. Relying on over 30-years of professional computer systems experience, it was obvious that the transponder field was being sorted as a literal variable and not as a numeric variable. The reason for this seemingly unimportant observation is very critical to not only correcting duplicate transponder data, but also the very reason for the corruption of this database, which is essential to the effective operation of transponder activated access.

On conveying this information to Karen, she contacted IEM, who professed ignorance for the wrong sorting criteria being assigned to the transponder ID field, but agreed to fix this sorting field, by assigning it as a numeric field instead of a literal field.

Once this (GateWorks) programming error was corrected, it became obvious why this field assignment (as a literal) had been made. Once the corrected report listing was printed, it was revealed that IEM had been padding (adding zeros to the front of numbers) such as, 123, 0123, 00123, to accommodate duplicate transponder numbers, which were not permitted by the program logic. This design logic was to make duplicate transponder numbers in the database impossible. Prior to this discovery, and subsequent changes to correct the problem, the ability to correct the problem was next to impossible, given the extent of these duplicate numbers.

Since the extent of transponders with duplicate numbers was uncovered, Karen Rose, George Barnes, and recently Joe Bower have spent countless hours reviewing and identifying this critical data. But two questions remain. Was the duplication of these transponder numbers (Serial Numbers) intentional?, and why did IEM obscure this problem by "adding zeros" thereby preventing the problem from being addressed and resolved?

Over the last two years, as reported to the Board in my monthly Gate Access Report, the demand for transponders has increased dramatically. The Board responded (thankfully) by increasing to two the total number of assigned transponder officers, thereby shortening the time residents must wait to register their vehicles and have their transponders installed. In addition the Board approved my request to install an additional computer workstation to facilitate increased data entry by the two officer staff. Thereby reducing the data backlog experienced when they were limited to one workstation.

In the process of reorganizing the transponder administrative system, I realized the inherited file system organized by date, was neither practical nor efficient. The old file system made it extremely difficult to locate any report on which the date was not specific or known. It also made it almost impossible to identify recurring problems associated by address. With this new file system, we are able to file complaints, citations, incident reports, and gate access information all in the same file. The transponder office staff has in the past 5 months started to convert the old system to the new one. Nevertheless, the conversion of this system is a work-in-progress, with the most recent incidents being converted and updated first as time permits.

This new file system is a significant improvement over the old system, but I would like to recommend that consideration be given to replacing this new "paper" system with an electronic database, in which we can simply scan documents into the on-line document database. The cost to provide this technology is less than \$2,000, and would not only be offset by the cost of adding new file cabinets and supplies, but would also provide a far safer environment for the storage of resident's sensitive and personal information.

Per the suggestion of a Board member, a redesigning Gate Access Form, the Over-night Parking Application, the Transponder Requirements Letter, and the newly revised CZ Master Parking Rules and Regulations were emailed to Deanna Vochelli, to update the association Web site and make the new forms available to the residents. Months have passed and transponder applicants and new resident continue to fax or bring in the old forms to the transponder office at Sports Park. They claim that the old forms and policies are still on the Web site, and have not to date been updated. This causes a delay and sometimes the necessity of redoing the paper work. It would be very helpful if the Web site could be updated with the current forms and policies.

The personnel assigned as transponder officers to the transponder office have been personally selected and possess the highest caliber of professionalism, are administratively fast and accurate, and exercise a high level of customer relation skills, which is essential in order to effectively service the residents. These officers meet directly (face to face) when issuing transponders, setting up gate access and permanent guest list, as well solving gate access problems and complaints.

III. SYSTEMS SUPPORT & TECHNOLOGY

Systems Support:

For the past two years there has been significant but extremely slow improvement in the data systems provided for support of gate and transponder operations.

Over a year ago, at the last technology meeting to which I was invited, I recommend to the prior Board, Keystone Property Management, IEM, and Votaw Data Systems, that based on my over twenty years of experience as a local & wide area network engineer and consultant, I felt that the system in place at the time was at a high risk of being disrupted with possible significant corruption of the database, causing an extremely detrimental impact on security operations.

My recommendations were: to install a reliable tape backup system, to insure against catastrophic lose of the resident/transponder data base and either install a broadband or frame relay based alternative to the highly vulnerable radio based topology, or as an alternative to consider a replicated SQL server database to insure continued non-interrupted gate & security operations.

Sometime after this meeting IEM attempted to install a TRAVAN tape backup system on the server at Sports Park. After numerous attempts proved unsuccessful. For whatever reason, the TRAVAN never became operational.

Over the last year, the gate officers were frequently unable to access the database at Sports Park for hours, and on two or more occasions for days while IEM fixed the problem prone radio based LAN. Fortunately, the gate officers were able to rely on the old discontinued and out-of-date systems as a backup. Only very recently has IEM been able to setup replication on the network.

In general it has been unfortunate that both IEM and Votaw Data Systems have been slow to respond to system problems. I don't know whether the delay in response is due to contracted service limitations or for other reasons, but the gate and transponder personnel are more and more dependent on uninterrupted access to the network, and it is sincerely hoped that at least the issue of response time can be addressed in the future.

Last year, Ed Wilson of Securitas and I prepared a detailed physical survey assessment on the vulnerability of the current radio antennas in use on the LAN to connect the gatehouses with the Sports Park. In this analysis we reported that the antennas as constructed were subject to a high risk of vandalism. In addition, after a failure during a holiday weekend, I submitted a report of finding network equipment on the transmission sites and electrical feeds not being secured properly. To the best of my knowledge neither of these issues have been addressed to date.

Resident & Transponder Database:

Over the last two years, significant progress has been made in updating and correcting resident and transponder information. In addition, both accounting and operational procedures have been implemented to insure accountability, accuracy and consistency. We have taken a some-what haphazard, inaccurate, and disorganized process and turned it into a professional and responsible operation.

When the database was initially ported from the old single user Microsoft Access database to the current SQL database there were many errors, some of these errors were created by the procedures used in transferring the database, while others were simply a case of data being “garbage in – garbage out”.

One of the most serious problems resulted from duplicate transponder numbers being entered in to the database. IEM’s solution to this problem was to change the transponder number in the database from a numeric to a literal field and padding the numbers with leading zeros (a highly questionable procedure). Therefore, the end result was the creation of duplicate transponder numbers such as, 123, 0123,00123, and 000123. In addition, we have actually discovered transponders issued with identical serial numbers, such as two transponders with the serial number of 7010. Considering that the database only permits unique serial numbers we needed to correct this problem, which resulted in a significant increase of labor and expense to the association.

Gate Access Program:

IEM’s GateWorks multi-user client application, currently in use by the security staff is an improvement over the previous single-user MS Access database.

In the current version, it appears that the ability of the application to directly interface with the gate controllers is not available. It is apparent that this type of software should be able to interface directly with the database to control gate access based on the verification of the transponder number contained within the SQL database. Currently the transponder readers at the gates only access there own separate “deny list” and not the GateWorks™ transponder number field within the database. This additional functionality would enable the Sports Park transponder officers to deny transponder access by removing the transponder number from the database.

Currently, no one besides IEM employees have the ability to modify the user configuration of the program. Therefore, even the simple ability of adding users or configuring a printer requires approval and assistance of IEM. This type of restriction on the use of the application would be equivalent to calling a Microsoft technician for a service call to your home when you wanted to change your printer in Microsoft Windows™. The reason for this restriction is not only unknown and

highly irregular, but is also undoubtedly expensive to the association and totally unnecessarily.

As an example, when passes are printed, there is a field titled "Issuing Officer". This field is intended to print the name of the "officer" who is logged in to the system. The application can be configured within the maintenance/group menu option to add users and grant user rights. But this important and necessary user function is currently not permitted to be accessed by even security supervisors. Therefore, when the pass is currently printed it only prints "S. GUARD" on all passes. This limitation denies us the ability to determine who even issued the pass. In addition, different users such as: gate officers, call center agents, transponder officers and security supervisors need to have view and edit rights according to their job responsibilities. The security supervisor needs to be given access to all parts of the application that are subject to change and/or that are required for the performance of their duties.

The following program interface changes, which are and should be under the control of IEM, are recommended in order to conform with the order of questions by which the gate and call center officers search the database, and to improve the functionality of the application:

Modification Request 1:

- 1) The Resident Search Screen selections are listed as follows:
 - a. Person (Name)
 - b. Property Number
 - c. License #
 - d. Phone
 - e. Transponder #
 - f. Address

- 2) The recommended order of the selections should be as follows:
 - g. Address
 - h. Person (Name)
 - i. Phone
 - j. License #
 - k. Transponder #
 - l. Property Number (Optional)

Modification Request 2:

The current Resident Update (Guard) Screen list Temporary Visitors (Visitors

who are called in vs. those on the Resident's Permanent Visitors List), are displayed in a "Yellow" background color. But there is no visual indication of any change once the pass is issued. This permits multiple passes being issued without notification to the gate officer. It is therefore suggested that the color changes from yellow to another once the pass is printed.

Modification Request 3:

For privacy, residents have requested to the Board that their names NOT be printed on the pass, and that their address only be printed on the pass in the area titled: "Guest Of:". Security concurs and supports this modification request.

Modification Request 4:

The Pass date "valid through" is currently printed in too small a font to be easily visible from the 2nd Flex-Lane. Therefore, it is recommended that the date font size be increased for better visibility.

Modification Request 5:

Currently under the Maintenance/Permit Menu Selections, only the Service and Construction Passes include the "Rules" option. Due to the inability and cost of printing information on the reverse side of the printer passes, it is desirable to be able to utilize the "Rules" option on all the passes including the Guest, Resident, and Service Passes.

Modification Request 6:

The Permit Report lists the Permit Number, Permit Type, Issue Date, Time, Issued To, License No., and Address. This report permits us to audit and verify when passes have been issued, and to whom we issued the pass, but provides no information as to when the Call Center entered the authorization request by the resident. Therefore, it would be of considerable benefit if this information were also available in this report or by creation of a separate report.

Modification Request 7:

The successful implementation of the Call Center has not only enhanced the accuracy of the information entered, but has also provided a marked improvement in the service that we provide the residents. But we should now look forward to the next step in providing ease of service for residents wanting to authorize

visitors for entry into the community. This step is to facilitate the implementation of resident access to their permanent guest list over the Internet. This enhancement will enable all residents to be able to enter and modify their information safely and quickly via a Secure Connection on the WEB. By providing this capacity we will also further reduce the frequency of complaints that some one other than the resident themselves was responsible for making mistakes when entering guest information.

This technology has been available for years and can be easily accomplished by firms with established expertise and experience in this area of networking.

Over the past two-years by the implantation of new technology, we have been able to reduce the gate personnel from 3-officers to a staff of 2-officers per daytime shift, and at the same time provide better and more consistent service to the community. Hopefully, this progress will continue, thus enabling security operations to provide the highest level of service to the members of the CZ Master Association of Coto de Caza.

IV. SECURITY MANAGEMENT

As stated in the introduction to this report, security is not a single policy or a program where one system fits all. Rather it is a continuum, with various degrees of risks and associated cost, from low security and low cost to high security and high cost. These requirements may very well change from one board's tenure to another, due to changes in the philosophy of new members, changes in the community, or even the attitude of society.

As all new Boards, the current Board of Directors should make a concerted effort to re-evaluate and determine what level of security they desire and once determined should communicate the Board's security objectives and concerns to the Director of Security to ensure full compliance and a focused approach for achieving the security goals of the current board of directors.

First, In order to place all events in proper perspective it may help to take a few moments to go back to the beginning of my involvement with Coto de Caza.

In the fall of 2001, following the horrific events of 9/11, I decided to return to the work place from my self-imposed early retirement. I was asked to assist Mario (the current post commander), to "straighten out" the transponder issuance operation at Coto. Within 30-days, utilizing my organizational skills, I reorganized the transponder operations, as well as assisted Mario with scheduling duties.

Unknown to me at the time, the account was in serious trouble with the board of directors and was by most accounts within weeks of being cancelled, due to a hundred-thousand dollar plus over-billing problem, poor office performance, non-consistency in gate operations, and low morale among the security personnel.

In January 2002, David Huenergardt, Senior Branch Manager for Securitas, made the decision to place me in charge of the Coto de Caza account as your first Security Director. Over the next three months I worked in excess of 60 hours a week, re-writing the Post Orders, creating SOP's, scheduling all personnel assigned to Coto, and most importantly, creating a cohesive, professional, and motivated security team.

In May of 2002, based on my reorganization, and the concerted efforts of our officers, Burns International was "reluctantly" awarded a new one-year contract. Over the next year, through re-training and a lot of difficult work by our team, the security staff at Coto de Caza, became highly competent and motivated; meeting the full expectations of the board of directors to such a degree that the company was awarded a new contract without it even going out to bid.

The changes implemented at Coto's security operations since January of 2002 are too numerous to list in this report, and were responsible in the eyes of most observers, for not only saving the account, but for creating one of the most respected and professional security teams in any gated community.

This success should be attributed to the esprit de corps and teamwork of the officers assigned to Coto de Caza, who with very little support from the branch office, were able to perform their assignments, and volunteered countless hours of overtime to man all posts and meet the company's commitment to the client. Without their "volunteer spirit" and dedicated sense of teamwork we could never have accomplished our mission.

Ever since I came to work in the contract security industry, I have been told that contract security companies have been historically indifferent and unconcerned with the welfare and future of its hourly employees; that the officers are simply "a mindless warm body" needed to fill a client's post. I find this generalization insulting, but unfortunately it is the pervasive feeling still held by some.

I have been striving to elevate the status and self-respect of the security officers under my charge. I developed clear and concise Post Orders and SOP's to remove any inconsistent orders and instructions, and to avoid any misunderstanding of the procedures required to meet the expectations of the association. Next, I trained the gate supervisors and ordered them to train their subordinates and to enforce compliance to established rules and procedures. By doing this, I engendered a feeling of "ownership and volunteerism" within the team.

By respecting and assisting the officers to perform to the best of their ability, I have been rewarded with their loyalty and willingness to work as a team for the ultimate benefit of the community and the company.

It has taken the best part of two years to motivate some of the officers assigned to Coto to be professional, dependable, and consistent in following the Post Orders and SOP's.

Now it is time to take the next step and perfect their customer relation skills. I'm now hoping to structure a new program at Coto. A program in which security officers assigned to Coto de Casa will represent the vanguard of a new image. I will shortly be presenting a new concept to Securitas. This new program is called "Concierge Service" and is designed to select and train security officers to reflect a new class of exceptional service, creating the "Sophisticated Doorman" for the residents of Coto de Caza.

The Association must also make a decision as to whether to enforce its rules and regulations fairly and consistently or adopt a policy of appeasement, in which, as Rodney King, stated, "Can't we all get along" a philosophy sometimes quoted as "the feel good philosophy" where it's more important that every one feels good

about their behavior even when inappropriate or contrary to everyone else's best interest.

Unfortunately, for security operations to be effective we do not have the luxury of being "Mr. Nice Guy" to everyone all the time. And as Lincoln once stated, "You can please all the people some of the time, some of the people all of the time, but not all the people all of the time". On occasion, in order to be fair and consistent to everyone, security personnel must enforce infractions of laws and community rules, whether due to ignorance of these rules or simply inappropriate conduct by residents or visitors. For this enforcement to be effective, security management, the Association Board and the majority of their residents must support active enforcement. For whatever reason, sometimes a resident or visitor will make accusations or statements, which are false in order to substantiate their position or justify their inappropriate conduct. The only way to substantiate or refute their allegations is by an impartial investigation of all the facts and witnesses.

As an example, a resident makes a complaint to the property management company, alleging that a security officer was rude and abusive to them. On first evaluation, this may appear to be a breach of conduct and professionalism by the security officer. Upon investigation it is discovered that this resident has had his automobile towed 3-times within the last week, for infractions of community parking rules. Therefore, it becomes necessary for management and the Board to stand behind the actions of their security officers unless other facts or similar reports are consistently received from other sources. To do otherwise undercuts the principles of being consistent and fair to everyone and impacts negatively the officer's sense of support by the community and in-turn "rewards" the offending person.

Support of our security personnel is especially important when a resident or visitor uses profane and degrading language when encountering security officers performing their duty on behalf of the residents. In the past year alone, I have submitted over 80 incident reports reflecting hostile, profane or degrading incidents directed at security officers to the Board via Keystone Pacific. To the best of my knowledge, Keystone has responded to no more than five of these reports. This inaction conveys the impression that it is permissible to treat another individual with contempt and inappropriate behavior, simply because he or she is a security officer.

Fortunately, the vast majority of the residents of Coto de Caza have respect for the rules of the Association and treat our personnel in a civil and courteous fashion. But it only takes a few to give the community a bad reputation and our officers a more difficult time performing their duties.

It would also enhance security operations, if the Association would also ensure that security policies are reviewed by legal counsel to ensure not only their legality, but also to the extent that the rules and regulations can and should be enforced.

During the prior Board, George Barnes, and to a lesser degree, Karen Rose, were very concerned with security operations at Coto de Caza and were constantly (on at least a weekly basis), discussing various implementations, and concerns of the board directly to my office. This direct oversight, proved to be very beneficial, was greatly appreciated, and helped to ensure that security operations were responding to the desires of the community.

Since, the election of the new board, this coordination and direct oversight has not continued, with the exception of Joe Bower, who has worked diligently as securities' liaison with the Board. Unfortunately, with Joe not being a board member, making suggestions and implementing changes that could benefit security operations has become a time consuming process, with very little input from the board as to their priorities and desires.

My only opportunity to communicate directly with the new board members has been during the brief 10-minute reporting period during the open session monthly board meetings. And even during this brief time, I have been continually pressured by Keystone and David Nakamura to simply recap the numbers and answer questions on security issues from the board members and residents in attendance. This brief and only contact with the board has been far too inadequate to discuss the many security issues confronting the community and should be re-evaluated if security operations at Coto de Caza are to be enhanced and truly meet the expectations of the Board and the community.

Security operations at Coto de Caza are far more complex and demanding than is obvious to the casual observer. Over the last 2-years in my position as Director of Security, I have spent an average of over 60-hours per week supervising, scheduling, training and motivating security personnel, formulating fair and consistent gate and patrol procedures, responding to resident, Keystone and Board requests for information or complaints, and complying with Securitas and CZ Master Association administrative reports.

Under the current structure, not only is operational effectiveness sacrificed by underestimating the time required to address all areas of responsibility, but also it is extremely difficult serving 3-management entities (Securitas, Keystone, and the Board), with 3-different goals and inherent special interests.

First, there is Securitas, which is simply a vendor furnishing screened security personnel, interested foremost in their own "bottom line"; a company, like all contract security companies that are closer in philosophy and function to a temporary staffing agency, providing bodies at the lowest cost to themselves and charging a "markup" to their client, than a traditional corporation which has a vested interest in acquiring the best qualified personnel to provide the highest level of products or services to their clients.

Second, the property management company that likewise is interested in their bottom line, and in most cases is very limited in their understanding of the fundamentals and requirements of providing security for a gated community. Not to mention their inherent desire to appear to make their residents happy and represent to the Board that they are competent and capable of managing such diverse fields as, landscaping, security operations, code enforcement, accounting, and system vendors and support.

Third, there is the Association, governed by a board of directors being comprised of volunteers who have a desire to improve the community in which they live, and who must depend on the professionalism of the firms and individuals contracted to provide them the most cost effective service for the ultimate benefit of the community they represent.

Even though in all honesty I have been very disappointed with Securitas' willingness or ability to provide qualified people to meet the standards we have set for security officers at Coto de Caza and to provide for materials and equipment to facilitate the performance of their duties. I find it difficult to imagine any contract security company smaller than Securitas being able to provide the sheer number (currently 43) of officers required to adequately staff an account as large as Coto de Caza.

Therefore, my recommended solution to this management problem, with their conflicting interests, is to reorganize the current duties of the Security Director and divide these important responsibilities between 2-separate accountable individuals.

In order to maintain the independent contractor status of the contracted security operator (Securitas) and effectively manage security personnel issues such as hiring, assigning, training, scheduling, direct supervision, and payroll issues (a full-time job in itself) the security operator should assign a Post Commander (security supervisor) who will work under the oversight of Securitas.

The Security Director will in-turn work for and report only to the Board of Directors. Assuming direct responsibility for oversight of the community's security operation. Thereby eliminating the current conflict in security management authority and the inherent difficulty in acquiring support from non-accountable vendors, including the security company itself, and most importantly to be able to communicate effectively and directly with the Board of Directors.

The responsibilities of the Security Director could encompass the following responsibilities:

- 1) Formulating patrol and gate access procedures.
- 2) Evaluating and recommending gate access policy changes.

- 3) Liaison and coordination with law enforcement agencies.
- 4) Liaison with the Board and Access Control Chairman.
- 5) Community relations (relating to security and safety).
- 6) Enforcement and Investigation of CC&R violations.
- 7) Investigation of Complaints pertaining to security personnel.
- 8) Oversight of compliance to security policies, Post Orders, and SOP's.
- 9) Review of invoice from the security provider and support vendors, providing services to security operations to verify to the Board that the work requested and approved by the Board was completed and was in accordance to approved fee schedules or contract charges.
- 10) Database Administrator for all Access Control Systems (If Qualified).

It is also my recommendation that the person selected for this position have experience in performing security operations in a large gated community and resides outside of the community in order to avoid conflict of interest issues and maintain confidentiality of personal information in respect to residents of the community. In addition, it would be of significant benefit if this individual was highly knowledgeable both in contract negotiations and operations in regard to technology issues such as the computer and telecommunication systems that are needed by security operations to optimize operational efficiencies and reduce non-essential costs.

There may very well also be a time in the future when the Association wants to seriously evaluate the feasibility of internalizing security operations by creating an in-house security team similar to those being run by Leisure World and other large gated communities. The reason for considering this option is quite simple and obvious.

First, given the fact that the expenditures for security operations currently exceed 1-million dollars per year, which is second only to landscaping cost, the Association should want the highest degree of security service possible for the money. As in most cases when a third party vendor is involved, in addition to actual labor cost there is a significant portion of the charges billed to cover administrative multi-level overhead and profit. These charges are generally "bundled" into the vendor's billing and are not easily identified by the client. Therefore, an impartial evaluation by a separate consultant, experienced in

security operations may be well advised, in order to realize a cost savings without compromising security operations.

Second, the greatest asset any organization or company has is it's employees. In this particular case, it's the men and women who perform daily security operations at Coto de Caza. They are for the most part the best qualified and experienced officers any community can hope to find to perform such a demanding and responsible task. Yet, given the low compensation paid by the contract security companies to its employees, it is difficult to attract and retain such a qualified and professional security staff.

The security officers at Coto de Caza are currently at the top of their pay scale, yet still find it difficult to make a living, considering the ever-increasing cost of living in Orange County. In addition, as does everyone, they desire an ability to advance in their chosen field and unless given this opportunity, will over time seek advancement in another field. Therefore it is in the best interest of the community (if they wish to retain these experienced people) to investigate ways to enhance their future opportunities, and at the same time decrease the total amount spent on security operations.