



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

CAROLE GROOM – CHAIR
MARGARET ABE-KOGA
CINDY CHAVEZ
TYRONE JUE
MARK ROSS
BRAD WAGENKNECHT

JOHN BAUTERS – VICE CHAIR
DAVID CANEPA
DAVID HUDSON
KAREN MITCHOFF
ROD SINKS

MONDAY
NOVEMBER 25, 2019
9:30 A.M.

1ST FLOOR BOARD ROOM
375 BEALE STREET
SAN FRANCISCO, CA 94105

VIDEO CONFERENCE LOCATION

SANTA CLARA COUNTY GOVERNMENT CENTER
CLERK'S CONFERENCE ROOM, 10TH FLOOR, EAST WING
70 W. HEDDING STREET
SAN JOSE, CA 95110

AGENDA

1. CALL TO ORDER - ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC MEETING PROCEDURE

The Committee Chair shall call the meeting to order and the Clerk of the Boards shall take roll of the Committee members. The Committee Chair shall lead the Pledge of Allegiance.

This meeting will be webcast. To see the webcast, please visit www.baaqmd.gov/bodagendas at the time of the meeting. Closed captioning may contain errors and omissions, and are not certified for their content or form.

Public Comment on Agenda Items *The public may comment on each item on the agenda as the item is taken up. Public Comment Cards for items on the agenda must be submitted in person to the Clerk of the Boards at the location of the meeting and prior to the Board taking up the particular item. Where an item was moved from the Consent Calendar to an Action item, no speaker who has already spoken on that item will be entitled to speak to that item again.*

2. **PUBLIC COMMENT ON NON-AGENDA MATTERS**

Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3 *For the first round of public comment on non-agenda matters at the beginning of the agenda, ten persons selected by a drawing by the Clerk of the Boards from among the Public Comment Cards indicating they wish to speak on matters not on the agenda for the meeting will have two minutes each to address the Board on matters not on the agenda. For this first round of public comments on non-agenda matters, all Public Comment Cards must be submitted in person to the Clerk of the Board at the location of the meeting and prior to commencement of the meeting.*

Staff/Phone (415) 749-

3. **APPROVAL OF THE MINUTES OF APRIL 22, 2019**

Clerk of the Boards/5073

The Committee will consider approving the draft minutes of the Budget and Finance Committee Meeting of April 22, 2019.

4. **FOURTH QUARTER FINANCIAL REPORT – FISCAL YEAR ENDING (FYE) 2019**

J. McKay/4629

jmckay@baaqmd.gov

The Committee will receive an update on the Air District's financial results for the fourth quarter of the FYE 2019.

5. **FIRST QUARTER FINANCIAL REPORT – FISCAL YEAR ENDING (FYE) 2020**

J. McKay/4629

jmckay@baaqmd.gov

The Committee will receive an update on the Air District's financial results for the first quarter of the FYE 2020.

6. **CALIFORNIA EMPLOYERS' PENSION PREFUNDING TRUST (CEPPT) PARTICIPATION AND CONSIDERATION TO RECOMMEND ADOPTION**

J. McKay/4629

jmckay@baaqmd.gov

The Committee will consider recommending the Board of Directors adopt a resolution to authorize the Air District to participate in the California Employers' Pension Prefunding Trust (CEPPT) Program.

7. **PUBLIC COMMENT ON NON-AGENDA MATTERS**

Speakers who did not have the opportunity to address the Board in the first round of comments on non-agenda matters will be allowed two minutes each to address the Board on non-agenda matters.

8. **COMMITTEE MEMBER COMMENTS / OTHER BUSINESS**

Any member of the Board, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)

9. **TIME AND PLACE OF NEXT MEETING**

Wednesday, February 26, 2020, Bay Area Air Quality Management District Office, 375 Beale Street, San Francisco, CA 94105 at 9:30 a.m.

10. **ADJOURNMENT**

The Committee meeting shall be adjourned by the Committee Chair.

CONTACT:

MANAGER, EXECUTIVE OPERATIONS
375 BEALE STREET, SAN FRANCISCO, CA 94105
vjohnson@baaqmd.gov

(415) 749-4941
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting. Please note that all correspondence must be addressed to the “Members of the Budget and Finance Committee” and received at least 24 hours prior, excluding weekends and holidays, in order to be presented at that Committee meeting. Any correspondence received after that time will be presented to the Committee at the following meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the District’s offices at 375 Beale Street, Suite 600, San Francisco, CA 94105, at the time such writing is made available to all, or a majority of all, members of that body.

Accessibility and Non-Discrimination Policy

The Bay Area Air Quality Management District (Air District) does not discriminate on the basis of race, national origin, ethnic group identification, ancestry, religion, age, sex, sexual orientation, gender identity, gender expression, color, genetic information, medical condition, or mental or physical disability, or any other attribute or belief protected by law.

It is the Air District’s policy to provide fair and equal access to the benefits of a program or activity administered by Air District. The Air District will not tolerate discrimination against any person(s) seeking to participate in, or receive the benefits of, any program or activity offered or conducted by the Air District. Members of the public who believe they or others were unlawfully denied full and equal access to an Air District program or activity may file a discrimination complaint under this policy. This non-discrimination policy also applies to other people or entities affiliated with Air District, including contractors or grantees that the Air District utilizes to provide benefits and services to members of the public.

Auxiliary aids and services including, for example, qualified interpreters and/or listening devices, to individuals who are deaf or hard of hearing, and to other individuals as necessary to ensure effective communication or an equal opportunity to participate fully in the benefits, activities, programs and services will be provided by the Air District in a timely manner and in such a way as to protect the privacy and independence of the individual. Please contact the Non-Discrimination Coordinator identified below at least three days in advance of a meeting so that arrangements can be made accordingly.

If you believe discrimination has occurred with respect to an Air District program or activity, you may contact the Non-Discrimination Coordinator identified below or visit our website at www.baaqmd.gov/accessibility to learn how and where to file a complaint of discrimination.

Questions regarding this Policy should be directed to the Air District’s Non-Discrimination Coordinator, Rex Sanders, at (415) 749-4951 or by email at rsanders@baaqmd.gov.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

375 BEALE STREET, SAN FRANCISCO, CA 94105

FOR QUESTIONS PLEASE CALL (415) 749-4941

EXECUTIVE OFFICE:

MONTHLY CALENDAR OF AIR DISTRICT MEETINGS

NOVEMBER 2019

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Stationary Source Committee – CANCELLED AND RESCHEDULED TO MONDAY, DECEMBER 16, 2019	Monday	18	9:30 a.m.	1 st Floor Board Room
Board of Directors Nominating Committee	Wednesday	20	9:00 a.m.	1 st Floor Board Room
Board of Directors Regular Meeting	Wednesday	20	9:30 a.m.	1 st Floor Board Room
Board of Directors Climate Protection Committee - CANCELLED	Thursday	21	9:30 a.m.	1 st Floor Board Room
Board of Directors Community & Public Health Committee - CANCELLED	Thursday	21	9:30 a.m.	1 st Floor Board Room
Board of Directors Budget & Finance Committee	Monday	25	9:30 a.m.	1 st Floor Board Room
Board of Directors Legislative Committee	Monday	25	10:45 a.m.	1 st Floor Board Room
Board of Directors Mobile Source Committee - CANCELLED	Thursday	28	9:30 a.m.	1 st Floor Board Room

DECEMBER 2019

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Climate Protection Committee	Monday	2	9:30 a.m.	1 st Floor Board Room
Board of Directors Regular Meeting	Wednesday	4	9:30 a.m.	1 st Floor Board Room
Advisory Council Meeting	Monday	9	10:00 a.m.	1 st Floor Board Room
Board of Directors Stationary Source Committee	Monday	16	9:30 a.m.	1 st Floor Board Room
Board of Directors Executive Committee - CANCELLED	Wednesday	18	9:30 a.m.	1 st Floor Board Room
Board of Directors Mobile Source Committee	Wednesday	18	9:30 a.m.	1 st Floor Yerba Buena Room
Board of Directors Budget & Finance Committee - CANCELLED	Wednesday	25	9:30 a.m.	1 st Floor Board Room
Board of Directors Mobile Source Committee – CANCELLED AND RESCHEDULED TO WEDNESDAY, DECEMBER 18, 2019	Thursday	26	9:30 a.m.	1 st Floor Board Room

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: November 13, 2019

Re: Approval of the Minutes of April 22, 2019

RECOMMENDED ACTION

Approve the attached draft minutes of the Budget and Finance Committee (Committee) meeting of April 22, 2019.

DISCUSSION

Attached for your review and approval are the draft minutes of the Committee meeting of April 22, 2019.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

Attachment 3A: Draft Minutes of the Committee Meeting of April 22, 2019

AGENDA: 3A – ATTACHMENT

Draft Minutes – Budget and Finance Committee Meeting of April 22, 2019

Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, California 94105
(415) 749-5073

Video Conference Location
Santa Clara County Government Center
Clerk’s Conference Room, 10th Floor, East Wing
70 W. Hedding Street
San Jose, California 95110

DRAFT MINUTES

Summary of Board of Directors
Budget and Finance Committee Meeting
Monday, April 22, 2019

1. CALL TO ORDER – ROLL CALL

Budget and Finance Committee (Committee) Chairperson, Carole Groom, called the meeting to order at 11:07 a.m. Director Chavez was participating via videoconference from the Santa Clara County Government Center.

Present: Committee Chairperson Carole Groom; Vice Chair John J. Bauters; and Directors David J. Canepa, Cindy Chavez, David Hudson, Karen Mitchoff, and Mark Ross.

Absent: Directors Margaret Abe-Koga, Rod Sinks, and Brad Wagenknecht.

Also Present: None.

2. PUBLIC COMMENT ON NON-AGENDA ITEMS, PURSUANT TO GOVERNMENT CODE SECTION 54954.3

No requests received.

3. APPROVAL OF THE MINUTES OF MARCH 22, 2019

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Director Hudson made a motion, seconded by Director Canepa, to **approve** the Minutes of March 22, 2019; and the motion **carried** by the following vote of the Committee:

AYES: Bauters, Canepa, Chavez, Groom, Hudson, Mitchoff, Ross.
NOES: None.
ABSTAIN: None.
ABSENT: Abe-Koga, Sinks, Wagenknecht.

4. CONTINUED DISCUSSION OF FISCAL YEAR ENDING (FYE) 2020 PROPOSED AIR DISTRICT BUDGET AND CONSIDERATION TO RECOMMEND ADOPTION

Dr. Jeff McKay, Chief Financial Officer, gave the staff presentation *Continued Discussion of FYE 2020 Proposed Air District Budget and Consideration to Recommend Adoption*, including: outline; financial history – actions taken during the downturn; actual reserves and policy; staffing trend – filled positions; medical retirement – other post-employment benefits (OPEB); California Public Employees’ Retirement System (CalPERS) pension – historical Rate of Return and Funding Ratio; FYE 2020 Proposed Budget; cost recovery trend; fees and cost recovery – future state; reserves policy; reserves designations for FYE 2020 Proposed Budget; retirement liabilities – OPEB and CalPERS pension plan; pension obligation; budget summary FYE 2020; next steps; and recommendations.

Public Comments

Public comments were given by Janet Whittick, California Council for Environmental and Economic Balance; and Kevin Buchan, Western States Petroleum Association.

Committee Comments

The Committee and staff discussed whether embedded costs of obligations incurred under Assembly Bill 617 activities are recoverable; whether OPEB and pension costs are built into Air District fee-based and non-fee-based programs; apportionment of future costs to current work that ascribes to fees; whether payments that fund liability that has been incurred, but not yet paid, count as cost recovery calculation; and requests made by the Western States Petroleum Association and California Council for Environmental and Economic Balance for transparency regarding Air District budget and fee schedule processes, the suggestion that Air District staff meet with both organizations and the Committee Chair and Vice Chair prior to recommending that the Board of Directors adopt the FYE 2020 Proposed Budget, and how the Air District has responded to, or plans to respond to, the organizations’ requests.

Committee Action

Director Hudson made a motion, seconded by Director Canepa, to **conduct** Public Hearings on the FYE 2020 Proposed Budget, and **adopt** the FYE 2020 Proposed Budget; and the motion **carried** by the following vote of the Committee:

AYES: Bauters, Canepa, Chavez, Groom, Hudson, Mitchoff, Ross.
NOES: None.
ABSTAIN: None.
ABSENT: Abe-Koga, Sinks, Wagenknecht.

5. THIRD QUARTER FINANCIAL REPORT – FISCAL YEAR ENDING (FYE) JUNE 2019

Stephanie Osaze, Finance Manager, gave the staff presentation *Third Quarter Financial Report: Fiscal Year Ending June 2019*, including: overview; General Fund revenues and expenditures; revenue and expenditure comparison (prior versus current year); investments; fund balance and outstanding liabilities; purchasing reporting requirements; and FYE 2019 vendor payments.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed the reason for exceedances in three major revenue source categories in the FYE 2019 Budget; the fact that county property tax is paid to the District in semiannual installments; examples of miscellaneous revenue and whether those are generally anticipated; and when the lease on the Air District’s current Richmond facility ends.

Committee Action

None; receive and file.

6. PUBLIC COMMENT ON NON-AGENDA MATTERS

No requests received.

7. COMMITTEE MEMBER COMMENTS / OTHER BUSINESS

None.

8. TIME AND PLACE OF NEXT MEETING

Monday, November 25, 2019, Bay Area Air Quality Management District Office, 375 Beale Street, San Francisco, CA 94105 at 9:30 a.m.

9. ADJOURNMENT

The meeting adjourned at 11:50 a.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: November 13, 2019

Re: Fourth Quarter Financial Report – Fiscal Year Ending (FYE) 2019

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Finance staff will present an update on the Air District’s preliminary financial results for the fourth quarter of the Fiscal Year Ending (FYE) 2019. The following information summarizes those results.

GENERAL FUND BUDGET: STATEMENT OF REVENUES – Comparison of Prior Year Quarter Actual and Current Year Budget to Actual

REVENUE TYPE	4th QTR FYE 2018	4th QTR FYE 2019	FYE 2019 - % of BUDGETED REVENUE
County Receipts	\$33,032,767	\$35,823,934	108%
Permit Fee Receipts	\$36,097,436	\$41,420,977	107%
Title V Permit Fees	\$5,439,167	\$6,597,440	114%
Asbestos Fees	\$4,066,794	\$4,434,539	177%
Toxic Inventory Fees	\$336,389	\$475,140	94%
Penalties and Settlements	\$4,357,810	\$2,123,615	77%
Interest Income	\$875,267	\$1,503,779	303%
Misc. Revenue	\$145,893	\$120,728	121%
Total Revenue	\$84,351,522	\$92,500,152	110%

GENERAL FUND: STATEMENT OF EXPENDITURES - Comparison of Prior Year Quarter Actual and Current Year Budget to Actual

EXPENDITURE TYPE	4th QTR FYE 2018	4th QTR FYE 2019	FYE 2019 - % of BUDGETED EXPENDITURES
Personnel - Salaries*	\$39,623,206	\$42,474,882	91%
Personnel - Fringe	\$20,792,916	\$23,232,627	94%
Operational Services /	\$19,109,582	\$23,677,660	80%
Capital Outlay	\$5,606,660	\$3,973,975	85%
Office Acquisition **		\$13,130,123	0%
Total Expenditures	\$85,132,364	\$106,489,267	101%
* Consolidated (includes Special Funds)			
** Acquisition approved using General Fund (GF) Reserves			

CASH INVESTMENTS IN COUNTY TREASURY – Account Balances as of 4th Quarter

CASH/INVESTMENTS	4th QTR FYE 2018	4th QTR FYE 2019
General Fund	\$67,596,034	\$74,804,416
TFCA	\$96,546,426	\$105,123,260
MSIF	\$42,072,941	\$42,945,090
Carl Moyer	\$19,004,193	\$55,988,126
CA Goods Movement	\$13,878,585	\$17,838,852
AQ Projects	\$1,079,280	\$3,102,461
Total	\$240,177,459	\$299,802,206

FUND BALANCES	6/30/2018	6/30/2019	6/30/2020
	Audited	Unaudited	Projected
DESIGNATED: *			
Diversity Equity & Inclusion	\$100,000		
Economic Contingency	\$17,390,311	\$19,084,769	\$20,082,966
IT- Event Response	\$500,000		
Litigation	\$500,000		
Napa/Sonoma Fireplace Replacement Grant	\$1,000,000	\$1,000,000	\$1,000,000
Pension & Post Employment Liability	\$1,000,000	\$2,000,000	\$2,000,000
Tech - Meteorological Network Equipment	\$131,100		
Tech - Mobile Monitoring Instruments	\$80,000		
Technology Implementation Office	\$3,350,000		
GHG Abatement Technology Study	\$1,500,000		
Woodchip Program	\$150,000		
Woodsmoke Grant	\$1,000,000	\$1,000,000	\$1,000,000
Workers' Comp Self - Funding	\$1,000,000		
Total Designated Reserves	\$27,701,411	\$23,084,769	\$24,082,966
Undesignated Fund Balance	\$18,101,141	\$25,198,206	\$17,200,009
TOTAL DESIGNATED & UNDESIGNATED	\$45,802,552	\$48,282,975	\$41,282,975
Building Proceeds	\$4,668,200	\$209,489	\$209,489
TOTAL FUND BALANCE	\$50,470,752	\$48,492,464	\$41,492,464
* Designated Fund Balances are subject to change at Board's discretion.			
OUTSTANDING LIABILITIES			
CalPERS Pension Retirement			\$86,309,901
Other Post - Employment Benefits			\$18,840,854
Certificate of Participation Notes			\$26,956,830
TOTAL OUTSTANDING LIABILITIES			\$132,107,585

VENDOR PAYMENTS

In accordance with provisions of the Administrative Code, Division II Fiscal Policies and Procedures - Section 4 Purchasing Procedures: 4.3 Contract Limitations, staff is required to present recurring payments for routine business needs such as utilities, licenses, office supplies and the like, more than, or accumulating to more than \$100,000 for the fiscal year. In addition, this report includes all vendors receiving payments in excess of \$100,000 under contracts that have not been previously reviewed by the Board. In addition, staff will report on vendors that undertook work for the Air District on several projects that individually were less than \$100,000, but cumulatively exceed \$100,000.

Below is a list of vendors with cumulative payments made through the fourth quarter of FYE 2019 that exceeded \$100,000 and meet the reporting criteria noted above. All expenditures have been appropriately budgeted as a part of the overall Air District budget for FYE 2019.

	VENDOR NAME	AMOUNT PAID (July 2018 - June 2019)	Explanation
1	Air Resources Board	\$160,854	Pass through Air Toxic Fees
2	Accountemps	\$109,012	Temporary Staffing Services
3	Alliant Insurance Services	\$332,273	Various Business Insurance Policies
4	Air Resources Board	\$160,854	Pass through Air Toxic Fees
5	BAAQMD Employee Association	\$106,391	Employee Union Dues
6	Bay Area Headquarters Authority	\$2,693,801	Shared Services & Common Areas
7	Benefits Coordinators Corp.	\$943,003	Life Insurance Plan & LTD Insurance
8	Berkeley Communications Corp.	\$255,348	IT Network Services
9	CA Public Employee Retirement System	\$5,756,358	Health Insurance Plan
10	CA Public Employee Retirement System	\$1,813,207	Retirement Benefits & 457 Supplemental Plan
11	CAPCOA	\$651,992	Pass through EPA grants
12	CDW Government	\$147,794	Computer equipment
13	Ceridian	\$146,538	Payroll Processing Services
14	Cubic Transportations Systems	\$510,031	Clipper Transit Subsidy
15	Direct Mail Center	\$132,976	Public Notice Mailing Services
16	Enterprise Fleet Services	\$505,642	Fleet Leasing and Maintenance Services
17	Hartford Life Ins. Co.	\$876,388	457 Supplemental Insurance
18	Metropolitan Transportation Commission	\$255,434	BARC Staffing Support
19	Office Team	\$113,642	Temporary Staffing Services
20	O'Rorke, Inc.	\$329,302	Marketing & Advertising Services
21	P & A Administrative Services	\$266,633	Flexible Spending & Cobra Benefit Services
22	Pacific Gas & Electric	\$123,560	Utility services
23	Preferred Benefit Insurance AD	\$797,273	Dental Insurance Plan
24	Regents of the University of California	\$130,000	Sponsorships
25	Sloan Sakai Yeung & Wong	\$322,938	HR Consulting & Staff Augmentation Services
26	SoftwareOne, Inc.	\$363,009	Microsoft Subscription Service
27	Thermo Environmental Instrument	\$221,404	Air Monitoring and Source Test Instrumentation
28	Verizon Wireless	\$243,762	Cell phone services
29	Wex Fleet Universal	\$128,133	Fuel Fleet Services
30	Wang Brother Investment	\$504,154	Richmond Site Lease

BUDGET CONSIDERATION/FINANCIAL IMPACT

None; receive and file.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: November 13, 2019

Re: First Quarter Financial Report – Fiscal Year Ending (FYE) 2020

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Finance staff will present an update on the Air District’s financial results for the first quarter of the Fiscal Year Ending (FYE) 2020. The following information summarizes those results.

GENERAL FUND BUDGET: STATEMENT OF REVENUES – Comparison of Prior Year Quarter Actual and Current Year Budget to Actual

REVENUE TYPE	1st QTR FYE 2019	1st QTR FYE 2020	FYE 2019 - % of BUDGETED REVENUE
County Receipts	\$344,827	\$313,817	1%
Permit Fee Receipts	\$25,983,762	\$13,188,089	34%
Title V Permit Fees	\$5,023,406	\$1,357,024	23%
Asbestos Fees	\$1,143,535	\$1,401,272	43%
Toxic Inventory Fees	\$220,209	\$196,095	302%
Penalties and Settlements	\$318,023	\$382,486	14%
Interest Income	\$319,351	\$380,805	39%
Misc Revenue	\$36,798	\$156,269	156%
Total Revenue	\$33,389,911	\$17,375,856	20%

GENERAL FUND: STATEMENT OF EXPENDITURES - Comparison of Prior Year Quarter Actual and Current Year Budget to Actual

EXPENDITURE TYPE	1st QTR FYE 2019	1st QTR FYE 2020	FYE 2019 - % of BUDGETED EXPENDITURES
Personnel - Salaries*	\$8,979,401	\$9,727,956	20%
Personnel - Fringe Benefits*	\$7,996,005	\$9,332,184	36%
Operational Services /	\$3,454,641	\$4,034,585	15%
Capital Outlay	\$1,157,549	\$1,470,771	16%
Total Expenditures	\$21,587,597	\$24,565,496	22%

* Consolidated (includes Special Funds)

CASH INVESTMENTS IN COUNTY TREASURY – Account Balances as of 1st Quarter

CASH/INVESTMENTS	1st QTR FYE 2019	1st QTR FYE 2020
General Fund	\$70,817,140	\$64,630,650
TFCA	\$102,212,849	\$109,044,018
MSIF	\$41,937,053	\$44,183,563
Carl Moyer	\$20,392,810	\$60,150,229
CA Goods Movement	\$13,937,851	\$12,912,125
AQ Projects	\$1,084,000	\$3,120,905
Vehicles Mitigation		\$985,795
Total	\$250,381,703	\$295,027,285

FUND BALANCES	6/30/2018	6/30/2019	6/30/2020
	Audited	Unaudited	Projected
DESIGNATED: *			
Diversity Equity & Inclusion	\$100,000		
Economic Contingency	\$17,390,311	\$19,084,769	\$20,082,966
IT - Event Response	\$500,000		
Litigation	\$500,000		
Napa/Sonoma Fireplace Replacement Grant	\$1,000,000	\$1,000,000	\$1,000,000
Pension & Post Employment Liability	\$1,000,000	\$2,000,000	\$2,000,000
Tech - Meteorological Network Equipment	\$131,100		
Tech - Mobile Monitoring Instruments	\$80,000		
Technology Implementation Office	\$3,350,000		
GHG Abatement Technology Study	\$1,500,000		
Woodchip Program	\$150,000		
Woodsmoke Grant	\$1,000,000	\$1,000,000	\$1,000,000
Workers' Comp Self - Funding	\$1,000,000		-
Total Designated Reserves	\$27,701,411	\$23,084,769	\$24,082,966
Undesignated Fund Balance	\$18,101,141	\$25,198,206	\$17,200,009
TOTAL DESIGNATED & UNDESIGNATED	\$45,802,552	\$48,282,975	\$41,282,975
Building Proceeds	\$4,668,200	\$209,489	\$209,489
TOTAL FUND BALANCE	\$50,470,752	\$48,492,464	\$41,492,464
* Designated Fund Balances are subject to change at Board's discretion.			
OUTSTANDING LIABILITIES			
CalPERS Pension Retirement			\$86,309,901
Other Post - Employment Benefits			\$18,840,854
Certificate of Participation Notes			\$26,956,830
TOTAL OUTSTANDING LIABILITIES			\$132,107,585

VENDOR PAYMENTS

In accordance with provisions of the Administrative Code, Division II Fiscal Policies and Procedures - Section 4 Purchasing Procedures: 4.3 Contract Limitations, staff is required to present recurring payments for routine business needs such as utilities, licenses, office supplies and the like, more than, or accumulating to more than \$100,000 for the fiscal year. In addition, this report includes all vendors receiving payments in excess of \$100,000 under contracts that have not been previously reviewed by the Board. In addition, staff will report on vendors that undertook work for the Air District on several projects that individually were less than \$100,000, but cumulatively exceed \$100,000.

Below is a list of vendors with cumulative payments made through the first quarter of FYE 2020 that exceeded \$100,000 and meet the reporting criteria noted above. All expenditures have been appropriately budgeted as a part of the overall Air District budget for FYE 2020.

	VENDOR NAME	AMOUNT PAID (July 2019 - Sept 2019)	Explanation
1	Alliant Insurance Services	\$223,753	Various Business Insurance Policies
2	Benefits Coordinators Corp.	\$265,711	Life Insurance Plan & LTD Insurance
3	CA Public Employee Retirement System	\$1,937,746	Health Insurance Plan
4	CA Public Employee Retirement System	\$988,182	Retirement Benefits & 457 Supplemental Plan
5	Enterprise Fleet Services	\$101,935	Fleet Leasing and Maintenance services
6	Hartford Life Ins Co.	\$202,717	457 Supplemental Insurance
7	Preferred Benefit Insurance AD	\$124,323	Dental Insurance Plan
8	Wang Brothers Investment, LLC	\$122,082	Richmond Site Lease

BUDGET CONSIDERATION/FINANCIAL IMPACT

None; receive and file.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: November 13, 2019

Re: California Employers' Pension Prefunding Trust (CEPPT) Participation and
Consideration to Recommend Adoption

RECOMMENDED ACTION

Consider recommending the Board of Directors:

1. Adopt a resolution to authorize the Air District to participate in the California Employers' Pension Prefunding Trust (CEPPT) Program administered by the California Public Employees Retirement System (CalPERS) to Pre-fund Pension Obligations;
2. Delegate the Executive Officer/APCO and the Chief Financial Officer with Authority to Request Disbursements; and
3. Authorize the Executive Officer/APCO to execute the CEPPT legal and administrative documents on behalf of the Air District, to take any necessary additional actions to maintain the Air District's participation in the Program, and to maintain compliance of any relevant regulation issued, or as may be issued.

BACKGROUND

The Air District provides a defined-benefit pension to its retirees through California Public Employees Retirement System (CalPERS). Funding of CalPERS pensions relies on three sources: employee contributions, employer contributions, and investment returns (which vary per the performance of financial markets).

In 2012, the Government Accounting Standards Board (GASB) issued Statement No. 68, Accounting and Financial Reporting for Pensions. GASB 68 requires that governmental employers that sponsor defined benefit plans (i.e. CalPERS) must recognize a net pension liability (also known as an unfunded actuarial accrued liability (UAAL)) on their balance sheet. This is the difference between the Air District's total pension liability and actual plan assets. Audited financial statements for Fiscal Year Ending (FYE) 2018 show an unfunded pension liability of \$79 million.

A recent ruling received from the Internal Revenue Service established that public agencies could create a separate trust to "pre-fund" its unfunded pension liability. This would provide the Air District with an option to invest funds directly into to a Section 115 Trust. Like the California Employers Retirement Benefit Trust (CERBT) for Other Post-Employment Benefits (OPEB), also administered by CalPERS, CEPPT participation will allow the Air District to realize similar investment earnings.

DISCUSSION

As part of the FYE 2019 Budget process, the Board directed staff to conduct independent analysis of strategies and consider options for pre-funding pension liability. The Air District hired an independent consulting firm, NHA Advisors, to identify investments options and identify strategies to pay down the long-term liabilities for the Other Post-Employment Benefits (OPEB) and Pension Plans.

Staff will provide a presentation of NHA Advisors' analysis and staff's recommendations based on the results of the independent analysis. The Committee can consider staff's recommendation further, if needed, or recommend moving ahead with CEPPT to the full Board of Directors (Board).

BUDGET CONSIDERATION/FINANCIAL IMPACT

In the FYE 2018 and FYE 2019 Adopted Budgets, the Board set aside \$1 million annually for prefunding the pension obligation. The decision on investment vehicle was postponed pending staff recommendations and Board approval. Upon Board approval, a total set aside of \$3 million will be invested in the CEPPT program; \$2 million from the General Fund's Designated Fund Balance and \$1 million from the FYE 2020 Adopted Budget; respectively. All funds placed into the irrevocable trust fund can only be used to pay for retirement obligations.

The Air District will pay fees to CEPPT for management of the trust. These fees will be paid from the trust assets. Staff anticipates that the investment earnings will be more than adequate to pay the fees.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeff McKay

Attachment 6A: Resolution Approving the Adoption of the California Employers' Pension Prefunding Trust (CEPPT) Administered by California Employers Retirement Pension System (CalPERS)
Attachment 6B: California Employers' Pension Prefunding Trust Participation Agreement
Attachment 6C: California Delegation of Authority to Request Disbursements

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION NO. _____

**RESOLUTION OF THE GOVERNING BOARD OF DIRECTORS
OF THE BAY AREA AIR QUALITY MANAGEMENT DISTRICT
APPROVING THE ADOPTION OF THE
CALIFORNIA EMPLOYERS' PENSION PREFUNDING TRUST FUND (CEPPT)
ADMINISTERED BY CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS)**

WHEREAS CALPERS has made available the California Employers' Pension Prefunding Trust Fund (the "Program") for the purpose of allowing eligible employers to prefund their required pension contributions to a defined pension plan by receiving and holding in the CEPPT amounts that are intended to be contributed to an Employer Pension Plan at a later date; and

WHEREAS the Bay Area Air Quality Management District ("District") is eligible to participate in the Program, a tax-exempt trust performing an essential governmental function within the meaning of Section 115 of the Internal Revenue Code, as amended, and the Regulations issued there under, and is a tax-exempt trust under the relevant statutory provisions of the State of California; and

WHEREAS the District's adoption and operation of the Program has no effect on any current or former employee's entitlement to pension benefits; and

WHEREAS the terms and conditions of pension benefit entitlement are governed by contracts separate from and independent of the Program; and

WHEREAS the District's funding of the Program does not, and is not intended to, create any new vested right to any benefit nor strengthen any existing vested right; and

WHEREAS the District reserves the right to make contributions, if any, to the Program; and

WHEREAS the District's participation in the Program requires the Board to approve the CEPPT Participation Agreement and the Delegation of Authority to Request Disbursements; and

NOW THEREFORE, BE IT RESOLVED THAT:

1. The Governing Board hereby approves the District to participate in the California Employers' Pension Prefunding Trust Fund (CEPPT) program, effective _____, 2019; and
2. The Governing Board hereby approves the Election Agreement and appoints the Executive Officer/APCO and the Chief Financial Officer/CFO, or his/her successor as the Delegation of Authority to Request Disbursements for the Program; and
3. The Executive Officer/APCO or his/her successor, or his/her designee is hereby authorized to execute the CEPPT administrative documents on behalf of the District and to take whatever additional actions are necessary to maintain the District's participation in the Program and to

maintain compliance of any relevant regulation issued or as may be issued; therefore, authorizing him/her to take whatever additional actions are required to administer the District's Program.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director _____, seconded by Director _____, on the _____ day of _____ 2019

by the following vote of the Board:

AYES:

NOES:

ABSENT:

KATIE RICE
Chairperson of the Board of Directors

ATTEST:

ROD SINKS
Secretary of the Board of Directors

CALIFORNIA EMPLOYERS' PENSION PREFUNDING TRUST PROGRAM

**AGREEMENT AND ELECTION
OF**

(NAME OF EMPLOYER)

**to Prefund Employer Contributions to a Defined Benefit
Pension Plan**

WHEREAS (1) Government Code (GC) Section 21711(a) establishes in the State Treasury the California Employers' Pension Prefunding Trust Fund (CEPPT), a special trust fund for the purpose of allowing eligible employers to prefund their required pension contributions to a defined benefit pension plan (each an Employer Pension Plan) by receiving and holding in the CEPPT amounts that are intended to be contributed to an Employer Pension Plan at a later date; and

WHEREAS (2) GC Section 21711(b) provides that the California Public Employees' Retirement System (CalPERS) Board of Administration (Board) has sole and exclusive control of the administration and investment of the CEPPT, the purposes of which include, but are not limited to (i) receiving contributions from participating employers; (ii) investing contributed amounts and income thereon, if any, in order to receive yield on the funds; and (iii) disbursing contributed amounts and income thereon, if any, to pay for costs of administration of the CEPPT and to deposit employer contributions into Employer Pension Plans in accordance with their terms; and

WHEREAS (3) _____
(NAME OF EMPLOYER)

(Employer) desires to participate in the CEPPT upon the terms and conditions set by the Board and as set forth herein; and

WHEREAS (4) Employer may participate in the CEPPT upon (i) approval by the Board and (ii) filing a duly adopted and executed Agreement and Election to Prefund Employer Contributions to a Defined Benefit Pension Plan (Agreement) as provided in the terms and conditions of the Agreement; and

WHEREAS (5) The CEPPT is a trust fund that is intended to perform an essential governmental function (that is, the investment of funds by a State, political subdivision or 115 entity) within the meaning of Internal Revenue Code (Code) Section 115 and Internal Revenue Service Revenue Ruling 77-261, and as an Investment Trust Fund, as defined in Governmental Accounting Standards Board (GASB) Statement No. 84, Paragraph 16, for accounting and financial reporting of fiduciary activities from the

external portion of investment pools and individual investment accounts that are held in a trust that meets the criteria in Paragraph 11c(1).

WHEREAS (6) The CEPPT is not a Code Section 401(a) qualified trust and the assets held in the CEPPT are not assets of any Employer Pension Plan or any plan qualified under Code Section 401(a).

NOW, THEREFORE, BE IT RESOLVED THAT EMPLOYER HEREBY MAKES THE FOLLOWING REPRESENTATION AND WARRANTY AND THAT THE BOARD AND EMPLOYER AGREE TO THE FOLLOWING TERMS AND CONDITIONS:

A. Employer Representation and Warranty

Employer hereby represents and warrants that it is the State of California or a political subdivision thereof, or an entity whose income is excluded from gross income under Code Section 115(1).

B. Adoption and Approval of the Agreement; Effective Date; Amendment

(1) Employer's governing body shall elect to participate in the CEPPT by adopting this Agreement and filing with the Board a true and correct original or certified copy of this Agreement as follows:

Filing by mail, send to: CalPERS
CEPPT
P.O. Box 1494
Sacramento, CA 95812-1494

Filing in person, deliver to: CalPERS Mailroom
CEPPT
400 Q Street
Sacramento, CA 95811

(2) Upon receipt of the executed Agreement, and after approval by the Board, the Board shall fix an effective date and shall promptly notify Employer of the effective date of the Agreement. Employer shall provide the Board such other documents as the Board may request, including, but not limited to a certified copy of the resolution(s) of the governing body of Employer authorizing the adoption of the Agreement and documentation naming Employer's successor entity in the event that Employer ceases to exist prior to termination of this Agreement.

(3) The terms of this Agreement may be amended only in writing upon the agreement of both the Board and Employer, except as otherwise provided herein. Any such amendment or modification to this Agreement shall be adopted and executed in the same manner as required for the Agreement. Upon receipt of the executed amendment or modification, the Board shall fix the effective date of the amendment or modification.

(4) The Board shall institute such procedures and processes as it deems necessary to administer the CEPPT, to carry out the purposes of this Agreement, and to maintain the tax-exempt status of the CEPPT. Employer agrees to follow such procedures and processes.

C. Employer Reports Provided for the Board's Use in Trust Administration and Financial Reporting and Employer Contributions

(1) Employer shall provide to the Board a defined benefit pension plan cost report on the basis of the actuarial assumptions and methods prescribed by Actuarial Standards of Practice (ASOP) or prescribed by GASB. Such report shall be for the Board's use in trust administration and financial reporting and shall be prepared at least as often as the minimum frequency required by applicable GASB Standards. This defined benefit pension plan cost report may be prepared as an actuarial valuation report or as a GASB compliant financial report. Such report shall be:

- 1) prepared and signed by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board;
- 2) prepared in accordance with ASOP or with GASB; and
- 3) provided to the Board prior to the Board's acceptance of contributions for the reporting period or as otherwise required by the Board.

(2) In the event that the Board determines, in its sole discretion, that Employer's cost report is not suitable for the Board's purposes and use or if Employer fails to provide a required report, the Board may obtain, at Employer's expense, a report that meets the Board's trust administration and financial reporting needs. At the Board's option, the Board may recover the costs of obtaining the report either by billing and collecting such amount from Employer or through a deduction from Employer's Prefunding Account (as defined in Paragraph D(2) below).

(3) Employer shall notify the Board in writing of the amount and timing of contributions to the CEPPT, which contributions shall be made in the manner established by the Board and in accordance with the terms of this Agreement and any procedures adopted by the Board.

(4) The Board may limit Employer's contributions to the CEPPT to the amount necessary to fully fund the actuarial present value of total projected benefit payments not otherwise prefunded through the applicable Employer Pension Plan (Unfunded PVFB), as set forth in Employer's cost report for the applicable period. If Employer's contribution would cause the assets in Employer's Prefunding Account to exceed the Unfunded PVFB, the Board may refuse to accept the contribution. If Employer's cost report for the applicable period does not set forth the Unfunded PVFB, the Board may

refuse to accept a contribution from Employer if the contribution would cause the assets in Employer's Prefunding Account to exceed Employer's total pension liability, as set forth in Employer's cost report.

(5) No contributions are required. Contributions can be made at any time following the effective date of this Agreement if Employer has first complied with the requirements of this Agreement, including Paragraph C.

(6) Employer acknowledges and agrees that assets held in the CEPPT are not assets of any Employer Pension Plan or any plan qualified under Code Section 401(a), and will not become assets of such a plan unless and until such time as they are distributed from the CEPPT and deposited into an Employer Pension Plan.

D. Administration of Accounts; Investments; Allocation of Income

(1) The Board has established the CEPPT as a trust fund consisting of an aggregation of separate single-employer accounts, with pooled administrative and investment functions.

(2) All Employer contributions and assets attributable to Employer contributions shall be separately accounted for in the CEPPT (Employer's Prefunding Account). Assets in Employer's Prefunding Account will be held for the exclusive purpose of funding Employer's contributions to its Employer Pension Plan(s) and defraying the administrative expenses of the CEPPT.

(3) The assets in Employer's Prefunding Account may be aggregated with the assets of other participating employers and may be co-invested by the Board in any asset classes appropriate for a Code Section 115 trust, subject to any additional requirements set forth in applicable law, including, but not limited to, subdivision (d) of GC Section 21711. Employer shall select between available investment strategies in accordance with applicable Board procedures.

(4) The Board may deduct the costs of administration of the CEPPT from the investment income of the CEPPT or from Employer's Prefunding Account in a manner determined by the Board.

(5) Investment income earned shall be allocated among participating employers and posted to Employer's Prefunding Account daily Monday through Friday, except on holidays, when the allocation will be posted the following business day.

(6) If, at the Board's sole discretion and in compliance with accounting and legal requirements applicable to an Investment Trust Fund and to a Code Section 115 compliant trust, the Board determines to its satisfaction that all obligations to pay defined benefit pension plan benefits in accordance with the applicable Employer Pension Plan terms have been satisfied by payment or by defeasance with no remaining risk regarding the amounts to be paid or the value of assets held in the

CEPPT, then the residual Employer assets held in Employer's Prefunding Account may be returned to Employer.

E. Reports and Statements

- (1) Employer shall submit with each contribution a contribution report in the form and containing the information prescribed by the Board.
- (2) The Board, at its discretion but at least annually, shall prepare and provide a statement of Employer's Prefunding Account reflecting the balance in Employer's Prefunding Account, contributions made during the period covered by the statement, investment income allocated during such period, and such other information as the Board may determine.

F. Disbursements

- (1) Employer may receive disbursements from the CEPPT not to exceed, on an annual basis, the amount of the total annual Employer contributions to Employer's Pension Plan for such year.
- (2) Employer shall notify the Board in writing in the manner specified by the Board of the persons authorized to request disbursements from the CEPPT on behalf of Employer.
- (3) Employer's request for disbursement shall be in writing signed by Employer's authorized representative, in accordance with procedures established by the Board, and the Board may rely conclusively upon such writing. The Board may, but is not required to, require that Employer certify or otherwise demonstrate that amounts disbursed from Employer's Prefunding Account will be used solely for the purposes of the CEPPT. However, in no event shall the Board have any responsibility regarding the application of distributions from Employer's Prefunding Account.
- (4) No disbursement shall be made from the CEPPT which exceeds the balance in Employer's Prefunding Account.
- (5) Requests for disbursements that satisfy the above requirements will be processed on at least a monthly basis.
- (6) The Board shall not be liable for amounts disbursed in error if it has acted upon the written instruction of an individual authorized by Employer to request disbursements, and is under no duty to make any investigation or inquiry about the correctness of such instruction. In the event of any other erroneous disbursement, the extent of the Board's liability shall be the actual dollar amount of the disbursement, plus interest at the actual earnings rate but not less than zero.

G. Costs of Administration

Employer shall pay its share of the costs of administration of the CEPPT, as determined by the Board and in accordance with Paragraph D.

H. Termination of Employer's Participation in the CEPPT

(1) The Board may terminate Employer's participation in the CEPPT if:

- (a) Employer's governing body gives written notice to the Board of its election to terminate; or
- (b) The Board determines, in its sole discretion, that Employer has failed to satisfy the terms and conditions of applicable law, this Agreement or the Board's rules, regulations or procedures.

(2) If Employer's participation in the CEPPT terminates for either of the foregoing reasons, all assets in Employer's Prefunding Account shall remain in the CEPPT, except as otherwise provided below, and shall continue to be invested and accrue income as provided in Paragraph D, and Employer shall remain subject to the terms of this Agreement with respect to such assets.

(3) After Employer's participation in the CEPPT terminates, Employer may not make further contributions to the CEPPT.

(4) After Employer's participation in the CEPPT terminates, disbursements from Employer's Prefunding Account may continue upon Employer's instruction or otherwise in accordance with the terms of this Agreement.

(5) After Employer's participation in the CEPPT terminates, the governing body of Employer may request either:

- (a) A trustee to trustee transfer of the assets in Employer's Prefunding Account to a trust dedicated to prefunding Employer's required pension contributions; provided that the Board shall have no obligation to make such transfer unless the Board determines that the transfer will satisfy applicable requirements of the Code, other law and accounting standards, and the Board's fiduciary duties. If the Board determines that the transfer will satisfy these requirements, the Board shall then have one hundred fifty (150) days from the date of such determination to effect the transfer. The amount to be transferred shall be the amount in Employer's Prefunding Account as of the date of the transfer (the "transfer date") and shall include investment earnings up to an investment earnings allocation date preceding the transfer date. In no event shall the investment earnings allocation date precede the transfer date by more than 150 days.

- (b) A disbursement of the assets in Employer's Prefunding Account; provided that the Board shall have no obligation to make such disbursement unless the Board determines that, in compliance with the Code, other law and accounting standards, and the Board's fiduciary duties, all of Employer's obligations for payment of defined benefit pension plan benefits and reasonable administrative costs of the Board have been satisfied. If the Board determines that the disbursement will satisfy these requirements, the Board shall then have one hundred fifty (150) days from the date of such determination to effect the disbursement. The amount to be disbursed shall be the amount in Employer's Prefunding Account as of the date of the disbursement (the "disbursement date") and shall include investment earnings up to an investment earnings allocation date preceding the disbursement date. In no event shall the investment earnings allocation date precede the disbursement date by more than 150 days.

(6) After Employer's participation in the CEPPT terminates and at such time that no assets remain in Employer's Prefunding Account, this Agreement shall terminate. To the extent that assets remain in Employer's Prefunding Account, this Agreement shall remain in full force and effect.

(7) If, for any reason, the Board terminates the CEPPT, the assets in Employer's Prefunding Account shall be paid to Employer to the extent permitted by law and Code Section 115 after retention of (i) an amount sufficient to pay the Unfunded PVFB as set forth in a current defined benefit pension plan(s) cost report prepared in compliance with ASOP and the requirements of Paragraph C(1), and (ii) amounts sufficient to pay reasonable administrative costs of the Board. Amounts retained by the Board to pay the Unfunded PVFB shall be transferred to (i) another Code Section 115 trust dedicated to prefunding Employer's required pension contributions, subject to the Board's determination that such transfer will satisfy applicable requirements of the Code, other law and accounting standards, and the Board's fiduciary duties or (ii) Employer's Pension Plan, subject to acceptance by Employer's Pension Plan.

(8) If Employer ceases to exist but Employer's Prefunding Account continues to exist, and if no provision has been made to the Board's satisfaction by Employer with respect to Employer's Prefunding Account, the Board shall be permitted to identify and appoint a successor to Employer under this Agreement, provided that the Board first determines, in its sole discretion, that there is a reasonable basis upon which to identify and appoint such a successor and provided further that such successor agrees in writing to be bound by the terms of this Agreement. If the Board is unable to identify or appoint a successor as provided in the preceding sentence, then the Board is authorized to appoint a third-party administrator or other successor to act on behalf of Employer under this Agreement and to otherwise carry out the intent of this Agreement with respect to Employer's Prefunding Account. Any and all costs associated with such appointment shall be paid from the assets attributable to Employer's Prefunding Account. At the Board's option, and subject to acceptance by Employer's Pension Plan,

the Board may instead transfer the assets in Employer's Prefunding Account to Employer's Pension Plan and terminate this Agreement.

(9) If the Board determines, in its sole discretion, that Employer has breached the representation and warranty set forth in Paragraph A., the Board shall take whatever action it deems necessary to preserve the tax-exempt status of the CEPPT.

I. Indemnification

Employer shall indemnify, defend, and hold harmless CalPERS, the Board, the CEPPT, and all of the officers, trustees, agents and employees of the foregoing from and against any loss, liability, claims, causes of action, suits, or expense (including reasonable attorneys' fees and defense costs, lien fees, judgments, fines, penalties, expert witness fees, appeals, and claims for damages of any nature whatsoever) not charged to the CEPPT and imposed as a result of, arising out of, related to or in connection with (1) the performance of the Board's duties or responsibilities under this Agreement, except to the extent that such loss, liability, suit or expense results or arises from the Board's own gross negligence, willful misconduct or material breach of this Agreement, or (2) without limiting the scope of Paragraph F(6) of this Agreement, any acts taken or transactions effected in accordance with written directions from Employer or any of its authorized representatives or any failure of the Board to act in the absence of such written directions to the extent the Board is authorized to act only at the direction of Employer.

J. General Provisions

(1) Books and Records

Employer shall keep accurate books and records connected with the performance of this Agreement. Such books and records shall be kept in a secure location at Employer's office(s) and shall be available for inspection and copying by the Board and its representatives.

(2) Notice

(a) Any notice or other written communication pursuant to this Agreement will be deemed effective immediately upon personal delivery, or if mailed, three (3) days after the date of mailing, or if delivered by express mail or e-mail, immediately upon the date of confirmed delivery, to the following:

For the Board:

Filing by mail, send to:
CalPERS
CEPPT
P.O. Box 1494
Sacramento, CA 95812-1494

Filing in person, deliver to:
CalPERS Mailroom
CEPPT
400 Q Street
Sacramento, CA 95811

For Employer:

(b) Either party to this Agreement may, from time to time by notice in writing served upon the other, designate a different mailing address to which, or a different person to whom, all such notices thereafter are to be addressed.

(3) Survival

All representations, warranties, and covenants contained in this Agreement, or in any instrument, certificate, exhibit, or other writing intended by the parties to be a part of this Agreement shall survive the termination of this Agreement.

(4) Waiver

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

(5) Necessary Acts; Further Assurances

The parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement.

(6) Incorporation of Amendments to Applicable Laws and Accounting Standards

Any references to sections of federal or state statutes or regulations or accounting standards shall be deemed to include a reference to any amendments thereof and any successor provisions thereto.

(7) Days

Wherever in this Agreement a set number of days is stated or allowed for a particular event to occur, the days are understood to include all calendar days, including weekends and holidays, unless otherwise stated.

(8) No Third Party Beneficiaries

Except as expressly provided herein, this Agreement is for the sole benefit of the parties hereto and their permitted successors and assignees, and nothing herein, expressed or implied, will give or be construed to give any other person any legal or equitable rights hereunder. Notwithstanding the foregoing, CalPERS, the CEPPT, and all of the officers, trustees, agents and employees of CalPERS, the CEPPT and the Board shall be considered third party beneficiaries of this Agreement with respect to Paragraph I above.

(9) Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

A majority vote of Employer's Governing Body at a public meeting held on the _____ day of the month of _____ in the year _____, authorized entering into this Agreement.

Signature of the Presiding Officer: _____

Printed Name of the Presiding Officer: _____

Name of Governing Body: _____

Name of Employer: _____

Date: _____

BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____

ARNITA PAIGE
DIVISION CHIEF, PENSION CONTRACT AND PREFUNDING PROGRAMS
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

To be completed by CalPERS The effective date of this Agreement is: _____
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California Public Employees' Retirement System
California Employers' Pension Prefunding Trust (CEPPT)
400 Q Street, Sacramento, CA 95811
www.calpers.ca.gov

Delegation of Authority to Request Disbursements
California Employers' Pension Prefunding Trust
(CEPPT)

RESOLUTION
OF THE

(GOVERNING BODY)

OF THE

(NAME OF EMPLOYER)

The _____ delegates to the incumbents
(GOVERNING BODY)

in the positions of _____ and
(TITLE)

_____, and/or
(TITLE)

_____ authority to request on behalf of the
(TITLE)

Employer disbursements from the Pension Prefunding Trust and to certify as to the purpose
for which the disbursed funds will be used.

By _____

Title _____

Witness _____

Date _____