May 16, 2018
NVTA Agenda Item 10.2
Continued From: New
Action Requested: APPROVE

NAPA VALLEY TRANSPORTATION AUTHORITY
Board Agenda Letter

TO:	Board of Directors
FROM:	Kate Miller, Executive Director
REPORT BY:	Antonio Onorato, Director of Administration, Finance and Policy (707) 259-8779 / Email: aonorato@nvta.ca.gov
SUBJECT:	Other Post-Employment Benefits (OPEB) Policy

RECOMMENDATION

That the Napa Valley Transportation Authority (NVTA) Board amend the Other Post-Employment Benefits (OPEB) Policy.

COMMITTEE RECOMMENDATION

None

EXECUTIVE SUMMARY

On April 1, 2008, the then Napa County Transportation and Planning Agency (NCTPA) Board adopted a resolution entitled *Electing to Be Subject to Public Employees Medical and Hospital Care Act Only with Respect to Members of a Specific Employee Organization and Fixing the Employers Contribution for Annuitants at Different Amounts* (Attachment 2) that established NVTA's Public Employees Retirement System pension structure and future OPEB framework. On April 21, 2010, the board acted to update the OPEB component, Resolution 10-13 (Attachment 3), to establish a non-irrevocable fund with the California Employer' Retiree Benefit Trust (CERBT) fund.

Staff was recently informed by CERBT there was no record of Resolution 2010-13 being submitted. Consequently, the OPEB to retirees is based on the benefit policy ratified in the 2008 Resolution. Staff recognizes that the 2008 Resolution is not financially viable for its long term sustainability. As an alternative, staff is recommending a third option, Proposed Benefit #3. This option is outlined in Table 2, below, and detailed in Attachment 1, Proposed Benefits Analysis by Bartel & Associates.

This proposal would make OPEB available to staff members only after 10 years of service and only if they retire from the agency. Staff is recommending that the Board act to adopt Benefit Proposal #3 primarily because NVTA is finding it more and more difficult to recruit and retain qualified staff since the Public Employee Pension Reform Act (PEPRA) was passed. Improving retiree medical benefits is one way to achieve recruitment and retention goals.

PROCEDURAL REQUIREMENTS

1. Staff Report
2. Public Comments
3. Motion, Second, and Discussion

FISCAL IMPACT

Is there a fiscal impact? Yes. The proposed policy change will increase annual OPEB costs as a percentage of payroll from 1.7% to 2.8%, but is still less than the 4.6% of the current resolution in effect.

Future Fiscal Impact: Yes, if approved, NVTA annually prefunds the OPEB unfunded liability based on the Actuarial Determined Liability from the valuation report.

Consequences if not approved: The 2008 OPEB policy would remain in effect.

CEQA REQUIREMENTS

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (California Environmental Quality Act (CEQA) Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

NVTA employees are eligible to receive retiree health benefits after five (5) years of CalPERS vested service. The initial 2008 Resolution establishing the OPEB policy structure provided full retiree benefits, for the employee, spouse, and dependents. At the time, there was no action to commission an actuarial valuation report or establish a trust to fund future expenses.

The previous Executive Director (ED) revised the OPEB policy and reportedly submitted the resolution to CalPERS in April 2010. It appears that the new benefits calculation was developed without consulting CalPERS on its legalities or compliance with trust regulations. The revised OPEB benefit was memorialized in Resolution 2010-13 and adopted by the board on April 21, 2010. While the Board approved the resolution authorizing the ED to submit the necessary documents to CalPERS to codify the policy update and to pre-fund the trust by contributing the full Annually Determined Contribution-

ADC (formerly the Annually Required Contribution- ARC) based the biennial valuation report, there is no evidence that this occurred. Consequently, all retirees between 2008 to present electing to receive OPEB benefits, are receiving the full benefits provided under the original policy.

To remedy the OPEB policy, staff is recommending adopting a revised OPEB – Proposal Benefit #3. This scenario retains some of the benefits lost in 2010, but lessens the cost impact of the 2008 Resolution currently in effect. Benefit #3 benefits grow every year after the tenth year of service eventually reaching 100% of costs capping out at $500 for the individual and $750 for dual coverage. This proposal is fiscally conservative as noted in Table 1 as it is below all other OPEB costs as a percentage of gross payroll other than St. Helena which is 100% employee paid.

<u>OPEB surveys of Napa County governments and other similar jurisdictions</u>
Comparing OPEB benefits between jurisdictions is challenging. Unlike pensions where benefits tend to be defined on a formula (i.e. 2% at 62 PEPRA), each jurisdiction has vastly different circumstances and different options available for managing their respective OPEB policies. At a minimum, compensation assists for healthcare insurance premiums, but may also include life insurance, vision, dental, and access to other services. Additionally, there is no pre-requisite to fund future OPEB costs. Agencies may elect to set-aside funds each year toward their future OPEB costs or pay as they become due (pay-as-you-go method). Table 1, below, provides the results of a survey of OPEB benefits as a percentage of payroll expense for Napa County jurisdictions and other similar agencies in the Bay Area.

Table 1: OPEB Survey of Napa County Jurisdictions and Other Similar Agencies in the Bay Area

Jurisdiction	**Total OPEB Cost (ADL)* as a Percent of Payroll**	**Source**
NVTA (proposed)	2.8%	Benefits Analysis
American Canyon	9%	CAFR
City of Napa	3% Blended Rate	CAFR
County of Napa	6% (approx.)	
St. Helena	Employee only contribution	CAFR
Calistoga	5.7%	CAFR
Yountville	9.6%	CAFR
CCTA	9.8%	Financial Statements
County Connection	5.5%	6/30/2015

*Actuarially Determined Liability (formerly Actuarially Required Contribution- ARC)

Alternative OPEB Scenarios

NVTA asked Bartell to conduct an informal valuation of three (3) different cost scenarios: two (2) alternative funding scenarios and the cost of the 2008 Resolution. These are detailed in Attachment 1 and summarized in Table 2 below.

Table 2: Proposed Benefit Scenarios

<table>
<tr><th>Proposed Benefit #1</th><th>Proposed Benefit #2</th><th colspan="3">Proposed Benefit #3
(Staff Recommendation)</th></tr>
<tr><td rowspan="2">Equal Method
$500 EE
$750 EE+SP
(no future increases)</td><td rowspan="2">2008 Resolution
(unequal method)
$470.67 EE
$906.04 EE+1
$1,177.85 FAM
(no future increases once equal)</td><td colspan="3">At least PEMHCA Min (Equal Method), but up to
$500 EE / $750 EE+SP (no future increases)
based on vesting with NVTA
50% at 10 years…. 75% at 15 years….. 100% at 20+ years</td></tr>
<tr><td>50%
(10 years)</td><td>75%
(15 years)</td><td>100%
(20+ years)</td></tr>
</table>

OPEB Valuation Reports

Every biennial report since June 30, 2011 calculated OPEB based on the 2010 Resolution. While developing the most recent valuation report dated June 30, 2017 prepared by Bartell and Associates (Bartell), an inconsistency was discovered between the actual and budgeted payments to the only active retiree receiving retiree health benefits - the former Executive Director. Discussions with CalPERS revealed that the valuation report was based on a different methodology than the April 21, 2010 Resolution that the Board approved.

CERBT also indicated that Resolution 10-13 was never received by the Trust from the former Executive Director. Further, the updated OPEB policy, as written, would not have been accepted since it wasn't composed according to trust standards and the calculation methodology was in violation of trust regulations as well as Government Code.

Resolution 10-13 framed the benefit as “1.3x times the Public Employees' Medical and Hospital Care Act (PEMHCA) minimum.” It should be noted that Bartell and Associates or CERBT does not advise agencies in the development of their respective OPEB policy. Those organizations merely calculate the benefit cost (Bartell) or administer the trust fund (CERBT). NVTA has the sole responsibility to ensure the OPEB policy is in compliance with the Government Code and agency policies. As such, a survey was taken of several local jurisdictions for comparative purposes.

Table 3: Results of Evaluation

2017/18 Actuarially Determined Contribution (ADC)
(000's Omitted)

	Current	Proposed Benefit #1	Proposed Benefit #2	Proposed Benefit #3
■2017/18 ADC - $				
• Normal Cost	$ 34	$ 49	$ 65	$ 44
• UAAL Amortization[4]	(11)	(4)	(2)	(5)
• Admin Expenses	0	0	0	0
• Total ADC	23	45	63	39
■Projected Payroll	1,398	1,398	1,398	1,398
■2017/18 ADC - % of Projected Payroll				
• Normal Cost	2.4%	3.5%	4.7%	3.2%
• UAAL Amortization	(0.7%)	(0.3%)	(0.1%)	(0.4%)
• Admin Expenses	(0.0%)	0.0%	0.0%	0.0%
• Total ADC	1.7%	3.2%	4.6%	2.8%

Table 4: Actuarial Obligations

	Current	Proposed Benefit #1	Proposed Benefit #2	Proposed Benefit #3
■Present Value of Benefits				
• Actives	$ 379	$ 571	$ 675	$ 524
• Retirees	49	49	49	49
• Total	428	620	724	573
■Actuarial Accrued Liability				
• Actives	121	201	222	183
• Retirees	49	49	49	49
• Total	170	250	271	232
■Actuarial Value of Assets	292	292	292	292
■Unfunded Liability	(122)	(42)	(21)	(60)
■2017/18 Normal Cost	34	49	65	44

OPEB Cost

Proposed Benefit #3, the staff recommendation, will cost roughly $39,000 annually, based on the Actuarial Determined Liability, which is higher than the April 2010 policy adopted by the board $23,000, but significantly less than the $63,000 for the benefit memorialized in the 2008 Resolution.

Next Steps

Based on Board discussion and action, staff will recommend that the Board adopt a new policy by resolution at its June board meeting and perform an actuarial valuation based on that policy for submission to CERBT.

SUPPORTING DOCUMENTS

Attachments: (1) OPEB Benefits Analysis
(2) 2008 Resolution
(3) Resolution 10-13

ATTACHMENT 1
NVTA Agenda Item 10.2
May 16, 2018

NAPA VALLEY TRANSPORTATION AUTHORITY
RETIREE HEALTHCARE PLAN

June 30, 2017
Proposed Benefits Analysis

Deanna Van Valer, Assistant Vice President
Daniel Park, Actuarial Analyst
Bartel Associates, LLC

March 26, 2018

CONTENTS

BENEFIT SUMMARY - CURRENT

■ Eligibility	■ Service (50[1] & 5 years CalPERS service) or disability retirement ■ Retire directly from the Authority under CalPERS
■ Current Medical Benefit	■ 1.3 times PEMHCA minimum dollar amounts. Monthly PEMHCA minimum and Authority Contribution amounts are: **Year** / **PEMHCA Minimum** / **Authority Contribution** 2017 / 128.00 / 166.40 2018 / 133.00 / 172.90 2019+ / Increases at CPI-U Medical ■ Based upon Authority's 2010 Board-approved PEMHCA Resolution. CalPERS currently does not recognize this resolution. • The Authority and its auditors agree that this valuation should be based upon the Board-approved resolution. • Employees retiring in the future will not be paid the benefits valued in this report unless the Resolution is accepted by CalPERS. ■ CalPERS' administrative fees (0.33% for 2017/18)

[1] Age 52 for PEPRA New Hires (hired ≥ 1/1/13).

BENEFIT SUMMARY - CURRENT

■ Grandfathered Medical Benefit	■ One grandfathered retiree receives amount under the prior PEMHCA resolution ■ Unequal method applied to $470.67 for single coverage (or $906.04 for dual coverage). In 2017, the amount paid by the Authority is 45% of these amounts, or $211.80 for single coverage (or $407.72 for dual coverage). ■ In prior valuation valued with 1.3 x PEMHCA minimum benefit
■ Surviving Spouse Benefit	■ 100% of retiree benefit continues to surviving spouse if retiree elects CalPERS survivor allowance
■ Other OPEB	■ None
■ Pay-As-You-Go Costs	Fiscal Year / Cash 2016/17 / $ 2,400 2015/16 / 2,118 2014/15 / 2,118 2013/14 / 3,106 2012/13 / 2,353

BENEFIT SUMMARY - PROPOSED

■ Eligibility	■ Service (50[2] & 5 years CalPERS service) or disability retirement ■ Retire directly from the Authority under CalPERS
■ Proposed Benefit #1	■ If Authority service at retirement is greater than 10 years: \$500.00 for single coverage, \$750 for dual coverage. No future increases. ■ PEMHCA minimum (\$128 in 2017) for individuals with less than 10 years of Authority service at retirement ■ Grandfathered retiree will receive no less than his current benefit
■ Proposed Benefit #2	■ Unequal method applied to \$470.67 for single coverage (\$906.04 for dual coverage, \$1,177.85 for family coverage). In 2017, the amount paid by the Authority is 45% of these amounts, or \$211.80 for single coverage (or \$407.72 for dual coverage).

[2] Age 52 for PEPRA New Hires (hired ≥ 1/1/13).

BENEFIT SUMMARY - PROPOSED

■ Proposed Benefit #3

■ Authority pays % of \$500 cap (\$750 for dual coverage) based on Authority years of service. No future increases.

Service	%
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%

Service	%
16	80%
17	85%
18	90%
19	95%
20	100%

■ PEMHCA minimum (\$128 in 2017) for individuals with less than 10 years of Authority service at retirement

■ Grandfathered retiree will receive no less than his current benefit

Participant Statistics

	6/30/17
■ Actives	
• Active Count	14
• Average Age	45.3
• Average Authority Service	5.0
• Average CalPERS Service	7.9
• PERSable Pay	
➢ Average	$97,000
➢ Total (000s)	1,357
■ Retirees	
• Covered Count	1[3]
• Average Age	65.3
• Average Retirement Age	61.1

[3] Excludes 2 waived retirees. Average age and average retirement age include the two waived retirees. The covered retiree is approximately age 69.

Active Medical Plan Coverage

Medical Plan	Region	Single	2-Party	Family	Waived	Total
Anthem Traditional	Bay Area	-	1	1	-	2
Kaiser	Bay Area	6	3	2	-	11
Waived		-	-	-	1	1
Total		6	4	3	1	14

Retiree Medical Plan Coverage

Medical Plan	Region	Single	2-Party	Family	Waived	Total
PERS Choice	Out of State	1	-	-	-	1
Waived		-	-	-	2	2
Total		1	-	-	-	3

ACTUARIAL ASSUMPTIONS & METHODS

	June 30, 2017 Valuation
■ Valuation Date	■ June 30, 2017 ■ 2017/18 & 2018/19 Fiscal Years (end of year payment)
■ Funding Policy	■ Full pre-funding in CalPERS OPEB Trust (CERBT #3)
■ Discount Rate	■ 5.50%
■ Aggregate Payroll Increases	■ 3.00%
■ Retirement, Mortality, Withdrawal, Disability	■ CalPERS 1997-2011 Experience Study ■ Mortality projected fully generational with Society of Actuaries Scale MP-16
■ Healthcare Trend	■ Decreasing gradually from 7.5% in 2019 & 2020 (Non-Medicare), 6.5% (Medicare), to 4.0% in 2076
■ Spouse Coverage at Retirement	■ 100% if covered as an active ■ 80% if member is waived while active
■ Child Coverage at Retirement	■ 10% of participating retirees coverage a child until member's age 65

ACTUARIAL ASSUMPTIONS & METHODS

	June 30, 2017 Valuation
■ Participation at Retirement	■ Currently covered: ➢ 60% Current Benefit; ➢ 80% Proposed Benefits ■ Currently waived: ➢ 50% Current Benefit ➢ 70% Proposed Benefits
■ Cost Method	■ Entry Age Normal
■ Amortization Method	■ Level percentage of payroll (payments increase at 3.0% per year)
■ Actuarial Value of Assets	■ Valuation assets based on actual assets provided by CERBT ■ Investment gains/losses spread over a 5-year rolling period ■ Not less than 80% nor more than 120% of market value
■ All Other Assumptions & Methods	■ Same as June 30, 2017 Actuarial Valuation (refer to report dated November 30, 2017)

Actuarial Obligations

June 30, 2017

(000's Omitted)

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■Unfunded Liability	(122)	(42)	(21)	(60)
■2017/18 Normal Cost	34	49	65	44
■2017/18 Pay-Go Cost	3	4	4	4

2017/18 Actuarially Determined Contribution (ADC)

(000's Omitted)

	Current	Proposed Benefit #1	Proposed Benefit #2	Proposed Benefit #3
■2017/18 ADC - $				
• Normal Cost	$ 34	$ 49	$ 65	$ 44
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• UAAL Amortization	(0.7%)	(0.3%)	(0.1%)	(0.4%)
• Admin Expenses	(0.0%)	0.0%	0.0%	0.0%
• Total ADC	1.7%	3.2%	4.6%	2.8%

[4] For proposed benefit scenarios, UAAL amortized over same average remaining period as current (14.1 years).

707 Randolph Street, Suite 100 • Napa, CA 94559-2912
Tel: (707) 259-8631
Fax: (707) 259-8638

RESOLUTION ELECTING TO BE SUBJECT TO PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT ONLY WITH RESPECT TO MEMBERS OF A SPECIFIC EMPLOYEE ORGANIZATION AND FIXING THE EMPLOYER'S CONTRIBUTION FOR EMPLOYEES AND THE EMPLOYER'S CONTRIBUTION FOR ANNUITANTS AT DIFFERENT AMOUNTS

WHEREAS, (1) Government Code Section 22922(b) provides that a contracting agency may elect upon proper application to participate under the Public Employees' Medical and Hospital Care Act with respect to a recognized employee organization only; and

WHEREAS, (2) Government Code Section 22892(c) provides that a contracting agency may fix the amount of the employer's contribution for employees and the employer's contribution for annuitants at different amounts provided that the monthly contribution for annuitants shall be annually increased by an amount not less than 5 percent of the monthly contribution for employees, until such time as the amounts are equal; and

WHEREAS, (3) Napa County Transportation and Planning Agency (NCTPA), hereinafter referred to as Public Agency is a local agency contracting with the Public Employees' Retirement System; and

WHEREAS, (4) The Public Agency desires to obtain for the members of Napa County Transportation and Planning Agency, who are employees and annuitants of the agency, the benefit of the Act and to accept the liabilities and obligations of an employer under the Act and Regulations; now, therefore, be it

RESOLVED, (a) That the Public Agency elect, and it does hereby elect, to be subject to the provisions of the Act; and be it further

RESOLVED, (b) That the employer's contribution for each employee shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan or plans up to a maximum of $470.67 (monthly) with respect to employees enrolled for self alone, $906.04 (monthly) for an employee enrolled for self and one family member, and $1177.85 (monthly) for an employee enrolled for self and two or more family members plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (c) That the employer's contribution for each annuitant shall be the amount necessary to pay the cost of his enrollment, including the enrollment of his family members, in a health benefits plan up to a maximum of $1.00 per month; and be it further

RESOLVED, (d) That the employer's contribution for each annuitant shall be increased annually by Five (5) percent of the monthly contribution for employees, until such time as the contributions are equal; and that the contributions for employees and annuitants shall be in addition to those amounts contributed by the Public Agency for administrative fees and to the Contingency Reserve Fund; and be it further

RESOLVED, (e) That the executive body appoint and direct, and it does hereby appoint and direct, NCTPA Executive Director to file with the Board of Administration of the Public Employees' Retirement System a verified copy of this Resolution, and to perform on behalf of said Public Agency all functions required of it under the Act and Regulations of the Board of Administration; and be it further

RESOLVED, (f) That coverage under the Act be effective on April 1, 2008.

Adopted at a regular meeting of the Board of Directors of the Napa County Transportation and Planning Agency At 707 Randolph Street Suite 100, Napa CA 94559 this19th day of March 2008.

Signed: Leon Garcia

Leon Garcia, NCTPA Chair

Attest: Karalyn Sanderlin

Karalyn E. Sanderlin, NCTPA Board Secretary

NCTPA NVTA

707 Randolph Street, Suite 100 • Napa, CA 94559-2912
Tel: (707) 259-8631
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RESOLUTION NO. 10-13

A RESOLUTION OF THE NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY (NCTPA) APPROVING AN AGREEMENT AND ELECTION TO PREFUND OTHER POST EMPLOYMENT BENEFITS (OPEB) THROUGH CalPERS; AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE THE AGREEMENT; DELEGATION OF AUTHORITY TO REQUEST DISBURSEMENTS; AND CERTIFICATION OF OPEB FUNDING POLICY & GASB 43/45 REPORTING COMPLIANCE

WHEREAS, the Governmental Accounting Standards Board, Statement No. 45 (GASB 45) requires accounting for future liabilities of retiree other post employment benefits; and

WHEREAS, Government Code Section 22940 established in the State Treasury the Annuitants' Health Care Coverage Fund for the pre-funding of heath care coverage for annuitants (Pre-Funding Plan); and

WHEREAS, The California Public Employees' Retirement System (CalPERS) Board of Administration (Board) approved the establishment of the Pre-Funding Plan as a trust fund that functions within the meaning of Section 115 of the Internal Revenue Code as defined by Governmental Accounting Standards Board (GASB) Statement No. 45; and

WHEREAS, NCTPA elects to participate in the CalPERS Trust for all its employees that are entitled to other post employment benefits (OPEB); and

WHEREAS, CalPERS requires the governing body of a public agency, by resolution, to approve an agreement with CalPERS to participate in the Trust and a delegation of authority to specific staff to request disbursement of funds needed for Program costs;

NOW THEREFORE BE IT RESOLVED THAT:

The NCTPA Board approves and agrees to adopt the Agreement and Election of NCTPA to Pre-Fund Other Post Employment Benefits (OPEB) through CalPERS, a copy of which is attached hereto as "Exhibit A" and is incorporated herein by this reference.

The Executive Director is authorized to execute the attached agreement on behalf of NCTPA.

The Manager of Human Resources is directed to process the attached agreement with CalPERS and is authorized to take any additional necessary action required to implement this action of the Board of Directors.

This Resolution is effective upon its adoption.

Passed and Adopted on the 21st day of April 2010.

Jim Krider, Chair, NCTPA

ATTEST:

Karaly Sanderlin

Karrie Sanderlin, NCTPA Board Secretary

APPROVED:

Susan McGuigan

Susan McGuigan, NCTPA Legal Counsel

Ayes: GARCIA, BENNETT, GINGLES, DUNSFORD, KRIDER, MOTT, DODD, CALDWELL, BRITTON, CHILTON, SAUCERMAN

Noes: NONE

Absent: CRULL

"EXHIBIT A"

CALIFORNIA EMPLOYER'S RETIREE BENEFIT TRUST PROGRAM ("CERBT")

AGREEMENT AND ELECTION OF

Napa County Transportation and Planning Agency
(NAME OF EMPLOYER)

TO PREFUND OTHER POST EMPLOYMENT BENEFITS THROUGH CalPERS

WHEREAS (1) Government Code Section 22940 establishes in the State Treasury the Annuitants' Health Care Coverage Fund for the prefunding of health care coverage for annuitants (Prefunding Plan); and

WHEREAS (2) The California Public Employees' Retirement System (CalPERS) Board of Administration (Board) has sole and exclusive control and power over the administration and investment of the Prefunding Plan (sometimes also referred to as CERBT), the purposes of which include, but are not limited to (i) receiving contributions from participating employers and establishing separate Employer Prefunding Accounts in the Prefunding Plan for the performance of an essential governmental function (ii) investing contributed amounts and income thereon, if any, in order to receive yield on the funds and (iii) disbursing contributed amounts and income thereon, if any, to pay for costs of administration of the Prefunding Plan and to pay for health care costs or other post employment benefits in accordance with the terms of participating employers' plans; and

WHEREAS (3) Napa County Transportation and Planning Agency
(NAME OF EMPLOYER)
(Employer) desires to participate in the Prefunding Plan upon the terms and conditions set by the Board and as set forth herein; and

WHEREAS (4) Employer may participate in the Prefunding Plan upon (i) approval by the Board and (ii) filing a duly adopted and executed Agreement and Election to Prefund Other Post Employment Benefits (Agreement) as provided in the terms and conditions of the Agreement; and

WHEREAS (5) The Prefunding Plan is a trust fund that is intended to perform an essential governmental function within the meaning of Section 115 of the Internal Revenue Code as an agent multiple-employer plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 43 consisting of an aggregation of single-employer plans, with pooled administrative and investment functions;

NOW, THEREFORE, BE IT RESOLVED THAT EMPLOYER HEREBY MAKES THE FOLLOWING REPRESENTATION AND WARRANTY AND THAT THE BOARD AND EMPLOYER AGREE TO THE FOLLOWING TERMS AND CONDITIONS:

A. Representation and Warranty

Employer represents and warrants that it is a political subdivision of the State of California or an entity whose income is excluded from gross income under Section 115 (1) of the Internal Revenue Code.

B. Adoption and Approval of the Agreement; Effective Date; Amendment

(1) Employer's governing body shall elect to participate in the Prefunding Plan by adopting this Agreement and filing with the CalPERS Board a true and correct original or certified copy of this Agreement as follows:

Filing by mail, send to:

CalPERS
Constituent Relations Office
CERBT (OPEB)
P.O. Box 942709
Sacramento, CA 94229-2709

Filing in person, deliver to:

CalPERS Mailroom
Constituent Relations Office
CERBT (OPEB)
Attn: Employer Services Division
400 Q Street
Sacramento, CA 95811

(2) Upon receipt of the executed Agreement, and after approval by the Board, the Board shall fix an effective date and shall promptly notify Employer of the effective date of the Agreement.

(3) The terms of this Agreement may be amended only in writing upon the agreement of both CalPERS and Employer, except as otherwise provided herein. Any such amendment or modification to this Agreement shall be adopted and executed in the same manner as required for the Agreement. Upon receipt of the executed amendment or modification, the Board shall fix the effective date of the amendment or modification.

(4) The Board shall institute such procedures and processes as it deems necessary to administer the Prefunding Plan, to carry out the purposes of this Agreement, and to maintain the tax exempt status of the Prefunding Plan. Employer agrees to follow such procedures and processes.

C. Other Post Employment Benefits (OPEB) Cost Reports and Employer Contributions

(1) Employer shall provide to the Board an OPEB cost report on the basis of the actuarial assumptions and methods prescribed by the Board. Such report shall be for the Board's use in financial reporting, and shall be prepared at least as often as the minimum frequency required by GASB 43. This OPEB cost report may be prepared as an actuarial valuation report or, if the employer is qualified under GASB 45 and 57, may be prepared as an Alternative Measurement Method (AMM) report.

(a) Unless qualified under GASB 45 and 57 to provide an AMM report, Employer shall provide to the Board an actuarial valuation report. Such report shall be for the Board's use in financial reporting, and shall be prepared at least as often as the minimum frequency required by GASB 43 and 57, and shall be:

1) prepared and signed by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board;

2) prepared in accordance with generally accepted actuarial practice and GASB 43, 45 and 57; and,

3) provided to the Board prior to the Board's acceptance of contributions for the valuation period or as otherwise required by the Board.

(b) If qualified under GASB 45 and 57, Employer may provide to the Board an AMM report. Such report shall be for the Board's use in financial reporting, shall be prepared at least as often as the minimum frequency required by GASB 43 and 57, and shall be:

1) affirmed by Employer's external auditor, or by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board, to be consistent with the AMM process described in GASB 45;

2) prepared in accordance with GASB 43, 45, and 57; and,

3) provided to the Board prior to the Board's acceptance of contributions for the valuation period or as otherwise required by the Board.

(2) The Board may reject any OPEB cost report submitted to it, but shall not unreasonably do so. In the event that the Board determines, in its sole discretion, that

the OPEB cost report is not suitable for use in the Board's financial statements or if Employer fails to provide a required OPEB cost report, the Board may obtain, at Employer's expense, an OPEB cost report that meets the Board's financial reporting needs. The Board may recover from Employer the cost of obtaining such OPEB cost report by billing and collecting from Employer or by deducting the amount from Employer's account in the Prefunding Plan.

(3) Employer shall notify the Board of the amount and time of contributions which contributions shall be made in the manner established by the Board.

(4) Employer contributions to the Prefunding Plan may be limited to the amount necessary to fully fund Employer's actuarial present value of total projected benefits, as supported by the OPEB cost report acceptable to the Board. As used throughout this document, the meaning of the term "actuarial present value of total projected benefits" is as defined in GASB Statement No. 45. If Employer's contribution causes its assets in the Prefunding Plan to exceed the amount required to fully fund the actuarial present value of total projected benefits, the Board may refuse to accept the contribution.

(5) The minimum Employer contribution will be at least $5000 or be equal to Employer's Annual Required Contribution, whichever is less, as that term is defined in GASB Statement No. 45. Contributions can be made at any time following the seventh day after the effective date of the Agreement provided that Employer has first complied with the requirements of Paragraph C.

D. Administration of Accounts, Investments, Allocation of Income

(1) The Board has established the Prefunding Plan as an agent plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions, under the terms of which separate accounts will be maintained for each employer so that Employer's assets will provide benefits only under employer's plan.

(2) All Employer contributions and assets attributable to Employer contributions shall be separately accounted for in the Prefunding Plan (Employer's Prefunding Account).

(3) Employer's Prefunding Account assets may be aggregated with prefunding account assets of other employers and may be co-invested by the Board in any asset classes appropriate for a Section 115 Trust.

(4) The Board may deduct the costs of administration of the Prefunding Plan from the investment income or Employer's Prefunding Account in a manner determined by the Board.

(5) Investment income shall be allocated among employers and posted to Employer's Prefunding Account as determined by the Board but no less frequently than annually.

(6) If Employer's assets in the Prefunding Plan exceed the amount required to fully fund the actuarial present value of total projected benefits, the Board, in compliance with applicable accounting and legal requirements, may return such excess to Employer.

E. Reports and Statements

(1) Employer shall submit with each contribution a contribution report in the form and containing the information prescribed by the Board.

(2) The Board shall prepare and provide a statement of Employer's Prefunding Account at least annually reflecting the balance in Employer's Prefunding Account, contributions made during the period and income allocated during the period, and such other information as the Board determines.

F. Disbursements

(1) Employer may receive disbursements not to exceed the annual premium and other costs of post employment healthcare benefits and other post employment benefits as defined in GASB 43.

(2) Employer shall notify CalPERS in writing in the manner specified by CalPERS of the persons authorized to request disbursements from the Prefunding Plan on behalf of Employer.

(3) Employer's request for disbursement shall be in writing signed by Employer's authorized representative, in accordance with procedures established by the Board. The Board may require that Employer certify or otherwise establish that the monies will be used for the purposes of the Prefunding Plan.

(4) Requests for disbursements that satisfy the requirements of paragraphs (2) and (3) that are received on or after the first of a month will be processed by the 15th of the following month. (For example, a disbursement request received on or between March 1st and March 31st will be processed by April 15th; and a disbursement request received on or between April 1st and April 30th will be processed by May 15th.)

(5) CalPERS shall not be liable for amounts disbursed in error if it has acted upon the written instruction of an individual authorized by Employer to request disbursements. In the event of any other erroneous disbursement, the extent of CalPERS' liability shall be the actual dollar amount of the disbursement, plus interest at the actual earnings rate but not less than zero.

(6) No disbursement shall be made from the Prefunding Plan which exceeds the balance in Employer's Prefunding Account.

G. Costs of Administration

Employer shall pay its share of the costs of administration of the Prefunding Plan, as determined by the Board.

H. Termination of Employer Participation in Prefunding Plan

(1) The Board may terminate Employer's participation in the Prefunding Plan if:

(a) Employer gives written notice to the Board of its election to terminate;

(b) The Board finds that Employer fails to satisfy the terms and conditions of this Agreement or of the Board's rules or regulations.

(2) If Employer's participation in the Prefunding Plan terminates for any of the foregoing reasons, all assets in Employer's Prefunding Account shall remain in the Prefunding Plan, except as otherwise provided below, and shall continue to be invested and accrue income as provided in Paragraph D.

(3) After Employer's participation in the Prefunding Plan terminates, Employer may not make contributions to the Prefunding Plan.

(4) After Employer's participation in the Prefunding Plan terminates, disbursements from Employer's Prefunding Account may continue upon Employer's instruction or otherwise in accordance with the terms of this Agreement.

(5) After thirty-six (36) months have elapsed from the effective date of this Agreement or at such earlier date as may be approved by the Board in its sole discretion:

(a) Employer may request a trustee to trustee transfer of the assets in Employer's Prefunding Account. Upon satisfactory showing to the Board that the transfer will satisfy applicable requirements of the Internal Revenue Code and the Board's fiduciary duties, then the Board shall effect the transfer within one hundred twenty (120) days. The amount to be transferred shall be the amount in the Employer's Prefunding Account as of the disbursement date and shall include investment earnings up to the investment earnings allocation date immediately preceding the disbursement date. In no event shall the investment earnings allocation date precede the transfer by more than 120 days.

(b) Employer may request a disbursement of the assets in Employer's Prefunding Account. Upon satisfactory showing to the Board that all of Employer's obligations for payment of post employment health care benefits and other post employment benefits and reasonable administrative costs of the Board have been satisfied, then the Board shall effect the disbursement within one hundred twenty (120) days. The amount to be disbursed shall be the amount in the Employer's Prefunding Account as of the disbursement date and shall include investment earnings up to the investment earnings allocation date immediately preceding the disbursement date. In no event shall the investment earnings allocation date precede the disbursement by more than 120 days.

(6) After Employer's participation in the Prefunding Plan terminates and at such time that no assets remain in Employer's Prefunding Account, this Agreement shall terminate.

(7) If, for any reason, the Board terminates the Prefunding Plan, the assets in Employer's Prefunding Account shall be paid to Employer after retention of (i) amounts sufficient to pay post employment health care benefits and other post employment benefits to annuitants for current and future annuitants described by the employer's current substantive plan (as defined in GASB 43), and (ii) amounts sufficient to pay reasonable administrative costs of the Board.

(8) If Employer ceases to exist but Employer's Prefunding Plan continues to exist and if no provision has been made by Employer for ongoing payments to pay post employment health care benefits and other post employment benefits to annuitants for current and future annuitants, the Board is authorized to and shall appoint a third party administrator to carry out Employer's Prefunding Plan. Any and all costs associated with such appointment shall be paid from the assets attributable to contributions by Employer.

(9) If Employer should breach the representation and warranty set forth in Paragraph A., the Board shall take whatever action it deems necessary to preserve the tax-exempt status of the Prefunding Plan.

I. General Provisions

(1) Books and Records.

Employer shall keep accurate books and records connected with the performance of this Agreement. Employer shall ensure that books and records of subcontractors, suppliers, and other providers shall also be accurately maintained. Such books and records shall be kept in a secure location at the Employer's office(s) and shall be available for inspection and copying by CalPERS and its representatives.

(2) Audit.

(a) During and for three years after the term of this Agreement, Employer shall permit the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, at all reasonable times during normal business hours to inspect and copy, at the expense of CalPERS, books and records of Employer relating to its performance of this Agreement.

(b) Employer shall be subject to examination and audit by the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, during the term of this Agreement and for three years after final payment under this Agreement. Any examination or audit shall be confined to those matters connected with the performance of this Agreement, including, but not limited to, the costs of administering this Agreement. Employer shall cooperate fully with the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, in connection with any examination or audit. All adjustments, payments, and/or reimbursements determined to be necessary by any examination or audit shall be made promptly by the appropriate party.

(3) Notice.

(a) Any notice, approval, or other communication required or permitted under this Agreement will be given in the English language and will be deemed received as follows:

1. Personal delivery. When personally delivered to the recipient. Notice is effective on delivery.

2. First Class Mail. When mailed first class to the last address of the recipient known to the party giving notice. Notice is effective three delivery days after deposit in a United States Postal Service office or mailbox.

3. Certified mail. When mailed certified mail, return receipt requested. Notice is effective on receipt, if delivery is confirmed by a return receipt.

4. Overnight Delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender's account, Notice is effective on delivery, if delivery is confirmed by the delivery service.

5. Telex or Facsimile Transmission. When sent by telex or fax to the last telex or fax number of the recipient known to the party giving notice. Notice is effective on receipt, provided that (i) a duplicate copy of the notice is promptly given by first-class or certified mail or by overnight delivery, or (ii) the receiving party delivers a written confirmation of receipt. Any notice given by telex or fax shall be

deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a nonbusiness day.

6. E-mail transmission. When sent by e-mail using software that provides unmodifiable proof (i) that the message was sent, (ii) that the message was delivered to the recipient's information processing system, and (iii) of the time and date the message was delivered to the recipient along with a verifiable electronic record of the exact content of the message sent.

Addresses for the purpose of giving notice are as shown in Paragraph B.(1) of this Agreement.

(b) Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified shall be deemed effective as of the first date that said notice was refused, unclaimed, or deemed undeliverable by the postal authorities, messenger or overnight delivery service.

(c) Any party may change its address, telex, fax number, or e-mail address by giving the other party notice of the change in any manner permitted by this Agreement.

(d) All notices, requests, demands, amendments, modifications or other communications under this Agreement shall be in writing. Notice shall be sufficient for all such purposes if personally delivered, sent by first class, registered or certified mail, return receipt requested, delivery by courier with receipt of delivery, facsimile transmission with written confirmation of receipt by recipient, or e-mail delivery with verifiable and unmodifiable proof of content and time and date of sending by sender and delivery to recipient. Notice is effective on confirmed receipt by recipient or 3 business days after sending, whichever is sooner.

(4) Modification

This Agreement may be supplemented, amended, or modified only by the mutual agreement of the parties. No supplement, amendment, or modification of this Agreement shall be binding unless it is in writing and signed by the party to be charged.

(5) Survival

All representations, warranties, and covenants contained in this Agreement, or in any instrument, certificate, exhibit, or other writing intended by the parties to be a part of their Agreement shall survive the termination of this Agreement until such time as all amounts in Employer's Prefunding Account have been disbursed.

(6) Waiver

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

(7) Necessary Acts, Further Assurances

The parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement.

A majority vote of Employer's Governing Body at a public meeting held on the 21 day of the month of April in the year 2010, authorized entering into this Agreement.

Signature of the Presiding Officer: ______________________

Printed Name of the Presiding Officer: Jim Krider, NCTPA Chair

Name of Governing Body: NCTPA Board of Directors

Name of Employer: Napa County Tranportation and Planning Agency

Date: April 21, 2010

BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY______________________
RONALD L. SEELING
ACTUARIAL AND EMPLOYER SERVICES BRANCH
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

To be completed by CalPERS
The effective date of this Agreement is: ______________________

Rev 3/1/2010