

KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

AGENDA

A meeting of the Finance Committee of the Kensington Police Protection and Community Services District will be held Tuesday **August 9, 2016 at 6: 00 P.M.**, at the Community Center, 59 Arlington Avenue, Kensington, California.

1. **Call to Order/Roll Call 6:00 P.M.**
2. **Public Comments-** Members of the public may address the Committee on any issues listed on the agenda that are within the purview of the Committee. Comments on matters that are listed on the agenda may be made at the time the Committee is considering each item. Each speaker is allowed a maximum of five (5) minutes per Board Policy 5030.41.
3. **Approval of the Finance Committee Minutes.**
 - a. Minutes of the Finance Committee Meeting of June 15, 2016. Page 2
4. The Committee will review and discuss a proposal, presented by Committee member Rob Firmin, to include forecasting of scenarios and uncertainties, using leading software and other methods, as an integral part of District budgeting and financial analysis. The Committee may take action to recommend to the Board of Directors to use this model in the future.
5. The Committee will receive a report from the General Manager and consider recommending approval to the Board of Directors a contract with Bartel Associates, LLC, to perform an OPED Actuarial Valuation for the District. P-11

ADJOURNMENT

General Information-Accessible Public Meetings

NOTE: UPON REQUEST THE KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT WILL PROVIDE WRITTEN AGENDA MATERIALS IN APPROPRIATE ALTERNATIVE FORMATS, OR DISABILITY-RELATED MODIFICATION OR DISABILITIES TO PARTICIPATE IN PUBLIC MEETINGS. PLEASE SEND A WRITTEN REQUEST, INCLUDING YOUR NAME, MAILING ADDRESS, PHONE NUMBER AND A BRIEF DESCRIPTION OF THE REQUESTED MATERIALS AND PREFERRED ALTERNATIVE FORMAT OR AUXILIARY AID OR SERVICE AT LEAST 2 DAYS BEFORE THE MEETING. REQUESTS SHOULD BE SENT TO:

Interim General Manager Kevin. E. Hart, Kensington Police Protection & Community Services District, 217 Arlington Ave, Kensington, CA 94707. POSTED: Public Safety Building-Colusa Food-Library-Arlington Kiosk- and at www.kensingtoncalifornia.org.

Complete agenda packets are available at the Public Safety Building and the Library.

All public records that relate to an open session item of a meeting of the Kensington Police Protection & Community Services District that are distributed to a majority of the Board less than 72 hours before the meeting, excluding records that are exempt from disclosure pursuant to the California Public Records Act, will be available for inspection at the **District offices, 217 Arlington Ave, Kensington, CA 94707** at the same time that those records are distributed or made available to a majority of the Board.

KPPCSD Finance Committee Meeting Minutes for 6/15/16

A Special Meeting of the Finance Committee of the Kensington Police Protection and Community Services District was held Wednesday, June 15, 2016, at 6:00 P.M., at the Community Center, 59 Arlington Avenue, Main Room, Kensington, California.
--

ATTENDEES

<u>Committee Members</u>	<u>Speakers/Presenters</u>
Len Welsh, President	Deborah Russell, CPA
Chuck Toombs, Director	Rick Artis
Paul Haxo	
Derek Suring	
Paul Dorroh	
Jim Watt	
Simon Brafman	
Rob Firmin	
Linda Lipscomb	
Pat McLaughlin	
Karl Kruger	
<u>Staff Members</u>	
Kevin Hart, Interim General Manager/Chief of Police (IGM/COP)	
Lynn Wolter, District Administrator	
<u>Press</u>	

President Len Welsh called the meeting to order at 6:04 PM and took roll call. President Len Welsh, Director Chuck Toombs, Derek Suring, Paul Haxo, Paul Dorroh, Simon Brafman, Jim Watt, Rob Firmin, Pat McLaughlin, Linda Lipscomb, Karl Kruger, IGM/COP Hart, and District Administrator Wolter were present. Paula Black, Elena Caruthers, and Gloria Morrison were absent.

COMMITTEE MEMBER COMMENTS

Jim Watt said he had sent out something for Item 5. He also said the agenda hadn't met the Brown Act's 72-hour notice requirement. President Welsh responded that he'd checked with legal counsel on this matter and confirmed that only a 24-hour notice was required because the meeting was not being held on a regularly scheduled date. He added that he would like to provide a 72-hour notice, as a courtesy and because the content of the agendas has been "meaty". IGM/COP Hart noted that, if he'd met a 72-hour notice, Agenda Items 5 and 6 would not have been on the agenda because he'd not received the needed

v

back-up information until Monday. Mr. Watt said the agenda item could have appeared without his handouts. Paul Haxo responded that back-up documents should accompany agenda items.

Paul Haxo asked what the state of the budget was. IGM/COP Hart responded that the budget had been on the Board's May agenda, as required by policy, but that the Board had not heard it at that meeting. Therefore, he said, it had been pushed into June. President Welsh said that the Board had had its first reading at a Special Meeting the prior week, on June 9th, and that the second required meeting, which needed to be a Regular Meeting, would be on June 22nd, at which time the Board would need to vote on the budget. Mr. Haxo said he was disturbed by the problem with the schedule. President Welsh responded that two Directors wouldn't vote to have meetings go beyond 10:00 P.M. Mr. Haxo reiterated that this was disturbing. President Welsh said he found it disturbing, too.

**Approval of the Finance Committee Minutes
The Minutes of the Finance Committee Meeting of May 4, 2016.**

Karl Kruger noted that the minutes stated that IGM/COP Hart would be making a decision about the motorcycles and asked if he had made one. IGM/COP Hart responded that he would be getting rid of both motorcycles, noting that they were old and that it didn't make economic sense to repair them. He also said that there would be future discussion about purchasing another motorcycle. Mr. Kruger also asked if the unsafe vehicle was gone. IGM/COP Hart responded in the affirmative and said it had been sold for \$1,000. President Welsh asked for confirmation that there would be Board discussion before a replacement motorcycle was purchased. IGM/COP Hart responded in the affirmative and said he would come to the Finance Committee first and then to the Board to seek permission and an increase in funds.

**MOTION: Karl Kruger moved, and President Welsh seconded, to accept the minutes.
Motion passed unanimously.**

The Committee received a report from the General Manager and considered recommending approval to the Board of Directors a contract with Lamorena Chang to perform independent auditing services for the District.

IGM/COP Hart reported that, for the past three years, Fechter and Company had performed the District's audits and that Fechter would like to continue. He added that Deborah Russell, the District's CPA had encountered difficulties with getting Fechter and Company to complete the District's audits each of the three years and, therefore, recommended returning to Lamorena Chang. He said that Lamorena Chang performs the Fire District's audits and that the proposed cost was \$14,000. He noted that this was more than what Fechter's cost had been. President Welsh noted that it wasn't good to use the same auditor year after year and that this had been why the Board had hired Fechter. He said it would be good to return to Lamorena Chang.

Linda Lipscomb said that the Fire Board had expressed its satisfaction with Lamorena Chang and noted that there weren't many companies interested in doing audits for an agency of the District's size. IGM/COP Hart agreed and said that, the last time the District had sought bids, it had received only two of them, one of them had been Fechter, and Fechter hadn't had much prior experience with Special Districts. Ms. Lipscomb said she thought it would be a good idea to return to Lamorena Chang.

Jim Watt said there had been concerns about Lamorena Chang. Director Toombs responded that the concerns had been that best practices were that, after about six to eight years, there should be a change in auditors. He noted that the change had not occurred because Lamorena Chang had done something wrong. Deborah Russell added that, several years earlier, former GM/COP Harman had been frustrated by Lamorena Chang: The firm had declined to complete one of the audits because there had been an outstanding legal matter/investigation. She said that, for liability reasons, Lamorena Chang couldn't sign off until that matter had been resolved. Linda Lipscomb concurred with this information and added that there had been a lot of allegations from some members of the public, saying that the auditor should have

had the report in much sooner. She added that the very people who had made the allegations had been the same people who had caused the investigation – an investigation that came up with nothing. President Welsh said his concern had been with the practice that had been in existence about individuals reimbursing the District for expenses charged to the District's credit card: He was perplexed that Lamorena Chang hadn't commented upon this. Ms. Lipscomb said that this had been the practice at the time and that she had been the Director who had revised the District's reimbursement policy. Simon Brafman responded that the public had a right to criticize the Board.

IGM/COP Hart said he was looking for a motion from the Committee to recommend Lamorena Chang.

Karl Kruger said he wanted to know what Ms. Russell's opinion was. Ms. Russell responded that she likes working with Steven Chang. She said the District had solicited several bids several years earlier and that Fechter had been the best. She added that the last three years had been difficult. She said Fechter was knowledgeable about accounting but had likely underestimated the District's complexity. She said Fechter had presented unbalanced financials the first time out because he had been unaware of some of the particulars. She said the same kinds of problems continued into the second and third years. She said that starting out with yet another new firm, with yet another steep learning curve would be difficult and costly. She said that Lamorena Chang knows the District's process and the law, and she predicted that it would be easier to get the job done. Mr. Kruger said Fechter's presentation to the Board had been good, and Ms. Russell concurred. President Welsh asked Ms. Russell how she felt about Mr. Chang. She responded that she was confident about his work product.

Paul Haxo said that Chang had been justified in holding the earlier audit report because of the going concern aspect of it that was linked to the lawsuit that had been filed against the District.

Jim Watt said he was disappointed that Fechter hadn't come that evening; he had agreed, at the Board meeting, to come for a half-hour presentation about GABSB 68. President Welsh responded that he hadn't thought it would have been worth the Committee's time to do this.

Rick Artis suggested having someone review current practices and make some policy recommendations, citing the credit card issue. Director Toombs responded that the proposed contract specifically stated that Lamorena Chang would not be reviewing policies: It was strictly an audit. He added that part of the reason the District had had problems in the past had been because the quality of the assistants had not been that good. He said the current District Administrator had come on board three years earlier, and there had been a dramatic change in the quality of the record keeping and note taking. He added that the current District Administrator was doing payroll, whereas, in the past, Ms. Russell had had to do payroll. He said that bookkeeping and record keeping was now solid. Ms. Russell said that the issue raised by Mr. Artis was similar to the issue of fraud: An auditor's job was not to find fraud; but if the auditor were to discover fraud in the course of performing the audit, he/she would disclose it. She added that the purpose of the audit was to ascertain whether the numbers presented by an agency are fairly stated and accurate. Ms. Russell said that, several years earlier, Mr. Chang had found something – as had been said previously, there hadn't been very good assistants – a two-year span of problems with the officers' vacation time and overtime spreadsheet. She said that, as a result, she had created a new accrual system. She cited this as an example of Lamorena Chang finding a problem and ensuring that it got fixed.

President Welsh asked if the Committee thought the District should ask Lamorena Chang to do a best practices review, as suggested by Mr. Artis. Director Toombs responded that the District should have Lamorena Chang come in to do an audit first and then consider whether it should ask for a best practices review. He added that the credit card issue had already been addressed. President Welsh responded that he wanted to proceed with the audit as soon as possible and suggested that the District ask what it would cost to get a review of best practices. Ms. Russell suggested that, perhaps, Adam Benson could be approached about this kind of analysis.

IGM/COP Hart said that the work that Ms. Russell and Ms. Wolter do to keep the District in strict accounting compliance is outstanding, citing their knowledge of things like CalPERS and taxes.

Mr. Kruger said that what President Welsh had been discussing was a management letter, which is issued at the end of an audit. He said this is a document that would let the Board know it might want to take a closer look at something because it might not be consistent with best practices. IGM/COP Hart responded that this letter appears in the front of the District's audits.

IGM/COP Hart said that the Board had already seen the proposal once and that he hoped it would appear on the July 22nd Consent Calendar. He said that, after that point, he would meet with Lamorena Chang.

President Welsh suggested asking Mr. Benson for an estimate as well. IGM/COP Hart said he would do so.

**MOTION: Paul Haxo moved, and Karl Kruger seconded, that the Finance Committee recommend to the Board entering into the contract with Lamorena Chang.
Motion passed unanimously.**

The Committee reviewed and discussed a proposal to develop a Budget Reserve Policy for the District.

Jim Watt introduced the item and said it had been discussed at the Committee's prior meeting. He reported that there was a subcommittee that had researched this and developed recommendations for a reserve policy. He said the proposal consisted of three components, the first of which – to set aside \$150,000 to upgrade the Community Center – had already been approved. He said that there had not been agreement with respect to setting aside an additional \$150,000 in Fiscal Year 2017-18 and that the other proposals had been tabled. He said he thought he had been asked to go back and look at some of these issues and bring forward information for this evening's meeting in order bring a bit more clarity to what this reserve policy would mean. He said he had not seen this in the District Administrator's notes, saying it was an unfortunate thing about these meetings – they're not recorded. He said he hadn't noticed this until the District Administrator's minutes came out, and by then it was too late. But, he said, it didn't matter. He said his understanding of what he had been asked to do at the end of the prior meeting was to try to clarify the financial implications of what it was he was proposing. He said that, in the letter he had put forth on June 12th, he had recommended approval of all three of his proposals. He said that, on the second page of his letter, he had shown what the implications would be on the District's cash reserves if the District were to begin setting aside more money.

Mr. Watt reiterated that the Committee had already agreed to the \$150,000 but that the Committee had not agreed to the other proposals – among them to set aside 4% of account 401 Levy Taxes as a separate building contingencies reserve, which would be \$65,640. Mr. Watt was asked to which building this would apply. He responded that the subcommittee had had quite a discussion about this and had questioned whether it should be designated for a specific building or for costs associated with the possible renovation of the Public Safety Building. He said that the Fire Board had agreed to take its surplus from past fiscal years and apply it to their reserve account to deal with the possibility of having to tear down and/or retrofit the existing building. He said the KPPCSD should be proactive and do something similar.

Mr. Watt said the thing he really wanted to focus on was the general reserve policy that would say that the District would agree to hold in reserve a sum of money that could be used only in emergency situations so that the District understood it would not dip into that reserve except under dire circumstances. President Welsh interjected that this was what the Committee had become stuck on at the prior meeting. Mr. Watt concurred and responded that there could be a variety of ways in which this could be handled. He said some agencies had passed resolutions, which would be pretty ironclad, some had very general language, and others had policies. He noted that Director Toombs had expressed concern about being able to access the money and that there had concern expressed about not binding future boards. He said he didn't want to get "hung up" on language; rather, he was seeking agreement in concept with what the subcommittee had come up with. He said the Board could then deal with the specifics. He said the subcommittee was recommending 16% of revenues, which would equal about \$480,000, but not less than \$500,000 – whichever was greater – for a reserve fund.

In response to a question from Linda Lipscomb, Mr. Watt named the members of the reserve study subcommittee: Rob Firmin, Gloria Morrison, Paula Black, Karl Kruger, and himself. Ms. Lipscomb said this was a huge amount of revenue and that, perhaps, the Board should consider a policy that would enable it to determine an amount every year because this was an important issue. She said this would enable the Board to consider the conditions that then existed, and she cited the hundreds of thousands of dollars of legal bills in recent years. She said she'd like to think the District could put aside \$500,000 but it wasn't in that kind of shape at this point. She also noted that 16% of revenue seemed high, especially given the fact that the District's revenue stream had been holding steady. She said setting an amount on an annual basis would be a more practical and prudent approach.

Pat McLaughlin noted that the 16% couldn't apply to the police taxes.

Paul Haxo said that there were three proposals and asked if the Committee could discuss them one at a time. President Welsh responded that this would be a good approach. Jim Watt said he wanted to take the committee through the chart he had prepared as part of his memo. He said the table was intended to show the implications of his recommendations. President Welsh asked if anyone objected to Mr. Watt proceeding. No one did, so Mr. Watt continued. Mr. Watt explained that the first column reflected that, per the budget, the District would have \$1,609,094 in both its Unassigned Fund Balance and in available cash and that, with his recommendations, the District would have \$1,543,454 in its Unassigned Fund Balance and \$1,043,454 in available cash. He noted that the difference was the proposed set-aside of \$500,000 as a contingency reserve.

President Welsh said that Mr. Watt's information was clearly presented but that what needed to be addressed was how tightly the Committee wanted to bind the District, both now and in the future. Rob Firmin said there were many ways to handle this: One would be to have a requirement that it would take a supermajority of the Board to vote to access the contingency reserves. President Welsh responded that he would never agree to that, after what had been happening with the votes not to allow Board meetings to go beyond 10:00 P.M. He did, however, say that he would be comfortable with a simple majority.

Linda Lipscomb said that the Committee could recommend that the Board adopt a reserve policy that would require the Board, in connection with and at the time of its review of the budget, to ascertain what level of reserves could be set for the year. President Welsh clarified that this would be instead of establishing a fixed amount. Ms. Lipscomb added that this would signal that the Board was mindful of the issue and giving it due consideration on a regular basis. Pat McLaughlin said she thought this was a good proposal. Karl Kruger said that the \$500,000 was a threshold amount and that, once the District approached this amount, it would need to make some operational changes because it would take time for changes to take effect. Mr. Watt added that Adam Benson had recommended a reserve of 25% reserve policy.

President Welsh returned to the issue of how much the Committee wanted to bind the Board. Paul Haxo responded that he didn't think this could be done legally. President Welsh said he thought there should be a policy to indicate that this issue was important to the community but that the Board needed to have some flexibility.

Paul Dorroh spoke about the hierarchy of "spendability" with respect to the various reserve levels: Restricted, which suggested legal constraint; Committed, which suggested that the Board could change its mind about these funds; and the other categories or Assigned and Unassigned, which the Board could also change its mind about. He questioned whether the recommended \$500,00 reserve would be Unassigned. Mr. Watt responded that he had no problem with this being somewhat vague. President Welsh said he didn't want vague; he wanted crystal clear about what the Committee thought the District ought to do. He added that he didn't want artificial restrictions on the Board's ability to do business.

Director Toombs said he had no problem setting aside a specific amount, but he did have a problem with some of the suggested restrictions. He added that he didn't want the restrictions to be possibly illegal or to keep a board from dipping into it were it really needed. He clarified that he didn't want an amount carved out from the police special taxes. Director Toombs asked if the 4% was part of this discussion. Mr. Watt

responded that that was a separate item. President Welsh said these set-asides should be policy matters – they should be gauges against which the District measured its progress throughout the year.

Paul Haxo said the 16% could be part of the budgeting process. He added that, when he had been on the Board, the District had thought there was a mandatory 10% contingency based on the budget, but that had been an inaccurate assumption.

Deborah Russell asked Jim Watt if Adam Benson's recommended 25% had been phrased for emergencies only. Mr. Watt responded that he hadn't received a full explanation. Ms. Russell also addressed the issue that, without including the police special taxes, the 16% could be less than the \$500,000 and that, regardless, the amount would be \$500,000. Pat McLaughlin added that the Committee shouldn't be thinking about total revenues. President Welsh clarified that there was a legal issue with respect to the police special taxes – they had to be kept separate and the policy language would need to address that. Ms. McLaughlin and Mr. Haxo said they would prefer to see the reserve set based on the budgeted expenses rather than revenue.

President Welsh said that he wanted to recommend these set-asides to the Board as commitments it should make for the upcoming fiscal year, but he didn't want there to be restrictions.

Linda Lipscomb asked for IGM/COP Hart's perspective. He responded that he was concerned and said the District has only three sources of revenue. He said that Mr. Benson's 25% was probably not meant for special districts, especially police special districts; but it might be appropriate for cities. He suggested that the Board have discretion with respect to when it could access reserves. He said the additional 4% out of the general fund would be difficult, noting that the District was obligated to provide both police and other community services. He said that because the District would receive about \$3 million this fiscal year, the \$500,000 reserve would represent a significant impact.

Rich Artis said shifting the \$500,000 from one category to another, within the District's cash reserves was one thing; the policy would be values-based. He said the Community Center building issues should be holistic; it shouldn't be piecemeal. He said the amount of money needed to take care of the building could be much greater than it currently appears. He said that he was also concerned about future PERS obligations and that he was concerned that the building was getting all the gravity. He said more money needed to be available for the building – the issue was how much and when. Jim Watt responded that the \$150,000 for each of two years had been driven by the remaining amount needed to address the \$600,000 of ADA and seismic work that needed to be done. He noted that KCC was considering contributing up to \$300,000 but that this money had strings attached to it. He said there would be greater clarity about cost, once the architect(s) were hired.

Pat McLaughlin reiterated that a set-aside amount should be based on a percentage of budgeted expenses.

President Welsh said it appeared that there was consensus about the \$500,000 and the need for a policy. He added that there should be a new dollar amount set every year, as part of the budget process. Paul Dorroh noted that the Board would need to be careful with its policy language. He suggested that there be reference to not allowing the Unassigned Fund balance to fall below a certain level. Deborah Russell responded that this was a good concept: Below a certain level represented a warning.

Director Toombs asked how the Board would be able to access the funds should it need to do so. President Welsh responded that the Committee should draft a suggested policy statement for the Board to consider. Rob Firmin said that the policy should include a requirement that, if the reserves dipped below a certain level, the Board would need to address expenses.

Paul Haxo said the danger zone should be triggered at the \$800,000 level.

Pat McLaughlin said that any consideration of dipping into these reserves should have the requirement of being considered at two Board meetings. She added that this would give the community time to weigh in. Derek Suring responded by asking if the Board would want to be bound by two such meetings.

Linda Lipscomb asked if the District's funds had ever dipped below the level being discussed. Consensus among those in attendance was that they hadn't. Deborah Russell noted that, in the end, the total funds would remain the same. She said that, with respect to reviewing expenses, the Boards were doing that all the time. President Welsh said he thought Pat Mc Laughlin had a very nice approach to the issue: If the Board were to go below whatever amount might be set, it should have to go through a first and second reading process. He added that this would force the kind of review Rob Firmin had proposed. Mr. Firmin said he agreed. Derek Suring said that two readings could pose a problem in the event of an emergency, such as an earthquake. President Welsh responded that such an emergency would be an overriding situation.

Linda Lipscomb asked if this would be a policy that legal counsel should draft. President Welsh responded that this would not be a legal document; it would be a statement of intent. President Welsh said this would be something that would be a recommendation to the Board and suggested that the subcommittee should draft language that reflected the Committee's discussion. He added that he wanted the language to reflect that there be firm language of intent. Linda Lipscomb said that it should be simple and that it should have the Board revisit the issue on an annual basis.

Simon Brafman said he was in favor of anything that would make the Board be more responsible about the way money is spent. He said he had heard the Board sound like victims, with respect to where money had gone. He said he thought the direction in which the Committee was moving would enhance this.

Paul Dorroh asked if this would be something that would need to be part of the Board's regularly scheduled meeting to review the District's budget. President Welsh said he didn't think it would be part of the upcoming meeting but that he did think it could be part of the Board's September discussion of approving the year's final budget. Mr. Dorroh asked if the full Finance Committee would discuss the proposed policy, prior to its being recommended to the Board. President Welsh responded that he would like that to be so. Jim Watt said he would provide the Committee with a couple of policies.

Jim Watt said that the \$500,000 wasn't as important as his item 2, which he would like to get into this year's budget. President Welsh said he wanted to finish the discussion about the \$500,000 first.

Director Toombs said that the proposed language didn't include how the reserves could be accessed if needed. Jim Watt responded that he understood this concern and said he would address it in the draft policy.

President Welsh said he wanted to discuss the second recommendation contained in Jim Watt's memo.

Jim Watt said that, at the prior meeting, he had gotten what he wanted: \$150,000 put into the budget for the Community Center. He said he wanted to discuss the \$65,000.

Paul Haxo said that he and Paul Dorroh had been talking to the Kensington Community Council (KCC) and that they were concerned about the relationship between that organization and the KPPCSD. He said the KCC's original proposal of \$250,000 had been based upon the passage of Measure L, which hadn't passed. He said that what was in place now was a matching fund, in which, Paul Dorroh said, there was approximately \$34,000. Mr. Haxo said that he was concerned about the process of surrounding budgeting for the proposed work on the Community Center and that he was concerned that it didn't provide for any cost overruns. President Welsh clarified the previous comments: There was concern that the KCC might not contribute what had been committed to in the past; and there might be an unanticipated cost overrun on the proposed Community Center renovation project. Paul Dorroh also noted that the WW Grant money would expire soon, in December 2018. Mr. Dorroh said that, after there had been mention that the KCC would contribute \$300,000 to the project, he had checked with the organization and had found this no longer to be the case. However, he said, the KCC was committed to helping with the renovation of the Community Center, but the organization had its own priorities with respect to what should be done. President Welsh asked how best to engage in dialog with the KCC. Mr. Dorroh responded that, if the District wanted \$300,000, someone from the District should go to a KCC meeting and ask for it. Simon

Brafman said he was a member of the KCC Board, and he confirmed that KCC had its own priorities. President Welsh asked what those priorities were. Mr. Brafman responded that they were ones that would directly benefit KCC's clientele and programs. President Welsh asked if it made sense to include the KCC in discussions about the renovations and asked if KCC could write a letter indicating what improvements it hoped would be done. Mr. Brafman asked to whom such a letter should go. President Welsh responded it should go to IGM/COP Hart so he could then distribute it to the full District Board. President Welsh noted that, right now, the District's priorities were seismic stability and ADA compliance.

Paul Dorroh asked if, in Fiscal-Year 2017/18, the proposed \$150,000 for the Community Center would be money moved from Unassigned Funds to Committed Funds. Deborah Russell responded that, if the money were actually going to be spent, it would be moved from Unassigned or Committed to the actual budget. President Welsh asked if there was a phase of construction that could be completed to meet the WW Grant deadline. Jim Watt responded in the affirmative. IGM/COP Hart noted that there were no construction drawings or contractor bids yet. Rick Artis asked if this was a values-based discussion about spending up to a certain amount on the Community Center. Director Toombs responded that there were other ways to finance the construction – money would be coming from KCC, and there could be a bank loan – and that this was a discussion about what amount the District would spend out of savings. Director Toombs noted that, at the moment, the amount was about \$200,000 plus \$150,000 and the discussion was about whether the District would contribute another \$150,000 in the next fiscal year. Rick Artis suggested that there be a statement of intent about how much would be coming from reserves, versus what would be needed in the form of something like a bank loan. Jim Watt said he was happy with the \$150,000 already designated for the project and said that there likely would be a surplus, out of the \$200,000 plus \$150,000: he didn't expect all the money to be spent. Paul Haxo said he was very concerned about the long-term effect of so much of the construction cost coming out of the District's unassigned funds. He said other funding mechanisms needed to be sought as quickly as possible – whether fundraising or a bank loan. President Welsh responded that this would be a discussion for another day. Mr. Haxo said that, given how long it would take to ramp up a fundraising effort, it should begin as soon as possible. President Welsh asked what the mechanism would be, and Mr. Haxo responded it would be closer communication with the KCC because the KCC had, historically, acted as the fundraising organization for such projects. President Welsh said this issue would be addressed at the next Finance Committee meeting.

President Welsh said he wanted to discuss Jim Watt's second recommendation, regarding \$60,000. Mr. Watt said the Fire District would likely know, by September, the direction in which it would be going with the Public Safety Building. He said he was of the opinion that something would happen that would necessitate the police department having to leave the Public Safety Building. President Welsh said that even the most minimal scenario – renovating the existing building – could cause the police department to have to vacate the building, at least for a while. President Welsh said that the District needed to look at the big picture and evaluate whether it could do all these things out of cash on hand but that this discussion would take place at a future time. Deborah Russell said she thought this amount of money had first been discussed with respect to the other buildings in the park, but now this police department housing issue had arisen. She said that at the prior Board meeting, there had been discussion about setting aside \$50,000 for the housing issue. She said she wanted to make a distinction, as it seemed to have morphed. Karl Kruger said that he didn't think the fire station was going to happen as quickly as Mr. Watt thought but that this money was one and the same – the police department would need to relocate to a trailer or someplace else. Ms. Russell asked for clarification that this money would not be for capital improvements. Mr. Kruger responded in the affirmative but said the money would need to be in the FY 2016/17 budget. President Welsh clarified that, at first, this money had been discussed as being for park buildings but that, now, especially with the Public Safety Building becoming a pressing issue, the money would be needed to address issues surrounding it. President Welsh added that the Fire District Board had committed to a community vetting process. Mr. Watt suggested that the KPPCSD should at least start building up reserves to handle the upcoming changes. Paul Haxo said he was disinclined to set aside this money until the costs were known.

Director Toombs said this wasn't a question of taking money out of reserves – it was about taking 4% out of the property tax revenues and “sticking” it into a new “bucket.” He said this was a budget issue because it begged the question of what would be given up to meet this new requirement. He said, right now, the District had – maybe – a \$100,000 surplus and asked, if there were not to be a surplus in a future year, what programs would be cut to meet the 4% set-aside. Director Toombs said he would not agree to spend \$65,000 for the Annex, but he would agree to spend that amount to get the police department to a trailer in the parking lot, if that proved to be the best option. Rob Firmin responded by saying that agreeing to set this money aside would increase the community's confidence in the Board. He added that this huge financial obligation was going to happen and so not setting aside the money would be irresponsible. Paul Haxo said there were issues with respect to the legality of attaching the 4% to total revenues. He also said he wanted more concrete information before having further discussions. He said he favored having such discussions, at the Board level, in the context of setting the budget each year. He said that, if this were about the park, he had looked at a separate park tax about 15 years earlier. He suggested that an amount could be accumulated and sequestered for use only on the park. Rick Artis said there should not be a capital fund for what really were going to be moving expenses. President Welsh said he thought the moving expense could come out of reserves. Deborah Russell clarified that the intent would not be to spend this amount of money during the current fiscal year because the Fire District was moving rather slowly on the matter. She noted that, for this reason, the KPPCSD's discussion had been about setting the money aside for a future year. She clarified that the discussion had not been about setting aside money on an ongoing basis. Linda Lispcomb said that, because this would be an expense, there could be a mid-year adjustment to incorporate it into the budget, once the Public Safety Building project became clearer. Director Toombs said that the KPPCSD had been paying rent each year, and he looked at this amount as an accumulation of a pre-paid expense, for that point in time when the KPPCSD resumed paying rent: Part of the District's future revenue would be needed to pay rent.

Deborah Russesll said KPPCSD's budget-setting process was a lean one, and there was not a lot of cushion – ever. She said there was an honest evaluation, each year, of what was expected to happen. Ms. Russell noted that legal expenses were difficult.

President Welsh said he didn't see much consensus among the Committee members and so wanted to move on to the next agenda item. Rob Firmin suggested placing on the next agenda the re-writing of the proposed reserve policy. President Welsh noted that there was a lot of trepidation to locking in the Board and said that it would make sense to another consideration in advance of the final budget, which would be set in September. Director Toombs reiterated that setting a 4% amount would bind the Board's hands and might, therefore, not be legal but that he had no problem with setting aside money for the likely move.

At 8:20 P.M., the Committee took a break while Rob Firmin set up equipment for his presentation. At 8:37 P.M., it was determined that the equipment was not functional.

**MOTION: Simon Brafman moved, and President Welsh seconded, to adjourn.
Motion passed unanimously.**

The meeting was adjourned at 8:38 P.M.



June 22, 2016

Kevin E. Hart
Interim General Manager/Chief of Police
Kensington Police Protection and Community Services District
217 Arlington Avenue
Kensington, CA 94707-1401

Re: OPEB Actuarial Valuation Proposal

Dear Chief Hart:

Bartel Associates would be pleased to provide actuarial consulting services to the Kensington Police Protection and Community Services District. This letter summarizes the project scope and our fee estimate for a June 30, 2016 actuarial valuation on the District retiree healthcare plan.

Background

The District had a July 1, 2015 GASB 45 actuarial valuation prepared which indicated the following:

- The District participates in CalPERS for retirement benefits, and provides employees and retirees healthcare benefits through PEMHCA (CalPERS healthcare pool), paying lifetime medical benefits to employees retiring directly from the District up to a cap equal to the Kaiser premium.
- July 1, 2015 Actuarial Accrued Liability of approximately \$2.365 million and CERBT (CalPERS OPEB trust) assets of \$0.631 million. The 2015/16 Annual Required Contribution was approximately \$174 thousand.
- There were 9 active employees and 14 retirees in the valuation (all are Police Sworn Safety).

We understand the District would like a June 30, 2016 GASB 45 actuarial valuation prepared for fiscal years 2016/17 and 2017/18.

Three important developments will impact the new valuation:

- Historically, valuations have not included an implied subsidy (the implied subsidy is the benefit retirees derive when they are charged the same pre-Medicare premium as employees). This approach complies with GASB 45, which defers to Actuarial Standards of Practice (ASOP) on whether the implied subsidy should be included. In May 2014 the Actuarial Standards Board issued a revised ASOP that now requires actuaries value an implied subsidy for community rated plans such as PEMHCA. The effective date is for valuations after March 31, 2015 so we are required to include it.
- The District's recently adopted POA MOU revises retiree healthcare benefits. Based on information provided, including the July 1, 2015 valuation report, we understand the District pays retire medical up to the Kaiser premium, plus dental and vision premiums. Effective January 1, 2017 retirees will pay \$85 per month towards the cost of medical. Effective June 30, 2017 the retiree payment increases to \$125 per month. The Chief's retiree medical benefit is the PEMHCA minimum (\$125 per month currently).
- In June 2015, GASB approved revised OPEB accounting rules under Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces GASB 45, effective for the District's 2017/18 fiscal year. The June 30, 2016 valuation will provide the District recommended contributions for the 2016/17 and 2017/18 fiscal years, GASB 45 information for 2016/17 and GASB 75 information for 2017/18.



Bartel Associates

Bartel Associates, LLC is an actuarial consulting firm specializing in providing California counties, cities, districts, and other public agencies with actuarial consulting services including retiree medical valuations, pension plan valuations, retirement plan design, actuarial audits, and CalPERS retirement consulting. With over 250 GASB 45 clients, we are experts in this field:

- John Bartel was a member of the special task force assisting GASB with GASB Statements 73, 74, and 75, and was a member of the special task force assisting GASB in drafting GASB 45.
- Marilyn Oliver was on the subcommittee drafting Actuarial Standards of Practice No. 6 (“Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions”) which was issued in May 2014, mandating the implied subsidy be included for pooled medical plans such as PEMHCA.
- John Bartel is a member of the California Actuarial Advisory Panel. CAAP was created by Senate Bill 1123 and chaptered in State law in September 2008, and is charged with providing impartial and independent information on pensions, other postemployment benefits, and best practices to California public agencies and reporting on those recommendations to the legislature.

Bartel Associates was established in July 2003 and is organized as a Limited Liability Corporation. Our office is located in San Mateo, California. We currently have 21 employees, including 8 senior actuaries, 9 actuarial analysts, and 4 administrative staff members. Nine of our actuaries are Fellows or Associates of the Society of Actuaries, 10 are Members of the American Academy of Actuaries, 7 are Enrolled Actuaries, and 5 are Fellows of the Conference of Consulting Actuaries.

Enclosed is additional information on Bartel Associates (also see www.bartel-associates.com.)

Our Approach and Fees

We believe that there are two levels to an actuarial valuation. The first level is technical compliance with GASB. Some public employers may hire an actuary to assist only with technical compliance with GASB, limiting the scope of services to preparing a compliance-only valuation that provides the required financial reporting and disclosure. The second level goes beyond reporting and disclosure issues and assists the District with an understanding of GASB, the actuarial assumptions and methods, valuation results, financial statement impact, funding policies, and a review of the plan design.

We can offer the District a choice of two approaches for the actuarial valuation:

■ **Full Consulting Valuation**

A full consulting valuation will include a meeting with the District to review the plan provisions, census data, actuarial methods and assumptions, and valuation results. Our discussion outline for the meeting will include:

- 1) 10-year projection of the contributions and benefit payments;
- 2) Statistical comparison of District results with other Bartel Associates GASB 45 valuations;
- 3) Historical valuation results;
- 4) Gain and loss analysis with changes in the Actuarial Accrued Liability since the prior valuation (since Bartel Associates did not prepare the prior valuation, this analysis will be limited);
- 5) Detailed participant statistics, including summary of healthcare plan and coverage elections; and
- 6) Summary of upcoming OPEB and CalPERS issues.



Information provided under the full consulting actuarial valuation, timing, and fees are as follows:

Project	Approximate Start/Completion Date	Fees	
		Estimate	Cap
Valuation report and meeting, including <ul style="list-style-type: none"> ▪ 6/30/16 funded status ▪ 16/17 and 17/18 recommended contributions ▪ 16/17 GASB 45 reporting information 	August 2016/ October 2016	\$ 12,500	\$ 14,000
GASB 75 disclosure report for 17/18	October 2018/ November 2018 ¹	2,000	2,500
Total		14,500	16,500

■ **Compliance-only Valuation**

A compliance-only valuation will include a concise report including a summary of plan provisions, census data, actuarial methods and assumptions, and valuation results. It will not include items (1) through (6) above, nor a meeting with the District.

Project	Approximate Start/Completion Date	Fees	
		Estimate	Cap
Valuation report, including <ul style="list-style-type: none"> ▪ 6/30/16 funded status ▪ 16/17 and 17/18 recommended contributions ▪ 16/17 GASB 45 reporting information 	August 2016/ October 2016	\$ 9,500	\$ 11,000
GASB 75 disclosure report for 17/18	October 2018/ November 2018 ¹	2,000	2,500
Total		11,500	13,500

Please note that our fee estimate assumes:

- We will bill the District at the following hourly rates:

Position	Hourly Rate
Partner & President	\$ 310
Partner & Vice President	260
Assistant Vice President	230
Associate Actuary	180
Senior Actuarial Analyst	160
Actuarial Analyst	130

- While the estimated fees represent the likely cost of the valuation, it is possible the valuation may require additional time. We understand the District's budgeting needs and agree not to bill more than the cap amounts above unless the project scope changes.
- The District has made no significant changes to its retiree healthcare plan or healthcare providers since the last actuarial valuation, other than those summarized on the first page of this letter.
- Participant census data requested will be provided completely and accurately in an Excel spreadsheet with one record per participant.

¹ Assumes 6/30/18 Measurement Date for GASB 75.



- The District continues to fund the Annual Required Contribution with the CERBT.
- There will be no additional charges for expenses (e.g., travel, telephone, copying, etc.). The hourly rates listed above include our costs for these items.
- We will invoice the District monthly based on time incurred, subject to the above maximum fees.

Please note that our fee estimate will be higher if:

- Plan provisions and financial information is not provided as requested or is not complete and internally consistent.
- Results are needed for additional assumptions, funding methods, funding policies, or alternative plan designs.
- The District requests assistance with footnotes under GASB 75 beyond our GASB 75 report (which will contain all actuarial related information needed for footnotes).
- The District requests information under GASB 74.
- The District requests additional meetings.
- The District requests an executive summary or a draft financial statement footnote.

Data Requirements

Information needed for the valuation is as follows:

- Written summary of the District's retiree healthcare plan provisions, including a description of the District's contributions for active and retired employees. This summary will be used as the basis of retiree healthcare benefits provided by the District for the actuarial valuation.
- Most recent District Board resolution impacting retiree healthcare benefits.
- The District's July 2016 and most recent CalPERS health premium invoice. (Please remove any Social Security numbers.)
- District's 2015/16 draft OPEB financial statement footnote and required supplementary information.
- Plan asset information:
 - All quarterly trust statements received from CalPERS CERBT since June 30, 2015.
 - Contributions and dates made and expected to be made for 2015/16.
- If full consulting option is selected:
 - all actuarial valuation reports prior to the July 1, 2015 report.
 - all annual trust statements since District commenced funding, including dates of District contributions.
- Active and retired participant data as of June 30, 2016 in an Excel workbook (active and retired participant information can be provided on separate worksheets):
 - Active Data - name, employee number (not Social Security number), gender, birth date, hire date, medical plan, single/2-party/family coverage, total CalPERS service (if available), employee group, and annual PERSable compensation. Indicate the pay period for the compensation reported. Include any active employees who have waived healthcare coverage.
 - Retiree Data - name, employee number (not Social Security number), gender, birth date, hire date, retirement type (service retirement, disability retirement, surviving spouse), retirement date, medical plan, single/2-party/family coverage, employee group, spouse's birth date (if available), premium paid by the retiree.
 - In order to maintain confidentiality, please do not provide Social Security numbers for the employee number. We will delete any files that include Social Security numbers and request a revised file.

Kevin E. Hart
June 22, 2016
Page 5



- Our fee estimate assumes that the District will merge and reconcile all data files and provide one census file with one complete record for each employee and eligible retiree in an Excel workbook. If the District needs our help to merge and reconcile data, our fees will be higher.

We may need additional data, depending on our review of the District's retiree healthcare plan and the data provided.

Please call me at 650-377-1602 with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Doug Pryor".

Doug Pryor
Vice President

c: John Bartel

enclosures

O:\Prospects\KensingtonPPCSD\2016\BA KensingtonPoliceProtectionCSD 16-06-22 OPEB GASB 45 fee letter.docx

15

BARTEL ASSOCIATES, LLC

COMPANY PROFILE

Bartel Associates, LLC is an actuarial consulting firm specializing in providing states, counties, cities, and other public agencies with actuarial consulting services including retiree medical plan valuations, pension plan valuations, retirement plan design, actuarial audits, and CalPERS retirement consulting. Our clients range from small special districts to small and large cities and states with tens of thousands of employees.

The firm's founder, John Bartel, has over 30 years of experience as a retirement consultant and practice leader with major consulting firms. John founded Bartel Associates to provide public sector clients high quality actuarial services at reasonable fees, focusing on personal attention and clear results.

John Bartel was a member of the special task force which assisted the Governmental Accounting Standards Board (GASB) in drafting Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB 45). He was directly involved in the statement's development and has assisted numerous public agencies quantify and understand the impact of this new accounting standard.

John was appointed in January 2010 by former Governor Schwarzenegger to the California Actuarial Advisory Panel (CAAP) formed under recent legislation (SB 1123). CAAP is charged with providing impartial and independent information on pensions, other postemployment benefits, and best practices to California public agencies. Its responsibilities include:

- Defining actuarial model policies and best practices for public retirement plan pensions and other postemployment benefits
- Developing pricing and disclosure standards for California public sector benefit improvements
- Developing quality control standards for California public sector actuaries.
- Gathering model funding policies and practices
- Replying to policy questions from public retirement systems in California
- Providing comment upon request by public agencies

John Bartel served as consultant for the California State Office of Finance to former Governor Schwarzenegger's Public Employee Post-Employment Benefits Commission, charged with review of policy regarding the State's public employee retirement benefits. He has spoken at an array of organizational meetings including those for Enrolled Actuaries, Conference of Consulting Actuaries, League of California Cities, California Society of CPAs, California Public Employee Labor Relations Association, and California Society of Municipal Finance Officers.

Our services include:

- OPEB Plans - We have prepared "Other Postemployment Benefit" actuarial studies and valuations for over 250 California counties, cities, districts, and special purpose agencies to assist with compliance with GASB Statements Nos. 43 and 45. We also prepare valuations for compensated absence plans for compliance with GASB 16.
- Pension Plans - We prepare actuarial valuations and assist with the administration of defined benefit pension plans for California governments and agencies.
- Plan Design - We assist public agencies redesign existing retirement plans and implement new retirement benefit programs including retiree medical plans and pension plans.
- Retirement System Audits - We review actuarial valuations, experience studies, actuarial assumptions, and actuarial methods for state, county, and other agency retirement systems.

BARTEL ASSOCIATES, LLC COMPANY PROFILE

- CalPERS - We provide CalPERS pension consulting services and have made presentations to county boards of supervisors, city councils, district boards of directors, employee bargaining groups, and agency staff on CalPERS contribution rates and benefit design issues.

Bartel Associates was established in July 2003 and is organized as a Limited Liability Corporation. Our office is located in San Mateo, California. We currently have 21 employees, including 8 senior actuaries, 9 actuarial analysts, and 4 administrative staff members. Nine of our actuaries are Fellows or Associates of the Society of Actuaries, 10 are Members of the American Academy of Actuaries, 7 are Enrolled Actuaries, and 5 are Fellows of the Conference of Consulting Actuaries.

Bartel Associates, LLC
411 Borel Avenue, Suite 101
San Mateo, CA 94402
phone: 650-377-1600
phone: 800-256-2090
fax: 650-345-8057

BARTEL ASSOCIATES, LLC
PROFESSIONAL SERVICES

OPEB (Other Post Employment Benefits)

We provide OPEB actuarial services to states, counties, cities and public agencies. This work helps agencies understand the impact of GASB 45 and includes:

- Review and determination of plan benefits per MOUs, bargaining agreements, plan summaries, etc.
- Review of plan demographics and selection of actuarial methods and assumptions
- Calculation of GASB 45 costs and liabilities.
- Review and analysis regarding funding alternatives.
- Preparation of draft financial statement reporting and disclosure information
- Alternative plan design cost impact studies.
- Analysis of defined benefit and defined contribution retiree healthcare plan designs.
- Open and closed group projections, including Annual OPEB Cost (AOC) cost and benefit payout projections.
- Review and analysis of life insurance contracts.

Pension Plans

We prepare actuarial valuations of defined benefit retirement plans for public agencies. This work includes consulting regarding various plan issues, including the following:

- Annual and biennial actuarial valuations.
- Financial statement reporting and disclosure information under Governmental Accounting Standards Board Statement No. 27 (GASB 27).
- Audits of actuarial valuations and experience studies.
- Benefit calculations, plan design, and document review.

CalPERS Consulting

We have worked with many California public agencies consulting on issues related to the CalPERS retirement system. This work covers a broad spectrum of retirement benefits issues, and often includes presentations to city councils, boards of directors, employee bargaining groups, or agency staff. Additional details of projects we have prepared are as follows:

- Benefit improvement analysis including cost allocations for property tax issues.
- Pension Obligation Bond (POB) issues including cash flow analysis and actuarial certifications for POB unfunded actuarial liabilities.
- Asset-liability analysis including modeling stochastic confidence ranges for various funding criteria such as asset returns, contribution rates, and plan funded status.
- Projections of CalPERS contribution rates and related stochastic modeling.
- Cost impact studies of actuarial assumption changes.
- Plan review and design issues.

BARTEL ASSOCIATES, LLC
SENIOR STAFF BIOGRAPHIES

JOHN E. BARTEL, President

Experience/Responsibilities

With over 30 years in employee benefits, John focuses on pension consulting for a wide variety of public and private sector clients. He founded Bartel Associates to serve public sector agencies, emphasizing quality, personal attention, and clear results at reasonable fees. Clients rely on John's ability to apply complex regulations in understandable ways.

John is one of two actuaries appointed to the California Actuarial Advisory Panel (CAAP) formed under recent legislation (SB 1123). CAAP will provide impartial and independent information on pensions, other postemployment benefits, and best practices to California public agencies. John Bartel served as consultant for the California State Office of Finance to former Governor Schwarzenegger's Public Employee Post-Employment Benefits Commission, charged with review of policy regarding the State's public employee retirement benefits. John was a member of GASB's OPEB task.

John specializes in:

- CalPERS public agency consulting
- Helping clients understand actuarial, accounting, and regulatory issues
- Retiree healthcare plan valuation, study, and design
- Retirement plan review, valuation, and design
- Employee benefit merger and acquisition issues
- Publications (copies available upon request):
 - 2003 California Public Retirement Journal "GASB: Other (Than Pensions) Post employment Benefits Plan Sponsor Reporting and Disclosure"
 - June 2001 National Association of State Retirement Administrators (NASRA) "Is A DROP Plan Right for Your Organization?" with Chris Bone, Aon's Chief Actuary
 - January 2001 Western City "Understanding the Impact of the New CalPERS Public Safety Benefits" with Harriet Commons, City of Fremont.
 - GASB 27 (pension disclosure) White Paper, California Committee on Municipal Accounting with Glenn Steinbrink, City of Fullerton
- Speaker at meetings for Enrolled Actuaries, Society of Actuaries, Conference of Consulting Actuaries, League of California Cities, California Society of CPAs, California Public Employee Labor Relations Association, and California Society of Municipal Finance Officers

Affiliations/Designations/Education

- Associate of the Society of Actuaries
- Fellow of the Conference of Consulting Actuaries
- Member, American Academy of Actuaries
- BS in mathematics, California State University, Chico

BARTEL ASSOCIATES, LLC
SENIOR STAFF BIOGRAPHIES

DOUG PRYOR, Vice President

Experience/Responsibilities

With over 18 years in employee benefits, Doug specializes in actuarial consulting and other projects. Clients appreciate Doug's ability to provide concise, pertinent, valuable information in a timely fashion. His experience includes:

- Actuarial valuations of public, corporate, and multiemployer pension plans
- Studies analyzing the cost of new benefits and changes to existing programs
- Design and costing of supplemental retirement benefits for executives
- Valuations of postretirement medical programs
- Funding of health and welfare benefits under VEBA's
- Plan amendments, summary plan descriptions, and other employee communications
- Plan terminations, calculating benefits, annuity purchase, employee communications, and government filings
- Benefit issues related to mergers and acquisitions as well as union negotiations

Affiliations/Designations/Education

- Associate of the Society of Actuaries
- Enrolled Actuary
- Member, American Academy of Actuaries
- BS in mathematics, University of California, Davis
- MA Statistics, University of California, Santa Barbara

BARTEL ASSOCIATES, LLC
SENIOR STAFF BIOGRAPHIES

MARILYN OLIVER, Vice President

Experience/Responsibilities

Marilyn Oliver has worked over 30 years as an actuarial consultant for retirement plans of public and private sector employers. For the last 20 years she has specialized in public sector consulting for state, county, city, and special district retirement and post-retirement health plans. Her experience includes:

- Actuarial valuations, experience studies, and funding method studies
- Actuarial audits
- Legislative costing
- Design studies
- GASB 25, 27, 43 and 45 compliance
- Presentations to legislative bodies and retirement boards

Professional Activities

- Past Chair of the following Society of Actuaries (SOA) committees and task forces:
 - Pension Section Council
 - Retirement Systems Professional Education and Development Committee
 - Retirement Income Needs Taskforce
 - Mortality Projection Taskforce

Community Activities

- Member of the Continuing Care Advisory Committee, advising the State of California Department of Social Services Continuing Care Branch, which is charged with assuring the financial viability of the State's continuing care retirement communities

Affiliations/Designations/Education

- Fellow of the Society of Actuaries
- Enrolled Actuary
- Fellow of the Conference of Consulting Actuaries
- Member, American Academy of Actuaries
- BS, MA Mathematics, University of Arizona

BARTEL ASSOCIATES, LLC
SENIOR STAFF BIOGRAPHIES

BIANCA LIN, Assistant Vice President

Experience/Responsibilities

Bianca's 15 years of actuarial experience includes 11 in employee benefit consulting. Clients depend on Bianca's ability to coordinate projects with them and prepare results in an efficient, cost-effective manner. Bianca's work includes:

- Pension and retiree healthcare actuarial valuations
- Review and analysis of CalPERS valuations
- Cost analysis and projections of various post employment benefit programs

Affiliations/Designations/Education

- Fellow of the Society of Actuaries
- Enrolled Actuary
- Member, American Academy of Actuaries
- MS in Statistics, National Tsing Hwa University, Taiwan

BARTEL ASSOCIATES, LLC
SENIOR STAFF BIOGRAPHIES

JOSEPH D'ONOFRIO, Assistant Vice President

Experience/Responsibilities

With over 30 years in employee benefits, Joe has served as retirement consultant for numerous public agencies, private sector corporations, government employers, governmental contractors, nonprofit organizations, and professional corporations.

Joe's experience includes:

- Governmental and corporate pension and retiree medical plan consulting and administration
- GASB, FASB, and CAS accounting valuations
- Qualified retirement plan design and valuations
- Nonqualified executive retirement plan design and financial analysis
- Asset liability modeling
- Employee benefit merger and acquisition issues
- Plan terminations

Affiliations/Designations/Education

- Fellow of the Society of Actuaries
- Enrolled Actuary under ERISA
- Fellow of the Conference of Consulting Actuaries
- Member, American Academy of Actuaries
- BS in Physics, The Cooper Union for the Advancement of Science and Art, New York City

BARTEL ASSOCIATES, LLC
SENIOR STAFF BIOGRAPHIES

DEANNA VAN VALER, Assistant Vice President

Experience/Responsibilities

Deanna's 20 years of actuarial experience includes 7 years as a CalPERS actuary in addition to working in large and small private sector consulting firms. She has significant experience with public sector plans, including 37 Act Retirement Systems. Clients appreciate Deanna's ability to "speak their language" and provide easy-to-understand explanations of even the most difficult topics. Deanna's experience includes:

- Actuarial valuations for private and public sector pension plans
- Studies analyzing the cost of new benefits and changes to existing plans
- Studies analyzing the rates at which plan members retire, become disabled, terminate, and die
- Valuations of postretirement medical programs
- Plan amendments, summary plan descriptions, and other employee communications
- Calculation of benefits, service purchase, employee communications, and government filings
- Consultant for 37 Act Retirement Systems and other California county and local governmental pension plans, assisting with strategic planning, policy setting, and staff education
- CalPERS actuary for 7 years supervising annual valuations for 5 large State plans with over 600,000 members, non-teaching Schools plans with over 300,000 members, in addition to more than 1,900 plans of participating CalPERS employers
- Speaker at professional conferences and educational seminars for SACRS, CALAPRS, FPPTA

Affiliations/Designations/Education

- Associate of the Society of Actuaries
- Enrolled Actuary under ERISA
- Fellow of the Conference of Consulting Actuaries
- Member, American Academy of Actuaries
- BS in mathematics, Carleton College, Northfield, MN

BARTEL ASSOCIATES, LLC
SENIOR STAFF BIOGRAPHIES

CATHY WANDRO, Assistant Vice President

Experience/Responsibilities

Cathy has over 15 years of actuarial experience, primarily in employee benefits. Her experience includes:

- Special studies of alternate funding methodologies for public sector retirement systems including funding methods, amortization of unfunded actuarial accrued liabilities and asset valuation methods
- Pension and retiree healthcare public sector actuarial valuations
- Retirement plan redesign, plan amendments, and government filings
- Summary plan descriptions and employee benefit statements
- Profit sharing allocations and benefit adequacy studies

Affiliations/Designations/Education

- Associate of the Society of Actuaries
- Member, American Academy of Actuaries
- BA in mathematics, St. Mary's College of California
- MS in actuarial science, University of Iowa, Iowa City

BARTEL ASSOCIATES, LLC
SENIOR STAFF BIOGRAPHIES

MARY ELIZABETH REDDING, Assistant Vice President

Experience/Responsibilities

With over 30 years in employee benefits, Mary Beth has served as retirement consultant for a wide range of public agencies, private sector corporations, government employers, governmental contractors, and nonprofit organizations.

Mary Beth's experience includes:

- Governmental and corporate pension and retiree medical plan consulting, valuation and financial modeling and analysis
- Experience studies
- Actuarial audits
- Employee communications, plan amendments, and summary plan descriptions
- GASB, FASB, CASB and IAS accounting valuations
- Qualified retirement and retiree medical plan design, administration and compliance
- Nonqualified executive retirement plan design and financial analysis
- Asset liability modeling
- Employee benefit merger and acquisition consulting
- Plan terminations

Affiliations/Designations/Education

- Fellow of the Society of Actuaries
- Enrolled Actuary under ERISA
- Member, American Academy of Actuaries
- BS in Geology and Geophysics, Yale University, New Haven, Connecticut

BARTEL ASSOCIATES, LLC
GASB 45 CLIENT LIST

Alameda Corridor Transportation Authority	City of Santa Clarita
Alameda County Fire Department	City of Santa Fe Springs
Alameda County Water District	City of Santa Rosa
American Canyon Fire Protection District	City of Solana Beach
Aptos/La Selva Fire Protection District	City of South Lake Tahoe
Association of Bay Area Governments	City of South San Francisco
Bay Area Air Quality Management District	City of Stanton
Belmont San Carlos Fire District	City of Stockton
Calleguas Municipal Water District	City of Sunnyvale
CalOptima	City of Temple City
Central Contra Costa Sanitary District	City of Torrance
Chino Valley Independent Fire District	City of Tustin
City of Alameda	City of Union City
City of Alhambra	City of Upland
City of Antioch	City of Vallejo
City of Azusa	City of Victorville
City of Belmont	City of West Covina
City of Bishop	City of West Hollywood
City of Brea	City of West Sacramento
City of Brentwood	City of Westlake Village
City of Brisbane	City of Westminster
City of Buena Park	City of Whittier
City of Burbank	City of Yuba City
City of Burlingame	Coachella Valley Water District
City of Campbell	Community Redevelopment Agency of LA
City of Cathedral City	Contra Costa County Public Law Library
City of Chico	Contra Costa Transportation Authority
City of Chino Hills	County of Amador
City of Chula Vista	County of Colusa
City of Citrus Heights	City of Santa Clarita
City of Coachella	County of Madera
City of Commerce	County of Modoc
City of Compton	County of Monterey
City of Concord	County of Napa
City of Corona	County of Nevada
City of Costa Mesa	County of Orange

27

BARTEL ASSOCIATES, LLC
GASB 45 CLIENT LIST

City of Cupertino	County of Placer
City of Cypress	County of Santa Cruz
City of Daly City	County of Shasta
City of Davis	County of Siskiyou
City of Dixon	County of Solano
City of Dublin	County of Tulare
City of El Centro	County of Tuolumne
City of El Segundo	County of Yolo
City of Encinitas	County of Yuba
City of Fairfield	Cucamonga Valley Water District
City of Fort Bragg	Delta Diablo Sanitation District
City of Foster City	Dublin San Ramon Services District
City of Fountain Valley	East Bay Regional Park District
City of Fremont	Eastern Municipal Water District
City of Gilroy	Eastern Sierra Community Services District
City of Glendale	Golden Sierra Job Training Agency
City of Glendora	Helix Water District
City of Half Moon Bay	Ironhouse Sanitation District
City of Hawaiian Gardens	Irvine Ranch Water District
City of Healdsburg	Local and Regional Government Authorities
City of Hemet	Los Altos Unified School District
City of Hercules	Los Angeles County Sanitation District
City of Hermosa Beach	Marin County Housing Authority
City of Hesperia	Marin Municipal Water District
City of Huntington Park	McCloud Community Services District
City of Inglewood	Menlo Park Fire Protection District
City of La Habra	Metropolitan Water District of Southern CA
City of La Puente	Midpeninsula Regional Open Space District
City of Livermore	Moraga-Orinda Fire District
City of Lompoc	Mt. Diablo Unified School District
City of Long Beach	Napa County Transportation and Planning Agency
City of Los Altos	Nevada Irrigation District
City of Lynwood	North Coast County Water District
City of Madera	North Orange County Community College District
City of Manteca	North Tahoe Fire Protection District

20

BARTEL ASSOCIATES, LLC
GASB 45 CLIENT LIST

City of Martinez	Orange County Transportation Authority
City of Menlo Park	Otay Water District
City of Merced	Palm Springs Desert Resort CVA
City of Mill Valley	Palo Alto Unified School District
City of Millbrae	Peralta Community College District
City of Mission Viejo	Placer County Water Agency
City of Monrovia	Port of Stockton
City of Monte Sereno	Rancho Cucamonga Fire District
City of Monterey	Redwood Empire Municipal Insurance Fund
City of Moorpark	Riverside County Transportation Commission
City of Moreno Valley	Rodeo Hercules Fire Protection District
City of Napa	Ross Valley Sanitary District
City of Newark	Sacramento Metropolitan Fire Protection District
City of Newport Beach	Sacramento Regional Fire Communications Center
City of Norco	Salinas Valley Solid Waste Authority
City of Novato	San Bernardino Municipal Water Department
City of Ontario	San Diego County Water Authority
City of Oroville	San Francisco Bay Area Water Emergency Transportation Authority
City of Palo Alto	San Francisco County Transportation Authority
City of Paramount	San Francisco Redevelopment Agency
City of Patterson	San Mateo County Transit District
City of Petaluma	San Ramon Valley Fire Protection District
City of Pico Rivera	Santa Cruz Regional 9-1-1
City of Piedmont	Scotts Valley Fire Protection District
City of Pinole	Solano County Water Agency
City of Pismo Beach	South Coast Water District
City of Pittsburg	South County Fire Protection Authority
City of Pleasanton	Southern California Association of Governments
City of Pomona	Southern California Regional Rail Authority
City of Rancho Cucamonga	Stanislaus County Housing Authority
City of Redding	State of Maine
City of Redondo Beach	Stege Sanitary District
City of Redwood City	Sweetwater Authority
City of Richmond	Tamalpais Union High School District
City of Riverside	Town of Corte Madera

BARTEL ASSOCIATES, LLC
GASB 45 CLIENT LIST

City of Rocklin	Town of Hillsborough
City of Rohnert Park	Town of Los Altos Hills
City of Roseville	Town of Los Gatos
City of Sacramento	Town of Ross
City of Salinas	Town of Windsor
City of San Bernardino	Town of Yountville
City of San Carlos	Tuolumne Utilities District
City of San Gabriel	United Water Conservation District
City of San Jose	Ventura County Transportation Commission
City of San Leandro	West Basin Municipal Water District
City of San Luis Obispo	West Valley Sanitation District
City of San Marcos	Westborough Water District
City of San Mateo	Windsor Fire Protection District
City of San Rafael	Yolo County Transportation District
City of Sand City	Yolo-Solano Air Quality Management District
City of Santa Ana	Yuba County Water Agency
City of Santa Clara	