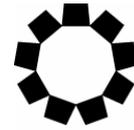


# ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

## AGENDA

### **FINANCE AND PERSONNEL COMMITTEE**

Thursday, July 17, 2014, 5:00 PM

Location:

Joseph P. Bort MetroCenter  
Association of Bay Area Governments  
101 8<sup>th</sup> Street, Conference Room B  
Oakland, California

*The ABAG Finance and Personnel Committee may act on any item on this agenda.*

*Agenda and attachments available at [abag.ca.gov](http://abag.ca.gov)*

*For information, contact Herbert Pike, Finance Director, at (510) 464-7902.*

#### **1. CALL TO ORDER**

#### **2. PUBLIC COMMENT**

Information.

#### **3. APPROVAL OF MINUTES OF MAY 15, 2014.**

ACTION.

*Minutes of May 15, 2014 meeting attached.*

#### **4. PRESENTATION AND REVIEW OF FINANCIAL REPORTS FOR FISCAL YEAR THROUGH MAY 2014.**

Information/ACTION.

*Financial Report for May 2014 is attached.*

#### **5. RESOLUTION FIXING THE ASSOCIATION OF BAY AREA GOVERNMENTS' CONTRIBUTION UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL ACT FOR EMPLOYER, CODE 1642**

ACTION.

**ABAG Finance and Personnel Committee**

March 20, 2014

2

*Staff report and proposed Resolution is attached to formally advise CalPERS of revised retiree health benefit coverage based upon approval of negotiated labor contract with SEIU Local 1021 and approved by Executive Board in 2009.*

**6. REVISED VENDOR FORM TO MORE ACCURATELY IDENTIFY AND VALIDATE DIVERSITY AMONGST ABAG CONTRACTORS**

Information only.

*A written report and proposed vendor application form is attached to facilitate compilation of the annual Diversity Report as it relates to contractors utilized by ABAG.*

**7. PROCESS AND SCHEDULE FOR PUBLIC EMPLOYEE PERFORMANCE EVALUATION: LEGAL COUNSEL**

Information/ACTION.

Report is attached.

**8. RESOLUTION TO APPROVE AN AMENDED AGREEMENT TO ALLOW FOR RE-FINANCING OF THE AGENCY'S WINDEMERE RANCH CAPITAL FINANCING PROGRAM DEBT**

*Staff and proposed Resolution No. 15-14 is attached to enable the re-financing of the Agency's Windemere Ranch Capital Financing Program debt with substantial savings to accrue.*

**9. ABAG PLAN BOARD DECISION TO CONTRACT OUT CLAIMS ADJUSTING SERVICES AND ITS ASSOCIATED IMPACTS**

Information.

Staff report is attached.

**10. CLOSED SESSION**

**A. Public Employee Performance Evaluation**

Title: Executive Director

**11. ADJOURNMENT**

The next meeting of the Finance and Personnel Committee will be on

September 18, 2014.

Submitted:

Herbert Pike, Finance Director

Date: July 10, 2014

## ABAG FINANCE AND PERSONNEL COMMITTEE

### Summary Minutes

May 15, 2014

#### Members Present

Supervisor Karen Mitchoff  
Supervisor David Rabbitt  
Councilmember Desley Brooks  
Councilmember Ronit Bryant  
Supervisor Scott Haggerty  
Councilmember Julie Pierce  
Supervisor Mark Luce  
Supervisor David Cortese

#### Jurisdiction

County of Contra Costa  
County of Sonoma  
City of Oakland  
City of Mountain View  
County of Alameda  
City of Clayton  
County of Napa  
County of Santa Clara

#### Members Absent

Mayor Bill Harrison  
Supervisor Dave Pine  
Supervisor John Gioia

City of Fremont  
County of San Mateo  
County of Contra Costa

#### Officers and Staff Present

Ezra Rapport, Executive Director  
Bradford Paul, Asst. Exec. Director  
Kenneth Moy, Legal Counsel  
Herbert Pike, Finance Director  
Susan Hsieh, Asst. Finance Director

#### Guests

Mayor Pat Eklund  
John McKenzie

City of Novato  
City of Rohnert Park

1. The meeting was called to order by Supervisor Karen Mitchoff, Committee Vice-Chair, at 5:04 pm.
2. There was no public comment.
3. Summary Minutes of the March 20, 2014 meeting were approved.  
/M/Pierce/S/Haggerty/C/approved unanimously as amended.

4. Pike presented the financial reports for March 2014.  
/M/Haggerty/S/Luce/C/acceptance of the report unanimously.
  
5. Pike presented a review of various databases in the region and how they collect data to monitor the diversity make-up of their vendors. The Committee directed staff to return at the next meeting with a draft of a proposed Vendor Application form following distribution of the draft to members prior to the meeting to obtain feedback from the members.  
By consensus, the report was referred to the next meeting.
  
6. The Committee went into Closed Session and had no action to report out.
  
7. Meeting adjourned at 5:35 pm.

Submitted: Herbert Pike, Finance Director

Date: June 23, 2014

TO: Finance and Personnel Committee

DT: June 20, 2014

FM: Herbert Pike, Finance Director

Re: Financial Reports  
-- May 2014

The following are highlights of the financial reports for May 2014.

### **Overall Summary**

ABAG recognized a surplus of \$486 thousand for the eleven months ended May 2014. A modest surplus of \$200 thousand is projected at year end. The actual surplus will be different depending on year-end accruals and adjustments for vacation, payroll, benefits, and other outstanding commitments. In addition, excess revenues may be used to cover project cost overruns or costs not covered by funding agencies. At least \$50 thousand is expected to be available and set aside for contingency reserve pursuant to the existing policy direction. Revenues and expenses were slightly below budget, but more revenues and expenses will be accrued as part of the fiscal year-end close as subrecipients and consultants catch up with their June/last quarter billings in July. Please refer to the **Table of Financial Report Data Elements** for actual and projected numbers.

### **Cash on Hand**

The cash balance was \$7.31 million at the end of May including \$2.2 million invested with the Local Agency Investment Fund (LAIF). There was an increase of \$565 thousand from the prior month and a significant increase of \$3.13 million from the prior year. Figure 1 depicts the actual cash balances for FY 13 and FY 14 and the projected balance at year end. The high cash balance is primarily attributed to grant advances for SFEP projects and the BayREN/Energy project. Unspent funds of approximately \$5.5 million are recorded as unearned revenues. Funds will be distributed to subrecipients as expenditures are incurred. The cash balance is projected to be about \$6.5 million at the end of the fiscal year. Subrecipients for the BayREN project have not been drawing down the funds for incentive rebates as rapidly as expected. These funds are for single and multifamily energy retrofits. Ultimately, the incentive rebates will be distributed and benefit the Bay Area residents in the nine counties.

### **Receivables**

Receivables from grant and service programs amounted to \$4.74 million at the end of May comprised primarily of \$2.73 million in grants receivables and \$1.93 million in unbilled receivables. The total decreased by \$390 thousand from the prior month and \$643 thousand from the prior year. The overall decrease is reasonable as fluctuations are expected from one period to another (depending on timing of expenditures). Also, Accounting staff have been very diligent in sending out invoices in a timely manner to reduce the average age of outstanding receivables. Figure 2 depicts the actual receivable balances for FY 13 and FY 14 and the projected balance for June. Unbilled receivables will be billed in June and early July. Total receivable is expected to be approximately \$6 million at the end of the year. Subrecipients and consultants are usually behind with their billings during the year and some bill quarterly. With the fiscal year-end close, they will submit invoices in July for expenditures incurred in June or the months prior.

### **Revenues and Expenses**

Year-to-date revenues exceeded expenses by \$486 thousand as of May 31. Total revenues amounted to \$25.69 million, or 90 percent, of the adjusted, budgeted revenues of \$28.58 million. Total expenses amounted to \$25.21 million, or 89%, of the adjusted, budgeted expenses of \$28.38 million. Revenues and expenses are 2 percent and 3 percent below the 92 percent budgeted. Revenues and expenses are expected to increase as part of the fiscal year-end close. ABAG operations are expected to yield a net surplus of \$200 thousand as of June 30, 2014. Figure 3 presents a comparison of current month, year-to-date actual and budgeted revenues and expenses. Figure 4 shows year-to-date revenues by major category, and Figure 5 shows year-to-date expenses by major category.

### **Net Position/Fund Equity**

Total fund equity was \$2.73 million as of May 31 including \$2.07 million in general fund equity and \$660 thousand in restricted fund equity. The fund equity decreased by \$8 thousand compared to the prior month and increased by \$486 thousand compared to the prior year. The restricted fund equity consists of capital, self-insurance, building maintenance and reserves. A portion of the projected net surplus will be reserved for contingency to reflect the commitment to increase restricted reserves by \$50 thousand per year. Figure 6 presents actual and projected general, restricted, and total fund equities for the current fiscal year.

### **Indirect Overhead Rate**

The Agency's actual indirect cost (overhead) rate through May was 42.79 percent, or 0.16 percent below the budget estimate of 42.95 percent. This means that for the eleven months through May, ABAG has charged more to grants for overhead expense than what was actually spent. The actual realized overhead rate is expected to approach the budgeted rate as costs are incurred for updating ABAG's website and to study the possibility of shared services in the new building in San Francisco. Figure 7 shows a comparison between the actual indirect cost rate and the approved rate.

The PLAN Board elected to outsource the claim services unit (four positions) to a third party administrator York at their June 2014 annual board meeting. Although the management and administrative support units will remain with ABAG, the indirect overhead recovery from and direct administrative support for PLAN will be reduced by approximately \$360 thousand in FY 14-15. ABAG is in the process of evaluating strategies to reduce costs which may lead to internal service reduction and/or consolidation.

### **Financial Information by Program**

The **Report by Program of Net Surplus/(Deficit)** is included after the charts. This report presents revenue and expense information by program. It provides an overview of budgeted and year-to-date revenue and expense data for major programs such as the Planning Services, San Francisco Estuary Partnership, Bay Trail and POWER/Energy.

**Association of Bay Area Governments**  
**Table of Financial Report Data Elements**  
(thousands of dollars)

**For the Month Ended May 2014**

Projected percentage of budget is 92%.

Description	Adjusted Budget	Year-To-Date Actual	% of Budget	Budget Balance
<b>ASSETS</b>				
Cash	6,500	7,306	112%	(806)
Receivables	6,000	4,742	79%	1,258
<b>REVENUES</b>				
Membership Dues	1,765	1,623	92%	142
Grants	21,213	18,856	89%	2,357
Charges for Services and Other	5,600	5,214	93%	386
<b>Total Revenues</b>	<b>28,578</b>	<b>25,693</b>	<b>90%</b>	<b>2,885</b>
<b>EXPENSES</b>				
Salaries and Benefits	12,098	11,083	92%	1,015
Pass-through and Consultant Expenses	13,479	11,794	88%	1,685
Other Expenses	2,801	2,330	83%	471
<b>Total Expenses</b>	<b>28,378</b>	<b>25,207</b>	<b>89%</b>	<b>3,171</b>
Change in Net Position	200	486	243%	(286)
Beginning Net Position	2,248	2,248	100%	-
<b>Ending Net Position</b>	<b>2,448</b>	<b>2,734</b>	<b>112%</b>	<b>(286)</b>
<b>NET POSITION BREAKDOWNS</b>				
Unrestricted	1,738	2,074	119%	(336)
Restricted	710	660	93%	50
<b>Total Net Position</b>	<b>2,448</b>	<b>2,734</b>	<b>112%</b>	<b>(286)</b>
<b>INDIRECT OVERHEAD</b>				
Overhead Rate	42.95%	42.79%		

**Item 4**

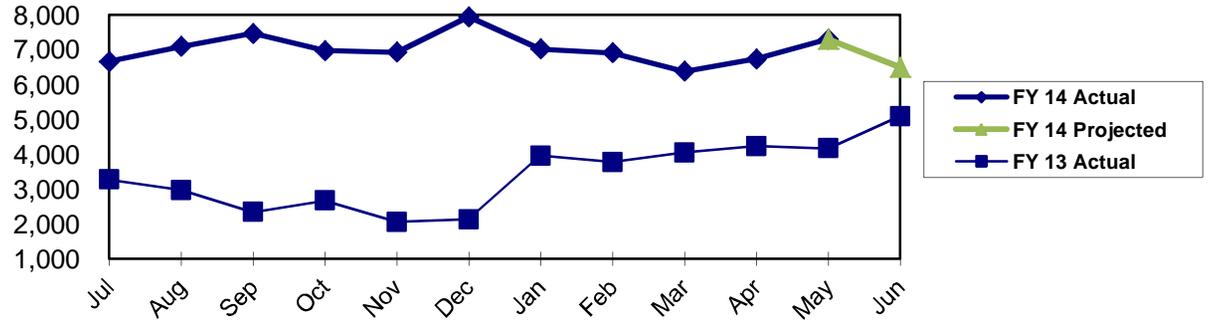
## ABAG Financial Indices

### Cash on Hand FY 13-FY 14 (\$'000)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 14 Actual	6,667	7,091	7,472	6,974	6,933	7,943	7,017	6,907	6,385	6,741	7,306	
FY 14 Projected											7,306	6,500
FY 13 Actual	3,272	2,973	2,342	2,669	2,062	2,135	3,959	3,782	4,055	4,238	4,173	5,093

**Represents** the sum total of cash deposited at our bank and the Local Agency Investment Fund. This chart shows fluctuation patterns of cash on hand for the current and prior fiscal years.

**Figure 1--Cash on Hand--FY 13 and FY 14 (\$'000)**

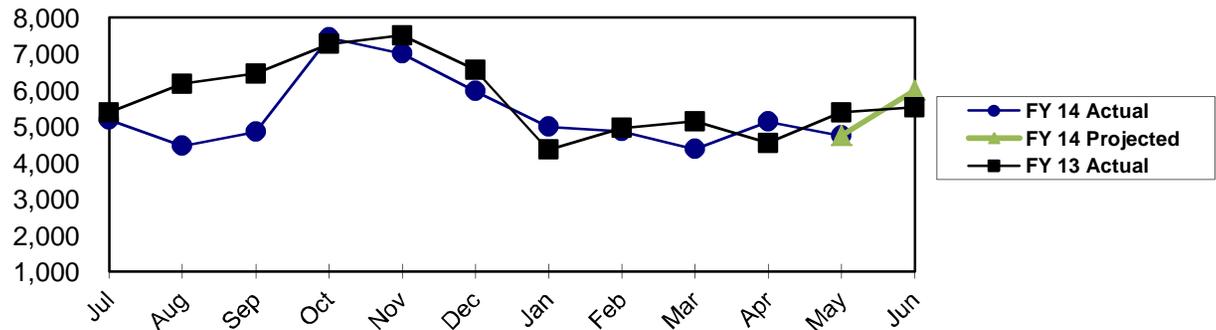


### Accounts Receivable FY 13-FY 14 (\$'000)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 14 Actual	5,182	4,463	4,851	7,445	7,006	5,973	4,985	4,862	4,379	5,132	4,742	
FY 14 Projected											4,742	6,000
FY 13 Actual	5,382	6,170	6,452	7,273	7,505	6,560	4,356	4,952	5,141	4,545	5,385	5,521

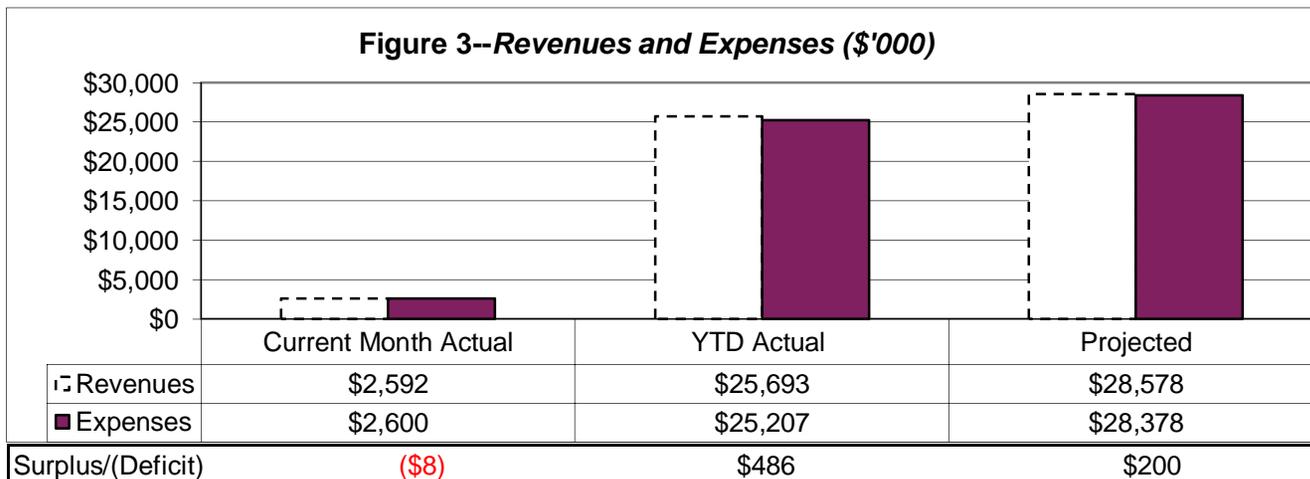
**Accounts** receivable include receivables generated by grants and service programs over two fiscal years. Reflects the reasonableness of our receivable levels; usually have about six weeks' worth of annual revenues in receivables.

**Figure 2--Accounts Receivable--FY 13 and FY 14 (\$'000)**



## ABAG Financial Indices

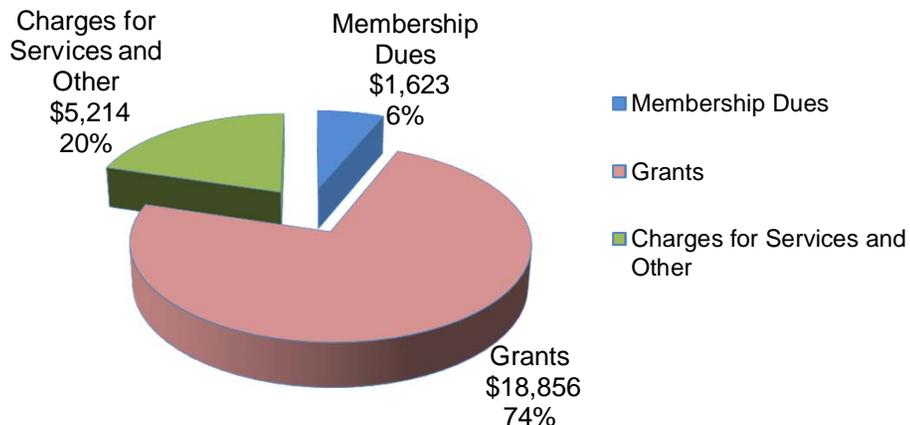
**Presents** a comparison of current month actual, year-to-date actual, and budgeted/projected revenues and expenses.



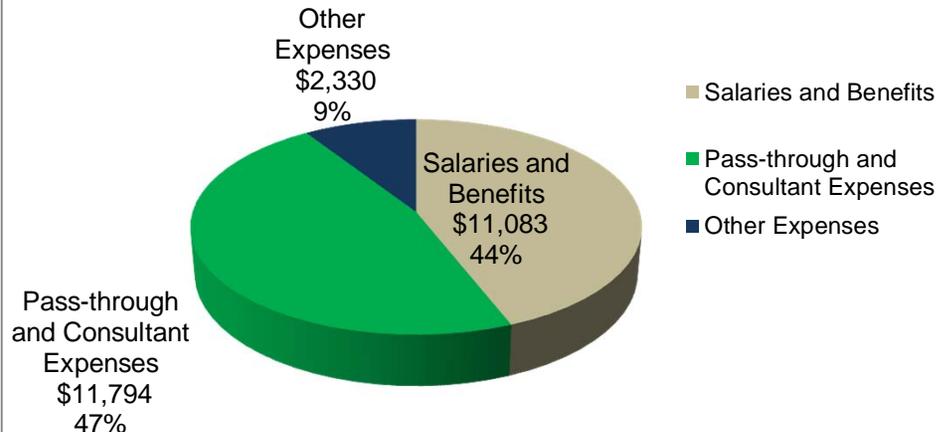
**Shows** year-to-date revenues by major category including membership dues, grants, and charges for services and other.

**Shows** year-to-date expenses by major category including salaries and benefits, pass-through and consultant expenses, and other expenses.

**Figure 4-- Year-to-date Revenues by Category (\$'000)**



**Figure 5-- Year-to-date Expenses by Category (\$'000)**



## ABAG Financial Indices

**Presents** actual and projected general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building improvement interest, building maintenance, self-insurance, capital and contingency reserve. These restricted equities represent the Association's equities set aside for specific purposes. Total equity is the sum total of general and restricted equities.

**Shows** a comparison between the actual indirect cost rate and the budgeted/approved rate. The approved indirect cost rate is computed by dividing total estimated overhead expenses by total projected direct labor cost for a fiscal year. This rate is used as a standard overhead cost rate to allocate indirect costs to all projects. This process is performed in accordance with an indirect cost plan, which is prepared annually in accordance with federal guidelines.

Figure 6--Net Position/Fund Equity (\$'000)

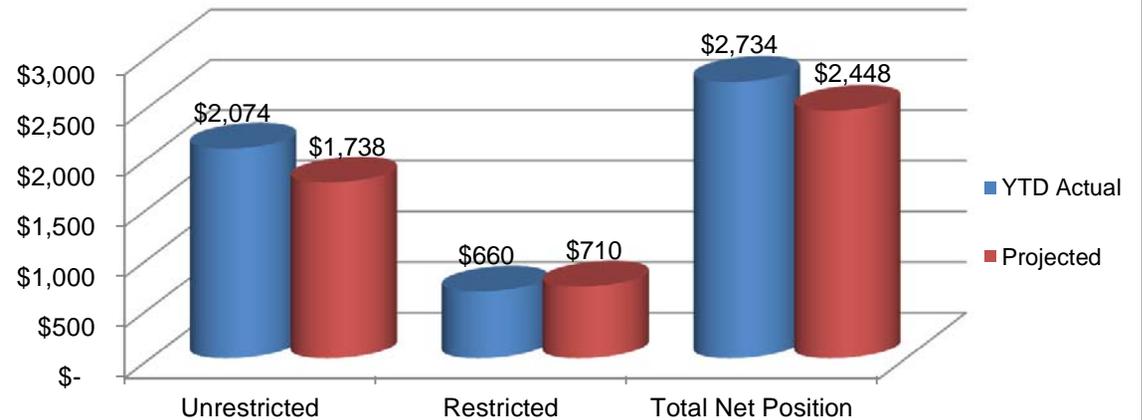
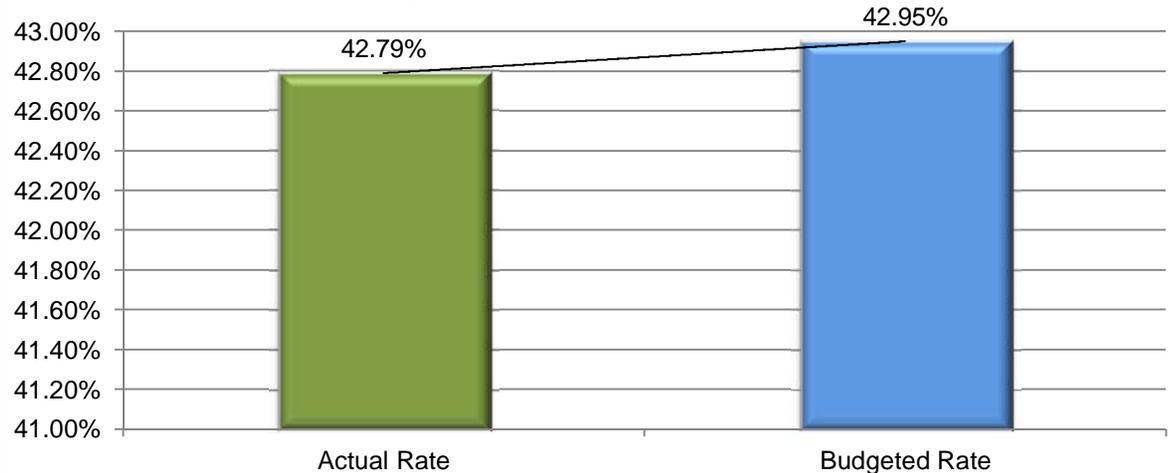


Figure 7--Indirect Overhead Rate



## Association of Bay Area Governments

### Report by Program of Net Surplus/(Deficit) Through May 2014 / 92% of Year Elapsed

Program Description	Approved Budget Expenses *	Adjusted Budget Revenues	Adjusted Budget Expenses	Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/(Deficit)	% of Expense Budget	Explanations for Variances over 5%
			A	B	C	D = B - C	E = C/A	
Planning Services	3,865,000	3,902,191	3,902,191	3,577,008	3,577,008	-	92%	
San Francisco Estuary Partnership	5,650,000	5,307,796	5,375,804	4,517,360	4,585,296	(67,935)	85%	More expenses will be accrued as part of the fiscal year-end close. Subrecipients and consultants will catch up with their June/last quarter billings in July.
Disaster Recovery	375,000	219,491	230,505	204,867	211,296	(6,430)	92%	
Bay Trail	1,660,000	1,773,645	1,791,824	1,521,703	1,605,176	(83,473)	90%	
Green Business	120,000	81,531	81,531	74,736	74,736	-	92%	
Training Center, Web Hosting and Publications	604,000	572,241	538,347	542,887	493,485	49,403	92%	
POWER/Energy	5,579,861	10,798,745	10,831,936	9,691,793	9,703,609	(11,817)	90%	
Finance Authority	1,500,000	1,278,011	1,263,298	1,199,011	1,158,023	40,988	92%	
Plan Corporation - Property & Liability Insurance Pool	2,900,000	2,665,421	2,665,421	2,415,732	2,415,732	-	91%	
SHARP - Worker's Comp Pool	110,000	151,788	151,788	139,139	139,139	-	92%	
Fiscal Agent Services	101,200	117,251	100,243	108,397	90,056	18,341	90%	
Communications/Legislative	835,000	599,090	598,553	550,013	544,013	6,000	91%	
Agency Administration	1,109,102	1,110,799	996,561	1,147,893	924,008	223,885	93%	
Payroll Clearing			(150,000)	-	(306,137)	306,137	204%	Year-to-date surplus may be reduced in June due to additional accruals/adjustments for vacation, payroll, and benefits. It also depends on the billable hours generated in June.
Central Overhead	3,236,212	3,306,739	3,314,855	3,031,178	3,020,284	10,894	91%	
<b>Totals</b>	<b>27,645,375</b>	<b>31,884,740</b>	<b>31,692,855</b>	<b>28,721,717</b>	<b>28,235,723</b>	<b>485,994</b>	<b>89%</b>	

\* Approved expenses equal to approved revenues for all programs except for Agency Administration in which a \$50K surplus was budgeted

**DATE:** July 10, 2014

**TO:** Chair and Members of the Finance and Personnel Committee

**FROM:** Herbert L. Pike, Finance Director

**SUBJECT:** **Revised Resolution Fixing ABAG's Contribution Under the Public Employees' Medical and Hospital Care Act (PEMHCA)**

#### STAFF RECOMMENDATION

Staff recommends the Committee forward the attached Resolution 14-14 to the Executive Board with a recommendation to adopt.

#### BACKGROUND AND PURPOSE

ABAG provides retiree health benefits (OPEB) through CalPERS. Before 2009, ABAG's OPEB required ABAG to pay a retiree's health benefits premium in an amount capped at the Kaiser North premium. In 2009, ABAG and Service Employees International Union Local 1021 (SEIU) reached agreement on a revised Memorandum of Understanding (MOU) that created a two-tier system for OPEB. For all employees hired after June 30, 2009 (and employees hired before that date who elected to do so), ABAG funds their OPEB by contributing a fixed monthly contribution into a voluntary employee benefit account (VEBA). The VEBA account is then used to pay a fixed amount towards a VEBA retiree's health benefits premium (PEMHCA). The PEMHCA minimum amount is usually less than ABAG's legacy OPEB amount.

CalPERS instituted a system for implementing VEBA-based OPEB where it provides the insurance to the retiree and applies the PEMHCA minimum against the premium owed. On the advice of Bartel and Associates, ABAG adopted a resolution in March 2014 advising CalPERS of ABAG's two-tier OPEB system and enabling CalPERS to implement the legacy OPEB and the PEMHCA minimum. Prior to our sending the resolution, CalPERS informed us that it cannot administer a two-tier OPEB system.

To maintain the current benefit structure and to comply with CalPERS policies and the MOU, staff proposes that ABAG adopt Resolution 14-14 advising CalPERS to credit all retirees at the PEMHCA minimum level starting in January 2015. ABAG would then initiate a reimbursement program for current and future retirees receiving the legacy OPEB. This would necessitate additional work on ABAG's part, but would preserve the benefit structure.

**F&PC AGENDA ITEM #5**

**ASSOCIATION OF BAY AREA GOVERNMENTS  
EXECUTIVE BOARD**

**RESOLUTION NO. 14-14**

**RESOLUTION FIXING THE ASSOCIATION OF BAY AREA GOVERNMENTS'  
CONTRIBUTION UNDER THE PUBLIC EMPLOYEES' MEDICAL  
AND HOSPITAL CARE ACT FOR EMPLOYER, CODE 1642**

**WHEREAS**, the Executive Board of the Association of Bay Area Governments (ABAG) adopted Resolution 7-94 on May 19, 1994, approving ABAG's participation in the Public Employees' Retirement System (PERS) and execution of a contract for such participation; and

**WHEREAS**, ABAG executed said contract effective September 1, 1994; and

**WHEREAS**, the Executive Board of ABAG adopted Resolution 11-94 on October 20, 1994, electing to subject ABAG to the Public Employees' Medical and Hospital Care Act (Act) and to obtain the benefits available thereunder for its employees; and

**WHEREAS**, ABAG has been providing health benefits coverage to ABAG employees through coverage available under PERS as described above; and

**WHEREAS**, Government Code Section 22890 requires a local agency contracting under the Act to fix the amount of the employer's contribution by resolution of the governing body of the agency at an amount not less than the amount required under that section; and.

**WHEREAS**, ABAG's contribution was set pursuant to Resolution 17-01 adopted on November 15, 2001, and

**WHEREAS**, on July 16, 2009, the Executive Board approved changes to the Memorandum of Understanding between ABAG and Service Employees International Union, Local 1021 (MOU) that had the effect of modifying the employer contribution for employee health benefits provided under the MOU, and

**ASSOCIATION OF BAY AREA GOVERNMENTS  
RESOLUTION NO. 14-14**

**NOW, THEREFORE BE IT RESOLVED**, that the Executive Board of the Association of Bay Area Governments hereby approves that effective January 1, 2015:

1. The contribution for each employee or annuitant or survivor shall be the PERS-required minimum employer contribution; and
2. ABAG has establish a Flexible Benefits Account for each full-time regular from which to contribute, on behalf of the employee, up to one hundred twenty percent (120%) of the PERS Kaiser Plan cost for the employee, employee plus dependent, or employee plus family, whichever is applicable, to the PERS-offered program/coverage that the employee has chosen.

The foregoing was adopted by the Executive Board this 17<sup>th</sup> day of July, 2014.

---

Julie Pierce  
Chair

**Certification of Executive Board Approval**

I, the undersigned, the appointed and qualified Secretary-Treasurer of the Association of Bay Area Governments (Association), do hereby certify that the foregoing resolution was adopted by the Executive Board of the Association at a duly called meeting held on the 17<sup>th</sup> day of July, 2014.

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Ezra Rapport  
Secretary-Treasurer

**Approved as To Legal Form**

---

Kenneth K. Moy  
Legal Counsel

# **ASSOCIATION OF BAY AREA GOVERNMENTS**

**P.O. Box 2050, OAKLAND, CALIFORNIA 94604-2050**

SUBJECT: New Vendor Application/Renewal

Dear vendors and suppliers to ABAG and our regional business community,

The Association of Bay Area Governments is endeavoring to update its vendor files and prepare for the potential to accept on-line bidding. At the same time, we would like to increase competition in the bidding process; by categorizing potential vendors by relevant NAICS codes, we will be able to solicit bids from qualified vendors of those specific services. We understand that by increasing competition we can achieve multiple goals including contracts with lower costs, new and emerging ideas and technologies, and further development of our local economy by increasing capacity in our regional, small and diverse businesses.

To gain the greatest benefit from this effort, we again request any and all active and/or interested potential vendors to submit the attached Vendor Application either by regular mail or electronically through the e-mail provided. If you have any questions, please call me at (510) 464-7902 or via e-mail at [HerbertP@abag.ca.gov](mailto:HerbertP@abag.ca.gov)

In advance, thank you for your cooperation.

*Herbert L. Pike, C.P.F.O.*

Finance Director/CFO

Association of Bay Area Governments

# ASSOCIATION OF BAY AREA GOVERNMENTS

## VENDOR APPLICATION/RENEWAL

### 1) Contact Information

Legal Name of Entity		Contact Person (Name & Title)		
Street Address of Entity (No P.O. Box)				
City		State	Zip Code	County
Telephone	Fax #		Cell #	
Email Address		Web Site		

### 2) Company Profile

Primary Service undertaken/offered:		Specialty Service undertaken/offered:		
Date Entity was established (mm/dd/yr)	Does the entity have one of more additional offices outside the Greater Bay Area? __Y __N	Date Bay Area office established (mm/dd/yr)?		
Federal ID Number:	Has this entity operated under a different name during the past five years? __Y __N			
Type of Firm <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Joint Venture <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Limited Liability Partnership <input type="checkbox"/> Limited Liability Corporation <input type="checkbox"/> Publicly traded entity <input type="checkbox"/> Non-Profit or Church <input type="checkbox"/> Government Entity <input type="checkbox"/> Other _____		Ethnicity Group of owner(s) that own greater than 50% of the business. (for tracking purposes only) <input type="checkbox"/> Native American <input type="checkbox"/> Black or African American <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Caucasian or White <input type="checkbox"/> Asian <input type="checkbox"/> Asian Pacific Islander <input type="checkbox"/> Asian Indian <input type="checkbox"/> Filipino <input type="checkbox"/> Multi ethnic minority ownership <input type="checkbox"/> Other _____		
		Gender (for tracking purposes only) <input type="checkbox"/> Male <input type="checkbox"/> Female		

**3) Certifications:**

Name of Issuing Authority	Type	Number	Expiration Date
City/County Business Tax Certificate:			
Internal Revenue Service(required)--If your firm is a Non-Profit, submit the Letter of Determination of Not For Profit Status			
State of CA/CUCP Certification for DBE/ACDBE firm			
State of CA/SBA Certifiatiion for Small firm			
Other Certification			
Other Certification			

**4) Professional Licenses, Permits and/or Certificates**

Name of Issuing Authority	Type	Number	Expiration Date
State of CA Contractor's License Board--Contractor's License:			
Sate of CA Professional Service License or Permit:			
State of CA Service Provider License or Permit:			
Other:			
Other:			

**5) NAICS Codes: Please indicate below your areas of expertise ranked in order of importance using NAICS codes.**

North American Industry Classification System (222.naics.com) codes avail. at <http://www.census.gov/eped/naics02/>

NAICS Code	Description of Work

**6) In submitting this application, I declare under penalty of perjury that statements in this application are true and correct. \_\_\_ Yes \_\_\_ No**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\*Unless submitting this Vendor Application to ABAG for the first time in bidding for a contract, in which case you would include this as part of the bid package, please submit the Application or Renewal to:

**Association of Bay Area Governments  
c/o Accounts Payable  
P.O. Box 2050  
Oakland, CA 94604-2050  
email: karinaf@abag.ca.gov**

To: Finance & Personnel Committee  
Fr: Kenneth K. Moy, Legal Counsel  
Dt: July 10, 2014  
Re: Legal Counsel - Performance Evaluation, FY 2014-15



For my performance evaluation, I intend to continue to follow the process in place for the past seven years. To that end, I will send a memorandum describing accomplishments since my last review and proposing goals for FY 2014-15 to all committee members by August 29, 2013.

The committee's consideration of the memorandum and evaluation of my performance will occur at its September 18<sup>th</sup> meeting.

**AGENDA ITEM 7**



# MEMORANDUM

**To:** ABAG Executive Board  
ABAG Finance and Personnel Committee

**Date:** 17 July 2014

**From:** Clarke J. Howatt, ABAG Public Finance Director

**Re:** Supplement to a Fiscal Agent Agreement between ABAG and the ABAG Finance Authority to Facilitate Refinancing of the Windemere Ranch Special Assessment District Bond Debt by the ABAG Finance Authority

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The ABAG Finance & Personnel Committee is asked to consider and recommend out to the ABAG Executive Board, a change, authorized by **Resolution 15-14**, to a document connected with a refinancing proposal that would decrease annual property tax assessments in the Windemere Ranch Special Assessment District in the southern portion of Contra Costa County. The refinancing is being considered by the ABAG Finance Authority under separate governance from ABAG.

## Background

Since 1993 the ABAG organization has offered its Special Assessment Bond Round-Up ("SABR") Program for the financing and issuance of local assessment district and community facilities district bonds. To date, the Agency has brought more than a dozen SABR Program issues to market aggregating more than \$400 million, including several bond issues to fund the cost of public infrastructure improvements in the Windemere Ranch Development in Southern Contra Costa County (now annexed to the City of San Ramon). Authorizing this proposal would help facilitate refinancing by the ABAG Finance Authority of about \$30 million of Series 2007 Bonds at lower interest rates.

*The County delegated formation and financing of the Windemere taxing district to ABAG primarily because of the need to coordinate the interests of the many various agencies of local government that were either directly or indirectly involved. The Dublin San Ramon Services District, a joint powers authority formed in 1972 whose members include the Counties of Alameda and Contra Costa along with the Cities of San Ramon and Dublin, is the provider of record for water services and reclaimed water services for Windemere. The Contra Costa County Central Sanitary District provides sewer services to the development. And, perhaps most significantly; Windemere lies within what was an unincorporated section of Contra Costa County. The County's annexation agreement with the City of San Ramon had the City of San Ramon annex each portion of all the Dougherty Valley developments, including the Windemere Ranch Project, but only after each portion made it to the individual unit permitting stage. Thus, the ultimate governmental party at interest for the Windemere Project is the City of San Ramon although the permitting agency has been Contra Costa County. ABAG has served to balance the interests of these various jurisdictions while forming and operating the taxing district in conformance with County policy.*

## **Windemere Ranch Refinancing**

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#### **The Development**

Windemere Ranch is a 2,300-acre, master-planned development located in the Dougherty Valley area of southern Contra Costa County, in the City of San Ramon, near the interchange of interstate highways 580 and 680. The property has 5,170 residential units and 380,000 square feet of commercial space. The project was successfully developed in five phases comprising 3,280 single-family homes, 597 condominiums and townhomes, and 1,293 apartment units. The development is fully built out. The apartment units fulfill the development's 25% affordable housing requirement arising from the Dougherty Valley Affordable Housing Program -- adopted by all jurisdictions involved.

From 1984 through 2000, the property was owned by Windemere Ranch Partners, a California Limited Partnership consisting primarily of Somerset Homes, a United Kingdom real estate development company, and Weyerhaeuser Venture Corporation, a wholly owned subsidiary of The Weyerhaeuser Corporation of the United States.

In 2000, the property was sold to a partnership of three major homebuilders: Lennar, Brookfield, and Centex. This partnership (the "Developer") has taken on construction of the approved residential units as well as the responsibilities under the "Windemere Development Agreement" with Contra Costa County which requires that a single "master developer" always be in place to provide continuity and interface with all parties regarding the entire development.

The total cost of public capital improvements for all five phases of the Windemere development exceeded \$500 million. ABAG and its affiliates provided property tax-secured financing of about \$150 million for the project. The Developers and their affiliated merchant builders funded the balance of these costs through partner equity contributions and from proceeds of home sales in the District. All other prior commercial financing on the property has been paid off in full.

#### **The Proposed Refinancing**

Over the past two decades, ABAG and its affiliates have issued several separate series of bonds to fund a portion of the public capital improvements in the District. In 1999, 2000 and 2002 ABAG issued bonds for the District aggregating about \$125,000,000. Separately, the ABAG Finance Authority issued overlapping Special Tax (Community Facilities District) Bonds for the development in 2004. In 2007 a multi-series pooled refinancing of the above four bond issues was issued by the ABAG Finance Authority generating net present value debt service savings of more than \$20 million. Because the credit strength of the District has increased further following on completion of development in the District, certain portions of the 2007 debt can be refinanced again to add savings of more than \$2 million.

#### **Security**

The Agency's debt for the Windemere Development is secured by existing assessments. Repayment of all debt is secured solely by property taxes collected by Contra Costa County on the regular property tax bills sent to property owners/homeowners. The relatively high assessed value of the property in the District compared to the debt on the property provides the primary basis for the expectation of timely payment of the tax lien by the property owner(s). All of the Agency's debt for the District carries investment grade rating(s).

## Windemere Ranch Refinancing

### Page 3

All bond issues for the Development also include cash funded debt service reserve funds equal to maximum annual debt service on the financing.

The Official Statement for the proposed ABAG Finance Authority issue, that the action requested here supports, must carry language having the same effect as the following:

**Neither the faith nor credit of the ABAG, any member of the ABAG, the County, nor any other political subdivision is pledged to the payment of the Bonds. The Bonds are limited obligations payable solely from and secured solely by property taxes constituting liens on the parcels in the District.**

### **The Current Request**

This request is for the ABAG Finance and Personnel Committee to recommend that the ABAG Executive Board authorize **Resolution 15-14** which makes a technical change to a Fiscal Agent Agreement between ABAG and the ABAG Finance Authority. The amendment takes property tax receipts already collected under the Agreement during the 2014 Fiscal Year that have been deposited in debt service payment accounts and move the funds to an escrow that will be set up to pay debt service instead. The ABAG Executive Board is not being asked to approve any new debt. The proposed new debt (Revenue Refunding Bonds) would be issued by the ABAG Finance Authority and only after separate approval by its Board. This matter is a technical amendment required as part of a larger program of refinancing being undertaken by another jurisdiction, the ABAG Finance Authority.

### **District Administration and Financing Team**

The Agency is being assisted in this process by Quint & Thimmig, San Francisco, Bond Counsel for the SABR Program. Stifel, Nicolaus & Company, Incorporated, San Francisco, is serving as Senior Managing Underwriter for the refinancing bond transaction. Disclosure (Underwriter's) Counsel is Jones Hall, San Francisco. The Agency is represented generally in this matter by the Rosales Law Partnership, San Francisco.

The firm of Goodwin Consulting Group, Sacramento, serves as Special Tax Consultant to the SABR Program. NBS Local Government Solutions is Administrator of the Windemere Ranch Special Assessment District and has prepared various reports in connection with the refinancing. The Trustee for the Program is Union Bank of California, San Francisco.

### **Staff Recommendation**

Staff respectfully recommend approval of the enclosed Resolution that will facilitate the proposed refinancing.

ASSOCIATION OF BAY AREA GOVERNMENTS

EXECUTIVE BOARD

RESOLUTION NO. 15-14

**A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL AGREEMENT NO. 1 TO FISCAL AGENT AGREEMENT IN CONNECTION WITH THE ISSUANCE OF REFUNDING REVENUE BONDS BY THE ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS**

RESOLVED, by the Executive Board (the "Board") of the Association of Bay Area Governments (the "Agency") that:

WHEREAS, on June 26, 2007, the Agency issued its Limited Obligation Improvement Refunding Bonds, Series 2007-A, Association of Bay Area Governments Windemere Ranch Reassessment District (the "Reassessment Bonds") in the initial principal amount of \$104,520,000 pursuant to a Fiscal Agent Agreement, dated as of June 1, 2007 (the "Fiscal Agent Agreement"), between the Agency and Union Bank of California, N.A. (now known as MUFG Union Bank, N.A.), as fiscal agent (the "Fiscal Agent"); and

WHEREAS, on the date they were issued, the Reassessment Bonds were purchased by the ABAG Finance Authority For Nonprofit Corporations (the "Authority") with proceeds of the Authority's ABAG Finance Authority For Nonprofit Corporations Revenue Bonds, Senior Series 2007-A (Windemere Ranch Infrastructure Financing Program) and its ABAG Finance Authority For Nonprofit Corporations Revenue Bonds, Subordinate Series 2007-B (Windemere Ranch Infrastructure Finance Program) (the "Authority 2007-B Bonds"); and

WHEREAS, the Authority expects to issue bonds to refund the outstanding Authority 2007-B Bonds, and the Agency now desires to amend the Fiscal Agent Agreement to facilitate such refunding; and

WHEREAS, there is on file with the Secretary a Supplemental Agreement No. 1 to Fiscal Agent Agreement (the "Supplement") which sets forth the desired amendments to the Fiscal Agent Agreement, and the Board now desires to approve the Supplement so that the Authority 2007-B Bonds may be refunded in an efficient manner.

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

Section 1. The Supplement, in the form on file with the Secretary, is hereby approved. The Finance Director is hereby authorized and directed to execute and deliver the Supplement on behalf of the Agency in such form, together with such changes thereto as may be approved by the Finance Director upon consultation with Bond Counsel to the Authority, the approval of such changes to be conclusively evidenced by the execution and delivery of the Supplement by the Agency. The Board hereby finds and determines that the modifications and supplements to the Fiscal Agent Agreement set forth in the Supplement do not adversely affect any of the outstanding Reassessment Bonds in any material respect.

Section 2. This Resolution shall take effect immediately upon its adoption.

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The foregoing was adopted by the Executive Board this 17th day of July 2014.

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Julie Pierce, Chair

ATTEST:

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Ezra Rapport, Secretary-Treasurer

### **Certification of Executive Board Approval**

I, the undersigned, the appointed and qualified Secretary-Treasurer of the Association of Bay Area Governments (Association) do hereby certify that the foregoing Resolution was adopted by the Executive Board of the Association at a duly called meeting held on the 17<sup>th</sup> day of July 2014:

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Ezra Rapport, Secretary-Treasurer

### **Approved as to Legal Form**

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Kenneth K. Moy, Legal Counsel

**DATE:** July 10, 2014  
**TO:** Chair and Members of the Finance and Personnel Committee  
**FROM:** Herbert L. Pike, Finance Director  
**SUBJECT:** ABAG PLAN Board Decision to Contract Out Claims Adjusting Services and its Associated Impacts

### **Summary**

On June 25, 2014, the ABAG PLAN Corporation (Corporation) Board of Directors approved an administrative services budget that included the contracting out of claims adjusting services to a third-party administrator, York Risk Services Group, Inc. This decision eliminates four ABAG employee Claims Adjusters assigned to provide said services effective August 1, 2014. The layoffs and the reduction in other direct support services to maintain the PLAN Program's claims processing systems will also reduce ABAG's overhead recoveries from these direct charges. ABAG management is formulating a plan of action to address this reduction and its impact on ABAG's indirect overhead rate.

### **Timeline of Events Leading up to the Decision to Contract Out Claims Adjusting Services**

The PLAN Program is a municipal self-insurance pool for twenty-nine (29) cities that are PLAN participants. The program includes adjusting claims filed against member municipalities, recommending risk management programs for loss control and safety, undertaking insurance program management, and developing an annual budget for the Corporation to pay ABAG for the costs of managing the PLAN Program (Administrative Budget).

In May 2011, the Corporation's Executive Committee directed the Risk Manager to retain a consultant to provide the Corporation with a comparison of the Plan Program's administrative cost to those of comparable municipal self-insurance pools. After issuance of a Request for Qualifications, the firm of Merriwether & Williams (M&W) was retained. M&W presented its report and findings to the Board of Directors (Board) of the Corporation at its retreat in December 2011. A key finding of the M&W report was that the PLAN Program's claims adjusting costs were 14.43% of revenues and the average range of cost for claims adjusting incurred by peer municipal self-insurance pools was 2.30% to 7.15%.

At the 2013 annual meeting of the Board, the Board adopted the Administrative Budget for FY 2013-14 that included direction to the Corporation's Finance Committee and ABAG staff to conduct a review of PLAN administrative costs with a focus on cost reduction.

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In September 2013, at the direction of the Corporation's Finance Committee, an RFQ for a Third Party Administrator (TPA) to provide claims adjusting services for the PLAN Program was issued. The responses to the RFQ were presented to the Finance Committee in November 2013.

The RFQ responses were reviewed by four members of the PLAN Executive Committee. Three of the responding TPAs were interviewed by a panel consisting of two members of the Corporation's Executive Committee, an official from AON Corporation's Pooling Practice and the ABAG PLAN Risk Manager, James Hill.

After the interviews, the panel's conclusions were presented to the Corporation's Finance Committee as part of the committee's consideration of a preliminary Administrative Budget for FY 2014-15 in May 2014. In summary, if ABAG's claims adjusting services were replaced by any one of three TPAs, the PLAN Program would realize savings of between \$932,094 (or 32% of the Administrative Budget) to \$622,000 (or 21% of the Administrative Budget).

The Corporation's Executive Committee met on June 4, 2014 to consider the budget recommendation from the Corporation's Finance Committee. At the meeting, the Executive Committee acted to recommend that the Corporation's Board of Directors adopt an Administrative Budget that included the provision of claims adjusting services by a TPA, York Risk Services Group, Inc. (York) and eliminating funding for ABAG's claims adjusting staff.

The Corporation's Board of Directors met on June 25. The Board adopted an Administrative Budget that included the provision of claims adjusting services by York and eliminating funding for ABAG's claims adjusting staff.

#### **ABAG Response to the loss of funding from PLAN's Revised Budget**

ABAG indirect overhead expenses cover costs that cannot be directly charged to a grant, enterprise activity or other dedicated source of funding. Such costs include reception, office support, building maintenance, accounting services, human resources, payroll processing, management and supervision, insurance and bonding, general information systems support, communications, utilities and miscellaneous other services. The cost of these services is budgeted and divided by the personnel costs (salaries plus benefits) to derive an indirect overhead rate. The rate for several years has been 42.95%. There are advantages to keeping the indirect overhead rate at this level, or lower. Many funding sources are capping the indirect overhead rate that they will fund. Further, any increase in the indirect overhead rate imposes additional demands on ABAG's limited general fund.

With the loss of salaries attributed to the layoff of the four claims adjusters, ABAG will need to cover the deficit in the overhead budget that can only be covered by some mix of an increased overhead rate or a reduction of overhead costs. Similarly, the reduced demand for direct

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services leaves certain positions unfunded. The combined impact of both reductions is estimated at \$364,000. To bridge those deficits, ABAG must find other funding sources to contribute to such costs and/or reduce indirect overhead costs. Staff is continuing to review the specific impacts to further refine the estimate. In the meantime, staff is working to develop a structural plan, using a balanced approach of increased revenues and reduced costs, to begin to address this fiscal impact during FY 2014-2015.

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