

GREAT BASIN UNIFIED AIR POLLUTION CONTROL DISTRICT



GOVERNING BOARD MEETING INFORMATION

Meeting Date & Time

Monday, February 1, 2016 at 10:00 a.m.

Meeting Location

City of Bishop Council Chambers
377 West Line Street
Bishop, California 93514

District Board

Matt Kingsley, Inyo County, Chairman
Larry Johnston, Mono County, Vice Chair
Jo Bacon, Town of Mammoth Lakes
Ron Hames, Alpine County
Mary Rawson, Alpine County
Jeff Griffiths, Inyo County
Fred Stump, Mono County

Phillip L. Kiddoo, Air Pollution Control Officer
157 Short Street, Bishop, California 93514
(760) 872-8211 E-mail: pkiddoo@gbuapcd.org



GREAT BASIN UNIFIED AIR POLLUTION CONTROL DISTRICT

157 Short Street, Bishop, California 93514-3537

Tel: 760-872-8211 www.gbuapcd.org

GOVERNING BOARD REGULAR MEETING AGENDA

MONDAY, FEBRUARY 1, 2016 AT 10:00 AM

City of Bishop Council Chambers

377 West Line Street

Bishop, California 93514

Assistance for those with disabilities: If you have a disability and need accommodation to participate in the meeting, please call Tori DeHaven, Board Clerk, at (760) 872-8211 for assistance so the necessary arrangements can be made.

1. Call to order and pledge of allegiance
2. Public comment on matters not on the agenda (No action)
3. Consent Items (Action)
 - a. December 7, 2015 Governing Board meeting minutes.....1
 - b. Approve 2016 District rule adoption/revision schedule as required by California Health and Safety Code section 409237
 - c. Purchase of Air Pollution Monitoring Equipment Maintenance Items from Thermo Environmental, A Sole-Source Provider, for \$50,0008
 - d. Approve the transfer of funds from SB270 capital asset reserves monitoring equipment, to the current 2015-2016 fiscal year II.C-Equipment: Scientific and approve purchase order 9032 with Draganfly Innovations Inc. for the total amount of \$26,941.81 for the purchase of Draganflyer Commander UAV system and associated equipment10
4. Approval of agreements and resolution to adopt and approve a Governmental Accounting Standards Board (GASB) Statement No. 68 irrevocable trust to prefund pension benefit expenses (Action)13
5. Informational items (No action)
 - a. Update from Inyo County Counsel regarding CR Briggs Corporation Chapter 11 Bankruptcy activities31
 - b. American Bar Association Environment, Energy and Resources Stewardship Award presentation32
6. Board member reports (No Action)
7. Air Pollution Control Officer report (No Action).....51

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8. Set date and location of next regular meeting (APCO preference is 1st or 2nd week of April in Keeler for SIP adoption).....

9. CLOSED SESSION

- a. **CLOSED SESSION** – The Board will recess into closed session for a conference with legal counsel regarding existing litigation in the following matter: Russell Covington; Robert Moore; Randy Sipes; Randal Sipes, Jr.; Laborers’ International Union of North America Local Union No. 783 vs. Great Basin Unified Air Pollution Control District; Mono County Superior Court, Case No. CV140075; pursuant to subdivision (a) of Section 54956.9 of the California Government Code.
- b. Mammoth Community Water District vs. Great Basin Unified Air Pollution Control District; Mono County Superior Court, Case No. CV140076; pursuant to subdivision (a) of Section 54956.9 of the California Government Code.

10. Adjournment

(All Meetings Are Electronically Recorded – All public records relating to an agenda item on this agenda are available for public inspection at the time the record is distributed to all, or a majority of all, members of the Board. Such records shall be available at the District office located at 157 Short Street, Bishop, California.)



GREAT BASIN UNIFIED AIR POLLUTION CONTROL DISTRICT

157 Short Street, Bishop, California 93514-3537
Tel: 760-872-8211 Fax: 760-872-6109

BOARD REPORT

Mtg. Date: February 1, 2016

To: District Governing Board

From: Tori DeHaven, Clerk of the Board

Subject: Approval of minutes of the December 7, 2015 Governing Board Regular Meeting

Summary: Attached for the Board's approval are the minutes from the December 7, 2015 regular meeting held in Mammoth Lakes, California.

BOARD ACTION: Staff recommends that the Board review and approve the minutes from the December 7, 2015 meeting.

Attachment: December 7, 2015 minutes

Approval of the December 7, 2015 Regular Governing Board Meeting Minutes (Action)
February 1, 2016 – Agenda Item No. 3a – Page 1

GREAT BASIN UNIFIED AIR POLLUTION CONTROL DISTRICT
GOVERNING BOARD MINUTES
December 7, 2015

(All Meetings Are Mechanically Recorded)

The Great Basin Unified Air Pollution Control District Governing Board of the Counties of Alpine, Inyo and Mono, State of California met at 10:00 am on December 7, 2015 at the Town of Mammoth Lakes Town Council Chambers, 437 Old Mammoth Road, (Suite Z), Mammoth Lakes, California 93546.

The following Board members were present: Board Chair Matt Kingsley, Inyo County; Board Vice Chair Larry Johnston, Mono County; Board member Jeff Griffiths, Inyo County; Board Member Fred Stump Mono County; Board Member Jo Bacon, Town of Mammoth Lakes; Board Member Mary Rawson, Alpine County; and Board Member Ron Hames, Alpine County.

GBUAPCD staff present: Phill Kiddoo, Air Pollution Control Officer; Duane Ono, Deputy Air Pollution Control Officer; Shirley Ono, Administrative Projects Manager; Grace Holder, Senior Scientist; and Tori DeHaven, Clerk of the Board.

Members of the public included: April Zrelak and Kathy Jefferson-Bancroft of the Lone Pine Paiute Shoshone Reservation; and Levi Mallory of the Big Pine Paiute Tribe.

Agenda Item #1
Call to Order
Pledge of Allegiance

Board Chair Kingsley called to order the regular meeting of the Governing Board at 10:05 a.m.

Ms. DeHaven then led the Pledge of Allegiance.

Agenda Item #2
Public Comment on
Matters not on the
Agenda
(No Action)

Board Chair Kingsley asked for public comment on items not on the agenda at 10:06 am.

No public comment was offered.

Agenda Item #3
Consent Items
(Action)

Motion (Johnston/Rawson) approving consent agenda item a as follows:

a. September 10, 2015 Governing Board meeting minutes

Ayes: Kingsley, Johnston, Stump, Bacon, Rawson, Hames, Griffiths

Noes: 0

Abstain: 0

Absent: 0

Motion carried 7/0 and so ordered.

B/O 151207-03

Agenda Item #4
Authorize Board
Chairman to Sign
Approval of
Monitoring and
Mitigation of Phase
7b Cultural
Resource Areas at
Owens Lake
(Action)

APCO Kiddoo offered a brief introduction and noted that specific culturally sensitive areas have been redacted from the Board Packet and attached documents. The sensitive areas will be avoided and there will be monitoring to determine future mitigation needs. He also indicated that District staff as well as the Los Angeles Department of Water and Power both agree with the recommendations as submitted by the Cultural Resource Task Force.

Discussion between the Board and staff continued including the technical aspects of unclogging the mentioned spring.

Board Chair Kingsley asked if anyone else would like to comment.

Ms. Kathy Jefferson-Bancroft, Tribal Historic Preservation Officer for the Lone Pine Paiute Shoshone Reservation, said that the process for making the recommendations has stretched out over a year and that many agencies have been involved. Such agencies included GBUAPCD, California State Lands Commission and the National Historic Preservation Office. As of recently nothing has ever been documented as to how mitigation projects have affected the sensitive areas. Some areas in question are currently surrounded by different best available control measures. The tribe is asking to go back and look at these areas and is working with District staff to develop monitoring protocol to see if these areas are still emissive. Unclogging the spring will hopefully allow water to flow out which will restore the natural spring with the idea that vegetation will increase while the water will rise and spread to the emissive areas.

Board member Stump asked if the spring had been an artesian previously.

Ms. Jefferson-Bancroft indicated that indeed it had. In the 1800's it was used as a stage coach stop and has had continual use.

Board member Stump asked if she and those she represent are satisfied with this direction and where it's going.

Ms. Jefferson-Bancroft replied that although she only speaks for the tribe and not herself, she is happy with the current direction because this is a non-invasive and natural way to bring water back to the surface of the valley.

Motion (Kingsley/Rawson) authorizing the Chairman to sign a letter regarding Approval of Monitoring and Mitigation of Phase 7b Cultural Resource Areas at Owens Lake.

Ayes: Kingsley, Johnston, Stump, Bacon, Rawson, Hames, Griffiths

Noes: 0

Abstain: 0

Absent: 0

Motion carried 7/0 and so ordered.

Agenda Item #5
Discussion of
Funding for Pension
Benefits Trusts to
Offset Net Pension
Liabilities Pursuant
to GASB 68
(No Action)

APCO Kiddoo explained that staff is looking for direction from the Board on whether or not to pursue an irrevocable funding trust which would enable the District to deposit funds for normal and future expenses associated with accrued pension expenses and to realize better earnings. It could also offset unexpected retirement rate increases. He then explained the funding mechanism as outlined in the board report.

Board member Bacon then asked who the District uses as a financial advisor when it comes to deciding what the portfolio will look like.

APCO Kiddoo replied that the District relies on Ms. Christine Suda of High Mark Capital.

Board member Bacon asked if staff would be coming back with more information regarding the portfolio following today's discussion and direction from the Board.

APCO Kiddoo indicated that he would.

Discussion between the Board and staff continued on. It was explained that staff believes it is fiscally responsible to pay now rather than to impose it on future rate payers.

The Board then gave direction to staff to continue researching, pursue with PARS and come back with an action item. Also, staff should come back with justification for portfolio decisions.

Agenda Item #6
Informational Items
(No Action)

Dr. Grace Holder gave a brief presentation to the Board regarding the Keeler Dunes dust control project. *(Item 6a; the presentation will be added to the record and is available upon request.)*

APCO Kiddoo gave an intro to each informational item. The Board asked to see the presentation that was given at the ABA awards ceremony in Chicago, at the next Board meeting.

Agenda Item #7
Board Member
Reports
(No Action)

Board member Stump reported that the responses that he has received in regards to the smoke impacts letter have mostly been positive. Any push back has been repressed after the complaining agency has actually read the letter. He also said that he believes the District should continue to monitor and remind the agencies about the District's desire to be consulted.

Board member Bacon added that the Town of Mammoth Lakes (Town) Town Council also wrote a letter in support of the District's letter. The Town will continue to stay on the forefront of this issue.

Board Vice Chair Johnston reported that at the recent CSAC meeting smoke was a big issue. He added that there is a significant potential for forest fires. A consortium has been formed by four of the counties and Mono County has expressed an interest in helping. He then went on to say that perhaps the fire agencies need to be pushed harder to make policy changes.

Board Chair Kingsley replied that there is no way to address tree mortality. When there is another fire like the Rough Fire that burns all summer, we may not have the drought conditions but we will certainly have the dead trees to contend with. He added that it's important to be involved with the fire agencies and their initial assessments on fires and how they prioritize resources to stop those fires; that's really our only option. Although we may be advocating on smoke impacts there will be others advocating to protect threatened homes. We're not going to be successful when taking resources in those conditions. Although smoke impacts are not minimal and should be considered, there is an imbalance.

Board member Rawson thanked the Board and the District as Alpine County's Burn Boss is up and running.

Board member Hames added, in regards to the smoke/fire discussion, that as a member of the Sierra Nevada Conservancy he has had the unique opportunity to tour some of the areas affected by the recent fires. He added that smoke and fire are inevitable and the idea of winter burns is something that is being considered. Although Region 4 of the Forest Service is not on Board, Region 5 is and is working on the paperwork process. He added that he is also thankful for the Burn Boss.

Agenda Item #8
Air Pollution
Control Officer's
Report
(No Action)

APCO Kiddoo reported to the Board an update on the SIP. Staff was hoping to have a Board Order in front of the Board however, it is still currently a work in progress. Staff and DWP are working together. The document itself is about three hundred pages long. Staff is working closely with the USEPA and the CARB to ensure that the SIP is adopted by both the state and federal agencies. As of now, the 1998 SIP is the only SIP that has been approved by the USEPA. Additionally, staff has been writing a prohibitory rule which essentially condenses the three hundred page Board Order document into a nineteen page document. DWP has responded favorably to accepting a rule into the revised SIP. DWP has requested a delay in having the document ready for public inspection. The Stipulated Judgment required that the SIP be prepared in 2015. The District and DWP have stipulated to delaying the deadline in order to have all of the documents consistent and complete.

Agenda Item #9
Set Date and
Location of Next
Regular Meeting
(January/February in
Inyo County)

The next regular meeting of the District Governing Board will convene at 10:00 am on February 1, 2016 in Bishop, California. The District's Clerk of the Board will find and reserve a handicap accessible meeting room and contact the District Board members as to its location.

Agenda Item #10
CLOSED SESSION

Board Chair Kingsley convened the Board into closed session at 11:50 am.

CLOSED SESSION – The Board will recess into closed session for a conference with legal counsel regarding existing litigation in the following matters:

- a. Russell Covington; Robert Moore; Randy Sipes; Randal Sipes, Jr.; Laborers' International Union of North America Local Union No. 783 vs. Great Basin Unified Air Pollution Control District; Mono County Superior Court, Case No. CV140075; pursuant to subdivision (a) of Section 54956.9 of the California Government Code.
- b. Mammoth Community Water District vs. Great Basin Unified Air Pollution Control District; Mono County Superior Court, Case No. CV140076; pursuant to subdivision (a) of Section 54956.9 of the California Government Code.

Board Chair Kingsley reconvened the Board into open session at 12:08 pm.

There was nothing to report.

Adjournment

The meeting was adjourned at 12:08 pm. The Board will reconvene in open session at 10:00 am, on Monday, February 1, 2016 in Bishop, California.

Attest:

Matt Kingsley, Board Chair

Tori DeHaven, Board Clerk



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BOARD REPORT

Mtg. Date: February 1, 2016

Date Prepared: January 14, 2016

To: District Governing Board

From: Phill Kiddoo, Air Pollution Control Officer

Subject: Rule Adoption/Revision Schedule - 2016

Summary: The District is required to prepare a list of regulatory measures scheduled or tentatively scheduled for consideration during the year (California Health & Safety Code §40923). This list fulfills the requirement for 2016.

Board Action: Staff recommends that the Governing Board approve the District's published rule adoption schedule contained herein and authorizes the APCO to take any necessary action to implement such rule adoptions or revisions.

Date	Rule	Description	Purpose
Apr. 2016	SIP Revision	Amendment to the 2008 Owens Valley State Implementation Plan (SIP) BO #080128-01 Requiring the City of Los Angeles to Undertake Measures to Control PM10 Emissions from the Dried Bed of Owens Lake BO 080128-01 was previously amended by BO #110718-04 and BO #130916-01 and revisions were incorporated into BO #131211-01.	The amendment to the 2008 Owens Valley SIP BO #080128-01 will incorporate the conditions of the 2014 stipulated judgment issued by the Sacramento Superior County Court into the dust control requirements at Owens Lake. The revised order will require the completion of dust control measures in Phases 9 and 10 by the end of 2017. This will bring the total Owens Lake dust control area to 48.6 square miles. It will also provide for an additional 4.8 square miles of dust control measures on the lake bed as a contingency measure that may be ordered in the future if needed to prevent violations of the federal PM10 standard.
Apr. 2016	433	Control of Particulate Emissions at Owens Lake	To effectuate a regulatory mechanism under the federal Clean Air Act to attain the National Ambient Air Quality Standards ("NAAQS") and to implement the Stipulated Judgment between the Great Basin Unified Air Pollution Control District ("District") and the City of Los Angeles ("City") dated December 30, 2014.



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BOARD REPORT

Mtg. Date: February 1, 2016

Date Prepared: January 14, 2016

To: District Governing Board

From: Christopher Lanane

Subject: Approve the transfer of funds from SB270 Capital Asset Reserves Monitoring Equipment to Fiscal Year 2015-16 Budget for Maintenance and Repair of Equipment – Materials (Budget Category II.I.1), and, Approve Purchase of Air Pollution Monitoring Equipment Maintenance Items from Thermo Environmental, A Sole-Source Provider

Summary: There are several maintenance items that the District needs for the particulate monitors used throughout the District's monitoring network. These items are listed in Table 1, presented below. There are currently seventeen (17) tapered-element oscillating microbalances (TEOMs) in operation in the District's monitoring networks. These monitors are the backbone of the District's entire air quality monitoring program. Regular maintenance items that are purchased and replaced annually for each of these monitors include: pumps, pump rebuilding kits, inline filters, seals and o-rings, and annual consumables kits (Items 1-2 in Table 1). Three of the District's FDMS/TEOMs are in need of drier replacement, which is recommended annually by the manufacturer.

Major components for the TEOMs that are replaced only on an as-needed basis (Items 3-9 in Table 1) are also needed. These components will become more difficult to procure, as the manufacturer will be discontinuing support for the older generation TEOMs in the District's network in 2017. The newer version of the TEOM (Model 1405) has been found to have some problems with comparability to the older version. The District is continuing an ongoing comparison study of the old and new versions of the TEOM, as the new TEOM must compare favorably with the proven older version. Table 1 presents a list of the items needed for this fiscal year and the cost associated with them. For the next few years, the District will be relying on the older version of the TEOM for continuous particulate monitoring in the network. Having the as-needed replacement parts on-hand is essential to maintaining the full operation of that network.

Purchase of Air Pollution Monitoring Equipment Maintenance Items from Thermo Environmental,
a Sole Source Provider, for \$50,000 (Action)
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		Table 1.		
		TEOM and Partisol Maintenance Items		
Item Number	Quantity	Description	Unit Price	Order Price
1	20	TEOM Annual Consumables Pack	\$ 650	\$ 13,000
2	3	FDMS/TEOM Nafion Drier	\$ 650	\$ 1,950
3	3	TEOM Motherboards	\$ 2,000	\$ 6,000
4	3	Analog I/O Boards	\$ 1,750	\$ 5,250
5	3	PCB, Interface Assy.	\$ 970	\$ 2,910
6	2	Flow Control Upgrades	\$ 2,450	\$ 4,900
7	2	Mass Flow Control Assy., Single	\$ 1,900	\$ 3,800
8	3	Mass Flow Control Assy., 1405S	\$ 1,100	\$ 3,300
9	1	Additional Replacement Parts, Supplies	\$ 3,500	\$ 3,500
			Subtotal	\$ 44,610
			Shipping Est.	\$ 600
			Tax, 8.00%	\$ 3,569
			Est. Total	\$ 48,779

Financial Justification - Funds have been allocated in the SB270 (\$25,000) and District (\$3,500) budgets to cover the cost of the regular maintenance items (Table 1, Items 1, 2). Funds are available in the capital asset reserves (\$75,000) monitoring equipment fund to cover the cost of the as-needed replacement parts (\$35,000, for Table 1, Items 3-9).

Fiscal Impact - The cost of the regular maintenance items for the particulate monitors will be \$15,000: \$13,500 from the SB270 budget and \$1,500 from the District budget. The cost of the TEOM replacement parts will be \$35,000, which will come from the SB270 capital asset reserve fund. The cumulative cost for all parts, for maintenance and replacement, will be \$50,000.

BOARD ACTION

- 1) Staff recommends the Governing Board authorize the transfer of \$35,000 from the SB270 capital asset reserve fund to the 2015-16 Maintenance and Repairs of Equipment Budget to supplement this budget for the procurement of replacement parts for the District's TEOM monitors.
- 2) Staff recommends the Governing Board authorize the APCO to approve purchase orders for the procurement of maintenance items and replacement parts for the particulate monitors throughout the District. The cumulative cost of these items will be \$50,000. Items are to be purchased from Thermo Environmental, a District sole-source provider of particulate monitors and support equipment.

Purchase of Air Pollution Monitoring Equipment Maintenance Items from Thermo Environmental,
a Sole Source Provider, for \$50,000 (Action)
February 1, 2016– Agenda Item No. 3c – Page 2



GREAT BASIN UNIFIED AIR POLLUTION CONTROL DISTRICT

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Tel: 760-872-8211 Fax: 760-872-6109

BOARD REPORT

Mtg. Date: February, 1 2016

To: Governing Board Members

From: Nik Barbieri

Subject: Transfer of Capital Asset Reserve Funds and Purchase Order for Draganflyer Innovations Inc.

Summary

The 2014 Stipulated Judgment allows for the City to use a control measure called Tillage with BACM (Best Available Control Method) Back-up or TwB². This method of dust control consists of tilling the lakebed soils and re-flooding areas if tillage starts to show signs of reduced control. The size of the tilled areas can be quite large, difficult to access and challenging to perform compliance assessments using standard field protocols. This requires new ways of monitoring compliance in conjunction with traditional methods such as sand flux and PM¹⁰ monitoring. In light of these circumstances, the District is utilizing new technologies to monitor surface changes, emissions potential, cloddiness and over all status of the TwB² areas. Due to the numerous ongoing projects, it has become apparent that the District's single Draganflyer Unmanned Aerial Vehicle (UAV) is inadequate to meet increasing demands and perform all desired work load requirements. As a result, the District is pursuing the purchase of another unit at this time.

Background

Over the last year, District staff has been using of our sole Draganflyer X4P UAV extensively. Draganfly Innovations Inc., has been developing UAV systems since 1998 and are widely used by public safety agencies, first responders and search and rescue. Currently our UAV is tasked with TwB² compliance monitoring, acquiring various data associated with the Keeler Dunes dust control project, monitoring vegetation trends in Cultural Resource Areas (CRA), monitoring Dynamic Water Management (DWM) areas, and monitoring Phase 7a transition areas. The District is also investigating the use of our UAV for monitoring potential impacts to CRAs and looking into using the UAV for Brine BACM compliance on the Owens Lake playa.

A new Draganflyer Commander UAV will have a flight time more than double the current system. This will allow District staff to gather larger quantities of data faster. The Draganflyer Commander is designed and manufactured by the same company as our current UAV so all peripheral equipment, cameras, and mounts are interchangeable between both units. New to this unit is terrain detection technology that will make flying the UAV at low elevations over rough surfaces of ridges and

Approve the Transfer of Funds from SB 270 Capital Asset Reserves Monitoring Equipment, to the Current 2015-2016 Fiscal Year II.C-Equipment: Scientific and Approve Purchase Order 9032 with Draganfly Innovations Inc. for the Total Amount of \$26,941.81 for the Purchase of Draganflyer Commander UAV System and Associated Equipment (Action)

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furrows in TwB² areas much easier and reliable. Draganfly Innovations Inc. have also developed a package capable of collecting and processing images to create Digital Elevation Models (DEM). With DEM data, the District is able to quickly monitor changes in TwB² areas. The District also utilizes the UAV to perform a procedure called an Induced Particle Erosion Test (IPET) that can detect surface emission potential in any targeted areas. This procedure was developed specifically for TwB² monitoring and enforcement as required by the 2014 Stipulated Judgment. As part of the 2016 State Implementation Plan (SIP) for Owens Lake, IPET will also be used for compliance monitoring of Dynamic Water Management (DWM) and Brine Best Available Control Measures (BACM).

Fiscal Impact

The fiscal year 2015-2016 budget did not include funds for an unanticipated purchase of a UAV from Draganfly Innovations Inc. Because of this the District is requesting to move funds from SB270 capital asset monitoring equipment reserves to the 2015-2016 fiscal year SB270 II.C-Equipment: Scientific Budget to cover the cost of the new Draganflyer Commander purchase. The total funds to be transferred are \$26,941.81. The District Board has previously designated Draganfly Innovations Inc. as a sole source provider.

The required funds of \$26,941.81 for this purchase would come from District SB270 capital asset monitoring equipment reserve that currently has a balance of \$339,782.49.

Board Action

Staff Recommendation:

- 1) District staff recommends the Governing Board approve the transfer of \$26,941.81 from the District's SB270 capital asset monitoring equipment reserve to the FY 2015-2016 SB270 II.C-Equipment budget.
- 2) District Staff recommends the Governing Board approve attached purchase order No. 9032 in the amount of \$26,941.81 for the purchase of the Draganflyer Commander UAV system from Draganflyer Innovations Inc..

Approve the Transfer of Funds from SB 270 Capital Asset Reserves Monitoring Equipment, to the Current 2015-2016 Fiscal Year II.C-Equipment: Scientific and Approve Purchase Order 9032 with Draganfly Innovations Inc. for the Total Amount of \$26,941.81 for the Purchase of Draganflyer Commander UAV System and Associated Equipment (Action)

February 1, 2016 – Agenda Item No. 3d – Page 2

GREAT BASIN

PURCHASE ORDER

Unified Air Pollution Control District Purchase Order No.

9032

157 Short Street
Bishop, California 93514

This number must appear on all related correspondence & invoices.

760-872-8211 Fax: 760-872-6109

Federal Tax ID No. 43-2106258

Vendor:

Name

Company Draganfly Innovations Inc.

Address 2108 St. George Avenue

City/State/Zip Saskatoon, Sasjatchewan, S7M OK7, Canada

Phone 1(800) 979-9794 Fax: 1(306) 955-9906

Acct. No. 77632

Reference 4723

Ship to:

Name Nik Barbieri

Company Great Basin Unified Air Poll. Ctrl. Dist.

Address 157 Short Street Ste 6

City / State / Zip Bishop, CA 93514

Phone (760) 876-1803 Fax: (760) 876-8174

Ship Via

Terms: Prepay - Che

P.O. Date: 1-Feb-16

Date Required: ASAP

Quantity	Units	Description	Unit Price	TOTAL
1	Unit	DR-CMDR-Still Draganflyer Commander still photo pack	\$24,153.54	\$24,153.54
1	Unit	CW-Custom Saddle and Balance clip for Sony RX100	\$350.00	\$350.00
1	Unit	CW-Custom Saddle and Balance clip for RedEdge	\$350.00	\$350.00

SubTotal \$24,853.54

Shipping & Handling (estimate) \$99.99

Taxes: Rate: 8.00% \$1,988.28

TOTAL* \$26,941.81

Ordered By: Nik Barbieri

Approved: _____

Date: _____

* Purchase Orders totaling \$500.00 or more must first be:

- (1) Submitted to the Projects Manager (original + 1 copy); and
- (2) Approved and signed by the APCO prior to ordering.

BUDGET: Task # or budget category:

SB 270 100% II.C.-5 Scientific

District Monitoring

Geotherm Monitoring

____ Reviewed for PBC Policy

____ Budget Log (S. Ono)

____ Fiscal Services (Gilpin)

00 Purchase Order (Excel) 1/29/99

9032



GREAT BASIN UNIFIED AIR POLLUTION CONTROL DISTRICT

157 Short Street, Bishop, California 93514-3537

Tel: 760-872-8211 Fax: 760-872-6109

BOARD REPORT

Mtg. Date: February 1, 2016

Date Prepared: January 7, 2016

To: Governing Board Members

From: Phill Kiddoo, APCO

Subject: Adoption of a GASB 68 Irrevocable Trust Agreement for Prefunding Pension Benefit Expenses with Public Agency Retirement Services (PARS)

Summary

At the December 7, 2015 Board meeting, discussion occurred and direction was given to staff to agendize adoption of a pension rate stabilization program trust with Public Agency Retirement Services (PARS).

Funding an irrevocable trust will enable the District to deposit funds for normal and future expenses associated with accrued pension expenses and the potential to realize better earnings. It could also offset unexpected retirement rate increases.

Background

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 which revises and establishes new financial reporting requirements for public agencies that provide employees with pension benefits. The GASB 68 requirements were incorporated into the 2014-15 financial statements by the District's independent auditors and the District received its valuation report prepared by CalPERS (October 2015 for the period ending June 30, 2014). The District's total Net Pension Liability (NPL) is \$2,947,572¹.

Proposal

GASB 68 and Public Agency Retirement Services (PARS)

Staff is proposing that the District Governing Board consider adopting a trust with PARS to commence prefunding of GASB 68 pension liabilities.

This report refers to three entities in the following capacities: 1) PARS (Public Agency Retirement Services) – Trust Administrator and Consultant who will provide services for coordinating actuarial valuations, compliance issues, recordkeeping and perpetual client liaison services; 2) US Bank – Trustee of the trust with the maximum level of fiduciary protection; and 3) HighMark Capital Management – A wholly owned subsidiary of Union Bank and an investment

¹ SB 270: \$2,505,436 (85%). District: \$442,136 (15%). Based on FTE allocations.

sub-advisor to US Bank with \$15.3 billion under its management. The existence and relationship between PARS and US Bank provides the District with combined services at minimal costs for services of trust attorneys, investment advisors, trustees and trust administrators.

The PARS trust is a multiple employer trust and each employer's contributions benefit only its own employees. While separate employer accounts are maintained, this is a multiple employer trust arrangement joined together with all types of public agencies for combined asset growth without risk-sharing. Lower cost institutional mutual fund investments and pooled investing are another advantage. As explained in a previous staff report (December 7, 2015), the District previously joined a trust with PARS for prefunding OPEB liabilities under GASB 45 related to retiree healthcare costs.

As trust administrator, PARS's duties include: 1) establishing the master trust and preparing plan documents; 2) monitoring the receipt of contributions; 3) processing benefit payments or reimbursements to the District; 4) preparing monthly activity reports; 5) responding to auditor requests; and 6) keeping the District informed about compliance requirements. Contributions made to the trust are held by US Bank as trustee. A sample copy of the Agreement for Administrative Services with PARS is attached.

US Bank's duties include: 1) safeguarding assets for the benefit of retirees; 2) acting as the plan's fiduciary; 3) oversight protection; 4) custodian of investment assets; and 5) dispersing funds to pay for pension and/or retiree healthcare costs.

HighMark Capital Management duties include: 1) preparing an investment policy based on parameters set by the Governing Board and APCO; 2) providing investment advice to US Bank and the District; 3) Managing investment assets consistent with investment policy; 4) Periodic reporting of performance and market outlook; 5) Offering a number of investment strategies depending on the District's expected investment return and risk tolerance. These strategies are designed for public agencies and range in risk level from Conservative to Capital Appreciation.

Advantages of Adopting a Qualified §115 Trust with PARS

1. Prefunding through a trust is usually less costly than the pay-as-you-go method over the long term. Prefunding with a qualified §115 IRC trust allows the District to: a) invest funds with more flexibility in diversified, long-term assets such as equities which typically have higher returns and result in investment income. It is anticipated that the earnings may enable the District to pay down its overall NPL more efficiently and reduce the amount of interest being charged. The annual Actuarially Determined Contribution (ADC) for FY 2013-14 under GASB 68 is \$371,160².
2. Prefunding now allows the District to finance NPL in the current time period in which it is accrued even though payments are not due until the future. Thus, tomorrow's taxpayers and ratepayers are not paying for today's expenses.
3. Prefunding via a qualified trust helps to ensure the pensions for existing and future employees

² This does not reflect additional contributions towards the side fund or unfunded liability.

and its assets are protected from creditors.

4. PARS offers ten (10) investment plans, is very flexible, provides personal service and can handle split accounting services for the District's budgets. PARS and HighMark Capital allow the District to determine levels and frequency of contributions and disbursements and has worked with staff to analyze and design program and funding approaches for its own needs. Dissolution of the trust agreement can be accomplished with a 30 day notice to terminate without penalties. However, in such a case, the funds held in the trust could only be moved to another IRC §115 trust. A copy of the US Bank Investment Selection Form – Pension Account is attached.
5. IRS approval for all agencies within the trust with favorable private letter ruling; income earned is not subject to taxes. The Private Letter Ruling (PLR) issued on June 5, 2015 addresses the favorable tax-exempt status of the Section 115 Trust. Attached: IRS Private Letter Ruling for Public Agencies Post-Employment Benefits Trust Agreement.

Due Diligence

A due diligence review was conducted by outside special counsel (Morrison & Foerster) on Phase II Systems, a California corporation doing business as PARS via a fictitious business name in Orange County. A records search with the California Secretary of State, U.S. Bankruptcy Court-Central District, Franchise Tax Board (liens and taxes), Dun & Bradstreet (credit) and a judgment lien review resulted in a negative status with no items of concern. The trust documents provided by PARS were also reviewed by Morrison & Foerster.

Investment Policy & Strategy

As trustee, US Bank holds the funds separately from its operational assets and liabilities. The investment strategy is executed by US Bank with advice from High Mark Capital Management Group, and a full array of managed strategies is available.

Staff has conferred with Christiane Tsuda, Vice President and Senior Portfolio Manager for High Mark Capital Management to discuss the District's options, risk tolerance and goals. The District will continue strategy with a 'Moderately Conservative Index Investment' approach for the OPEB trust and plans to adopt a 'Moderately Conservative Index Investment' approach for the PRSP trust, both of which can be changed in the future should circumstances dictate. US Bank's trust department will monitor all activity to ensure conformity to the investment policy and as they are held in an irrevocable trust, they can be better managed for investment purposes. Since US Bank has the necessary expertise and fund management personnel, the District is proposing US Bank act as Trustee with a discretionary investment approach verses a directed investment approach by the District plan administrator, wherein the District chooses investments for the trust. Attached: HighMark Capital Management – PARS Diversified Portfolios.

PARS Trust Adoption Documents

The following documents will need to be considered and adopted or approved for implementation of the pension trust. Copies of the resolution and Agreement for Administrative Services are attached. Copies of the remaining documents have been provided to the Governing Board only. Copies of these documents are available upon written request to the Clerk of the Board.

- Resolution – Resolution 2016-01 authorizing the adoption of necessary documents, the trust, the program and appointing the APCO to serve as plan administrator.
- Trust Agreement – The Public Agencies Post-Employment Benefits Trust Agreement, effective as of November 5, 2014, establishes that the Trust is a multiple employer trust that is tax-exempt within the meaning of §115(1) of the Internal Revenue Code. The funds of the trust are divided into separate accounts for each employer and are to be used exclusively for pension and other post-employment benefits of eligible employees. Each employer in the trust has plenary authority for the administration and investment of their accounts.
- Adoption Agreement – The Adoption Agreement is required for the official adoption of the Master Plan and Trust Agreement. This agreement also permits the District to select either a directed or discretionary approach to the investment in the Trust, subject to the Investment Strategy Selection and Disclosure Form (see below).
- Master Plan Document – The Master Plan Document is a qualified governmental pension rate stabilization program plan. The Master Plan Document, together with the variable provisions contained within the Adoption Agreement, outline the provisions of the plan, including eligibility, member agency contributions, reimbursement/distribution of benefits, funding, and investment direction. The assets of the Plan are held in the Trust established by the Public Agencies Post-Employment Benefits Trust Agreement (see below).
- Agreement for Administrative Services – The Agreement for Administrative Services contains PARS' standard contract provisions and outlines the services provided and fee structure associated with the program. Services include providing the documentation needed to establish the Plan, monitoring receipts of contributions, performing periodic accounting, coordinating reimbursements and monitoring compliance with federal and state laws. In return for these services, PARS charges an annual asset fee rate ranging from 0.25% to 0.10% of the plan assets.
- Investment Strategy Selection and Disclosure Form – This form provides for the selection among various discretionary investment strategies to be implemented by HighMark Capital as investment manager of the Trust and provides for two different fee structures.
- Discretionary Trustee Fee Schedule – This document discloses fees charged by U.S. Bank for trustee services as well as investment management services provided by HighMark Capital Management, a registered investment advisor.
- HighMark Mutual Fund Disclosure Statement – This document discloses fees earned by U.S. Bank and HighMark Capital for its services as custodian and investment advisor and acknowledges receipt by the APCO of the mutual fund prospectus.
- U.S. Bank Authorized Signature Form – U.S. Bank is required to have an authorized specimen signature form on file.

- U.S. Bank Customer Identification Program Disclosure/ Investment Related Disclosures.
- IRS Form W-9, Request for Taxpayer Identification Number – The Trustee is required to have a completed W-9 form on record.

It should be noted that the adoption of these documents will supersede the trust document the District currently has with PARS for its OPEB or retiree healthcare funds under a 2007 IRS Private Letter Ruling. These funds will transfer over to the Public Agencies Post-Employment Benefits Trust administered by PARS as approved under the June 5, 2015 IRS Private Letter Ruling. The 2015 trust will have two separate accounts, one for retiree healthcare (GASB 45) and one for pension prefunding (GASB 68). Under each of these accounts there will be two separate plans for District and SB 270 purposes. By combining these assets, a lower tiered fee schedule can be applied which will save on expenses.

Fiscal Impact

The adoption and subsequent establishment of a GASB 68 Pension Rate Stabilization Program Trust with PARS would include fees for administrative services, trustee, and investment management services, and additional fees associated with mutual fund investments. Annual fees per \$1,000,000 are estimated at:

PARS – Trust Administrator (.25%)	\$ 2,500.00
US Bank & HighMark– Trustee/Custodial Fee (.35% est)	<u>\$ 3,500.00</u>
	\$ 6,000.00 per year per \$1M

Fees charged to the District will be based on the combined assets in both the OPEB-Health and pension trusts in order to reach a lower tiered fee schedule. Based on current OPEB-Health assets of \$6.3M, the fee would be approximately \$38,000 per year. Earnings for 2014-15 were \$137,002. Since inception of the trust in 2009, earnings have totaled \$1,798,986³. If a pension trust were funded with \$1.6M, annual fees would be about \$9,600 based on combined assets of \$7.9M (0.25% for PARS and 0.35% for HighMark). Attached: Trust Administrator and Trustee/Investment Management Fees.

As of June 30, 2014, the NPL is estimated by CalPERS to be \$2,947,572. Expenses are allocated as follows: SB 270 at \$2,505,436 (85%) and District at \$442,136 (15%).

Based on data received from the CalPERS actuary in February 2015 when the District paid off a portion of its accrued pension liabilities, a total of \$4.3M in interest could be saved if a full payoff contribution of \$2.9M⁴ were made (vs. pay-as-you-go). See Attachment 1. Funding the trusts now and allowing earnings to grow will enable the District to save on interest payments by making payoff contributions in the next few years and beyond.

³ See District's OPEB Prefunding Trust Program Client Review prepared by PARS (June 16, 2015).

⁴ The Unfunded Accrued Liability is currently at \$2,467,636 (CalPERS November 2015).

District Budget (non-SB 270)

The District share of pension liabilities as of June 2014 is **\$442,136**. Staff is proposing that all of this liability be taken from current reserves. The FY 2015-16 operating budget expensed \$126,000 for this purpose. District reserves are currently at \$981,185 (131.7% of the FY 2015-16 operating budget of \$745,000 excluding special projects, but including the \$126,000 pension trust as an expense). A funding of \$442,136 would reduce reserves to \$539,049. The FY 2014-15 adopted budget was \$637,000. Unexpended funds for FY 2015-16 will fall into reserves as July 1, 2016. Staff estimates that reserves could be at 100% of the FY 2014-15 adopted budget.

The amount determined to fund the trust will be transferred to US Bank as Trustee with funds incrementally invested via three to six tranches pending market conditions. Monies not invested will be held in a money market account earning market rate.

District Actuarially Determined Contribution (ADC)⁵: \$ 55,674

Trust funding options or any combination thereof:

(Staff Recommendations in Bold):

- | | |
|--|----------------------------------|
| 1. District Reserves | \$ 442,136 |
| 2. District Reserves: | \$ 300,000 |
| 3. District Reserves: | \$ 200,000 |
| 4. FY 2015-16 Operating: | \$ 55,674 |
| 5. FY 2016-17 Budget (GASB 68): | \$ 55,674 |
| Future Years: | ADC per GASB 68 Valuation |
| 6. Other | As directed by Governing Board |

SB 270 Budget

The SB 270 share of pension liabilities as of June 2014 is **\$2,505,436**. The FY 2015-16 SB 270 adopted budget did not contain any provision for prefunding its pension obligations. Current SB270 reserves are \$1,718,933⁶. The APCO discussed at the last meeting the Board consider utilizing 2/3 (66.7%) of these reserves to initially fund NPL payment upon adoption of the SB 270 pension trust.

The amount determined to fund the trust will be transferred to US Bank as Trustee with funds incrementally invested via three to six tranches pending market conditions. Monies not invested will be held in a money market account earning market rate.

SB 270 Actuarially Determined Contribution (ADC)⁷: \$315,486

⁵ Total GBUAPCD ADC is \$371,160. GASB 68 Report, p. 13. District paid an additional \$113,119 towards the Side Fund during FY 2013-14.

⁶\$358,196 was unexpended or not carried over from FY 2014-15 and fell into SB 270 reserves.

⁷ Total GBUAPCD ADC is \$371,160. GASB 68 Report, p. 13. District paid an additional \$113,119 towards the Side Fund during FY 2013-14.

Trust funding options or any combination thereof:

(Staff Recommendations in Bold):

7. SB 270 Reserves (2/3):	\$ 1,146,528
8. SB 270 Reserves (1/2):	\$ 859,467
9. SB 270 Reserves (1/3):	\$ 572,405
10. FY 2016-17 Budget (GASB 68):	\$ 315,486
Future Years:	ADC per GASB 68 Valuation
11. Other	As directed by Governing Board

The impact on FY 2016-17 reserves by utilizing Option 7 above would be:

Based on the FY 2015-16 assessment and assuming there will not be an expense for Owens Lake Scientific Advisory Panel (OLSAP)⁸ in FY 2016-17, the SB 270 budget would be \$4,987,000. Based on this amount, \$997,400 in funds equals the 20% reserve cap. Any amount over \$997,400 would be credited against the FY 2016-17 fee assessment. Funding the pension trust with two-thirds current FY reserves in the amount of \$1,146,528 will result in a balance of \$572,405 for FY 2016-17 reserves. This is 57.4% of the District's SB270 20% reserve limit.

Current Reserves as of September 30, 2015	\$1,718,933
<u>Funding of Pension Trust</u>	<u>-1,146,528</u>
FY 2016-17 Reserves	\$ 572,405

The District and the City of Los Angeles agreed that employee costs (i.e. salaries, benefits, retirement expenses) are a reasonable cost of government under California Health & Safety Code §42316 activities and thus are a legally valid category of fees (Kern County Superior Court Case No. S-1500-CV-277962-SPC, Stipulated Judgment for the Plaintiffs – GBUAPCD, February 13, 2014, page 4).

Funding Policy

It is the District's intent, provided funds are available, to contribute at least an amount equal to the ADC each year to the PRSP trust. This funding policy will have the goal of maintaining a year end NPL obligation of \$0 for all future years. Pension benefit expenses billed by CalPERS will be paid out of the irrevocable trust set up for this purpose. The Board reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to meet the needs and circumstances of the District.

Actuarial Report

Accrued Net Pension Liability	\$2,947,572
Actuarially Determined Contribution (ADC)	\$ 371,160

Assuming adoption and funding of the trust, staff will initiate documentation with the Inyo County Treasurer's office to request the transfer of funds via regular internal protocol.

⁸ OLSAP deferred until mid-2017 by mutual agreement between District and LADWP.

BOARD ACTION

Option A Staff Recommendation.

1. Approve Resolution 2016-01 that:
 - a. Adopts the Public Agencies Post-Employment Benefits Trust, including the Post-Employment Health Care Plan, effective February 1, 2016;
 - b. Adopts the Public Agencies Post-Employment Benefits Trust *Trust Agreement*;
 - c. Adopts the Public Agencies Post-Employment Benefits Trust *Master Plan Document*;
 - d. Appoints the Air Pollution Control Officer, or his/her successor or his/her designee as the District's Plan Administrator for the Program;
 - e. Authorizes the District's Plan Administrator to execute PARS legal and administrative documents as necessary;
 - f. Authorizes the Plan Administrator to transfer assets held in a trust adopted/effective September 14, 2009 to the OPEB Account established in the name of the District under the Public Agencies Post-Employment Benefits Trust adopted herewith (1a.)
2. Approve and authorize the APCO to execute the *Adoption Agreement* (SB270 and District), *Agreement for Administrative Services*, *Investment Strategy Selection and Disclosure Form* with discretionary authority to US Bank, *Discretionary Trustee Fee Schedule*, *Mutual Fund Disclosure Statement*, *U.S. Bank Authorized Signature Form*, and *IRS Form W-9*.
3. Approve and adopt the Funding Policy;
 - a. Funding Option 1 in the amount of \$442,136 from District reserves for the District pension trust.
 - b. Funding Option 5 in the amount of \$55,674 for FY 2016-17 plus the ADC for future years, both as a proposed budget line item for the District pension trust.
 - c. Funding Option 7 in the amount of \$1,146,528 from SB 270 reserves for the SB 270 pension trust.
 - d. Funding Option 10 in the amount of \$315,486 for FY 2016-17 plus the ADC for future years, both as a proposed budget line item for the SB 270 pension trust.
4. Authorize the APCO to sign any other necessary documentation, take necessary actions and to direct the funding and disbursement of funding intervals over 4-8 months to the trust. Actions taken will be reported to the Board on an annual or semi-annual basis or as taken.

Option B Revise the Public Agencies Post-Employment Benefits Trust and associated documents as necessary and/or revise funding options.

Attachments

- Resolution 2016-01
- Agreement for Administrative Services
- CalPERS Letter and Payoff Table with Interest Savings (February 2015)

RESOLUTION NO. 2016-01

RESOLUTION OF THE GOVERNING BOARD
OF THE GREAT BASIN UNIFIED AIR POLLUTION CONTROL DISTRICT
APPROVING THE ADOPTION OF THE
PUBLIC AGENCIES POST-EMPLOYMENT BENEFITS TRUST
ADMINISTERED BY PUBLIC AGENCY RETIREMENT SERVICES (PARS)

WHEREAS the Great Basin Unified Air Pollution Control District (the "District") is currently participating in the Public Agencies Post-Retirement Health Care Plan Trust for the pre-funding of its retiree health benefits and other post-employment benefits other than pension benefits ("OPEB"); and

WHEREAS the District desires to set aside funds for the purpose of pre-funding its CalPERS pension obligation that will be held in trust for the exclusive purpose of making future contributions of the District's required pension contributions and any employer contributions in excess of such required contributions at the discretion of the District; and

WHEREAS PARS has made available the Public Agencies Post-Employment Benefits Trust (the "Program") for the purpose of pre-funding both pension obligations and/or OPEB obligations as specified in the District's plans, policies and/or applicable collective bargaining agreements; and

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

WHEREAS the District can manage the pre-funding of its pension and OPEB obligations in a single trust under this Program, thereby gaining administrative and cost efficiencies; and

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

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

NOW THEREFORE, BE IT RESOLVED THAT:

1. The Governing Board of the District hereby adopts the Public Agencies Post-Employment Benefits Trust, including the Post-Employment Health Care Plan, effective February 1, 2016; and
2. The Governing Board of the District hereby appoints the Air Pollution Control Officer, or his/her successor or his/her designee as the District's Plan Administrator for the Program; and
3. The District's Plan Administrator is hereby authorized to execute the PARS legal and administrative documents on behalf of the District and to take whatever additional actions are necessary to maintain the District's participation in the Program and to maintain compliance of any relevant regulation issued or as may be issued; therefore, authorizing him/her to take whatever additional actions are required to administer the District's Program; and
4. The Governing Board of the District, hereby authorizes the Plan Administrator, in accordance with Section 3.3 of the Public Agencies Post-Retirement Health Care Plan Trust adopted effective September 14, 2009, to withdraw from said trust and direct the transfer of assets held in said trust to the OPEB Account established in the name of the District under the Public Agencies Post-Employment Benefits Trust, adopted herewith.

DONE by the Governing Board of the Great Basin Unified Air Pollution Control District the 1st Day of February, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Board Chair

ATTEST:

Tori DeHaven, Clerk of the Board

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 Great Basin Unified Air Pollution Control District ("Agency").

WHEREAS, the Agency has adopted the PARS Public Agencies Post-Employment Benefits Trust Plan I-SB270 and Plan II-District, hereinafter (the "Plan"), for the purpose of pre-funding pension and OPEB obligations, 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 PARS' or Agency's, as the case may be, 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: Great Basin Unified Air Pollution Control District; 157 Short Street, Bishop, CA 93514; Attention: Air Pollution Control OfficerNotices 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 February 1, 2016 and ending March 31, 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:

Phillip L. Kiddoo

TITLE:

Air Pollution Control Officer

DATE:

PARS:

BY:

Tod Hammeras

TITLE:

Chief Financial Officer

DATE:

EXHIBIT 1A
SERVICES

PARS will provide the following services for the Great Basin Unified Air Pollution Control District Public Agencies Post-Employment Benefits Trust Plan I-SB270 and Plan II-District:

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]. The monthly minimum fee of \$400.00 is hereby waived. 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.

- (C) Plan assets of both the Agency's Public Agencies Post-Retirement Health Care Plan I-SB270 and Plan II-District and the Public Agencies Post-Employment Benefits Trust Plan I-SB270 and Plan II-District shall be aggregated for fee calculation purposes.

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.



California Public Employees' Retirement System
Actuarial Office
P.O. Box 942709
Sacramento, CA 94229-2709
TTY: (916) 795-3240
(888) 225-7377 phone • (916) 795-2744 fax
www.calpers.ca.gov

Attachment 1

February 2015

\$1,619,473

\$1,351,680

UAL: \$2,971,153

Miscellaneous Plan of the Great Basin Unified Air Pollution Control District

		Side Fund Payoff	Share of Pre-2013 Pool UAL Payoff	Asset (Gain)/Loss Payoff
		\$ 596,034 additional contribution	\$1,619,473 additional contribution	\$1,351,680 additional contribution
Year	Fiscal Year	Amortization	Amortization	Amortization
1	2015 - 2016	100,001	118,607	19,011
2	2016 - 2017	103,001	122,165	39,164
3	2017 - 2018	106,091	125,830	60,508
4	2018 - 2019	109,274	129,605	83,097
5	2019 - 2020	112,552	133,493	106,988
6	2020 - 2021	115,928	137,497	110,197
7	2021 - 2022	119,406	141,622	113,503
8	2022 - 2023		145,871	116,908
9	2023 - 2024		150,247	120,416
10	2024 - 2025		154,755	124,028
11	2025 - 2026		159,397	127,749
12	2026 - 2027		164,179	131,581
13	2027 - 2028		169,105	135,529
14	2028 - 2029		174,178	139,595
15	2029 - 2030		179,403	143,782
16	2030 - 2031		184,785	148,096
17	2031 - 2032		190,329	152,539
18	2032 - 2033		196,039	157,115
19	2033 - 2034		201,920	161,828
20	2034 - 2035		207,977	166,683
21	2035 - 2036		214,217	171,684
22	2036 - 2037			176,834
23	2037 - 2038			182,139
24	2038 - 2039			187,603
25	2039 - 2040			193,232
26	2040 - 2041			199,029
27	2041 - 2042			164,000
28	2042 - 2043			126,690
29	2043 - 2044			86,994
30	2044 - 2045			44,802
Total Payments		766,253	3,401,219	3,891,322
Total Interest Savings		170,219	1,781,746	+ 2,539,642 = \$4,321,388
Efficiency		128.6%	210.0%	287.9%



GREAT BASIN UNIFIED AIR POLLUTION CONTROL DISTRICT

157 Short Street, Bishop, California 93514-3537
Tel: 760-872-8211 Fax: 760-872-6109

BOARD REPORT

Mtg. Date: February 1, 2016

To: District Governing Board

From: Tori DeHaven, Clerk of the Board

Subject: Update from Inyo County Counsel regarding CR Briggs Corporation Chapter 11
Bankruptcy activities

Mr. David Nam, Deputy County Counsel for Inyo County, will provide the Board with an update regarding CR Briggs Corporation and their filing of Chapter 11 Bankruptcy and any impacts to the District.

BOARD ACTION: None. Informational only.



GREAT BASIN UNIFIED AIR POLLUTION CONTROL DISTRICT

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BOARD REPORT

Mtg. Date: February 1, 2016

To: District Governing Board

From: Phillip L. Kiddoo, Air Pollution Control Officer

Subject: American Bar Association Environment, Energy and Resources Stewardship Award Presentation

The APCO will present the slide show given at the American Bar Association Environment, Energy and Resources Stewardship Award ceremony in Chicago, Illinois on October 30, 2015.

BOARD ACTION: None. Informational only.

2015 American Bar Association Environment, Energy, and Resources Stewardship Award

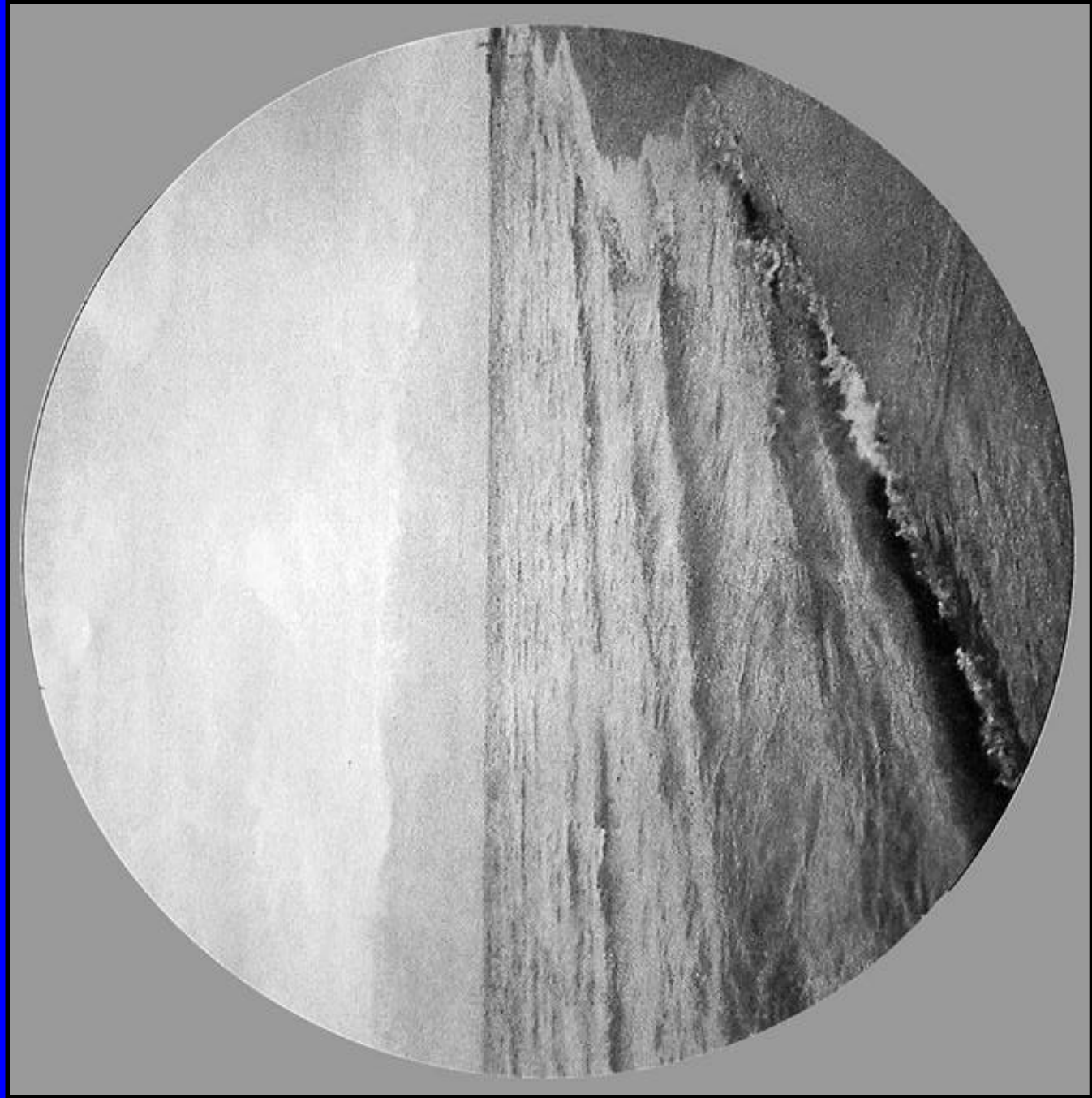
Great Basin Unified Air Pollution Control District

Phillip L. Kiddoo
Air Pollution Control Officer



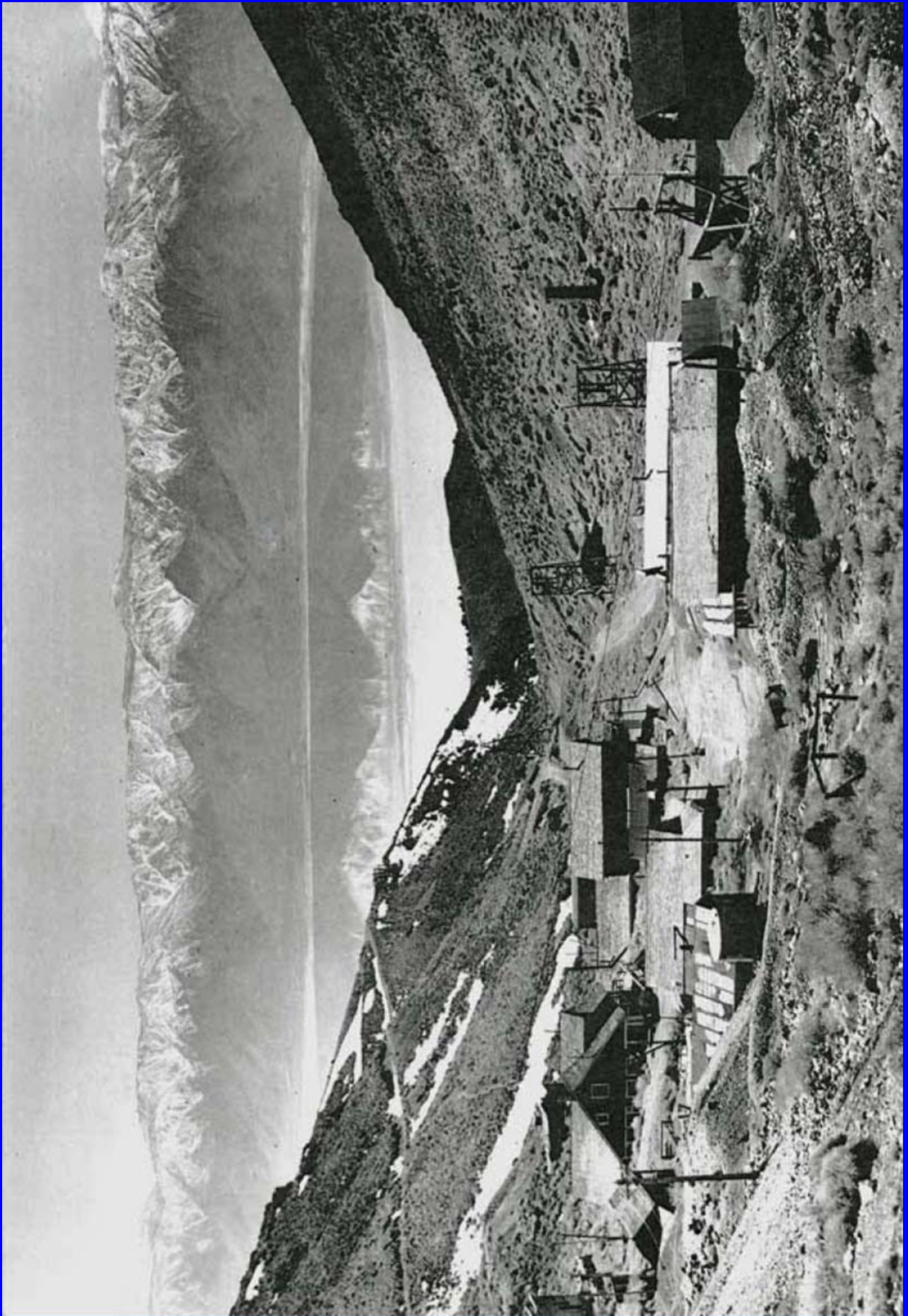
October 30, 2015

This photo, taken in 1891, from the eastern shore of Owens Lake near Keeler, shows the crest of the Sierra Nevada in the background.

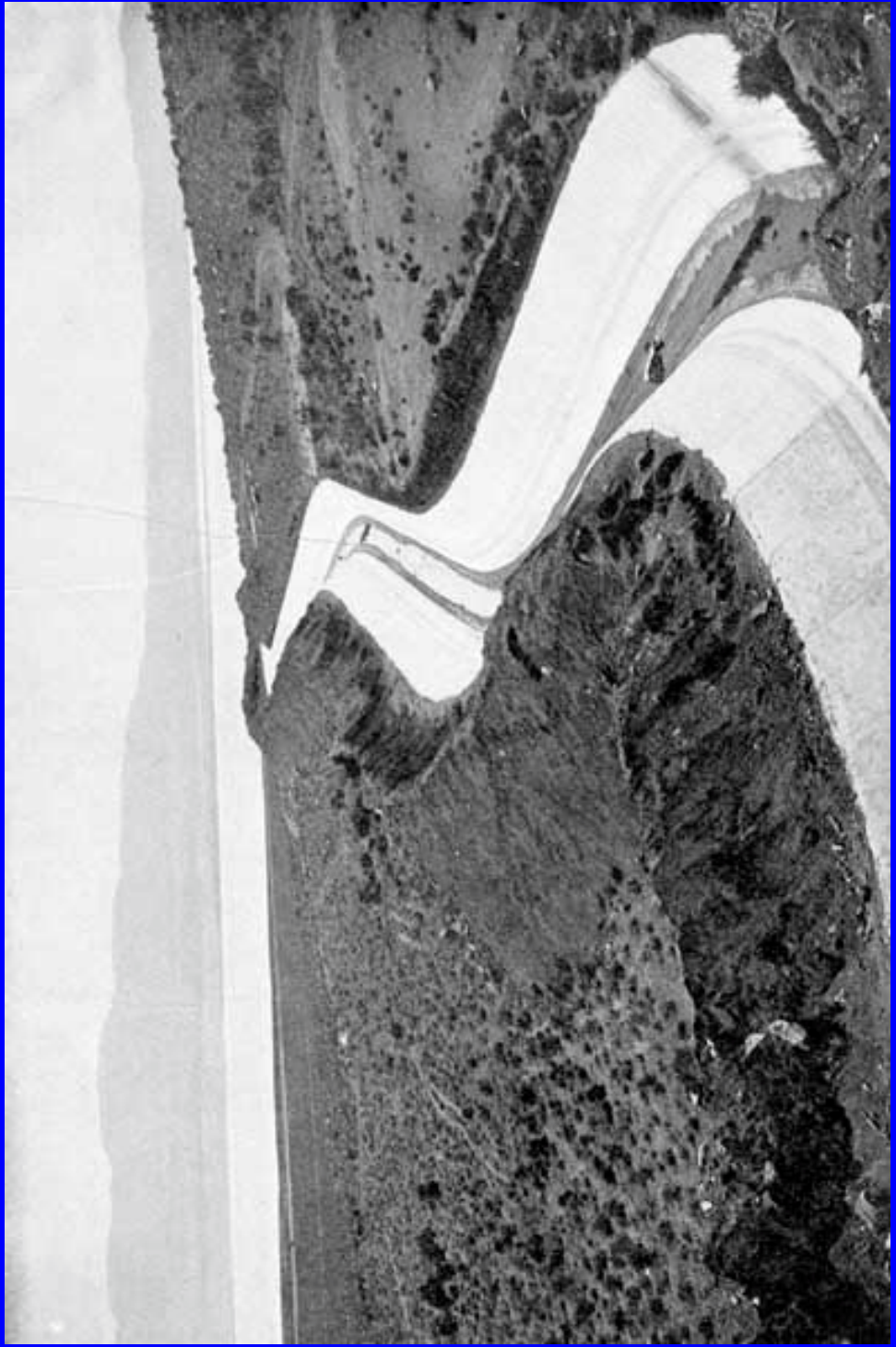


(Collection of the Henry E. Huntington Library)

Owens Lake from Cerro Gordo Mine



In 1913, the City of Los Angeles' Department of Water and Power (LADWP) completed construction of the Los Angeles Aqueduct. The Aqueduct diverted Owens River water destined for Owens Lake 223 miles south to Los Angeles.



November 5, 1913 – “There it is, take it”



Owens Lake Remnant - Hypersaline Brine Pool



Image: George Steinmetz

160201





The exposed Owens Lake bed showing wind eroded salt crust

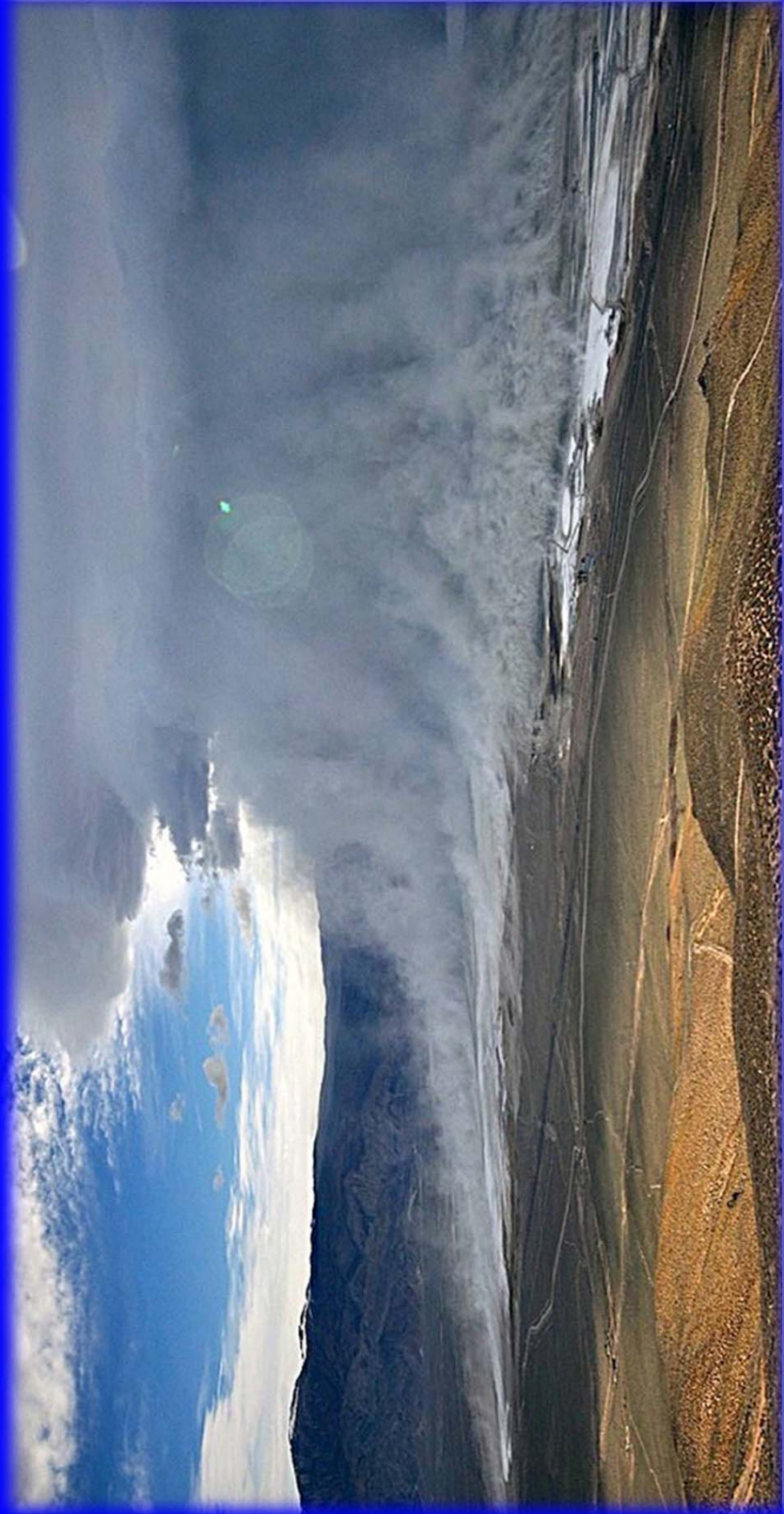


The dried bed of Owens Lake 8/98

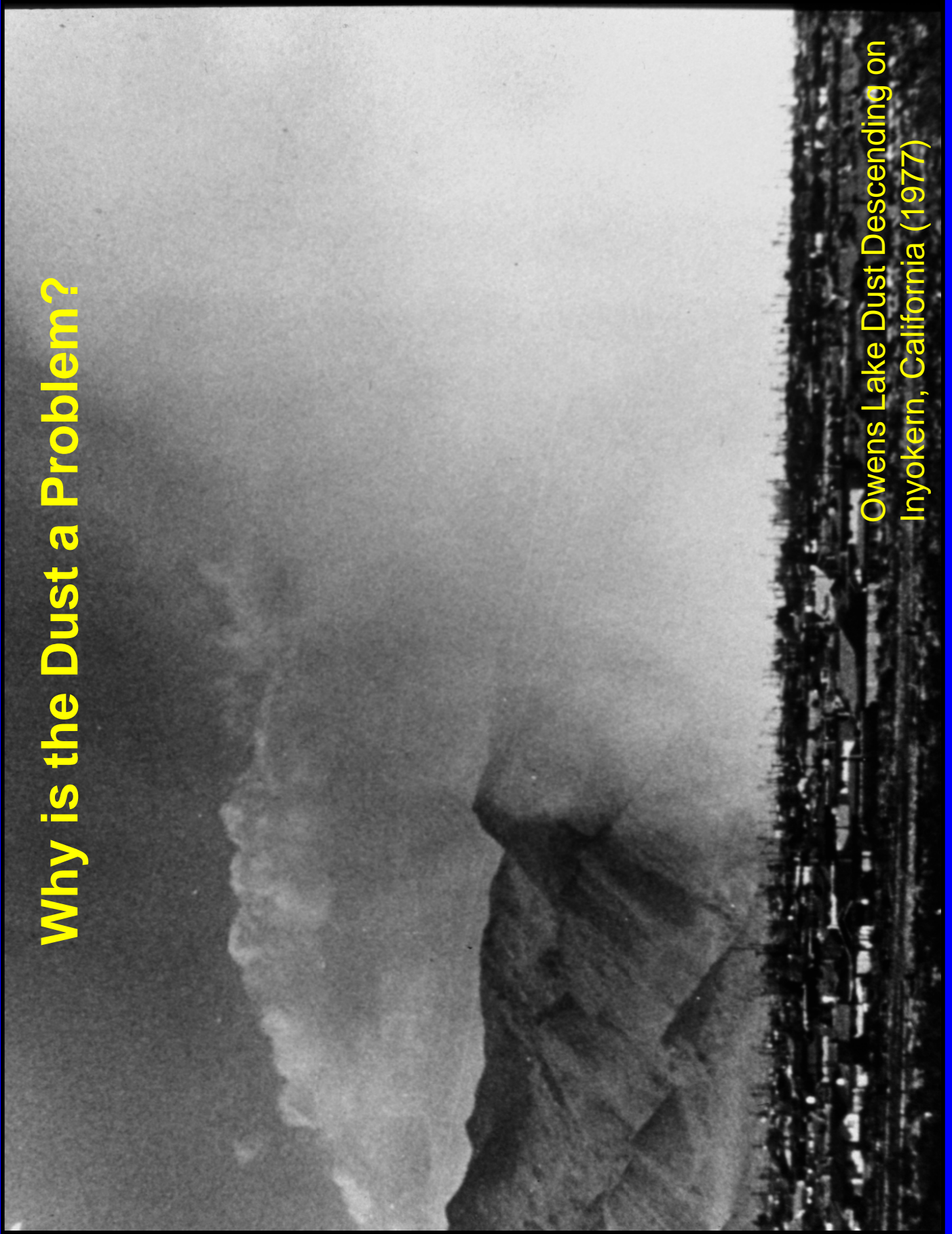
Close-up of Heaved Salt Crust Exposing Emissive Material



PM-10 Storm at Owens Lake



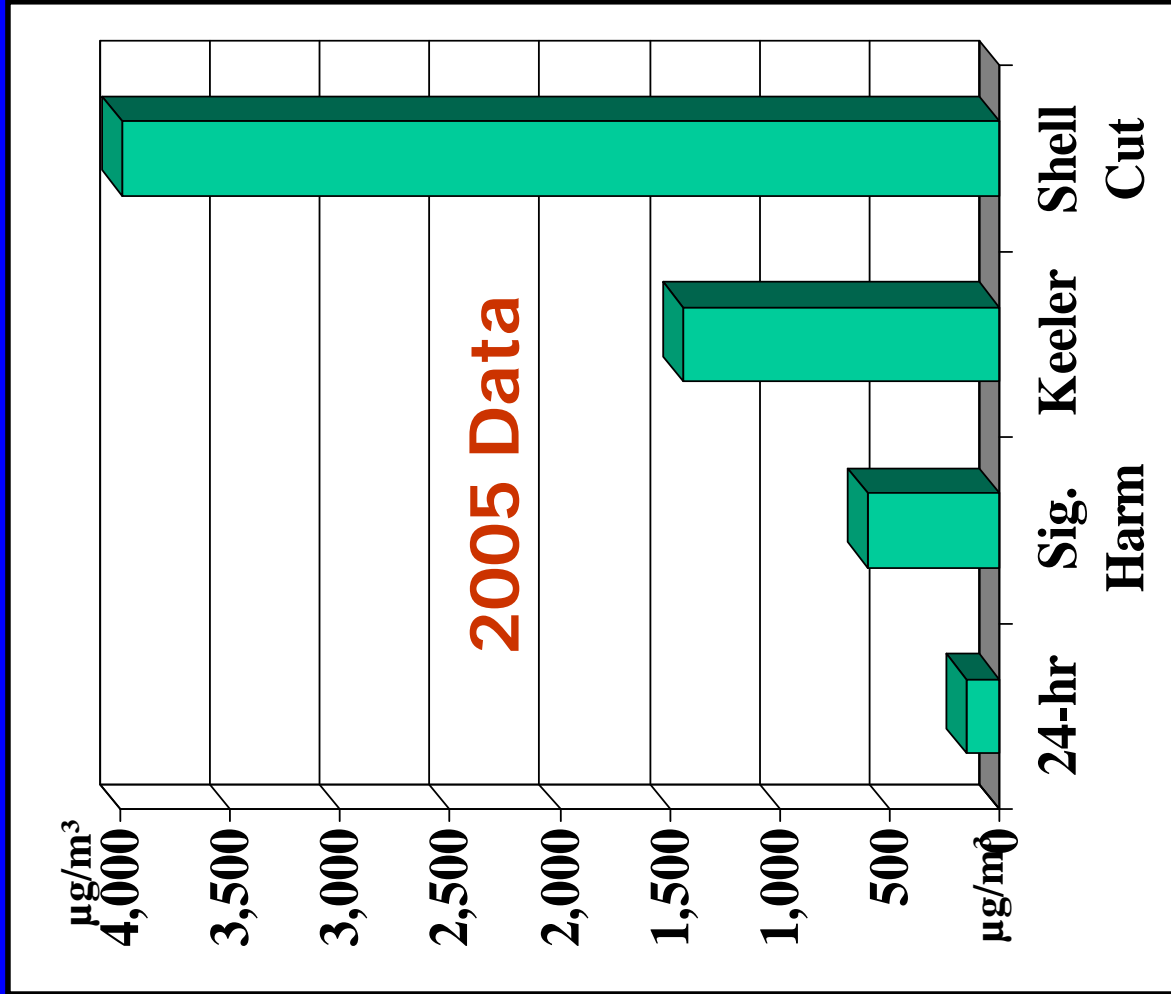
Why is the Dust a Problem?



Owens Lake Dust Descending on
Inyokern, California (1977)

1. Because the PM-10 values are very high

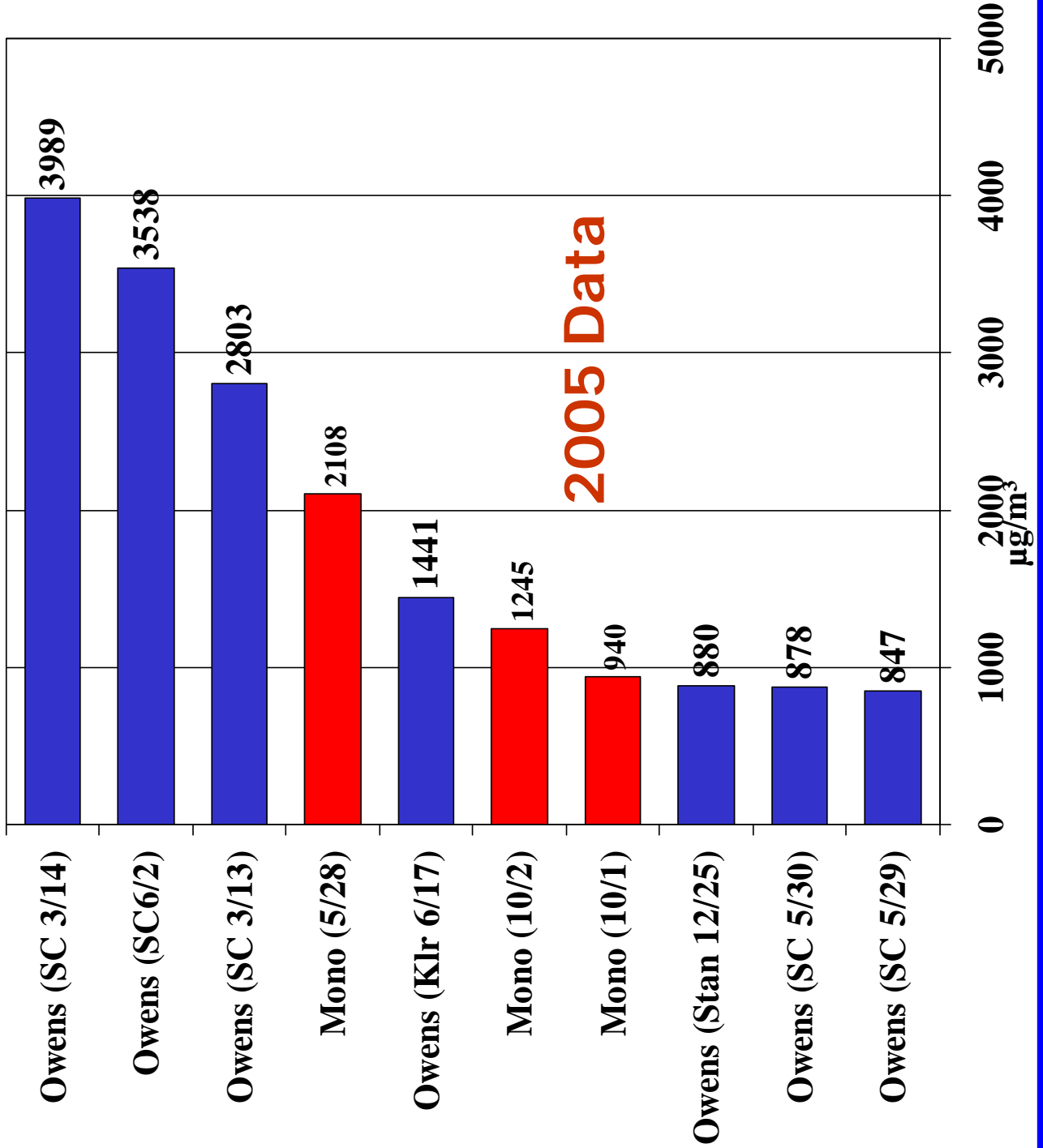
- The Federal 24-hr standard for particulate matter is **150 $\mu\text{g}/\text{m}^3$** .
- The State standard is **50 $\mu\text{g}/\text{m}^3$** .
- The “significant harm to human health” level is **600 $\mu\text{g}/\text{m}^3$** .
- In 2005, 24-hr levels of **1,441 $\mu\text{g}/\text{m}^3$** (10 times Std.) were measured in the town of Keeler and **3,989 $\mu\text{g}/\text{m}^3$** (26 times Std.) at the Shell Cut monitor.



2. Because severe exceedances are frequent

The US EPA Data for 2005 shows that of the 10 highest PM-10 values reported in the entire U.S., 7 occurred at Owens Lake and 3 occurred at Mono Lake.

Owens Lake's highest value of 3,989 $\mu\text{g}/\text{m}^3$ was 5 times higher than the highest non-Great Basin value (#13 – New Mexico @ 760 $\mu\text{g}/\text{m}^3$).

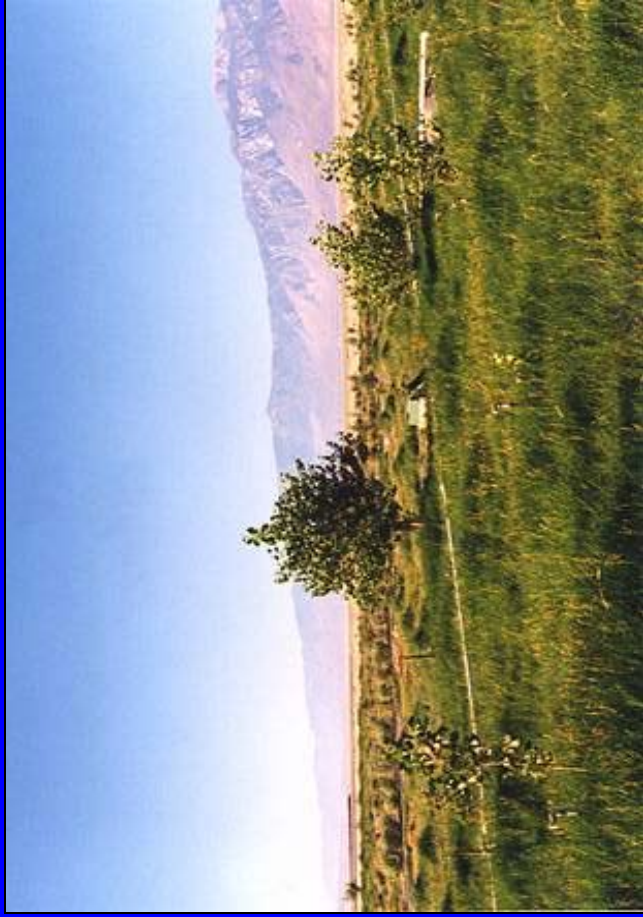


Great Basin Unified Air Pollution Control District



Approved Dust Control Measures

Great Basin's research since the mid-1980s has resulted in three approved methods of controlling dust that are feasible on a large scale: native vegetation, flooding with shallow sheets of water and a gravel blanket.





"The air pollution
control project you can
see from outer space."

Dust Controls on Owens Lake – October 2015

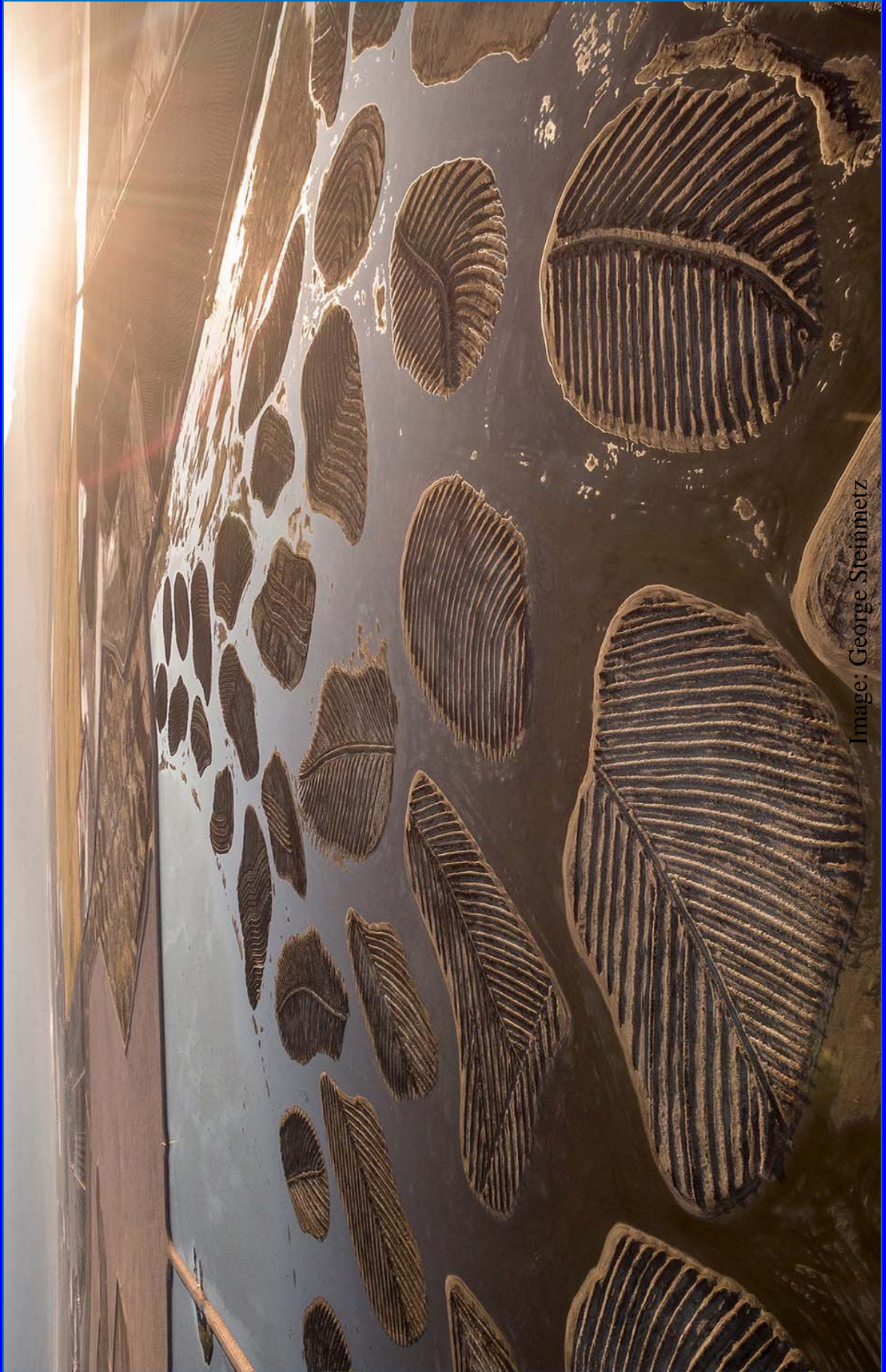


Image: George Steinmetz



GREAT BASIN UNIFIED AIR POLLUTION CONTROL DISTRICT

157 Short Street, Bishop, California 93514-3537

Tel: 760-872-8211 Fax: 760-872-6109

BOARD REPORT

Mtg. Date: December 7, 2015

To: District Governing Board

From: Phillip L. Kiddoo, Air Pollution Control Officer

Subject: Air Pollution Control Officer Report

A verbal report will be given at the meeting.