



SAN BENITO COUNTY BOARD OF SUPERVISORS

Margie Barrios	Anthony Botelho	Robert Rivas	Jerry Muenzer	Jaime De La
District No. 1	District No. 2	District No. 3	District No. 4	Cruz
Chair		Vice - Chair		District No. 5

County Administration Building - Board of Supervisors Chambers, 481 Fourth Street, Hollister,
California

SPECIAL MEETING MINUTES May 17, 2016 9:00 AM

Mission Statement

The County Board of Supervisors will recognize the public trust it holds, will on all occasions conduct business with honesty, integrity, and respect for the individual, and will hold the organization of County government to that same standard.

The San Benito County Board of Supervisors welcomes you to this meeting and encourages your participation.

- If you wish to speak on an item contained in the agenda please complete a Speaker Card identifying the item(s) and provide it to the Clerk of the Board prior to consideration of the item.

Each individual speaker will be limited to a presentation total of (3) minutes unless otherwise permitted by the Board Chair.

CALL TO ORDER

The meeting was called to order at 9:01AM.

- a. Pledge of Allegiance

Pledge of Allegiance to be led by Supervisor Margie Barrios, District 1.

- b. Acknowledge of Certificate of Posting

Certificate of Posting signed by Clerk of the Board.

Barrios and Muenzer.

Supervisor Margie Barrios motioned to approve the Certificate of Posting as presented by the Clerk of the Board.. Supervisor Jerry Muenzer seconded the motion.

Ayes: Barrios, Botelho, De La Cruz, Muenzer

Absent: Rivas

REGULAR AGENDA

1. **COUNTY ADMINISTRATION OFFICE - R. ESPINOSA**

Community Based Organizations Allocations for FY 2016-17.
SBC FILE NUMBER: 865

The CAO asked Management Analyst Melinda Casillas to present the item to the Board on behalf of the administration.

No action taken - receive and file.

<p>Watch Video</p>

Absent: Rivas

2. **COUNTY ADMINISTRATION OFFICE - R. ESPINOSA**

Budgetary Reserve Funds Policy Discussion including but not limited to: Teeter Funds Report. Adopt general fund reserve policy, Adopt capital reserve policy, and adopt Rainy Day Policy.
SBC FILE NUMBER: 865

Watch Video part 1

Watch Video part 2

Absent: Rivas

The PowerPoint Presentation began at 9:33AM provided by Joe Paul Gonzalez, Clerk-Auditor,Recorder.

Break at 10:28AM

Resume at 10:38

Joe Paul Gonzalez resumed presentation.

Mr. Gonzalez moved to slide 43 of his PowerPoint Presentation.

Supervisor Anthony Botelho motioned to create a rainy day fund in the amount of \$3 Million for PARS.from General Purpose Reserve Fund. In addition, to authorize the CAO to negotiate and approve the final agreement.. Supervisor Margie Barrios seconded the motion.

Ayes: Barrios, Botelho, De La Cruz, Muenzer

Absent: Rivas

3. **COUNTY ADMINISTRATION OFFICE - R. ESPINOSA**

Presentation on Public Agency Retirement Services (P.A.R.S.) Discussion

including but not limited to:

- Reasons to discuss this topic
- Rainy Day Policy
- Possible Allocation Amounts.

Action to include adopting attached resolution and authorizing the CAO to approve agreement after negotiations with PARS, and to execute the final agreement as approved by both parties.

SBC FILE NUMBER: 865

Watch Video

Absent: Rivas

4. **COUNTY ADMINISTRATION OFFICE - R. ESPINOSA**

Capitalization Policy.

SBC FILE NUMBER: 865

Watch Video

Absent: Rivas

5. **COUNTY ADMINISTRATION OFFICE - R. ESPINOSA**

Actuarial report.

SBC FILE NUMBER: 865

Watch Video Part 1

Watch Video Part 2

6. **COUNTY ADMINISTRATION OFFICE - R. ESPINOSA**

Status of Bank of America Banking Services with San Benito County.

SBC FILE NUMBER: 865

Watch Video

7. **HUMAN RESOURCES DEPARTMENT - G. COCHRAN**

Report from CalPers regarding percentage numbers.

SBC FILE NUMBER: 865

Watch Video

8. **COUNTY ADMINISTRATION OFFICE - R. ESPINOSA**

- Budget Administration Policies Current County Budget Status for FY 2015-16.

SBC FILE NUMBER: 865

Watch Video

9. **COUNTY ADMINISTRATION OFFICE - R. ESPINOSA**

- FY 16/17 Requested and Recommended Budget update
- FY 16/17 Budget Schedule

SBC FILE NUMBER: 865

Watch Video

ADJOURNMENT

Adjourn to May 24, 2016 Regular Meeting.

NOTE: A copy of this Agenda is published, along with supportive documents, on the County's Web site on the Friday preceding each Board meeting and may be viewed at www.cosb.us/government/meetings-agendas/. All proposed agenda items with supportive documents are also available for viewing at the San Benito County Administration Building, 481 Fourth Street, Hollister, CA between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday (except holidays). This is the same packet that the Board of Supervisors reviews and discusses at each Board meeting.

As required by Gov. Code Section 54957.5 any public record distributed to the Board of Supervisors less than 72 hours prior to this meeting in connection with any agenda item shall be made available for public inspection at the office of the Clerk of the Board, San Benito County Administration Building, 481 Fourth Street, Hollister, CA 95023. Public records distributed during the meeting will be available for public inspection at the meeting if prepared by the County. If the public record is prepared by some other person and distributed at the meeting it will be made available for public inspection following the meeting at the office of the Clerk of the Board.

<i>In compliance with the Americans with Disabilities Act (ADA) the Board of Supervisors meeting facility is accessible to persons with disabilities. If you need special assistance to participate in this meeting, please contact the Clerk of the Board's office at (831) 636-4000 at least 48 hours before the meeting to enable the County to make reasonable arrangements to ensure accessibility.</i>
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SAN BENITO COUNTY AGENDA ITEM TRANSMITTAL FORM

BOARD OF SUPERVISORS

MARGIE BARRIOS
District One
ANTHONY BOTELHO
District Two
ROBERT RIVAS
District Three
JERRY MUENZER
District Four
JAIME DE LA CRUZ
District Five

Item Number:

MEETING DATE: 5/17/2016

DEPARTMENT: CLERK OF THE BOARD OF SUPERVISORS

DEPT HEAD/DIRECTOR: Ray Espinosa, CAO

AGENDA ITEM PREPARER: Louie Valdez, Clerk of the Board

SBC DEPT FILE NUMBER:

SUBJECT:

Pledge of Allegiance to be led by Supervisor Margie Barrios, District 1.

AGENDA SECTION:

Pledge of Allegiance

BACKGROUND/SUMMARY:

BUDGETED:

SBC BUDGET LINE ITEM NUMBER:

CURRENT FY COST:

STAFF RECOMMENDATION:

ADDITIONAL PERSONNEL:



SAN BENITO COUNTY AGENDA ITEM TRANSMITTAL FORM

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Item Number:

MEETING DATE: 5/17/2016

DEPARTMENT: CLERK OF THE BOARD OF SUPERVISORS

DEPT HEAD/DIRECTOR: Ray Espinosa, CAO

AGENDA ITEM PREPARER: Louie Valdez, Clerk of the Board

SBC DEPT FILE NUMBER:

SUBJECT:

Certificate of Posting signed by Clerk of the Board.

AGENDA SECTION:

Acknowledge of Certificate of Posting

BACKGROUND/SUMMARY:

BUDGETED:

SBC BUDGET LINE ITEM NUMBER:

CURRENT FY COST:

STAFF RECOMMENDATION:

ADDITIONAL PERSONNEL:

ATTACHMENTS:

Description

[Certificate of Posting](#)

Upload Date

5/10/2016

Type

Backup Material

**SPECIAL MEETING
COUNTY OF SAN BENITO BOARD OF SUPERVISORS**

CERTIFICATE OF POSTING

Pursuant to Government Code Section #54956 the agenda for the Special meeting of May 17, 2016 at 9:00 a.m. was posted on the 12nd day of May, 2016 at 5:00 p.m., at the following locations, freely accessible to the public:

**The front entrance of the Old County Courthouse,
Monterey Street, City of Hollister, San Benito County, State
of California**

and

**The front entrance of the San Benito County
Administration Building, 481 Fourth Street, Hollister, CA**

I, Louie Valdez, certify under penalty of perjury, that the foregoing is true and correct.

**LOUIE VALDEZ, CLERK OF THE BOARD
COUNTY OF SAN BENITO**



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District Five

Item Number: 1.

MEETING DATE: 5/17/2016

DEPARTMENT: COUNTY ADMINISTRATION OFFICE

DEPT HEAD/DIRECTOR: Ray Espinosa

AGENDA ITEM PREPARER: Melinda Casillas

SBC DEPT FILE NUMBER: 865

SUBJECT:

COUNTY ADMINISTRATION OFFICE - R. ESPINOSA

Community Based Organizations Allocations for FY 2016-17.

SBC FILE NUMBER: 865

AGENDA SECTION:

REGULAR AGENDA

BACKGROUND/SUMMARY:

On March 29, 2016 the sub-committee for the CBOs met to review the applications received per the deadline of December 31, 2015. Attached is the committee's recommendations for the allocations in FY 16/17.

BUDGETED:

Yes

SBC BUDGET LINE ITEM NUMBER:

CURRENT FY COST:

STAFF RECOMMENDATION:

Accept the CBO committee's recommendations for the allocations of FY 16/17.

ADDITIONAL PERSONNEL: No

ATTACHMENTS:

Description

[CBO FY 16/17 RECOMMENDATIONS](#)

Upload Date

5/9/2016

Type

Cover Memo

SAN BENITO COUNTY
COMMUNITY BASED ORGANIZATIONS
FY 16/17
COMMITTEE RECOMMENDATION

AGENCY	CONTACT	GROUPS SERVED	REQUEST	FY 15/16 SBC RECEIPT	RECENT FUNDING BY CITY OF HOLLISTER	FY 16/17 RECOMMENDATION FINAL
JOVENES DE ANTANO	PAULINE VALDIVA	SENIORS	\$ 40,000.00	\$ 40,000.00	\$ 25,000.00	\$ 40,000.00
SENIOR CITIZES LEGAL SERVICES	CREIGHTON MENDIVIL	SENIORS	\$ 4,500.00	\$ 4,000.00		\$ 4,000.00
AAA - OPERATED BY SENIORS COUNCIL	CLAY KEMP	SENIORS	\$ 35,000.00	\$ 30,000.00		\$ 30,000.00
ADVOCACY	GARY EDWARDS	SENIORS	\$ 6,500.00	\$ 6,000.00	\$ 3,500.00	\$ 6,000.00
COMMUNITY FOOD BANK	MARIA THOMAS	LOW INCOME	\$ 15,000.00	\$ 12,500.00		\$ 12,500.00
EMMAUS HOUSE	PATRICE KUERSCHNER	VICTIMS OF ABUSE	\$ 30,000.00	\$ 15,000.00		\$ 18,500.00
CASA - COURT APPOINTED SPECIAL ADVOCATES	ESTHER CURTICE	YOUTH	\$ 5,000.00	\$ -	\$ 5,000.00	\$ 1,000.00
HOLLISTER YOUTH ALLIANCE	DIANE ORTIZ	YOUTH	\$ 25,000.00	\$ -		\$ 4,000.00
CHAMBERLAINS CHILDREN CENTER	DENISE CAUTHEN-WRIGHT	YOUTH	\$ 4,100.00	\$ -	\$ 3,000.00	\$ 1,000.00
SBC ARTS COUNCIL	JENNIFER LAINE	YOUTH	\$ 3,600.00	\$ -	\$ 7,000.00	\$ 1,000.00
UNITED WAY	VICTORIA FORTINO	YOUTH	\$ 5,000.00			\$ 1,000.00
		HOMELESS	\$ 10,000.00			
			\$ 183,700.00	\$ 107,500.00	\$ 43,500.00	\$ 119,000.00

STUFF THE BUS
12 DAYS OF GIVI

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SAN BENITO COUNTY AGENDA ITEM TRANSMITTAL FORM

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Item Number: 2.

MEETING DATE: 5/17/2016

DEPARTMENT: CLERK OF THE BOARD OF SUPERVISORS

DEPT HEAD/DIRECTOR:

AGENDA ITEM PREPARER:

SBC DEPT FILE NUMBER: 865

SUBJECT:

COUNTY ADMINISTRATION OFFICE - R. ESPINOSA

Budgetary Reserve Funds Policy Discussion including but not limited to:
Teeter Funds Report. Adopt general fund reserve policy, Adopt capital reserve policy, and adopt Rainy Day Policy.
SBC FILE NUMBER: 865

AGENDA SECTION:

REGULAR AGENDA

BACKGROUND/SUMMARY:

BUDGETED:

SBC BUDGET LINE ITEM NUMBER:

CURRENT FY COST:

STAFF RECOMMENDATION:

Receive information. Adopt general fund reserve policy, Adopt capital reserve policy, and adopt Rainy Day Policy.

ADDITIONAL PERSONNEL:



SAN BENITO COUNTY AGENDA ITEM TRANSMITTAL FORM

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Item Number: 3.

MEETING DATE: 5/17/2016

DEPARTMENT: COUNTY ADMINISTRATION OFFICE

DEPT HEAD/DIRECTOR:

AGENDA ITEM PREPARER:

SBC DEPT FILE NUMBER: 865

SUBJECT:

COUNTY ADMINISTRATION OFFICE - R. ESPINOSA

Presentation on Public Agency Retirement Services (P.A.R.S.) Discussion including but not limited to:

- Reasons to discuss this topic
- Rainy Day Policy
- Possible Allocation Amounts.

Action to include adopting attached resolution and authorizing the CAO to approve agreement after negotiations with PARS, and to execute the final agreement as approved by both parties.

SBC FILE NUMBER: 865

AGENDA SECTION:

REGULAR AGENDA

BACKGROUND/SUMMARY:

BUDGETED:

SBC BUDGET LINE ITEM NUMBER:

CURRENT FY COST:

STAFF RECOMMENDATION:

Staff recommends that the Board adopt the attached resolution, and authorize the CAO to approve the agreement after negotiations with PARS, and to execute the final agreement as approved by both parties.

ADDITIONAL PERSONNEL:

ATTACHMENTS:

Description

[resolution](#)

[PARS Administrative Services Agreement 05172016](#)

[PLR from IRS 05172016](#)

Upload Date

5/15/2016

5/12/2016

5/12/2016

Type

Resolution Letter

Backup Material

Backup Material

RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF SAN BENITO
APPROVING THE ADOPTION OF THE
PUBLIC AGENCIES POST-EMPLOYMENT BENEFITS TRUST
ADMINISTERED BY PUBLIC AGENCY RETIREMENT SERVICES (PARS)**

WHEREAS, PARS has made available the PARS Public Agencies Post-Employment Benefits Trust (the “Program”) for the purpose of pre-funding pension obligations and/or OPEB obligations; and

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

WHEREAS, the County’s adoption and operation of the Program has no effect on any current or former employee’s entitlement to post-employment benefits; and

WHEREAS, the terms and conditions of post-employment benefit entitlement, if any, are governed by contracts separate from and independent of the Program; and

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

WHEREAS, the County reserves the right to make contributions, if any, to the Program.

NOW THEREFORE, BE IT RESOLVED, ORDERED AND FOUND by the Board of Supervisors of the County of San Benito, State of California as follows:

1. The Board of Supervisors of the County hereby adopts the PARS Public Agencies Post-Employment Benefits Trust, effective May 17, 2016, or as soon thereafter as administratively possible; and
2. The Board of Supervisors of the County hereby appoints the Auditor of San Benito County, or his/her successor or his/her designee as the County’s Plan Administrator for the Program; and.
3. The County’s Plan Administrator is hereby authorized to execute the PARS legal and administrative documents on behalf of the County and to take whatever additional actions are necessary to maintain the County’s participation in the Program and to maintain compliance of any relevant regulation issued or as may be issued; therefore, authorizing him/her to take whatever additional actions are required to administer the County’s Program.

PASSED AND ADOPTED by the San Benito County Board of Supervisors, State of California, at the meeting of said Board held on the 17th day of May, 2016 by the following vote:

AYES:

NOES:

ABSENT OR NOT VOTING:

ROBERT RIVAS, CHAIR
San Benito County Board of Supervisors

APPROVED AS TO LEGAL FORM:

San Benito County Counsel's Office

Barbara Thompson
Assistant County Counsel

STATE OF CALIFORNIA
COUNTY OF SAN BENITO

Louie Valdez, the Clerk of the Board of Supervisors of the County of San Benito, State of California, hereby certifies that the above foregoing resolution was duly and regularly adopted by said County at a special meeting thereof held on the 17th day of May, 2016, and passed by a _____ vote of said Board.

IN WITNESS WHEREOF I have hereunto set my hand and seal this _____, 2016.

Clerk of the Board of Supervisors

AGREEMENT FOR ADMINISTRATIVE SERVICES

This agreement ("Agreement") is made this ____ day of _____, 2016, between Phase II Systems, a corporation organized and existing under the laws of the State of California, doing business as Public Agency Retirement Services and PARS (hereinafter "PARS") and the [Agency Name] ("Agency").

WHEREAS, the Agency has adopted the PARS Public Agencies Post-Employment Benefits Trust for the purpose of pre-funding pension obligations and/or OPEB obligations ("Plan"), and is desirous of retaining PARS as Trust Administrator to the Trust, to provide administrative services.

NOW THEREFORE, the parties agree:

1. **Services.** PARS will provide the services pertaining to the Plan as described in the exhibit attached hereto as "Exhibit 1A" ("Services") in a timely manner, subject to the further provisions of this Agreement.
2. **Fees for Services.** PARS will be compensated for performance of the Services as described in the exhibit attached hereto as "Exhibit 1B".
3. **Payment Terms.** Payment for the Services will be remitted directly from Plan assets unless the Agency chooses to make payment directly to PARS. In the event that the Agency chooses to make payment directly to PARS, it shall be the responsibility of the Agency to remit payment directly to PARS based upon an invoice prepared by PARS and delivered to the Agency. If payment is not received by PARS within thirty (30) days of the invoice delivery date, the balance due shall bear interest at the rate of 1.5% per month. If payment is not received from the Agency within sixty (60) days of the invoice delivery date, payment plus accrued interest will be remitted directly from Plan assets, unless PARS has previously received written communication disputing the subject invoice that is signed by a duly authorized representative of the Agency.
4. **Fees for Services Beyond Scope.** Fees for services beyond those specified in this Agreement will be billed to the Agency at the rates indicated in the PARS' standard fee schedule in effect at the time the services are provided and shall be payable as described in Section 3 of this Agreement. Before any such services are performed, PARS will provide the Agency with a detailed description of the services, terms, and applicable rates for such services. Such services, terms, and applicable rates shall be agreed upon in writing and executed by both parties.
5. **Information Furnished to PARS.** PARS will provide the Services contingent upon the Agency's providing PARS the information specified in the exhibit attached hereto as "Exhibit 1C" ("Data"). It shall be the responsibility of the Agency to certify the accuracy, content and completeness of the Data so that PARS may rely on such information without further audit. It shall further be the responsibility of the Agency to deliver the Data to PARS in such a manner that allows for a reasonable amount of time for the Services to be performed. Unless specified in Exhibit 1A, PARS shall be under no duty to question Data received from the Agency, to compute contributions made to the

Plan, to determine or inquire whether contributions are adequate to meet and discharge liabilities under the Plan, or to determine or inquire whether contributions made to the Plan are in compliance with the Plan or applicable law. In addition, PARS shall not be liable for non performance of Services to the extent such non performance is caused by or results from erroneous and/or late delivery of Data from the Agency. In the event that the Agency fails to provide Data in a complete, accurate and timely manner and pursuant to the specifications in Exhibit 1C, PARS reserves the right, notwithstanding the further provisions of this Agreement, to terminate this Agreement upon no less than ninety (90) days written notice to the Agency.

6. **Records.** Throughout the duration of this Agreement, and for a period of five (5) years after termination of this Agreement, PARS shall provide duly authorized representatives of Agency access to all records and material relating to calculation of PARS' fees under this Agreement. Such access shall include the right to inspect, audit and reproduce such records and material and to verify reports furnished in compliance with the provisions of this Agreement. All information so obtained shall be accorded confidential treatment as provided under applicable law.
7. **Confidentiality.** Without the Agency's consent, PARS shall not disclose any information relating to the Plan except to duly authorized officials of the Agency, subject to applicable law, and to parties retained by PARS to perform specific services within this Agreement. The Agency shall not disclose any information relating to the Plan to individuals not employed by the Agency without the prior written consent of PARS, except as such disclosures may be required by applicable law.
8. **Independent Contractor.** PARS is and at all times hereunder shall be an independent contractor. As such, neither the Agency nor any of its officers, employees or agents shall have the power to control the conduct of PARS, its officers, employees or agents, except as specifically set forth and provided for herein. PARS shall pay all wages, salaries and other amounts due its employees in connection with this Agreement and shall be responsible for all reports and obligations respecting them, such as social security, income tax withholding, unemployment compensation, workers' compensation and similar matters.
9. **Indemnification.** PARS and Agency hereby indemnify each other and hold the other harmless, including their respective officers, directors, employees, agents and attorneys, from any claim, loss, demand, liability, or expense, including reasonable attorneys' fees and costs, incurred by the other as a consequence of, to the extent, PARS' or Agency's, as the case may be, negligent acts, errors or omissions with respect to the performance of their respective duties hereunder.
10. **Compliance with Applicable Law.** The Agency shall observe and comply with federal, state and local laws in effect when this Agreement is executed, or which may come into effect during the term of this Agreement, regarding the administration of the Plan. PARS shall observe and comply with federal, state and local laws in effect when this Agreement is executed, or which may come into effect during the term of this Agreement, regarding Plan administrative services provided under this Agreement.

11. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California. In the event any party institutes legal proceedings to enforce or interpret this Agreement, venue and jurisdiction shall be in any state court of competent jurisdiction.
12. **Force Majeure.** When a party's nonperformance hereunder was beyond the control and not due to the fault of the party not performing, a party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by such cause, including but not limited to: any incidence of fire, flood, acts of God, acts of terrorism or war, commandeering of material, products, plants or facilities by the federal, state or local government, or a material act or omission by the other party.
13. **Ownership of Reports and Documents.** The originals of all letters, documents, reports, and data produced for the purposes of this Agreement shall be delivered to, and become the property of the Agency. Copies may be made for PARS but shall not be furnished to others without written authorization from Agency.
14. **Designees.** The Plan Administrator of the Agency, or their designee, shall have the authority to act for and exercise any of the rights of the Agency as set forth in this Agreement, subsequent to and in accordance with the written authority granted by the Governing Body of the Agency, a copy of which writing shall be delivered to PARS. Any officer of PARS, or his or her designees, shall have the authority to act for and exercise any of the rights of PARS as set forth in this Agreement.
15. **Notices.** All notices hereunder and communications regarding the interpretation of the terms of this Agreement, or changes thereto, shall be effected by delivery of the notices in person or by depositing the notices in the U.S. mail, registered or certified mail, return receipt requested, postage prepaid and addressed as follows:
- (A) To PARS: PARS; 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660; Attention: President
 - (B) To Agency: [Agency]; [Address]; [City, State, Zip]; Attention: [Plan Administrator]
- Notices shall be deemed given on the date received by the addressee.
16. **Term of Agreement.** This Agreement shall remain in effect for the period beginning _____, 2016 and ending _____, 2019 ("Term"). This Agreement may be terminated at any time by giving thirty (30) days written notice to the other party of the intent to terminate. Absent a thirty (30) day written notice to the other party of the intent to terminate, this Agreement will continue unchanged for successive twelve month periods following the Term.
17. **Amendment.** This Agreement may not be amended orally, but only by a written instrument executed by the parties hereto.
18. **Entire Agreement.** This Agreement, including exhibits, contains the entire understanding of the parties with respect to the subject matter set forth in this Agreement. In the event a conflict arises between the parties with respect to any term, condition or

provision of this Agreement, the remaining terms, conditions and provisions shall remain in full force and legal effect. No waiver of any term or condition of this Agreement by any party shall be construed by the other as a continuing waiver of such term or condition.

19. **Attorneys Fees.** In the event any action is taken by a party hereto to enforce the terms of this Agreement the prevailing party herein shall be entitled to receive its reasonable attorney's fees.
20. **Counterparts.** This Agreement may be executed in any number of counterparts, and in that event, each counterpart shall be deemed a complete original and be enforceable without reference to any other counterpart.
21. **Headings.** Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.
22. **Effective Date.** This Agreement shall be effective on the date first above written, and also shall be the date the Agreement is executed.

AGENCY:

BY: _____

TITLE: _____

DATE: _____

PARS:

BY: _____

Tod Hammeras

TITLE: Chief Financial Officer

DATE: _____

EXHIBIT 1A
SERVICES

PARS will provide the following services for the [Agency Name] Public Agencies Post-Employment Benefits Trust:

1. Plan Installation Services:

- (A) Meeting with appropriate Agency personnel to discuss plan provisions, implementation timelines, actuarial valuation process, funding strategies, benefit communication strategies, data reporting, and submission requirements for contributions/reimbursements/distributions;
- (B) Providing the necessary analysis and advisory services to finalize these elements of the Plan;
- (C) Providing the documentation needed to establish the Plan to be reviewed and approved by Agency legal counsel. Resulting final Plan documentation must be approved by the Agency prior to the commencement of PARS Plan Administration Services outlined in Exhibit 1A, paragraph 2 below.

2. Plan Administration Services:

- (A) Monitoring the receipt of Plan contributions made by the Agency to the trustee of the PARS Public Agencies Post-Employment Benefits Trust ("Trustee"), based upon information received from the Agency and the Trustee;
- (B) Performing periodic accounting of Plan assets, reimbursements/distributions, and investment activity, based upon information received from the Agency and/or Trustee;
- (C) Coordinating the processing of distribution payments pursuant to authorized direction by the Agency, and the provisions of the Plan, and, to the extent possible, based upon Agency-provided Data;
- (D) Coordinating actions with the Trustee as directed by the Plan Administrator within the scope this Agreement;
- (E) Preparing and submitting a monthly report of Plan activity to the Agency, unless directed by the Agency otherwise;
- (F) Preparing and submitting an annual report of Plan activity to the Agency;
- (G) Facilitating actuarial valuation updates and funding modifications for compliance with GASB 45, if prefunding OPEB obligations;
- (H) Coordinating periodic audits of the Trust;
- (I) Monitoring Plan and Trust compliance with federal and state laws.

3. PARS is not licensed to provide and does not offer tax, accounting, legal, investment or actuarial advice.

EXHIBIT 1B
FEES FOR SERVICES

PARS will be compensated for performance of Services, as described in Exhibit 1A based upon the following schedule:

- (A) An annual asset fee paid by the Agency or paid from Plan Assets based on the following schedule:

<u>For Plan Assets from:</u>			<u>Annual Rate:</u>
\$0	to	\$10,000,000	0.25%
\$10,000,001	to	\$15,000,000	0.20%
\$15,000,001	to	\$50,000,000	0.15%
\$50,000,001	and	above	0.10%

Annual rates are prorated and paid monthly. The annual asset fee shall be calculated by the following formula [Annual Rate divided by 12 (months of the year) multiplied by the Plan asset balance at the end of the month]. Trustee and Investment Management Fees are not included.

- (B) The annual asset fee referenced above shall be paid as follows:

Annual Asset Fee Payment Option (Please select one option below):

- ☐ Annual Asset Fee shall be paid from Plan Assets.
☐ Annual Asset Fee shall be invoiced to and paid by the Agency.

EXHIBIT 1C
DATA REQUIREMENTS

PARS will provide the Services under this Agreement contingent upon receiving the following information:

1. Executed Legal Documents:
 - (A) Certified Resolution
 - (B) Adoption Agreement to the Public Agencies Post-Employment Benefits Trust
 - (C) Trustee Investment Forms
2. Contribution – completed Contribution Transmittal Form signed by the Plan Administrator (or authorized Designee) which contains the following information:
 - (A) Agency name
 - (B) Contribution amount
 - (C) Contribution date
 - (D) Contribution method (Check, ACH, Wire)
3. Distribution – completed Payment Reimbursement/Distribution Form signed by the Plan Administrator (or authorized Designee) which contains the following information:
 - (A) Agency name
 - (B) Payment reimbursement/distribution amount
 - (C) Applicable statement date
 - (D) Copy of applicable premium, claim, statement, warrant, and/or administrative expense evidencing payment
 - (E) Signed certification of reimbursement/distribution from the Plan Administrator (or authorized Designee)
4. Other information pertinent to the Services as reasonably requested by PARS and Actuarial Provider.

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Index Number: 115.00-00

Third Party Communication: None
Date of Communication: Not Applicable

U.S. Bank National Association
c/o Susan Hughes, Vice President
3121 Michelson Drive (Suite 300)
Irvine, CA 92612

Person To Contact:
Robin J. Ehrenberg, ID No. 1000219292
Telephone Number:
(202) 317-5800
Refer Reply To:
CC:TEGE:EOEG:EO3
PLR-146796-14
Date: June 5, 2015

Legend

Trust	=	Public Agencies Post-Employment Benefits Trust
Trust Agreement	=	Public Agencies Post-Employment Benefits Trust Agreement
Trustee	=	U.S. Bank National Association

Dear Ms. Hughes:

This letter responds to a letter from your authorized representative dated December 22, 2014, requesting rulings that (1) the Trust's income is excludable from gross income under section 115 of the Internal Revenue Code (IRC) and (2) the Trust is not required to file annual federal income tax returns under IRC section 6012(a)(4). The Trust represents the facts as follows:

FACTS

The Trust is a multiple employer trust established to enable public-agency employers to fund post-retirement employee benefits. Each participating employer must be a public agency that is a state, political subdivision of a state, or an entity the income of which is excludable from gross income under IRC section 115. The employer's governing body must authorize in writing the adoption of the Trust and the employer must execute the adoption agreement, which approves the Trust's administrator and provides that the agency adopts and agrees to be bound by the Trust Agreement. In the adoption agreement, the employer elects to fund obligations to provide benefits under a post-employment health care plan and contribute to a defined-benefit pension plan maintained by the employer that is qualified under IRC section 401(a). The employer may elect to fund either or both obligations.

The Trust Agreement provides that assets are held by the Trust for the exclusive purpose of funding participating employers' benefit obligations and defraying the reasonable expenses of the Trust. The Trust's assets may not be used for any other purpose. Each employer's contributions to the Trust, together with any allocable investment earnings and losses, are held in a separate account for that employer. Assets allocated to satisfy an employer's health and welfare benefit obligation or the employer's pension obligation may only be used for purposes of satisfying that particular obligation. The assets held in an employer's account are not available to pay any obligations incurred by any other employer.

The employers appoint the Trustee and the Trust's administrator and may remove the Trustee or the administrator by a two-thirds vote of all employers. The employers may amend the Trust Agreement with the approval of two-thirds of all employers then participating in the Trust. The employers may terminate the Trust by unanimous agreement of all employers.

Upon termination of the Trust, any assets remaining in an employer's account, after satisfaction of benefit and the Trust's obligations are returned to the employer to the extent permitted by law and consistent with the requirements of IRC section 115.

LAW AND ANALYSIS

Issue 1 - IRC section 115(1)

IRC section 115(1) provides that gross income does not include income derived from any public utility or the exercise of any essential governmental function and accruing to a state or any political subdivision thereof.

Rev. Rul. 77-261, 1977-2 C.B. 45, holds that income generated by an investment fund that is established by a state to hold revenues in excess of the amounts needed to meet current expenses is excludable from gross income under IRC section 115(1), because such investment constitutes an essential governmental function. The ruling explains that the statutory exclusion is intended to extend not to the income of a state or municipality resulting from its own participation in activities, but rather to the income of an entity engaged in the operation of a public utility or the performance of some governmental function that accrues to either a state or political subdivision of a state. The ruling points out that it may be assumed that Congress did not desire in any way to restrict a state's participation in enterprises that might be useful in carrying out projects that are desirable from the standpoint of a state government and that are within the ambit of a sovereign to conduct.

Rev. Rul. 90-74, 1990-2 C.B. 34, holds that the income of an organization formed, funded, and operated by political subdivisions to pool various risks (e.g., casualty, public liability, workers' compensation, and employees' health) is excludable from gross income under IRC section 115(1), because the organization is performing an essential governmental function. The revenue ruling states that the income of such an organization is excludable from gross income so long as private interests do not participate in the organization or benefit more than incidentally from the organization. The benefit to the employees of the insurance coverage obtained by the member political subdivisions was deemed incidental to the public benefit.

Through the Trust, participating public agency employers fund health and welfare and pension obligations for retired employees. Each of the Trust's participating employers is required to be a state, political subdivision of a state or an entity the income of which is excludable from gross income under IRC section 115. Providing health, welfare and pension benefits to current and former employees constitutes the performance of an essential government function within the meaning of IRC section 115(1). See Rev. Rul. 90-74 and Rev. Rul. 77-261.

The Trust's income accrues to its participating employers, all of which are political subdivisions of a state or entities the income of which is excludable from gross income under IRC section 115. No private interests will participate in, or benefit from, the operation of Trust, other than as providers of goods or services. The benefit to employees is incidental to the public benefit. See Rev. Rul. 90-74.

In no event, including dissolution, will the Trust's assets be distributed or revert to any entity that is not a state, a political subdivision of a state, or entity the income of which is excludable from its gross income by application of IRC section 115(1).

Issue 2- IRC section 6012(a)(4)

Section 301.7701-1(b) of the Procedure and Administration Regulations (Regulations) provides that the classification of organizations that are recognized as separate entities is determined under sections 301.7701-2, 301.7701-3, and 301.7701-4, unless a provision of the IRC provides for special treatment of that organization.

Section 301.7701-4(a) of the Regulations provides that, in general, an arrangement will be treated as if it can be shown that the purpose of the arrangement is to vest in trustees responsibility for the protection and conservation of property for beneficiaries who cannot share in the discharge of this responsibility and, therefore, are not associates in a joint enterprise for the conduct of business for profit.

The Trust enables public-agency employers to set aside funds to be used to satisfy each employer's separate pension and health and welfare benefit obligations. The

Trustee is charged with the responsibility of the protection and conservation of the Trust property for the benefit of the beneficiaries of the Trust. The beneficiaries of the Trust cannot share in the discharge of the Trustee's responsibility for the protection and conservation of property and, therefore, are not associates in a joint enterprise for the conduct of business for profit. IRC section 6012(a)(4) provides that every trust having for the taxable year any taxable income or having gross income of \$600 or more, regardless of the amount of taxable income, shall make returns with respect to income taxes under Subtitle A.

Based solely on the facts and representations submitted by the Trust, we conclude that:

1. Because the income of the Trust derives from the exercise of an essential governmental function and will accrue to a state or a political subdivision thereof, the Trust's income is excludable from gross income under IRC section 115(1).
2. The Trust is classified as a trust within the meaning of IRC section 7701(a) and section 301.7701-4(a) of the Regulations. Because Trust's income is excludable from gross income under IRC section 115, the Trust is not required by IRC section 6012(a)(4) to file an annual income tax return.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. This ruling concerns only the federal tax treatment of the Trust's income and may not be cited or relied upon by any taxpayer, including the Trust, employers participating in the Trust, and any recipients of benefits paid under the terms of the Trust, as to any matter relating to the taxation of accident or health contributions or benefits.

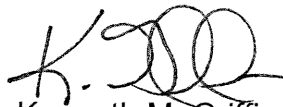
This ruling is directed only to the taxpayer who requested it. IRC section 6110(k)(3) provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Griffin', with a stylized flourish at the end.

Kenneth M. Griffin
Branch Chief, Exempt Organizations Branch 3
(Tax Exempt and Government Entities)

cc: Marcus Wu
Pillsbury Winthrop Shaw Pittman LLP
12255 El Camino Real, Suite 300
San Diego, CA 92130-4088

Paul Marmolejo
Director, Office of Federal, State and Local Governments
SE:T:GE:FSL



SAN BENITO COUNTY AGENDA ITEM TRANSMITTAL FORM

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Item Number: 4.

MEETING DATE: 5/17/2016

DEPARTMENT: CLERK OF THE BOARD OF SUPERVISORS

DEPT HEAD/DIRECTOR:

AGENDA ITEM PREPARER:

SBC DEPT FILE NUMBER: 865

SUBJECT:

COUNTY ADMINISTRATION OFFICE - R. ESPINOSA

Capitalization Policy.

SBC FILE NUMBER: 865

AGENDA SECTION:

REGULAR AGENDA

BACKGROUND/SUMMARY:

BUDGETED:

SBC BUDGET LINE ITEM NUMBER:

CURRENT FY COST:

STAFF RECOMMENDATION:

ADDITIONAL PERSONNEL:



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Item Number: 5.

MEETING DATE: 5/17/2016

DEPARTMENT: COUNTY ADMINISTRATION OFFICE

DEPT HEAD/DIRECTOR:

AGENDA ITEM PREPARER:

SBC DEPT FILE NUMBER:

SUBJECT:

COUNTY ADMINISTRATION OFFICE - R. ESPINOSA

Actuarial report.

SBC FILE NUMBER: 865

AGENDA SECTION:

REGULAR AGENDA

BACKGROUND/SUMMARY:

BUDGETED:

SBC BUDGET LINE ITEM NUMBER:

CURRENT FY COST:

STAFF RECOMMENDATION:

Receive report.

ADDITIONAL PERSONNEL:



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Item Number: 6.

MEETING DATE: 5/17/2016

DEPARTMENT: CLERK OF THE BOARD OF SUPERVISORS

DEPT HEAD/DIRECTOR:

AGENDA ITEM PREPARER:

SBC DEPT FILE NUMBER: 865

SUBJECT:

COUNTY ADMINISTRATION OFFICE - R. ESPINOSA

Status of Bank of America Banking Services with San Benito County.

SBC FILE NUMBER: 865

AGENDA SECTION:

REGULAR AGENDA

BACKGROUND/SUMMARY:

BUDGETED:

SBC BUDGET LINE ITEM NUMBER:

CURRENT FY COST:

STAFF RECOMMENDATION:

Receive information.

ADDITIONAL PERSONNEL:



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Item Number: 7.

MEETING DATE: 5/17/2016

DEPARTMENT: CLERK OF THE BOARD OF SUPERVISORS

DEPT HEAD/DIRECTOR:

AGENDA ITEM PREPARER:

SBC DEPT FILE NUMBER: 865

SUBJECT:

HUMAN RESOURCES DEPARTMENT - G. COCHRAN

Report from CalPers regarding percentage numbers.

SBC FILE NUMBER: 865

AGENDA SECTION:

REGULAR AGENDA

BACKGROUND/SUMMARY:

BUDGETED:

SBC BUDGET LINE ITEM NUMBER:

CURRENT FY COST:

STAFF RECOMMENDATION:

Receive report.

ADDITIONAL PERSONNEL:



SAN BENITO COUNTY AGENDA ITEM TRANSMITTAL FORM

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Item Number: 8.

MEETING DATE: 5/17/2016

DEPARTMENT: COUNTY ADMINISTRATION OFFICE

DEPT HEAD/DIRECTOR:

AGENDA ITEM PREPARER:

SBC DEPT FILE NUMBER: 865

SUBJECT:

COUNTY ADMINISTRATION OFFICE - R. ESPINOSA

• Budget Administration Policies Current County Budget Status for FY 2015-16.
SBC FILE NUMBER: 865

AGENDA SECTION:

REGULAR AGENDA

BACKGROUND/SUMMARY:

BUDGETED:

SBC BUDGET LINE ITEM NUMBER:

CURRENT FY COST:

STAFF RECOMMENDATION:

Receive information.

ADDITIONAL PERSONNEL:



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Item Number: 9.

MEETING DATE: 5/17/2016

DEPARTMENT: COUNTY ADMINISTRATION OFFICE

DEPT HEAD/DIRECTOR: Ray Espinosa

AGENDA ITEM PREPARER: Melinda Casillas

SBC DEPT FILE NUMBER: 865

SUBJECT:

COUNTY ADMINISTRATION OFFICE - R. ESPINOSA

- FY 16/17 Requested and Recommended Budget update
- FY 16/17 Budget Schedule

SBC FILE NUMBER: 865

AGENDA SECTION:

REGULAR AGENDA

BACKGROUND/SUMMARY:

The CAOs office will give a presentation of the progress on the FY 16/17 Recommended Budget to date.

BUDGETED:

SBC BUDGET LINE ITEM NUMBER:

CURRENT FY COST:

STAFF RECOMMENDATION:

Receive report on the FY 16/17 Recommended Budget progress.

ADDITIONAL PERSONNEL:



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Item Number:

MEETING DATE: 5/17/2016

DEPARTMENT: CLERK OF THE BOARD OF SUPERVISORS

DEPT HEAD/DIRECTOR:

AGENDA ITEM PREPARER:

SBC DEPT FILE NUMBER:

SUBJECT:

ADJOURNMENT

Adjourn to May 24, 2016 Regular Meeting.

AGENDA SECTION:

Next Meeting Date/Time

BACKGROUND/SUMMARY:

BUDGETED:

SBC BUDGET LINE ITEM NUMBER:

CURRENT FY COST:

STAFF RECOMMENDATION:

ADDITIONAL PERSONNEL: