



Todd Harms
Fire Chief

Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 · Mather, California 95655 · Phone (916) 859-4300 · Fax (916) 859-3700

BOARD OF DIRECTORS - REGULAR MEETING

Thursday, October 8, 2020 – 6:00 PM

Held Remotely Via Zoom

Phone: (669) 900-6833

Webinar ID: 942 2443 0626 #

Passcode: 462 174 445 #

Jennifer Sheetz
Board President
Division 5

Matt Kelly
Board Vice President
Division 7

Cynthia Saylors
Board Secretary
Division 1

Grant Goold
Board Member
Division 2

Randy Orzalli
Board Member
Division 3

Ted Wood
Board Member
Division 4

D'Elman Clark
Board Member
Division 6

Gay Jones
Board Member
Division 8

Walt White
Board Member
Division 9

The mission of the Sacramento Metropolitan Fire District is to provide professional and compassionate protection, education and service to our community.

The Governor has declared a State of Emergency to exist in California as a result of the threat of COVID-19 (aka the "Coronavirus"). The Governor issued Executive Order N-25-20 and N-29-20, which directs Californians to follow public health directives including canceling large gatherings. The Executive Order also allows local legislative bodies to hold meetings via conference calls while still satisfying state transparency requirements.

The Governor has also issued Executive Order N-33-20, prohibiting people from leaving their homes or places of residence except to access necessary supplies and services or to engage in specified critical infrastructure employment.

The Public's health and well-being are the top priority for the Board of Directors of the Sacramento Metropolitan Fire District and you are urged to take all appropriate health safety precautions. To facilitate this process, the meeting of the Board will be available via Zoom at the phone number listed above. **If you prefer viewing the meeting via the Zoom Application, please contact Board Clerk Penilla via email at the address listed below.**

Note: The meeting is being held solely by remote means and will be made accessible to members of the public seeking to attend and address the Board solely through the phone number set forth above, except that members of the public seeking to attend and to address the Board who require reasonable accommodations to access the meeting, based on disability or other reasons, should contact the following person at least forty-eight (48) hours in advance of a Regular meeting to make arrangements for such reasonable accommodations:

Melissa Penilla
Board Clerk
(916) 859-4305

Penilla.melissa@metrofire.ca.gov

The Board will convene in open session at 6:00 p.m.

Serving Sacramento and Placer Counties



Sacramento Metropolitan Fire District

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REGULAR BOARD MEETING AGENDA

THURSDAY, OCTOBER 8, 2020

CALL TO ORDER

METRO CABLE ANNOUNCEMENT

The Open Session Meeting is videotaped for cablecast on Metro Cable 14. Replay on Monday, October 12th at 6:00 pm and Wednesday, October 14th at 6:00 pm on Channel 14; Webcast at www.sacmetroable.tv.

PUBLIC OPPORTUNITY TO DISCUSS MATTERS OF PUBLIC INTEREST WITHIN DISTRICT JURISDICTION INCLUDING ITEMS ON OR NOT ON AGENDA

*The Board of Directors of the Sacramento Metropolitan Fire District appreciates and encourages public interest and welcomes questions and opinions at its meetings. Public members desiring to address the Board are requested to first be recognized by the presiding officer and identify themselves for the record. The presiding officer may in the interest of time and good order limit the number of public member presentations. Speakers' comments will be limited to **three minutes** (Per Section 31 of the Board of Directors Policies and Procedures).*

In accordance with Section 31 of the Board of Directors Policies and Procedures, members of the Public requesting their written comments be read into the meeting record must be present or have a representative present to read their comments during the time allotted.

CONSENT ITEMS

Matters of routine approval including but not limited to action summary minutes, referral of issues to committee, committee referrals to the full Board, items that require yearly approval, declaration of surplus equipment, and other consent matters. Consent Agenda is acted upon as one unit unless a Board member requests separate discussion and/or action.

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CONSENT ITEMS	
1. Action Summary Minutes Recommendation: Approve the Action Summary Minutes for the Regular Board meeting of September 24, 2020.	5
2. Reimbursement Resolution – Tax-Exempt Debt Recommendation: Adopt a resolution authorizing the reimbursement for funds that have been or may be expended prior to issuing tax-exempt debt.	9
3. Certified Election Results – General Election, November 3, 2020 Recommendation: Accept certified results of the November 3, 2020 Presidential General District Election as provided by the Certificate of Facts from the Registrar of Voters, County of Sacramento.	12
ACTION ITEMS	
1. SCERS First Addendum and Amendment to Payment Agreement <i>(Amanda Thomas, Chief Financial Officer)</i> Recommendation: Adopt a resolution authorizing the Fire Chief to execute the First Addendum and Amendment to the Payment Agreement with SCERS.	19



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REGULAR BOARD MEETING AGENDA

THURSDAY, OCTOBER 8, 2020

REPORTS

1. **PRESIDENT'S REPORT**—(*President Sheetz*)
2. **FIRE CHIEF'S REPORT**—(*Chief Harms*)
OPERATIONS' REPORT – (*Deputy Chief Bridge*)
3. **SMFD – FIREFIGHTERS LOCAL 522 REPORT**
4. **COMMITTEE AND DELEGATE REPORTS**
All Committee Meetings will be held at the Sacramento Metropolitan Fire District Board Room, 10545 Armstrong Avenue, Mather, California unless otherwise specified.
 - A. **Executive Committee** – (*President Sheetz*)
Next Meeting: TBD
 - B. **Communications Center JPA** – (*DC Shannon*)
Next Meeting: October 13, 2020 at 9:00 AM
 - C. **California Fire & Rescue Training JPA** – (*DC Shannon*)
Report Out: September 28, 2020 at 4:00 PM
Next Meeting: TBD
Location: 3121 Gold Canal Drive
Rancho Cordova, CA 95670
 - D. **Finance and Audit Committee** – (*Director Orzalli*)
Next Meeting: October 22, 2020 at 5:00 PM
 - E. **Policy Committee** – (*Director Goold*)
Next Meeting: TBD

BOARD MEMBER QUESTIONS AND COMMENTS

CLOSED SESSION

1. **Public Employee Performance Evaluation: Fire Chief**
Pursuant to Government Code Sections 54957(b)(1) and 54954.5(e)
2. **Public Employee Performance Evaluation: Board Clerk**
Pursuant to Government Code Sections 54957(b)(1) and 54954.5(e)

ADJOURNMENT

NEXT BOARD MEETING(S):

Unless specified differently, all meetings of the Board are held at Sacramento Metropolitan Fire District, 10545 Armstrong Avenue, Mather, CA

- Next Board Meeting – October 22, 2020 at 6:00 PM



Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 · Mather, California 95655 · Phone (916) 859-4300 · Fax (916) 859-3700

REGULAR BOARD MEETING AGENDA

THURSDAY, OCTOBER 8, 2020

The following action and presentation items are scheduled for the next board meeting agenda. Board members are requested to identify additional action or presentation items they desire to be scheduled on the agenda.


ANTICIPATED AGENDA ITEMS: 2020 Strategic Plan – Annual Update

Posted on October 5, 2020

Melissa Penilla

Melissa Penilla, Clerk of the Board

* No written report

**  Separate Attachment

DISABILITY INFORMATION:

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk of the Board at (916) 859-4305. Notification at least 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.



TODD HARMS
Fire Chief

Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 · Mather, CA 95655 · Phone (916) 859-4300 · Fax (916) 859-3702

ACTION SUMMARY MINUTES – REGULAR MEETING

BOARD OF DIRECTORS SACRAMENTO METROPOLITAN FIRE DISTRICT Thursday, September 24, 2020 Held Remotely Via Zoom

CALL TO ORDER

The meeting was called to order at 6:00 pm by President Sheetz. Board members present: Clark, Goold, Jones, Kelly, Orzalli, Saylor, Sheetz, and Wood. Board members absent: White. Staff present: Chief Harms, General Counsel Lavra, and Clerk Penilla.

PUBLIC COMMENT: None

CONSENT ITEMS

Action: Moved by Wood, seconded by Clark, and carried unanimously by members present to adopt the Consent Calendar as follows:

1. **Action Summary Minutes**

Recommendation: Approve the Action Summary Minutes for the Regular Board meeting of September 10, 2020.

Action: Approved Action Summary Minutes.

2. **Intergovernmental Transfer (IGT) Program - July 1, 2019 through December 31, 2020**

Recommendation: Adopt a resolution to authorize the Fire Chief enter into necessary agreements to participate in the IGT Program covering the period of July 1, 2019 through December 31, 2020.

Action: Adopted Resolution No. 2020-058.

3. **Surplus Equipment – Mobile Data Terminals**

Recommendation: Adopt a resolution authorizing the designation and disposal of surplus mobile data terminal equipment.

Action: Adopted Resolution No. 2020-059.

ACTION ITEMS

1. **FY2019 Fire Prevention and Safety Grant Award Acceptance**

(Erin Castleberry, Administrative Specialist)

Recommendation: Adopt the grant acceptance resolution for fire prevention and safety, and budget amendment resolutions.

Action: On a motion by Wood, seconded by Jones, and carried unanimously by members present to adopt Resolution Nos. 2020-060 through 2020-62.

2. **10 Year Sacramento Regional Radio Communications System Licensing**

(Steve Jordan, Communications Manager)

Recommendation: Authorize the Fire Chief to approve Metro Fire's Primary User Licensing Agreement with the Sacramento Regional Radio Communications System.

Action: On a motion by Clark, seconded by Kelly, and carried unanimously by members present to authorize the Fire Chief approve the agreement.

PRESENTATION ITEMS

- 1. **Natomas Feasibility Study** (*Jeff Frye, Economic Development Manager*)
Recommendation: Receive presentation, no action required.
Action: Presentation received, no action taken.

REPORTS

- 1. **PRESIDENT’S REPORT:** No report.

2. FIRE CHIEF’S REPORT:

Chief Harms thanked Jeff Frye for doing a great job in providing a detailed report on the Natomas Feasibility Study. The ability to sit down and focus on the information provided tonight is key for understanding the project and going forward with potential negotiations.

Chief Harms also thanked Steve Jordan for his presentation on the radio agreement. It is hard to believe we are looking at 10 year agreements that take us to 2030.

He also shared information on grant awards for the last two years, letting everyone know we received \$5.6 million in total. Thanks to Erin and the grant team, this is a huge accomplishment.

New Hires

9/14, Facilities Technician Dave Koopmeiners

Chief Harms welcomed the following Fire Inspector I on 9/21, they will begin training with all COVID-19 precautions in place.

- Benton Christensen
- Chelsea Harlow
- Hilary Ingram
- Matthew Rieger

On 9/14 SRP 20-2 Academy began with 17 recruits. Chief Harms and the Deputy Chiefs welcomed them.

Recruitment

Currently recruiting internally for Pilot Career Track, this will allow us to look at long-term sustainable solutions for the Air Ops Program.

Meetings

Chief Harms and Chief Bartee went to the Butte Fire and met with the deployed members. Many have been away from family for several weeks representing Metro Fire.

9/17 Urban Fire Forum – the first forum focused on diversity, equality, and inclusion plans, and the second forum focused on ET3 which is additional funding for EMS, and women’s health.

9/22, Deputy Chief Interviews (Internal Appointment)

Chief Harms provided an update on the State EMSA's refusal to approve Sacramento County's EMS Plan. We are continuing to meet with attorneys and the county to revise the agreements and move forward.

OPERATIONS REPORT

Deputy Chief Bridge reported out on COVID-19 statistics, currently we have no personnel off for COVID-19 related illness. Looking at recent trends with patient contacts, there were 312 positive tests one month ago, and today this number is up only slightly at 355 positive tests.

There are currently 21 members deployed, with three more going out over the weekend. We are expecting fire danger to increase this weekend due to high temperatures and the north wind.

Lastly, he shared information about the engineer exam process currently in the engineer academy phase. Last week 29 employees took the written test, with 27 invited to the academy. Phase 2 is the pre-trip and open road test which will be the week of October 12th, and phase 3 is pumping revolution which will be the week of October 26th. We currently have 12 open engineer spots, and wish all candidates the best.

3. SMFD – FIREFIGHTERS LOCAL 522 REPORT:

Captain McGoldrick thanks Erin Castleberry for all her hard work in acquiring grants for Metro Fire. He also wished Director White a safe return home after his deployment.

4. COMMITTEE AND DELEGATE REPORTS

All Committee Meetings will be held at the Sacramento Metropolitan Fire District Board Room, 10545 Armstrong Avenue, Mather, California unless otherwise specified.

A. Executive Committee – (President Sheetz)

Next Meeting: TBD

B. Communications Center JPA – (DC Shannon)

DC Shannon shared the next meeting for the Communications Center will be October 13th, and the meeting have transitioned to a monthly basis.

Next Meeting: October 13, 2020 at 9:00 AM

C. California Fire & Rescue Training JPA – (DC Shannon)

Report Out: September 17, 2020 at 4:00 PM

DC Shannon shared the meeting on September 17th had been cancelled and rescheduled for September 28th.

Next Meeting: September 28, 2020 at 4:00 PM

Location: 3121 Gold Canal Drive
Rancho Cordova, CA 95670

D. Finance and Audit Committee – (Director Orzalli)

Next Meeting: TBD

E. Policy Committee – (Director Goold)

Next Meeting: TBD

BOARD MEMBER QUESTIONS AND COMMENTS

Director Jones congratulated the new hires and wishes all the best to the candidates taking the engineer exam. She thanked Jeff Frye, Steve Jordan and Erin Castleberry for the informative presentations. Lastly, she thanked all those who are out on deployments for their hard work.

Director Clark echoed comments made by Director Jones, and wished all those deployed a safe return home.

Director Wood also echoed previous comments, and urges everyone to stay hydrated since temperatures will be hot again.

Director Orzalli echoed previous comments, and stated it is a pleasure to work with Metro Fire staff.

Director Saylor thanked everyone for their presentations.

Director Kelly praised the high performing team that is Metro Fire. He will participate in the Walk to Defeat ALS, the socially distant version, and thanks everyone in advance for their donations.

Director Sheetz sends well wishes to all those deployed including Director White, and wishes all candidates taking the engineer exam the best. She hopes everyone stays safe!

The Board recessed to Closed Session at 7:05 pm.

Due to technical difficulties Director Orzalli did not attend closed session, he remained in regular session via Zoom.

CLOSED SESSION

1. **Public Employee Performance Evaluation: Fire Chief**
Pursuant to Government Code Sections 54957(b)(1) and 54954.5(e)
Action: The Board took no reportable action.

2. **Public Employee Performance Evaluation: Board Clerk**
Pursuant to Government Code Sections 54957(b)(1) and 54954.5(e)
Action: The Board took no reportable action.

The Board reconvened to Open Session at 7:34 pm.

ADJOURNMENT

The meeting was adjourned at 7:35 pm.

Jenifer Sheetz, President

Cynthia Saylor, Secretary

Melissa Penilla, Board Clerk



Sacramento Metropolitan Fire District

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TODD HARMS
Fire Chief

DATE: October 8, 2020
TO: Board of Directors
SUBJECT: Adoption of a Reimbursement Resolution – Tax-Exempt Debt

TOPIC

Staff recommends adoption of the attached reimbursement resolution to reimburse the District for funds that have been or may be expended prior to issuing tax-exempt debt. The recommended action is in anticipation of the District entering into a capital lease transaction to fund the purchase of budgeted capital expenditures.

DISCUSSION

In order to legally reimburse expenditures made prior to the issuance of tax-exempt debt, a reimbursement resolution must be in place pursuant to Treasury Regulation Section 1.150-2. Adoption of a reimbursement resolution does not bind the District to issuing future debt. Instead, a reimbursement resolution allows the District to use its own funds for capital expenditures and later repay itself from the financing proceeds.

Purchases made after the reimbursement resolution adoption and those made no more than 60 days prior to adoption are eligible for reimbursement. Staff anticipates the recommendation of a capital lease transaction to finance not more than \$4,500,000 of FY 2020/21 budgeted capital expenditures including medics, medic remounts, engines and other vehicles and equipment.

FISCAL IMPACT

Adoption of the resolution will allow reimbursement of qualified District expenditures up to \$4,500,000. These purchases have been included in the District's FY 2020/21 budget.

RECOMMENDATION

Staff recommends adoption of the attached reimbursement resolution.

Submitted by:

Amanda Thomas
Chief Financial Officer

Approved by:

Greg Casentini
Deputy Chief, Administration



TODD HARMS
Fire Chief

Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite #200, Mather, CA 95655 · (916) 859-4300 · Fax (916) 859-3700

RESOLUTION NO. 2020-____

A RESOLUTION OF THE BOARD OF DIRECTORS FOR THE SACRAMENTO METROPOLITAN FIRE DISTRICT DECLARING THE OFFICIAL INTENT OF THE DISTRICT TO REIMBURSE ITSELF FOR CERTAIN CAPITAL AND OTHER EXPENDITURES FROM THE PROCEEDS OF PROPOSED INDEBTEDNESS

WHEREAS, the Sacramento Metropolitan Fire District (hereinafter referred to as District) intends to purchase certain equipment, including medics, medic remounts, engines and other vehicles and equipment (Capital Assets); and

WHEREAS, the District expects to expend some of its own funds to purchase the Capital Assets (Reimbursement Expenditures) prior to the issuance of indebtedness for the purpose of financing costs associated with the Capital Assets on a long-term basis; and

WHEREAS, the District reasonably expects that the debt obligations for the Capital Assets will be issued in total for not more than \$4,500,000 and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, proceeds of such debt obligations will be allocated to Reimbursement Expenditures no later than 18 months after the latter of (i) the date the cost is paid or (ii) the date the Capital Asset is placed in service or abandoned (but in no event more than 3 years after the cost is paid).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sacramento Metropolitan Fire District, as follows:

SECTION 1. Compliance with Treasury Regulations

This declaration is made solely for purposes of establishing compliance with requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the District to make any Capital Asset expenditure or incur any indebtedness.

SECTION 2. Intent to Reimburse the District from Proceeds of Indebtedness

The District hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures.

SECTION 3. Effective Date

This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND APPROVED this 8th day of October, 2020, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

SACRAMENTO METROPOLITAN FIRE DISTRICT

By: _____
President, Board of Directors

ATTEST:

Clerk of the Board



TODD HARMS
Fire Chief

Sacramento Metropolitan Fire District

10545 Armstrong Avenue • Mather, California 95655 • Phone (916) 859-4300 • Fax (916)859-3720

DATE: October 8, 2020
TO: Board of Directors
SUBJECT: Certified Election Results – General Election, November 3, 2020

SUMMARY

The Sacramento Metropolitan Fire District received certified election results for the Presidential General Election on November 3, 2020 for Divisions 2, 4, 5, 6, 8 and 9.

DISCUSSION

There were insufficient nominees for Director in Divisions 2, 4, 5, 6, 8 and 9 to require an election on November 3, 2020. In accordance with Elections Code § 10515, the following persons who filed a declaration of candidacy shall take office and serve exactly as if elected in the General Election:

Division 2:
Grant Goold

Division 4:
Ted Wood

Division 5:
Jennifer Sheetz

Division 6:
D'Elman Clark

Division 8:
Gay Jones

Division 9 –Short Term:
Walter White

RECOMMENDATION

Accept the certified election results for the November 3, 2020 Presidential General Election as shown on the attached Certificate of Facts from the Registrar of Voters of the County of Sacramento.

Submitted By:



Melissa Penilla, Board Clerk

Attachments (6) – Certificate of Facts, Divisions 2, 4, 5, 6, 8 and 9

STATE OF CALIFORNIA }
County of Sacramento } ss.

CERTIFICATE OF FACTS

I, COURTNEY BAILEY-KANELOS, Registrar of Voters of the County of Sacramento, State of California, do hereby certify that the number of nominees for the office of **Sacramento Metropolitan Fire District, Division 2** did not exceed the number of offices to be filled at the November 3, 2020 Presidential General Election.

A petition signed by 10% of the voters or 50 voters, whichever is the smaller number, in the district or trustee area if elected by trustee area, requesting that the district election be held was not presented to me.

In accordance with Elections Code §10515, I hereby request that the Board of Supervisors appoint to such office the following person who filed a declaration of candidacy, and who shall take office and serve exactly as if elected at the Presidential General Election.

Director

Number of Positions: 1
Number of Candidates: 1
Name(s) of Candidate(s): Grant B. Goold



Witness My Hand and Seal this 11th day of September, 2020.


COURTNEY BAILEY-KANELOS
REGISTRAR OF VOTERS
County of Sacramento
State of California

STATE OF CALIFORNIA }
County of Sacramento } ss.

CERTIFICATE OF FACTS

I, COURTNEY BAILEY-KANELOS, Registrar of Voters of the County of Sacramento, State of California, do hereby certify that the number of nominees for the office of **Sacramento Metropolitan Fire District, Division 4** did not exceed the number of offices to be filled at the November 3, 2020 Presidential General Election.

A petition signed by 10% of the voters or 50 voters, whichever is the smaller number, in the district or trustee area if elected by trustee area, requesting that the district election be held was not presented to me.


In accordance with Elections Code §10515, I hereby request that the Board of Supervisors appoint to such office the following person who filed a declaration of candidacy, and who shall take office and serve exactly as if elected at the Presidential General Election.

Director

Number of Positions: 1
Number of Candidates: 1
Name(s) of Candidate(s): Ted Daniel Wood



Witness My Hand and Seal this 11th day of September, 2020.


COURTNEY BAILEY-KANELOS
REGISTRAR OF VOTERS
County of Sacramento
State of California

STATE OF CALIFORNIA }
County of Sacramento } ss.

CERTIFICATE OF FACTS

I, COURTNEY BAILEY-KANELOS, Registrar of Voters of the County of Sacramento, State of California, do hereby certify that the number of nominees for the office of **Sacramento Metropolitan Fire District, Division 5** did not exceed the number of offices to be filled at the November 3, 2020 Presidential General Election.

A petition signed by 10% of the voters or 50 voters, whichever is the smaller number, in the district or trustee area if elected by trustee area, requesting that the district election be held was not presented to me.


In accordance with Elections Code §10515, I hereby request that the Board of Supervisors appoint to such office the following person who filed a declaration of candidacy, and who shall take office and serve exactly as if elected at the Presidential General Election.

Director

Number of Positions: 1
Number of Candidates: 1
Name(s) of Candidate(s): Jennifer L. Sheetz



Witness My Hand and Seal this 11th day of September, 2020.


COURTNEY BAILEY-KANELOS
REGISTRAR OF VOTERS
County of Sacramento
State of California

STATE OF CALIFORNIA }
County of Sacramento } ss.

CERTIFICATE OF FACTS

I, COURTNEY BAILEY-KANELOS, Registrar of Voters of the County of Sacramento, State of California, do hereby certify that the number of nominees for the office of **Sacramento Metropolitan Fire District, Division 6** did not exceed the number of offices to be filled at the November 3, 2020 Presidential General Election.

A petition signed by 10% of the voters or 50 voters, whichever is the smaller number, in the district or trustee area if elected by trustee area, requesting that the district election be held was not presented to me.


In accordance with Elections Code §10515, I hereby request that the Board of Supervisors appoint to such office the following person who filed a declaration of candidacy, and who shall take office and serve exactly as if elected at the Presidential General Election.

Director

Number of Positions: 1
Number of Candidates: 1
Name(s) of Candidate(s): D'Elman Clark



Witness My Hand and Seal this 11th day of September, 2020.


COURTNEY BAILEY-KANELOS
REGISTRAR OF VOTERS
County of Sacramento
State of California

STATE OF CALIFORNIA }
County of Sacramento } ss.

CERTIFICATE OF FACTS

I, COURTNEY BAILEY-KANELOS, Registrar of Voters of the County of Sacramento, State of California, do hereby certify that the number of nominees for the office of **Sacramento Metropolitan Fire District, Division 8** did not exceed the number of offices to be filled at the November 3, 2020 Presidential General Election.

A petition signed by 10% of the voters or 50 voters, whichever is the smaller number, in the district or trustee area if elected by trustee area, requesting that the district election be held was not presented to me.

In accordance with Elections Code §10515, I hereby request that the Board of Supervisors appoint to such office the following person who filed a declaration of candidacy, and who shall take office and serve exactly as if elected at the Presidential General Election.

Director

Number of Positions: 1
Number of Candidates: 1
Name(s) of Candidate(s): Gay Jones



Witness My Hand and Seal this 11th day of September, 2020.

COURTNEY BAILEY-KANELOS
REGISTRAR OF VOTERS
County of Sacramento
State of California

STATE OF CALIFORNIA }
County of Sacramento } ss.

CERTIFICATE OF FACTS

I, COURTNEY BAILEY-KANELOS, Registrar of Voters of the County of Sacramento, State of California, do hereby certify that the number of nominees for the office of **Sacramento Metropolitan Fire District, Division 9 – Short Term** did not exceed the number of offices to be filled at the November 3, 2020 Presidential General Election.

A petition signed by 10% of the voters or 50 voters, whichever is the smaller number, in the district or trustee area if elected by trustee area, requesting that the district election be held was not presented to me.

In accordance with Elections Code §10515, I hereby request that the Board of Supervisors appoint to such office the following person who filed a declaration of candidacy, and who shall take office and serve exactly as if elected at the Presidential General Election.

Director

Number of Positions: 1
Number of Candidates: 1
Name(s) of Candidate(s): Walter W. White



Witness My Hand and Seal this 11th day of September, 2020.


COURTNEY BAILEY-KANELOS
REGISTRAR OF VOTERS
County of Sacramento
State of California



TODD HARMS
Fire Chief

Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 · Mather, CA 95655 · Phone (916) 859-4300 · Fax (916) 859-3702

DATE: October 8, 2020

TO: Board of Directors

SUBJECT: Sacramento County Employees' Retirement System (SCERS) First Addendum and Amendment to Payment Agreement

TOPIC

Board approval is required to execute the attached First Addendum and Amendment to the Payment Agreement between the District and the Sacramento County Employees' Retirement System (SCERS) regarding the unfunded accrued actuarial liability (UAAL) associated with former employees of the North Highlands Fire District (NHFD).

DISCUSSION

In 2018, the District entered into a Payment Agreement with SCERS that replaced a 1997 agreement entered into as a result of the merger between the Florin Fire Protection District (Florin) and the American River Fire Protection District (American River). The 1997 agreement recognized that the former Florin employees became members of the California Public Employees' Retirement System (CalPERS) effective January 1, 1997 and addressed the annual recalculation and payment of the UAAL associated with Florin employees and retirees for service prior to January 1, 1997. The 2018 agreement provided for an extension of payment of the Florin UAAL through FY 2036/37.

After executing the 2018 agreement, SCERS identified additional UAAL associated with a separate and independent group of members who are former employees of NHFD. NHFD was formed in 1951 and became a participating SCERS employer in or about 1959. Unlike the Florin-American River merger, NHFD employees maintained SCERS membership through a series of mergers, first with Citrus Heights Fire District in 1984, followed by Sacramento County Fire Protection District in 1989, and finally with the formation of the District in 2000. As a result of the NHFD SCERS membership, the District made regular pension payroll contributions to SCERS until the last SCERS member retired in 2011.

Although District contributions ceased in 2011 with the retirement of the last SCERS member, liabilities continue to exist for pension benefit payments to NHFD SCERS retirees and their beneficiaries. According to a calculation by SCERS' independent actuary, as of June 30, 2019, these liabilities exceeded related assets by \$3,155,414 (the NHFD UAAL).

As a result of the mergers referenced above, the District is ultimately the successor to NHFD and has assumed the liabilities of NHFD. Under Government Code, the District remains obligated to SCERS for the liabilities attributed to former employees and their beneficiaries who are receiving benefits, even if all former NHFD employees are now retired. Because the District and SCERS already have an existing agreement related to payment of the Florin UAAL, the recommended approach is to modify that agreement to also provide for payment of the NHFD UAAL by FY 2036/37.

FISCAL IMPACT

Amortization of the NHFD UAAL from FY 2020/21 through FY 2036/37 results in additional annual payments of \$325,021. Actuarial valuations would continue to be performed annually, and future gains or losses would be amortized over a 3-year period and would result in adjustments to the payment schedule, beginning in FY 2021/22. The additional payment for FY 2020/21 is included in the FY 2020/21 Final Budget.

RECOMMENDATION

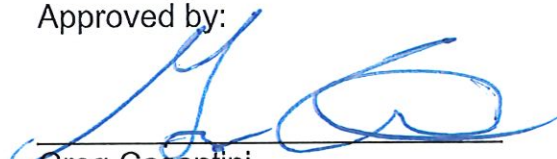
Staff recommends approval of the attached resolution authorizing the Fire Chief to execute the First Addendum and Amendment to the Payment Agreement with SCERS.

Submitted by:



Amanda Thomas
Chief Financial Officer

Approved by:



Greg Casentini
Deputy Chief, Administration



TODD HARMS
Fire Chief

Sacramento Metropolitan Fire District

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RESOLUTION NO. 2020-____

A RESOLUTION OF THE BOARD OF DIRECTORS FOR THE SACRAMENTO METROPOLITAN FIRE DISTRICT

WHEREAS, on July 19, 2018, the Sacramento Metropolitan Fire District (the District) and the Sacramento County Employees' Retirement System (SCERS) entered into an agreement pertaining to the funding of retirement benefits for a group of members formerly employed by the Florin Fire Protection District (the Payment Agreement); and

WHEREAS, after executing the Payment Agreement, SCERS identified additional unfunded accrued actuarial liability (UAAL) associated with a separate and independent group of members, who are former employees of the North Highlands Fire District (NHFD); and

WHEREAS, NHFD was formed in 1951 and became a participating SCERS employer in or about 1959; and

WHEREAS, on February 6, 1984, NHFD consolidated with the Citrus Heights Fire District and that consolidation caused all employees of NHFD (NHFD Employees) to become employees of the Citrus Heights Fire District, but did not disturb their membership in SCERS; and

WHEREAS, on July 1, 1989, the Citrus Heights Fire District merged with the Rancho Cordova Fire District to become the Sacramento County Fire Protection District and the NHFD Employees remained SCERS members after the reorganization; and

WHEREAS, on December 1, 2000, the Sacramento County Fire Protection District merged with the American River Fire District to form the Sacramento Metropolitan Fire District (the District) and the NHFD Employees remained SCERS members after the reorganization; and

WHEREAS, by November 2011, all NHFD Employees had retired and the District ceased making regular pension payroll contributions to SCERS; and

WHEREAS, under Government Code sections 31453.5, 31581, 31582, 31584, 31585, 31586, and 31611, the District remains obligated to SCERS, and must make the required appropriations and transfers for the District's share of liabilities attributable to its former employees who are receiving SCERS benefits; and

WHEREAS, SCERS' independent actuary (Segal) has calculated the UAAL attributable to the NHFD retirees and beneficiaries to be \$3,155,414 as of June 30, 2019; and

WHEREAS, the District and SCERS desire to enter into a First Addendum and Amendment to the Payment Agreement addressing the payment of the NHFD UAAL.

NOW, THEREFORE, BE IT RESOLVED that the Sacramento Metropolitan Fire District, a public entity established under the laws of the State of California, does hereby authorize the Fire Chief or his designee as its Authorized Representative to enter into and execute the First Addendum and Amendment to the Payment Agreement with SCERS in substantially the form attached hereto.

PASSED AND APPROVED this 8th day of October, 2020, by the following vote to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

SACRAMENTO METROPOLITAN FIRE DISTRICT

By: _____
President, Board of Directors

Attested By:

Clerk of the Board

Attachments:

1. First Addendum and Amendment to the Payment Agreement
2. Segal Report on North Highlands Fire UAAL
3. 2018 Payment Agreement

**First Addendum and Amendment to the
Sacramento Metropolitan Fire District and
Sacramento County Employees' Retirement System
Payment Agreement**

Sacramento Metropolitan Fire District ("SMFD") and Sacramento County Employees' Retirement System ("SCERS") enter into this FIRST ADDENDUM AND AMENDMENT to the "Sacramento Metropolitan Fire District and Sacramento County Employees' Retirement System Payment Agreement" as of this _____ day of _____, 2020.

RECITALS

1. On July 19, 2018, SMFD and SCERS entered into an agreement pertaining to the funding of retirement benefits for a group of members formerly employed by Florin Fire Protection District ("Florin Agreement"). Specifically, SMFD agreed to make amortized payments to SCERS to satisfy an unfunded accrued actuarial liability ("UAAL") associated with those members.
2. After executing the Florin Agreement, SCERS identified additional UAAL associated with a separate and independent group of members who are former employees of the North Highlands Fire District ("NHFD").
3. NHFD was formed in 1951 and became a participating SCERS employer in or about 1959.
4. On February 6, 1984, NHFD consolidated with the Citrus Heights Fire District. That consolidation caused all employees of NHFD ("NHFD Employees") to become employees of the Citrus Heights Fire District, but did not disturb their membership in SCERS.
5. On July 1, 1989, the Citrus Heights Fire District merged with the Rancho Cordova Fire District to become the Sacramento County Fire Protection District. The NHFD Employees remained SCERS members after the reorganization.
6. On December 1, 2000, the Sacramento County Fire Protection District merged with the American River Fire Department to form the Sacramento Metropolitan Fire District. The NHFD Employees remained SCERS members after the reorganization.
7. SMFD is the successor to the Sacramento County Fire Protection District, which was successor to the Citrus Heights Fire District, which was successor to the North Highlands Fire District.
8. After the December 2000 merger, SMFD made regular pension payroll contributions to SCERS on behalf of the NHFD Employees.

9. By November 2011, all NHFD Employees had retired. At that point, the NHFD Employees were no longer on SMFD's payroll, and SMFD ceased making contributions to SCERS.
10. As of June 30, 2019, there remained a total of 16 NHFD retirees and beneficiaries receiving SCERS benefits.
11. Under Government Code sections 31453.5, 31581, 31582, 31584, 31585, 31586, and 31611, SMFD remains obligated to SCERS, and must make the required appropriations and transfers, for SMFD's share of liabilities attributable to its employees who are receiving SCERS benefits. Consequently, even if the NHFD Employees are now retired, SMFD's funding obligation remains ongoing until the last NHFD retiree and/or beneficiary is deceased.
12. SCERS has engaged Segal to calculate the UAAL attributable to the NHFD retirees and beneficiaries as of June 30, 2019.
13. The methodology and the actuarial assumptions used by Segal to make that calculation are set forth in detail in the letter attached hereto as Attachment 1.
14. Using that methodology, Segal has calculated the SMFD's UAAL for NHFD retirees and beneficiaries to be \$3,155,414 as June 30, 2019. (Attachment 1 at p. 2.)
15. SCERS and SMFD agree that the purposes of this FIRST ADDENDUM AND AMENDMENT are:
 - (a) to provide a funding mechanism for SMFD to continue to satisfy its funding obligations, both current and future, to SCERS;
 - (b) to provide a mechanism for adjusting SMFD's obligations and payments due to SCERS based on economic and demographic experience and assumptions;
 - (c) to provide a method of resolving defaults, missed payments, or a lower-than-required payment;
 - (d) to calculate all liability by using the same actuarial assumptions that SCERS uses to calculate all other liabilities owed to SCERS; and,
 - (e) to provide a three-year amortization period for calculating and paying any future losses or gains (whether due to experience or to changes in actuarial assumptions) which are added to or deducted from the total liability owed by SMFD to SCERS.

TERMS

NOW, THEREFORE, the parties mutually agree to the terms, conditions, and covenants set forth in the following (1) addendum addressing the SMFD's UAAL obligations

for NHFD, and (2) amendments to the Florin Agreement:

Addendum re: SMFD's UAAL Obligation for NHFD

1. **Current UAAL Obligation for NHFD:** SMFD's UAAL with respect to the NHFD retirees and beneficiaries is \$3,155,414 as of June 30, 2019. That figure is exclusive of SMFD's unfunded actuarial liabilities thereafter accrued, and still accruing, for the NHFD retirees and beneficiaries. That figure is also exclusive of SMFD's unfunded actuarial liabilities for Florin retirees and beneficiaries, as reflected in the Withdrawn Employer Study as of June 30, 2019.

2. **Satisfaction of SMFD's Current UAAL Obligation for NHFD:** SMFD shall make continuing payments through fiscal year 2036/37 according to the Amortization Schedule attached hereto as Exhibit B of Attachment 1. Failure to submit the required payment by July 31 of each year will result in the accumulation of interest which will be treated as a loss and amortized over a three (3) year period as described in the Paragraph 5.b. of the Florin Agreement (as amended below). The parties acknowledge that SMFD did not make a payment for fiscal year 2020/21 on July 31, 2020; that SMFD shall make a payment for fiscal year 2020/21 as soon as practicable; and, until such payment is made, interest shall accumulate in the manner set forth in the preceding sentence.

Amendments to Florin Agreement

3. Paragraphs 1, 2, 4, 8, 9, 10, 12, 13, and 14 of the Florin Agreement shall remain in force and effect, with the understanding that any reference or use of the term "AGREEMENT" in those paragraphs shall include both the Florin Agreement and this FIRST ADDENDUM AND AMENDMENT. The remaining paragraphs (3, 5, 6, 7, and 11) shall be amended as follows:

4. Paragraph 3 of the Florin Agreement is hereby amended as follows:

Current UAAL Obligation for Florin – SMFD's current UAAL obligation to SCERS with respect to the Florin Fire Protection District retirees and beneficiaries as of June 30, 2017, is \$45,045,597, see Attachment C.

5. Paragraphs 5.a., 5.b., and 5.c. of the Florin Agreement are hereby amended as follows:

Satisfaction of SFMD's Future UAAL Obligations

a. During the term of this AGREEMENT (including the FIRST ADDENDUM AND AMENDMENT), following the end of every fiscal year, SCERS and SMFD shall work collaboratively to provide necessary information to SCERS' independent actuary, so that SCERS' independent actuary may prepare and deliver a Withdrawn Employer Study (Study) reflecting the assets and liabilities in the retirement system attributable to SMFD's FLORIN and NHFD members and beneficiaries, and any new UAAL attributable to FLORIN and NHFD. Annually SMFD is to provide SCERS with fiscal year's salary information on active

members still employed and to assist SCERS in updating information with respect to the employment status of each employee. The Study shall include an itemization of SMFD's employees by their membership category and projections of cash flow and progress on meeting the funding obligations. The assets attributable to SMFD will be credited with the actual rate of investment return earned on the total market value of SCERS assets. Following delivery of the annual Study, should SMFD so request, SCERS and SMFD will meet to discuss any changes in the assets and the liabilities.

b. Based on the results of the annual Withdrawn Employer Study and the recalculation of SMFD's UAAL Obligation, in the event that there is any new UAAL obligation required of SMFD, the new UAAL will be added to the Amortization Schedules attached to this AGREEMENT as Attachment C and to the FIRST ADDENDUM AND AMENDMENT as Exhibit B of Attachment 1. Specifically, such UAAL will be added in three (3) equal installments amortized over the next three (3) successive years following the Study's effective date. SMFD shall have the right to pre-pay any amount due SCERS without penalty, and may add additional funds to its account at SCERS in anticipation of future liabilities at any time.

c. Based on the results of the Withdrawn Employer Study, in the event that there is any reduction in UAAL obligation ("Gain") attributable to SMFD, the Gain will be subtracted from the appropriate figure in the Amortization Schedules attached to this AGREEMENT as Attachment C and to the FIRST ADDENDUM AND AMENDMENT as Exhibit B of Attachment 1. Specifically, such Gain will be subtracted in three (3) equal installments amortized over the next three (3) successive years following the Study's effective date.

Paragraphs 5.d. and 5.e. will remain in effect.

6. Paragraph 6 of the Florin Agreement is hereby amended as follows:

SMFD's Continuing Legal Obligations – SMFD's obligations under CERL, including but not limited to sections 31453, 31453.5, 31453.6, 31454, 31580.1, 31585, and 31586, shall be continuing as necessary to discharge its obligations to SCERS in a timely manner. In the event either party fails to perform any of the obligations, imposed by this AGREEMENT (including the FIRST ADDENDUM AND AMENDMENT) or at law, in a timely manner, the other party may take any legal action appropriate under the circumstances, including seeking injunctive or other equitable relief, on a preliminary or permanent basis. Upon completion of the Amortization Schedules attached to this AGREEMENT as Attachment C and to the FIRST ADDENDUM AND AMENDMENT as Exhibit B of Attachment 1, and upon termination of this AGREEMENT and exhaustion of the assets, SMFD's obligation will continue on a pay-as-you-go basis until the death of all retired, deferred retired, and disabled Florin and NHFD officers and employees and beneficiaries.

7. Paragraph 7 of the Florin Agreement is hereby amended as follows:

Security – In any given year during the term of this AGREEMENT (including the

FIRST ADDENDUM AND AMENDMENT), in the event that SMFD or its successor fails to make appropriations or transfers to SCERS or makes partial transfers to SCERS in satisfaction its annual obligation under this AGREEMENT (including the FIRST ADDENDUM AND AMENDMENT), SMFD agrees that the Sacramento County Director of Finance, pursuant to Government Code sections 31584 and 31585, shall upon request of SCERS transfer to SCERS from any SMFD money available in any fund in Sacramento County's treasury those amounts necessary to satisfy such obligations, with such transfer having the same force and effect as an appropriation by the SMFD Board of Directors. SCERS will provide SMFD with a 30-day notice prior to exercising this clause. This provision will become operable on June 30 of any fiscal year in which SCERS has not received payment pursuant to the Amortization Schedules attached to this AGREEMENT as Attachment C and to the FIRST ADDENDUM AND AMENDMENT as Exhibit B of Attachment 1.

8. Paragraph 11 of the Florin Agreement shall be amended as follows:

Notices – All notices or other communications required or permitted to be given under this AGREEMENT shall be made in writing and sent to the addresses set forth below:

SMFD:

Sacramento Metropolitan Fire District
Amanda Thomas, Chief Financial Officer
10545 Armstrong Ave., Suite 200
Mather, CA 95655
Direct: (916) 859-4520
Thomas.Amanda@metrofire.ca.gov

SCERS:

Sacramento County Employees' Retirement System
Attention: Eric Stern, Chief Executive Officer
980 9th Street, Suite 1900
Sacramento, CA 95814
Main: (916) 874-9119
SternE@saccounty.net

All notices shall be deemed given if delivered receipt confirmed using one of the following methods: registered or certified first class mail, postage prepaid; recognized courier delivery; electronic mail; telecopier or other electronic facsimile transmission.

IN WITNESS WHEREOF, the parties agree to all of the above terms and have executed this Agreement as of its Effective Date.

SACRAMENTO METROPOLITAN FIRE DISTRICT

Signature of Authorized Representative

Date

Name of Person Signing

Title of Person Signing

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

Eric Stern
Chief Executive Officer

Date



180 Howard Street,
Suite 1100
San Francisco, CA 94105-6147
T 415.263.8200
F 415.263.8290
segalco.com

June 1, 2020

Mr. Eric Stern
Chief Executive Officer
Sacramento County Employees' Retirement System
980 9th Street, Suite 1900
Sacramento, CA 95814-2738

**Re: Sacramento County Employees' Retirement System (SCERS)
North Highlands Fire Unfunded Actuarial Accrued Liability as of June 30, 2019**

Dear Eric:

As requested, we have determined SCERS' Unfunded Actuarial Accrued Liability (UAAL) that would be allocated to North Highlands Fire members as of June 30, 2019 using the methodology as described in SCERS' Declining Employer Payroll Policy (the Policy) adopted at the June 2019 Board meeting. We have determined the Actuarial Accrued Liability (AAL) and the resulting UAAL that have been allocated to North Highlands Fire as of June 30, 2019 based on the Policy. North Highlands Fire was an employer that merged with Sacramento Metro Fire District, but its active employees remained members of SCERS until the last of those employees retired in 2011.

In determining the UAAL, we have used the long-term actuarial assumptions (such as the 7.00% return assumption), assuming that there will be an annual update to the UAAL to reflect the actual experience and to reflect any new actuarial assumptions that may be adopted by the Board after June 30, 2019.¹ This annual update is provided for in the Policy.

Also included in the Policy is the Board discretion to allow North Highlands Fire to settle the UAAL through level and fixed-dollar installments. As directed by your office, we have amortized the UAAL for North Highlands Fire assuming annual payment will be made on each July 31 for 17 years from fiscal year 2020/2021 to 2036/2037. These payment terms are the same as those used in our withdrawal study as of June 30, 2019 for members from Florin Fire Protection District² to pay off their UAAL determined before the withdrawal study as of June 30, 2019.

¹ In particular, we provided in our triennial experience study report dated May 11, 2020 the actuarial assumptions that we recommend to the Board for use in the June 30, 2020 valuation. As those new actuarial assumptions will not be used until we update the UAAL for North Highlands Fire using membership and financial information in the next valuation as of June 30, 2020, any change in the UAAL associated with those new assumptions has not been included in this study.

² Florin Fire Protection District is now a part of Sacramento Metro Fire District.

Summary of Results

After applying the Policy, we have determined North Highlands Fire's UAAL to be \$3,155,414 as of June 30, 2019. It is payable in 17 annual installments of \$325,021 starting on July 31, 2020.

Background

As noted above, North Highlands Fire was an employer that merged with Sacramento Metro Fire District, but its active employees remained members of SCERS until the last of those employees retired in 2011. There are currently 16 retired members and beneficiaries from North Highlands Fire receiving benefits.

In 2004, Sacramento Metro Fire District issued Pension Obligation Bonds, and made a contribution of \$10.5 million to SCERS. Of this amount, \$895,000 was used to provide a UAAL rate credit for North Highlands Fire.³ Using a 29-year amortization period in the June 30, 2004 valuation, the rate credit for this group was a flat 8.59% of payroll starting with fiscal year 2005/2006. As the last members from this group retired in 2011, there is some unused rate credit that can be applied to reduce the UAAL for North Highlands Fire. As directed by your office, we have applied that unused rate credit in our calculation.

For the purpose of this study, we have assumed that a triggering event occurred during 2019/2020 following the adoption of the Policy in June 2019.

Allocation of UAAL Under Declining Employer Payroll Policy

Based on the methodology described in the Policy, North Highlands Fire would be allocated a pro-rata share of the total UAAL for their participation in the Safety membership group. That pro-rata share would be allocated based on North Highlands Fire's AAL as compared to the AAL for all the employers within the Safety membership group. The detailed calculations of the UAAL for North Highlands Fire based on applying the Policy are shown in Exhibit A. An amortization schedule is included in Exhibit B.

Assumptions Used in Calculations

Unless otherwise noted, all of the above calculations are based on the June 30, 2019 actuarial valuation results, including the participant data and actuarial assumptions on which that valuation was based. This means that any actuarial gains and losses that may have arisen since June 30, 2019 from using these assumptions, as well as any changes in assumptions approved by the Board for the June 30, 2020 valuation, have not been included in this analysis. The June 30, 2019 valuation and these calculations were completed under the supervision of Andy Yeung, ASA, MAAA, Enrolled Actuary.

³ The remaining amount from the \$10.5 million was previously reported by SCERS and included by the actuary in determining the withdrawal liability for Florin Fire Protection District.

Mr. Eric Stern
June 1, 2020
Page 3

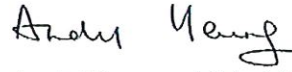
The undersigned are Members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Please let us know if you have any questions.

Sincerely,



Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President & Actuary



Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary

MAM/bbf
Enclosures

North Highlands Fire Allocated Initial UAAL After Triggering Event

North Highlands Fire's former employees are currently included in SCERS' Safety membership group. Also included in that membership group are members from the County. As of June 30, 2019, there were 12 service retirees, 1 disabled retiree, and 3 beneficiaries with North Highlands Fire who rendered service at North Highlands Fire while participating as active members in SCERS.

Based on the methodology described in the Policy, North Highlands Fire would be allocated a pro-rata share of the total UAAL in the Safety membership group. That pro-rata share would be allocated based on North Highlands Fire's AAL as compared to the AAL for the entire Safety membership group.

Consistent with the Sacramento Metro Fire District's other arrangement related to the withdrawn employer Florin Fire Protection District, we have calculated North Highlands Fire's UAAL using assets determined on a market value basis.

Here are the specific steps involved in the determination of the UAAL for North Highlands Fire:

1. Determine the AAL for North Highlands Fire as of June 30, 2019

The June 30, 2019 AAL for North Highlands Fire was calculated to be \$24,266,531 using the membership data for North Highlands Fire as of the same date.

2. Determine the Preliminary UAAL for North Highlands Fire as of June 30, 2019

We have allocated a pro-rata share of the UAAL to North Highlands Fire. That pro-rata share was calculated by dividing the AAL for North Highlands Fire by the AAL for the Safety membership group. As noted above, we have also applied an adjustment to express the UAAL on a market value basis.

Based on a valuation value of assets of \$3,343,735,000 for all of Safety, the UAAL for the Safety membership group is \$999,509,000.

- For the purposes of this study, we reduce the Safety UAAL by the outstanding balance of the UAAL established as a result of the Early Retirement Incentive Program for LEMA members, because North Highlands Fire is not responsible for paying that liability. This reduces the UAAL used for this study by \$649,000.
- For the purposes of this study, we increase the Safety UAAL by the outstanding balance of the County's Pension Obligation Bonds (POBs) for Safety.⁴ Additional contributions have been made by the County to buy down the County Safety UAAL contribution rate through the issuance of POBs. As North Highlands Fire did not participate in the County's POBs, their contributions should not recognize this future buy-down. As a result, the Safety UAAL used for this study increases by \$3,011,975.

⁴ The adjustment to reflect the POBs issued by Sacramento Metro Fire for North Highlands Fire is provided in step 3.

After reflecting the above adjustments, the UAAL on a valuation value of assets basis for the Safety membership group is \$1,001,871,975.

To obtain the UAAL on a valuation value of assets basis for North Highlands Fire, we multiply the above result by the ratio of North Highlands Fire AAL, or \$24,266,531, to the total Safety AAL, or \$4,343,244,000. The result is that the UAAL on a valuation value basis for North Highlands Fire is \$5,597,649.

In order to determine the North Highlands Fire UAAL on a market value basis, we determine the valuation value of assets attributable to North Highlands Fire based on the above results, and then adjust that value using the following procedures to obtain the market value of assets.

- The valuation value of assets for North Highlands Fire is their AAL of \$24,266,531 minus their UAAL of \$5,597,649, or \$18,668,882.
- In general, the actuarial value of assets equals the valuation value of assets plus the non-valuation reserves, in particular, the contingency reserve. The value of the contingency reserve allocated to the Safety membership group is \$44,750,100. Using the ratio of valuation value of assets for North Highlands Fire to the valuation value of assets for all Safety as above, the contingency reserve allocated to North Highlands Fire is \$249,851. After adding this to the valuation value of assets above, the resulting actuarial value of assets is \$18,918,733.
- For the total plan, the market value of assets is \$9,821,694,000, and the actuarial value of assets is \$9,703,312,936. If we apply the ratio of these two numbers to the actuarial value of assets determined above, we obtain a market value of assets for North Highlands Fire of \$19,149,543.

The preliminary UAAL for North Highlands Fire on a market value basis is their AAL of \$24,266,531 minus the asset value of \$19,149,543, or \$5,116,988.

3. Apply Outstanding Balance of North Highlands Fire Pension Obligation Bonds

As described in the Background section of this letter, North Highlands Fire had a UAAL rate credit of 8.59% of payroll attributable to a contribution that Sacramento Metro Fire District made to SCERS in 2004/2005 from the proceeds of Pension Obligation Bonds. The contribution amount originally allocated to North Highlands Fire was \$895,000. That amount has been decreased through its application to North Highlands Fire contributions through 2011, and it has also been increased with interest at the assumed rate used in the valuations over time. The outstanding balance as of June 30, 2019 is \$1,858,804.

After applying this credit, the UAAL for North Highlands Fire decreases from \$5,116,988 to \$3,258,184.

4. Impact of Section 415 Dollar Limit

The UAAL is further reduced to reflect the reduction in AAL for North Highlands Fire due to the limitation imposed by IRC Section 415 on benefits that could be paid by SCERS for one retiree in North Highlands Fire whose benefit was in excess of that limit determined as of June 30, 2019. This reduction incorporates information provided by SCERS about this member's benefit, as well as a projection of future IRC Section 415 dollar limits for the

purposes of this study only. The projection of the member's benefit is based on assumed 3.00% cost-of-living increases starting on April 1, 2021, and future Section 415 dollar limits starting in 2021 have been projected at the assumed 3.00% rate of inflation, rounded down to the nearest \$5,000 to mimic the procedure used by the IRS. The member's excess benefits over the dollar limit have been discounted to June 30, 2019 using valuation mortality assumptions and an interest rate of 7.00%. The reduction in AAL is \$102,770.

As a result, the UAAL for North Highlands Fire decreases from \$3,258,184 to \$3,155,414.

5. Payment Schedule

Exhibit B contains a payment schedule showing level dollar amortization payments for North Highlands Fire. Consistent with Sacramento Metro Fire District's payment schedule for Florin Fire Protection District, the schedule includes payments every July 31 from fiscal year 2020/2021 until fiscal year 2036/2037, at which point the UAAL for North Highlands Fire is expected to be paid off.

Exhibit B

The payment amounts we have assumed in preparing the schedule below are as follows:

- i) Contributions for the 2020/2021 and later fiscal years will be made on July 31 of every fiscal year; and
- ii) Contributions will be a level dollar amount from 2020/2021 to 2036/2037.

Fiscal Year	Beginning of Period		Annual Payment	Interest		Principal Paid	Additional Interest		End of Period
	UAAL Balance	UAAL Balance		PAID	PAID		Accrued on UAAL	UAAL Balance	
2019/2020	\$ 3,155,414	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220,879	\$ 3,376,293	(1)
2020/2021	3,376,293	325,021	325,021	215,544	109,477	-	-	3,266,816	
2021/2022	3,266,816	325,021	325,021	207,881	117,140	-	-	3,149,676	
2022/2023	3,149,676	325,021	325,021	199,681	125,340	-	-	3,024,336	
2023/2024	3,024,336	325,021	325,021	190,907	134,114	-	-	2,890,222	
2024/2025	2,890,222	325,021	325,021	181,519	143,502	-	-	2,746,720	
2025/2026	2,746,720	325,021	325,021	171,474	153,547	-	-	2,593,173	
2026/2027	2,593,173	325,021	325,021	160,726	164,295	-	-	2,428,877	
2027/2028	2,428,877	325,021	325,021	149,225	175,796	-	-	2,253,081	
2028/2029	2,253,081	325,021	325,021	136,919	188,102	-	-	2,064,979	
2029/2030	2,064,979	325,021	325,021	123,752	201,269	-	-	1,863,710	
2030/2031	1,863,710	325,021	325,021	109,664	215,358	-	-	1,648,353	
2031/2032	1,648,353	325,021	325,021	94,588	230,433	-	-	1,417,920	
2032/2033	1,417,920	325,021	325,021	78,458	246,563	-	-	1,171,357	
2033/2034	1,171,357	325,021	325,021	61,199	263,822	-	-	907,534	
2034/2035	907,534	325,021	325,021	42,731	282,290	-	-	625,244	
2035/2036	625,244	325,021	325,021	22,971	302,050	-	-	323,194	
2036/2037	323,194	325,021	325,021	1,827	323,194	-	-	-	
Total		\$ 5,525,362	\$ 5,525,362	\$ 2,149,069	\$ 3,376,293				(2)

(1) We have adjusted the \$3,155,414 as of June 30, 2019 with interest at 7.00% (\$3,155,414 × 7.00% is equal to \$220,879) to come up with \$3,376,293 as of June 30, 2020.

(2) This amount is \$220,879 higher than the \$3,155,414 as of June 30, 2019 to reflect interest added to the \$3.2 million in additional UAAL determined as of June 30, 2019 until payment is made starting in 2020/2021.

Note: Results may not add due to rounding.



**Sacramento Metropolitan Fire District and
Sacramento County Employees' Retirement System
Payment Agreement**

This AGREEMENT is made and entered into as of this 19 day of July 2018, by and between SACRAMENTO METROPOLITAN FIRE DISTRICT, ("SMFD") and SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM, ("SCERS").

RECITALS

1. SCERS is a cost-sharing, multi-employer retirement plan funded by the County of Sacramento and independent special district employers.
2. SCERS is managed and administered by its Board of Retirement in accordance with Government Code sections 31450 et seq. known as the County Employees' Retirement Law of 1937, ("CERL").
3. SCERS does not maintain separate asset accounts for each contributing employer and all contributions, pension payments, and investment earnings are added to or subtracted from a single account maintained for all employers referred to as a "pooled structure."
4. Government Code section 31557 authorizes a district to become a member of a retirement association if its governing board adopts a resolution providing for the inclusion of the district in the retirement association and if the retirement board agrees to the inclusion.
5. Florin Fire Protection District, ("FLORIN") was an independent special district contracting with SCERS. On November 13, 1973, by resolution No. 6-73, FLORIN's governing board unanimously provided for the inclusion of FLORIN's eligible officers and employees within SCERS effective July 1, 1974, and on December 13, 1973, SCERS' governing board consented to FLORIN's membership effective July 1, 1974.
6. Beginning July 1, 1974, and continuing through December 31, 1996, all eligible officers and employees of FLORIN were members of SCERS and making contributions to SCERS in amounts adopted by SCERS based upon its consulting actuary.
7. CERL sections 31564.5 and 31585 obligated FLORIN to appropriate annual contributions to SCERS to fund pension benefits for its employees and retirees and to amortize the unfunded accrued actuarial liability, ("UAAL") with respect to such pension benefits.

8. Effective January 1, 1997, FLORIN and the American River Fire District ("AMERICAN RIVER") reorganized into a single independent special district that succeeded the former districts and which was also to be known as the American River Fire Protection District.

9. AMERICAN RIVER was an independent special district, which has never been a member employer of SCERS.

10. Effective January 1, 1997, a contract for services between AMERICAN RIVER and FLORIN was entered wherein AMERICAN RIVER made offers of employment to those FLORIN employees who were providing services to FLORIN.

11. Those FLORIN employees who accepted such employment with AMERICAN RIVER separated from FLORIN employment on January 1, 1997. Those Florin employees ceased to accrue future service with SCERS.

12. Effective January 1, 1997, upon becoming AMERICAN RIVER employees, those former FLORIN employees continued to represent not only a proportionate share of FLORIN's pension liability with SCERS, but also a proportionate share of SCERS' UAAL as determined by SCERS' consulting actuary.

13. Effective May 21, 1997, SCERS, FLORIN, and AMERICAN RIVER entered into an agreement, ("FIRST AGREEMENT"), attached hereto as Attachment A and incorporated herein by reference into this AGREEMENT, in which both AMERICAN RIVER and FLORIN assured payment of future liability to SCERS, and the parties agreed as to the amount of and the method of payment of future liability to SCERS.

14. On December 1, 2000 SACRAMENTO METROPOLITAN FIRE DISTRICT ("SMFD") became successor in interest to AMERICAN RIVER, and AMERICAN RIVER employees then became employees of SMFD. Effective October 6, 2004, by resolution No. 50-04, SMFD accepted responsibility under the May 21, 1997, FIRST AGREEMENT, for the UAAL liabilities under SCERS. Resolution No.50-04 is attached hereto as Attachment B and is incorporated herein by reference.

15. SMFD is an independent special district, which has never been a member employer of SCERS.

16. Pursuant to CERL sections 31453, 31453.5, 31454, 31580.1 and other applicable provisions of law, SMFD, as successor in interest to FLORIN and AMERICAN RIVER, is liable to SCERS for the share of liabilities attributable to the former FLORIN's officers and employees who are and may be entitled

to receive retirement, disability, and related benefits from SCERS.

17. CERL section 31585 provides: "When a district becomes part of the retirement system, the same appropriations and transfer of funds shall be made as those required of the county in this article, and such charges are legal charges against the funds of the district."

18. CERL section 31586 provides: "All payments of the county or of any district into the retirement fund, whether made pursuant to this article or made pursuant to law, are obligations of the county or district."

19. FIRST AGREEMENT by its terms was to continue in effect until July 1, 2022, or such other date mutually agreed upon by the parties; provided that these obligations under FIRST AGREEMENT could be modified by mutual agreement of the parties.

20. As of June 30, 2017, the SCERS' actuary determined that the difference between the value of the assets held by SCERS attributable to the former FLORIN officers and employees, now SMFD officers and employees, and liability for current and prospective benefits due to retired, deferred retired, and disabled FLORIN officers and employees, their survivors and beneficiaries (the UAAL) was \$45,045,597, as described in the *Amortization Schedule* attached hereto as Attachment C and incorporated herein by reference.

21. SCERS and SMFD agree that SMFD is unable to satisfy its commitments in the FIRST AGREEMENT and is unable to pay off the liability by July 1, 2022.

22. SCERS and SMFD agree that the purposes of this AGREEMENT are:

(a) to evidence SMFD's liability and continuing funding obligations to SCERS for the ongoing benefits owed to its retired and disabled officers and employees by offsetting accumulated asset attributable to FLORIN and its officers and employees against projected future benefits to be paid by SCERS to retired, deferred retired, and disabled former FLORIN officers and employees and their survivors and beneficiaries;

(b) to provide a funding mechanism for SMFD to continue to satisfy its funding obligations, both current and future, to SCERS;

(c) to provide a mechanism for adjusting SMFD's obligations and payments due to SCERS based on economic and demographic experience and assumptions;

(d) to provide a method of resolving defaults, missed payments, or a lower-

than-required payment;

(e) to calculate all liability by using the same actuarial assumptions that SCERS uses to calculate all other liabilities owed to SCERS; and,

(f) to provide a three-year amortization period for calculating and paying any future losses or gains (whether due to experience or to changes in actuarial assumptions) which are added to or deducted from the total liability owed by SMFD to SCERS.

NOW, THEREFORE, the parties mutually agree to the following terms, conditions, and covenants:

1. **Recitals** – The foregoing recitals are true and correct and are incorporated herein by this reference.
2. **Term of the AGREEMENT** – This AGREEMENT shall continue in effect until July 1, 2037, or such other date mutually agreed upon by the parties; provided however that SMFD's obligations under this AGREEMENT may be modified by mutual agreement of the parties herein.
3. **Current UAAL Obligation** – SMFD's current UAAL obligation to SCERS as of June 30, 2017, is \$45,045,597, see Attachment C.
4. **Satisfaction of SMFD's Current UAAL Obligation** – SCERS acknowledges receipt of SMFD's payment of \$3.3 million on May 3, 2018, representing payment for Fiscal Year 2017/18 as identified in Attachment C. Going forward, continuing payments thereafter shall be made by SMFD on July 31st of every year, beginning July 31, 2018, through fiscal year 2036/37 according to the attached *Amortization Schedule*, see Attachment C. Failure to submit the required payment by July 31st will result in the accumulation of interest which will be treated as a loss and amortized over a three (3) year period as described in paragraph 5b, below.
5. **Satisfaction of SMFD's Future UAAL Obligations -**
 - a. As soon as practicable following June 30, 2018, and following the end of every year thereafter, SCERS and SMFD shall work collaboratively to provide necessary information to SCERS' independent actuary, so that SCERS' independent actuary may prepare and deliver a Withdrawn Employer Study (Study) reflecting the assets and liabilities in the retirement system attributable to SMFD's FLORIN members and beneficiaries, and any new UAAL attributable to FLORIN. Annually SMFD is to provide SCERS with fiscal year's salary information on active members still employed and to assist SCERS in updating information with respect to the employment status of each employee. The Study shall include an itemization of SMFD's

employees by their membership category and projections of cash flow and progress on meeting the funding obligations. The assets attributable to SMFD will be credited with the actual rate of investment return earned on the total market value of SCERS assets. Following delivery of the annual Study, should SMFD so request, SCERS and SMFD will meet to discuss any changes in the assets and the liabilities.

b. Based on the results of the annual Withdrawn Employer Study and the recalculation of SMFD's UAAL Obligation, in the event that there is any new UAAL obligation required of SMFD, the new UAAL will be added to the *Amortization Schedule* attached hereto as Attachment C in three (3) equal installments amortized over the next three (3) successive years following the Study's effective date. SMFD shall have the right to pre-pay any amount due SCERS without penalty, and may add additional funds to its account at SCERS in anticipation of future liabilities at any time.

c. Based on the results of the Withdrawn Employer Study, in the event that there is any reduction in UAAL obligation ("Gain") attributable to SMFD, the Gain will be subtracted from the appropriate figure in the *Amortization Schedule* attached hereto as Attachment C in three (3) equal installments amortized over the next three (3) successive years following the Study's effective date.

d. SMFD and SCERS will be equally responsible for the cost of SCERS' independent actuarial services incurred in connection with the annual Withdrawn Employer Study. SMFD shall make payment in full to SCERS within thirty (30) days following receipt of an invoice for such services from SCERS.

e. Using the system wide assumptions adopted by SCERS' Board, SCERS' independent actuary will calculate the forgoing and adjusted amounts of SMFD's unfunded actuarial accrued liability. The SCERS actuary will inform the parties hereto of the adjusted amount of SMFD's unfunded actuarial accrued liability. SMFD shall have the option of adding funds at any time.

6. **SMFD's Continuing Legal Obligations** – SMFD's obligations under CERL, including but not limited to sections 31453, 31453.5, 31453.6, 31454, 31580.1, 31585, and 31586, shall be continuing as necessary to discharge its obligations to SCERS in a timely manner. In the event either party fails to perform any of the obligations, imposed by this AGREEMENT or at law, in a timely manner, the other party may take any legal action appropriate under the circumstances, including seeking injunctive or other equitable relief, on a preliminary or permanent basis. Upon completion of the *Amortization Schedule*, termination of this AGREEMENT, and exhaustion of the assets, SMFD's obligation will continue on a pay-as-you-go basis until the expiration

of all retired, deferred retired, and disabled FLORIN officers and employees, their survivors and beneficiaries.

7. **Security** – In any given year during the term of this AGREEMENT, in the event that SMFD or its successor fails to make appropriations or transfers to SCERS or makes partial transfers to SCERS in satisfaction of its annual obligation under this AGREEMENT, SMFD agrees that the Sacramento County Director of Finance, pursuant to Government Code sections 31584 and 31585, shall upon request of SCERS transfer to SCERS from any SMFD money available in any fund in Sacramento County's treasury those amounts necessary to satisfy such obligations, with such transfer having the same force and effect as an appropriation by the SMFD Board of Directors. SCERS will provide SMFD with a 30-day notice prior to exercising this clause. This provision will become operable on June 30th of any fiscal year in which SCERS has not received payment pursuant to the payment schedule identified in Attachment C.

8. **Hold Harmless and Indemnification** – Each party to this AGREEMENT shall indemnify, defend and hold the other party (including its governing board, trustees, officers, agents and employees) harmless from any claims, losses, injuries, damages or liability of every kind and character, including reasonable attorneys' fees and costs incurred in connection therewith, to the extent caused by its own wrongful acts or omissions, including but not limited to any breach of this AGREEMENT. This section shall survive termination of this Agreement and the Expiration Date, as defined in Paragraph 9, below.

9. **Expiration Date** – Once the last remaining member or beneficiary has passed and all remaining liabilities to SCERS have been satisfied, SCERS shall transfer any remaining assets back to SMFD.

10. **Venue and Choice of Law** – This AGREEMENT is made in Sacramento County, California. Any legal action taken with respect to this AGREEMENT shall be brought in the Superior Court for the County of Sacramento, unless otherwise agreed to in writing by the parties. The construction, interpretation, and enforcement of this AGREEMENT shall be governed by the laws of the State of California as they are applied to domiciliaries, thereof. In the event any provision of this AGREEMENT is unenforceable as a matter of law, that provision will be deemed to be reformed to reflect as nearly as possible the original intent of the parties as expressed in this AGREEMENT and in accordance with applicable law, and the remaining provisions will stay in full force and effect, so long as the primary intent of the parties still may be accomplished.

11. **Notices** – All notices or other communications required or permitted to be given under this AGREEMENT shall be made in writing and sent to the

addresses set forth below:

SMFD:

Sacramento Metropolitan Fire District
 Amanda Thomas, Chief Financial Officer
 10545 Armstrong Ave., Suite 200
 Mather, CA 95655
 Direct: (916) 859-4520
Thomas.Amanda@metrofire.ca.gov

SCERS:

Sacramento County Employees' Retirement System
 Attention: Kathryn T. Regalia, Chief Operations Officer
 980 9th Street, Suite 1900
 Sacramento, CA 95814
 Main: (916) 874-9119
regaliak@saccounty.net

All notices shall be deemed given if delivered receipt confirmed using one of the following methods: registered or certified first class mail, postage prepaid; recognized courier delivery; electronic mail; telecopier or other electronic facsimile transmission.

12. **Successors** – This AGREEMENT shall inure to the benefit of, and be binding on, the parties' respective successors and assigns, unless otherwise precluded by operation of law.


13. **Complete Statement** – This AGREEMENT constitutes the entire understanding between the parties with respect to the subject matter hereof and may only be amended or modified by a writing signed by a duly authorized representative of each party. This AGREEMENT may be executed in counterparts, each of which shall be deemed an original. This AGREEMENT replaces and supersedes any prior verbal or written understandings, communications, and representations between the parties regarding the subject matter contained herein. Neither party may assign any rights set forth in this AGREEMENT to any third party without the other's written consent.

14. **Amendments** – No addition to, or alteration of the terms of this AGREEMENT shall be valid unless made in the form of a written amendment

to this AGREEMENT, which is formally approved and executed by the governing bodies of each of the parties.

IN WITNESS WHEREOF, the parties agree to all of the above terms and have executed this Agreement as of its Effective Date.

SACRAMENTO METROPOLITAN FIRE PROTECTION DISTRICT



Signature of Authorized Representative

6-28-2018

Date

Todd Harms

Name of Person Signing (Please Print)

Fire Chief

Title of Person Signing (Please Print)

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM



Signature of Authorized Representative

7/19/2018

Date

ERIC STERN

Name of Person Signing (Please Print)

CHIEF EXECUTIVE OFFICER

Title of Person Signing (Please Print)

ATTACHMENTS

- A. SCERS, FLORIN, AMERICAN RIVER Agreement - May 21, 1997
- B. Sac Metro Fire Resolution 50-04 - October 6, 2004
- C. Amortization Schedule - June 30, 2018

RESOLUTION NO. SCERS 97-06

**RESOLUTION OF THE BOARD OF RETIREMENT OF THE
SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
AGREEMENT WITH FLORIN FIRE PROTECTION DISTRICT AND
AMERICAN RIVER FIRE PROTECTION DISTRICT**

BE IT RESOLVED AND ORDERED that the President for the Board of Retirement of the Sacramento County Employees' Retirement System be and is hereby authorized and directed to execute the Agreement with Florin Fire Protection District and American River Fire Protection District in the form attached subject to receipt of a letter from CalPERS acknowledging liability for paying 50% of final compensation for a Florin employee awarded industrial disability by CalPERS; and, subject to the approval of the respective fire district boards; and, to do and perform everything necessary to carry out the purpose of this Resolution.


On a motion by Member Ms. Taylor, seconded by Member Ms. Lund, the foregoing Resolution was passed and adopted by the Board of the Sacramento County Employees' Retirement System, this 8th day of May, 1997, by the following vote, to wit.


AYES: Members, Waldron, White, Taylor, Hoganson, Kramer, Lund.

NOES: Members, None.

ABSENT: Members, Woods, DeCamilla.

ADOPTED: May 8, 1997


President of the Board of the
Sacramento County Employees'
Retirement System

ATTEST: 
Secretary of the Board of the
Sacramento County Employees'
Retirement System

AGREEMENT

This Agreement made and entered into as of this 21st day of May, 1997, by and between the FLORIN FIRE PROTECTION DISTRICT, hereinafter referred to as "FLORIN," AMERICAN RIVER FIRE PROTECTION DISTRICT, hereinafter referred to as "AMERICAN RIVER," and SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM, hereinafter referred to as "SCERS."

RECITALS

WHEREAS, SCERS is a cost-sharing multiple-employer retirement plan funded by the County of Sacramento (hereinafter COUNTY), FLORIN and several other contracting districts; and

WHEREAS, SCERS is managed and administered by its Board of Retirement in accordance with Government Code sections 31450 et seq. known as the County Employees Retirement Law of 1937; and

WHEREAS, SCERS does not maintain separate asset accounts for each contributing employer and all contributions, pension payments, and investment earnings are added to or subtracted from a single account maintained for all employers referred to as a "pooled structure"; and

WHEREAS, Government Code section 31557 authorizes a district to become a member of a retirement association if its governing board adopts a resolution providing for the inclusion of the district in the retirement association and if the retirement board agrees to the inclusion; and

WHEREAS, FLORIN is an independent special district; and

WHEREAS, on November 13, 1973, by resolution No. 6-73, FLORIN's governing board unanimously provided for the inclusion of FLORIN's eligible officers and employees within SCERS effective July 1, 1974; and

WHEREAS, on December 13, 1973, SCERS' governing board consented to FLORIN's membership effective July 1, 1974; and

WHEREAS, beginning July 1, 1974, and continuing through December 31, 1996, all eligible officers and employees of FLORIN were members of SCERS and making contributions to SCERS in amounts adopted by SCERS based upon its consulting actuary; and

Agreement between Florin Fire Protection District, American River Fire Protection District and Sacramento County Employees' Retirement System - Page 2 of 8

WHEREAS, Sections 31564.5 and 31585 of the County Employees' Retirement Law of 1937, as amended, obligate FLORIN to appropriate annual contributions to SCERS to fund pension benefits for its employees and retirees and to amortize the unfunded accrued actuarial liability with respect to such pension benefits; and

WHEREAS, AMERICAN RIVER is an independent special district which has never been a member of SCERS; and

WHEREAS, it is the desire of both FLORIN and AMERICAN RIVER to reorganize into a single independent special district which will succeed the former districts and which will also be known as AMERICAN RIVER FIRE PROTECTION DISTRICT, referred to herein as AMERICAN RIVER, and which will not be a member of SCERS; and

WHEREAS, effective January 1, 1997, a contract for services between AMERICAN RIVER and FLORIN was entered wherein AMERICAN RIVER made offers of employment to those FLORIN employees who were providing services to FLORIN; and

WHEREAS, those FLORIN employees who have accepted such employment with AMERICAN RIVER separated from FLORIN employment effective January 1, 1997; and

WHEREAS, by this Agreement, to be effective retroactively to January 1, 1997, FLORIN will modify its relationship with SCERS; and

WHEREAS, upon becoming AMERICAN RIVER employees, those former FLORIN employees will continue to represent not only a proportionate share of FLORIN's pension liability, but a proportionate share of SCERS' accrued actuarial unfunded pension liability; and

WHEREAS, the parties hereto desire to assist the transition of FLORIN towards its proposed reorganization with AMERICAN RIVER; and

WHEREAS, both AMERICAN RIVER and FLORIN recognize that they are not structured to assume significant market risk over an extended period of time; and

WHEREAS, both AMERICAN RIVER and FLORIN desire to enter into an agreement to assure payment of future liability to SCERS; and

WHEREAS, this agreement is necessary to settle all disputes between the parties as to the amount of and method of payment of FLORIN's future liability; and

WHEREAS, because it is anticipated that AMERICAN RIVER will become the successor in interest to FLORIN, where FLORIN is used herein, it will be assumed to include AMERICAN RIVER after the above-referenced reorganization takes place, or to any successor agencies which assume FLORIN's future liability to SCERS.

NOW THEREFORE, the parties mutually agree to the following covenants, terms and conditions:

Section 1. TERM OF AGREEMENT

This Agreement shall continue in effect until July 1, 2022, or such other date mutually agreed upon by the parties; provided however that FLORIN's obligations under this Agreement may be modified by mutual agreement of the parties herein.

Section 2. FLORIN ACCOUNT AND ASSETS

FLORIN's assets in the amount as determined by SCERS' independent actuary have been set aside in a separate bookkeeping account referred to herein as "the Account". All benefit payments to FLORIN retirees, beneficiaries and terminated employees made after December 31, 1996, shall be charged against the Account. On an annual basis, as of June 30, the Account shall be increased or decreased based upon the actual market return, less expenses of SCERS. Said expenses shall not include the cost of the independent actuarial accounting of the annual amount of FLORIN's accrued actuarial unfunded liability. Decreases from amounts charged against the Account, and increases from contributions into the Account will be made according to SCERS' regular accounting procedures. On June 30, 1996, the value of the Account was \$24,791,000.

Section 3. AMOUNT OF FLORIN LIABILITY

Assuming an 8% investment rate of return on SCERS' assets, and other actuarial assumptions, SCERS' independent actuary has determined FLORIN's unfunded liability to be \$1,040,000. The accrued actuarial unfunded liability is the actuarially determined amount that the present value of the future benefits described in Section 2, exceed the assets in the Account. Because of the substantial risk of fluctuation of the market, and the uncertainty associated with the other actuarial assumptions, it is impossible to assure that

the accrued actuarial unfunded liability will remain \$1,040,000. Accordingly, as indicated below in section 5(b), the actuary will annually determine the unfunded liability and the need to recommend interim payments.

Section 4. LUMP SUM PAYMENT OF UNFUNDED LIABILITY

FLORIN or its successor shall pay \$1,040,000 to SCERS prior to June 30, 1997, which shall be added to the Account.

Section 5. ANNUAL ACCOUNTING AND REPAYMENT

(a) On an annual basis SCERS will furnish a cash accounting of debits and credits to the Account, including the additional earnings added to the Account.

(b) On an annual basis based on the system-wide assumptions adopted by SCERS' Board, SCERS' independent actuary will calculate the adjusted amount of FLORIN's accrued actuarial unfunded liability. The actuary will inform the parties hereto of the adjusted amount of FLORIN's accrued actuarial unfunded liability. FLORIN shall have the option of adding funds to the Account at any time. If at any time the accrued actuarial unfunded liability as determined by SCERS' independent actuary exceeds five percent (5%) of the assets in the Account, FLORIN or its successor shall meet and confer with SCERS in an attempt to reach agreement on any payments by FLORIN to SCERS needed to eliminate the accrued actuarial unfunded liability by July 1, 2022, or such other date as mutually agreed upon by the parties. In the event the parties are unable to reach agreement the matter shall be resolved under Section 15 of this agreement.

Section 6. SECURITY

In the event that FLORIN or its successor fails to make appropriations or transfers to SCERS in satisfaction of its obligations under this Agreement, COUNTY, either pursuant to the written authorization of FLORIN or its successor, pursuant to the decision of the arbitrator as provided in Section 15 of this Agreement, or pursuant to the order of a court of competent jurisdiction, shall transfer to SCERS from any FLORIN and AMERICAN RIVER money available in any fund in COUNTY's treasury those amounts necessary to satisfy such obligations, with such transfer having the same force and effect as an appropriation by the FLORIN or AMERICAN RIVER Board of Directors. FLORIN and AMERICAN RIVER hereby confer upon COUNTY, in transferring such funds to

SCERS, the highest priority permitted by law to any such FLORIN or AMERICAN RIVER funds maintained in COUNTY's treasury.

Section 7. ACTUARIAL COSTS

FLORIN or its successor shall be responsible for one-half of the annual costs incurred by SCERS' independent actuary in determining the annual amount of FLORIN's accrued actuarial unfunded liability under Section 5 .

Section 8. TRUE UP

At the termination of this Agreement, either July 1, 2022, or such other date mutually agreed upon by the parties, SCERS' independent actuary shall determine the present value of the future benefits due FLORIN active employees, retirees, beneficiaries and terminated employees. To the extent that the assets in the Account are exceeded by the above calculated present value of future benefits, FLORIN or its successor shall pay the difference to SCERS. To the extent that the assets in the Account are greater than the calculated present value of the future benefits, SCERS shall refund the difference to FLORIN or its successor. If direct payments by SCERS or FLORIN or its successor are not legally permissible, such payment or refund shall be made through a third party or in any other legally permissible manner. If either party disputes the determination of SCERS' independent actuary, the dispute shall be resolved in accordance with the provisions of Paragraph 15.

Section 9. NOTICE

Notices or other communications to the parties as provided by this Agreement shall be given by United States mail postage prepaid as follows:

TO SCERS	TO FLORIN	TO AMERICAN RIVER
Sacramento County Employees' Retirement System Attn: CEO P.O. Box 627 Sacramento, CA 95812-0627	Florin Fire Protection District Attn: Chief 8880 Gerber Road Florin, CA 95828	American River Fire Protection District Attn: Chief 3000 Fulton Avenue Sacramento, CA 95821

Notice shall be deemed to have been served when it is deposited in the United States mail, postage prepaid, and addressed as above required. The parties by notice given hereunder may designate different addresses to which subsequent notices or other communications will be sent.

Section 10. APPLICABLE LAWS

This Agreement shall be deemed to be executed within the State of California and construed according to and governed by the laws of the State of California.

Section 11. ALTERATION AND AMENDMENTS

No addition to, or alteration of the terms of this Agreement shall be valid unless made in the form of a written amendment to this Agreement which is formally approved and executed by the governing bodies of each of the parties.

Section 12. SUCCESSORS AND WAIVER

This Agreement anticipates that FLORIN will reorganize with AMERICAN RIVER and it is agreed among the parties that the surviving entity will be bound by and assume the obligations of FLORIN herein. This Agreement shall bind the successors of FLORIN, AMERICAN RIVER, and SCERS in the same manner as if they were expressly named, unless otherwise precluded by law. Waiver by either party of any default, breach or condition precedent shall not be construed as a waiver of any other default, breach or condition precedent, or any other right hereunder.

Section 13. COMPLETE SETTLEMENT

This Agreement constitutes a full and complete settlement of all disputes between FLORIN and SCERS arising out of FLORIN's reorganization with AMERICAN RIVER, and is intended to constitute a complete agreement between the parties as to the amount of accrued actuarial unfunded liability of FLORIN as of the effective date of this Agreement subject to any modifications of this accrued actuarial unfunded liability made by SCERS' independent actuary pursuant to Section 5 of this Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter of this Agreement, and supersedes all prior agreements, understandings, negotiations, representations, and discussions, whether oral or written.

Section 14. TIME

Time is of the essence of this Agreement.

Section 15. DISPUTE RESOLUTION

(a) Whenever SCERS and FLORIN (hereinafter referred to as "the parties" or "party") are unable to agree as to any matter governed under this Agreement, such as whether FLORIN needs to make payments to eliminate an accumulated deficit in its actuarially determined unfunded liability, this dispute resolution process shall govern. Until the dispute is decided herein FLORIN shall make the payments to SCERS contained in SCERS' last best offer.

(b) Within 60 business days after the discovery of the dispute, either party may give the other party a written request for a meeting to be held within ten (10) days after receipt of the request. At the meeting each party will make a final offer in an attempt to resolve the disagreement. If the meeting fails to resolve the disagreement, then the matter shall be submitted to a neutral arbitrator for a hearing and decision within ninety (90) days of selection. The arbitrator shall be selected jointly by the parties within ten (10) days of the above meeting.

(c) In the event the parties are unable to agree upon an arbitrator, the parties shall obtain from the State of California Mediation/Conciliation Service a list of nine (9) arbitrators. After receipt of the list, the parties shall within five (5) working days alternatively strike arbitrators' names from the list until one arbitrator remains. If the arbitrator declines appointment or is unavailable, the selection process above will be repeated.

(d) The decision of the arbitrator shall be limited. The arbitrator shall choose between the final offer made by SCERS and the final offer made by FLORIN to determine which better fulfills the purpose of this agreement. The final offer which better fulfills the purpose of this agreement shall be selected and enforced. The decision of the arbitrator shall be final and binding. Except as to CCP Sections 1286.2 and 1286.4, neither party shall be entitled to judicial review of the Arbitrator's decision. The party whose position is not upheld shall pay the fees and expenses of the arbitration, including reasonable attorneys fees.

Agreement between Florin Fire Protection District, American River Fire Protection District and Sacramento County Employees' Retirement System - Page 8 of 8

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

By: Jan Hogman
President of Board of Retirement

ATTESTED TO:

[Signature]
Secretary of the Board

APPROVED AS TO FORM:

[Signature]
Deputy County Counsel

FLORIN FIRE PROTECTION DISTRICT

By: [Signature]
President of Board of Directors

ATTESTED TO:

[Signature]
Clerk of the Board

APPROVED AS TO FORM:

[Signature]
District Counsel

AMERICAN RIVER FIRE PROTECTION DISTRICT

By: [Signature]
President of Board of Directors

ATTESTED TO:

[Signature]
Clerk of the Board

APPROVED AS TO FORM:

[Signature]
General Counsel



RICK MARTINEZ
Fire Chief

Sacramento Metropolitan Fire District

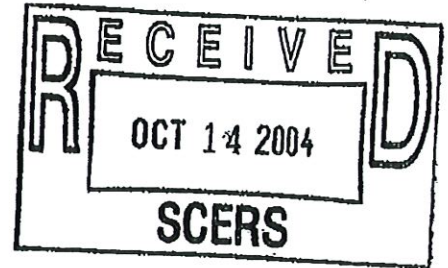
2101 Hurley Way • Sacramento, California 95825-3208 • Phone (916) 566-4000 • Fax (916) 566-4200

RESOLUTION NO. 50-04

Adopted by the Board of Directors of the
Sacramento Metropolitan Fire District

On Date October 6, 2004

A RESOLUTION ADOPTING NEW RETIREMENT FORMULA



WHEREAS, Sacramento Metropolitan Fire District is the successor in interest to the Agreement entered into on May 21, 1997, between Florin Fire Protection District, the American River Fire Protection District and the Sacramento County Employees' Retirement System and acts on behalf of Florin Fire Protection District and the American River Fire Protection District; and

WHEREAS, the retirement formula used by the Sacramento County Employees' Retirement System for Sacramento Metropolitan Fire District's safety and miscellaneous members who were formerly in Florin Fire District for service prior to January 1, 1997, is presently set by Government Code Section 31664 for safety members and Government Code Section 31676.1 for miscellaneous members; and

WHEREAS by Resolution 2003-0517, adopted May 13, 2003, the Board of Supervisors of Sacramento County made the formula specified in Government Code Section 31664.1 known as 3% at 50, applicable to all service credit earned and accrued by safety members on and after June 29, 2003; and

WHEREAS by Resolution 2003-0517, adopted May 13, 2003, the Board of Supervisors of Sacramento County made the formula specified in Government Code Section 36676.14 known as 2% at 55 ½, applicable to all service credit earned and accrued by miscellaneous members on and after June 29, 2003; and

WHEREAS, to comply with its labor agreements and enable Sacramento Metropolitan Fire District to establish parity for all of its employees and continue to attract and employ experienced personnel, it is in the public interest that the new formulas described in

Resolution No. 50-04
Page 2 of 3

Sections 31664.1 and Section 31676.14 be applicable to all service credit earned and accrued by Sacramento Metropolitan Fire District's safety members who were formerly in Florin Fire District for service prior to their retirement; and

WHEREAS, Government Code Section 31678.2 provides that the governing body of a district may, by resolution adopted by a majority vote, make a new formula applicable to service credit earned by its employees prior to the date the resolution is adopted; and

WHEREAS, Government Code Section 7507 provides that the amount of the future costs of an increase in public retirement plan benefits shall be announced at a public meeting at least two weeks prior to its adoption; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sacramento Metropolitan Fire District as follows:

1. In accordance with the provisions of Government Code Section 31678.2, the new formula specified in Section 31664.1 used by the Sacramento County Employees' Retirement System specifying a formula known as "3% at 50" for safety employees, shall be applicable to all safety service credit accrued prior to January 1, 1997, by safety employees of Sacramento Metropolitan Fire District, who were formerly in Florin Fire District. Also in accordance with Section 31678.2, this paragraph shall only be applicable to members who retire on or after the date this resolution is made effective.
2. In accordance with the provisions of Government Code Section 31678.2, the new formula specified in Section 31676.14 used by the Sacramento County Employees' Retirement System specifying a formula known as "2% at 55 1/2" for miscellaneous employees, shall be applicable to all miscellaneous service credit accrued prior to January 1, 1997, by miscellaneous employees of Sacramento Metropolitan Fire District, who were formerly in Florin Fire District. Also in accordance with Section 31678.2, this paragraph shall only be applicable to members who retire on or after the date this resolution is made effective.
3. The new retirement formulas adopted pursuant to this resolution shall be effective December 1, 2004.
4. If any provision of this resolution or the application thereof to any person or circumstances is held invalid, the remainder of such provisions to other persons or circumstances shall be null and void, and to that end this Board specifically declares that the provisions of this resolution are non-severable.

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ON A MOTION by Director Trujillo, seconded by Director Duveneck, the foregoing resolution was passed and adopted this 6th day of October, 2004, by the following vote to wit:

AYES: Duveneck, Engellenner, Kelly, Trujillo, Valley

NOES: None

ABSENT: Goold, Granados, Lawson, Jones

SACRAMENTO METROPOLITAN FIRE DISTRICT

By H. Peter Engellenner F.D.R.
President, Board of Directors

Attested By:

Charlotte Kilson
Clerk of the Board

Table A - Amortization Schedule under a 20-Year Payment Period for \$45.0 million in UAAL

The payment amounts we have assumed in preparing the schedule below are as follows:

- i) \$3.3 million in contributions made on May 3, 2018 for the 2017/2018 fiscal year;
- ii) Contributions for the 2018/2019 and later fiscal years will be made on July 31 of every fiscal year; and
- iii) Contributions will ramp-up from 2018/2019 to a level dollar amount from 2025/2026 to 2036/2037.

Annual Interest Rate: 7.00%
Annual Payment Growth: 0.00%

Fiscal Year	Beginning of Period UAAL Balance	Annual Payment ⁽¹⁾	Interest Paid	Principal Paid	End of Period UAAL Balance
2017/2018	\$ 45,045,597	\$ 3,300,000	\$ 3,117,521	\$ 182,479	\$ 44,863,118
2018/2019	44,863,118	3,141,977	2,939,382	202,595	44,660,523
2019/2020	44,660,523	3,337,045	2,912,719	424,326	44,236,197
2020/2021	44,236,197	3,532,114	2,870,535	661,579	43,574,618
2021/2022	43,574,618	3,727,182	2,811,743	915,439	42,659,179
2022/2023	42,659,179	3,922,251	2,735,181	1,187,070	41,472,109
2023/2024	41,472,109	4,117,319	2,639,605	1,477,715	39,994,394
2024/2025	39,994,394	4,312,388	2,523,683	1,788,704	38,205,689
2025/2026	38,205,689	4,520,906	2,385,132	2,135,774	36,069,915
2026/2027	36,069,915	4,520,906	2,235,628	2,285,278	33,784,637
2027/2028	33,784,637	4,520,906	2,075,659	2,445,248	31,339,390
2028/2029	31,339,390	4,520,906	1,904,491	2,616,415	28,722,975
2029/2030	28,722,975	4,520,906	1,721,342	2,799,564	25,923,410
2030/2031	25,923,410	4,520,906	1,525,373	2,995,534	22,927,877
2031/2032	22,927,877	4,520,906	1,315,685	3,205,221	19,722,656
2032/2033	19,722,656	4,520,906	1,091,320	3,429,586	16,293,070
2033/2034	16,293,070	4,520,906	851,249	3,669,657	12,623,412
2034/2035	12,623,412	4,520,906	594,373	3,926,533	8,696,879
2035/2036	8,696,879	4,520,906	319,515	4,201,391	4,495,488
2036/2037	4,495,488	4,520,906	25,418	4,495,488	-
Total		\$ 83,641,151	\$ 38,595,554	\$ 45,045,597	

⁽¹⁾ In preparing this schedule, we have included the \$3.3 million in contributions made by the District on May 3, 2018 for 2017/2018. We have made the assumption that contributions for 2018/2019 and later would be made by the District on July 31 of every fiscal year.

Note: Results may not add due to rounding.