



Livermore Area
Recreation and Park District
An independent special district

**LIVERMORE AREA RECREATION AND PARK DISTRICT
REGULAR MEETING of the BOARD OF DIRECTORS**

DRAFT MINUTES

WEDNESDAY, MAY 26, 2021

2:00 P.M.

NOTICE: Coronavirus COVID-19

In accordance with Governor Newsom’s Executive Orders, members of the Livermore Area Recreation and Park District Board of Directors and staff participated in this meeting via teleconference. In the interest of maintaining appropriate social distancing, members of the public also participated in this meeting electronically.

DIRECTORS PRESENT: Directors James Boswell, David Furst, Jan Palajac,
Vice Chair Maryalice Faltings, and Chair Philip Pierpont

DIRECTORS ABSENT: None

STAFF MEMBERS PRESENT: Mathew Fuzie, Fred Haldeman, Jeffrey Schneider, Jill Kirk,
Jessie Masingale, Joseph Benjamin, Julie Dreher,
Linda VanBuskirk, Lynn Loucks, Megan Shannon,
Michelle Newbould, Nancy Blair, Patrick Lucky,
Robert Sanchez, Vicki Wiedenfeld

GENERAL COUNSEL: Rod Attebery, Neumiller & Beardslee

OTHERS PRESENT: PFM Financial Advisors LLC Sarah Hollenbeck
Jaime Trejo
Jones Hall David Fama
James Wawrzyniak
Oppenheimer & Co. Inc. Jeffrey Land
Public Members: Rachel Jones, Stacey Kenison, Stacey Swanson

1. CALL TO ORDER – ROLL CALL – PLEDGE OF ALLEGIANCE:
Chair Pierpont called the meeting to order at 2:00 p.m. All Directors were present, via Zoom.
Chair Pierpont led the Pledge of Allegiance.

2. PUBLIC COMMENT: None.

3. CONSENT ITEMS:

3.1 Approval of the Minutes of the Regular Board Meeting of May 12, 2021.

MOTION:

Moved by Director Faltings, seconded by Director Palajac, approved the Consent Items, by the following roll call vote:

AYES: *Directors Boswell, Furst, Palajac, Faltings, and Chair Pierpont*
NOES: *None*
ABSTENTIONS: *None*
ABSENT: *None*

4. DISCUSSION AND ACTION ITEMS

4.1 PENSION OBLIGATION BONDS

Chair Pierpont stated the Board would review and consider approving a resolution implementing the District's proposed policies: Pension Funding FIN-01-0001, and Debt Management FIN-01-0002.

Administrative Services Manager Jeffrey Schneider presented the staff report and led a discussion regarding two new proposed District policies which were created as a necessary component to facilitate the possible issuance of Pension Obligation Bonds. He recognized the consulting team on the Zoom call: Financial Advisers Sarah Hollenbeck and Jaime Trejo with PFM Financial Advisors, LLC; Bond Counsel David Fama, Esq. and James Wawrzyniak, Esq. with Jones Hall; and underwriters represented by Jeffrey Land with Oppenheimer & Co. Inc. These advisors have been instrumental throughout the process and also in helping to formulate these policy statements.

ASM Schneider shared his screen and presented information regarding ACERA pension plan data.

- This presentation will be distributed to the Board members after this meeting and attached to the minutes.

Board members suggested the following edits to the policy materials as presented:

- Attachment B, the Debt Management Policy on page 8: Correct the Policy No. to say **FIN-01-0002** (not FIN-01-0001).
- On page 9 under A(i) Long-Term Debt: Paragraph currently says ". . . land to be owned and operated by the District. . . " LARPD has many parks where the City owns the land and we operate it. Revise this language to eliminate "and operated by the District" and clarify the paragraph to state ". . . equipment and land to be **owned, operated or funded by, or for the benefit of, the District.** . . .".
- On page 9 under A(i)(b) at the first bullet where it states, "The project and/or costs to be financed must be approved by the District Board." ADD ". . . approved by the District's Board **before the financing decision is made.**"
- On page 10 at B. Types of Debt (b) "Loans and contracts with State or Federal agencies", should we add "**County**" to this sentence as well?
- On page 12 at (v) Refunding Parameters: where it states, "The General Manager or Administrative Service Manager shall review a net present value analysis. . . " remove the title *Administrative Service Manager* and REPLACE

it with “The General Manager (**or his or her designee**) . . . “ this should also be changed in the following paragraph (v)(a).

- Correct the name of Chair **Philip** Pierpont on the signature pages of both policies.
- On page 4 middle of the page on the Pension Funding Policy, it states, “. . . established the following five general policy objectives. . . “ yet there are only four bullets. This should be changed to state “. . . **four** general policy objectives . . . “
- The preamble on Attachment B – the Debt Management Policy. Do we need to have a preamble? There is one here, but not on the Pension Funding Policy. Also questioned the statement “. . . with the discretion to deviate . . . ” Please remove “. . . **utilized by staff** . . . “

Chair Pierpont opened public comment. No public comments were received. Chair Pierpont closed the public comment period.

Chair Pierpont opened further Board Member discussion.

Director Furst asked why there were two separate policies independent of each other with only one resolution; he would have been happier to see two resolutions. ASM Schneider explained this is a way to streamline the documentation. Chair Pierpont and District Counsel Attebery expressed satisfaction with the way the documents were presented and stated one resolution is appropriate.

Moved by Director Palajac, seconded by Director Furst, adopted Resolution No. 2712, approving and adopting Pension Funding Policy FIN-01-0001 and Debt Management Policy FIN-01-0002, with corrections as discussed, by the following roll call vote:

AYES: *Directors Faltings, Boswell, Furst, Palajac, and Chair Pierpont*
NOES: *None*
ABSTENTIONS: *None*
ABSENT: *None*

Action Items:

- Chair Pierpont requested that copies of the revised policies be distributed to the Board members once the discussed changes have been made.

Chair Pierpont thanked the consultants - bond counsel, financial advisors and underwriters and expressed appreciation on behalf of LARPD’ s Board and staff for their diligence and hard work in helping the District make progress in this endeavor.

5. INFORMATIONAL ITEMS (No Action Required)

5.1 GENERAL FINANCIAL UPDATE

GM Fuzie reported that the District has been working diligently on the upcoming fiscal year end and budget for next fiscal year, along with the pension obligation bond matters. He stated the District is in as good a place as it can be, given the circumstances, and we are in a good place financially as we move forward. Planning for the future will mean hiring smartly as we come back into operations as we knew

them. ASM Schneider added that the District is operating according to the mid-year budget or better. In April, with the exception of a modest negative variance in property taxes but relative to the plan, we were off by a few percentage points on property taxes, but nothing to worry about. From an operations perspective, we are right on or better than the mid-year budget in April. From a cash flow perspective, we are in excellent shape relative to where we've been in the past.

This was information only and no action was taken.

5.2 COVID-19 PROGRAM UPDATES

GM Fuzie gave a brief update regarding current District programs as we adjust to the current tier assignments. LARPD is hiring in various departments – Parks, Open Space, Recreation, and Extended Student Services, to meet the needs of a growing inventory of classes, programs and a growing demand from the participants. Camp Shelly is opening up and we have begun taking reservations. Summer camps are also filling up very quickly. We have a wait list for ESS, but we are working through this. We are working on a program to defer our revenue so that we are tracking it in the months in which the activities are taking place, so as not to throw off our planning, etc.

Director Furst asked when the state opens up on June 15th is LARPD going to be allowed to go back to our normal staffing and student level ratios? Community Services Manager Jill Kirk responded that as soon as we hear from the California State Licensing Board, we will be able to plan and build classes for fall with the assumption that schools are going back full time. GM Fuzie added that the school district itself said there is very little interest on online education. The vast majority want to come back into the classroom.

This was information only and no action was taken.

6. COMMITTEE REPORTS:

- a) Director Palajac reported her attendance at the May 20, 2021 Program Committee meeting, along with Director Furst. Discussion topics included e-Bikes and creation of a Master Fee Schedule.
- b) Director Palajac reported her attendance at the May 18, 2021 Livermore Downtown, Inc. meeting.
- c) Chair Pierpont reported his attendance at the May 17, 2021 Finance Committee meeting, along with Director Boswell.

7. DIRECTORS' ANNOUNCEMENTS:

- a) Director Faltings asked what the District's participation will be for this season of the Thursday evening Farmer's Market downtown. She announced that LARPD Foundation has had representation there. GM Fuzie will discuss this with the core management team.
- b) Director Faltings reported that she has received an odd email from someone purporting to be a resident of the District about trails through wild lands and how damaging it is to animals.

8. ANNOUNCEMENTS BY THE GENERAL MANAGER:

- a) Earlier today GM Fuzie, along with Directors Faltings and Boswell, attended a ribbon-cutting ceremony hosted by East Bay Regional Park District's General Manager and Board of Directors for the newly remodeled and expanded visitor center at Del Valle Regional Park. He stated they have an incredible interactive exhibit.
- b) LARPD has been contacted by the school district regarding a federally funded program to feed all students under the age of 18. They've offered to feed all of our program participants that meet the criteria of the program as well. They have been doing that for our programs this year related to ESS, but they are offering to do it for all of our camps and more. We will be working with them on that.
- c) Today is the last of our first shot vaccine clinics for 12 to 16-year-olds. We are doing 450 shots today. The second follow-up doses will be on July 9th and 16th. Chair Pierpont added that the work the District has done in helping to distribute the vaccines to the community has been outstanding. Director Palajac also expressed gratitude from the folks at Livermore Downtown, Inc. for the role LARPD has played in offering vaccination clinics to their businesses and employees who were able to get vaccinated.
- d) LARPD's facility rentals are beginning to pick up again. There is a lot of interest in ceremonies, weddings, Senior programs, and programming in general.

9. ADJOURNMENT: The meeting was adjourned at 3:23 p.m.

APPROVED,

Philip Pierpont
Chair, Board of Directors

ATTEST:

Mathew L. Fuzie
General Manager and
Ex-officio Clerk to the Board of Directors



Livermore Area Recreation and Park District

Supplement to May 26, 2021 Board Meeting

*ACERA Pension Plan Data Discussed during May 26, 2021 Meeting
(participants, benefits, and costs)*

Contents

1. A view of Current Employees in ACERA
2. A view of Retirees/Beneficiaries in ACERA
3. Employer Contribution Rates and Annual District Costs
 - Estimates for Sept '21 – Aug '22 and Actuals for Sept '20 – Aug '21
4. ACERA's Retirement Benefits by Tier

A view of Current Employees in the ACERA Program

Counts by Employee (EE) Type:	# of EEs
Pensioned Non-Exempt	29
Pensioned Exempt	12
	<u>41</u>

Counts by Tier:	Tier	# of EEs
	Tier 1	7
	Tier 3	18
	Tier 4	16
	Total	<u>41</u>

Counts by Unit/Dept:	# of EEs
01-Administration	6
05-Building Maintenance	6
07-Park Operations	6
Facil & Park Maint Total	12
09-Extended Student Services	15
16-Open Space	1
32-Community Outreach	3
Community Services Total	19
31-Recreation Administration	4
TOTAL	<u>41</u>

A view of LARPD Retirees, Disabled Members, and Beneficiaries in the ACERA Program

	Tier 1	Tier 3	Tier 4	Total
Retired Members:				
Count	32	28	1	61
Average Age	70.8	64.7	65.3	67.9
Average Monthly Benefit	\$3,319	\$4,502	\$1,189	\$3,827

Disabled Members:				
Count	1	1	0	2
Average Age	72.5	67.1	0	69.8
Average Monthly Benefit	\$3,199	\$2,256	\$0	\$2,728

Beneficiaries:				
Count	3	4	0	7
Average Age	79	63.6	0	70.2
Average Monthly Benefit	\$4,520	\$3,288	\$0	\$3,816

LARPD TOTALS:	Tier 1	Tier 3	Tier 4	Total
Count	36	33	1	70
Average Age	71.5	64.6	65.3	68.2
Average Monthly Benefit	\$3,416	\$4,286	\$1,189	\$3,795

ACERA'S EMPLOYER Contribution Rates (LARPD-specific)

LARPD Finance - 5/26/21

December 31, 2020 Actuarial Valuation

LARPD	% of Employees' Salaries			Est Annual amount (\$000s)
General Tier 1 Members	Basic	COLA	Total %	
Normal Cost	8.17%	2.79%	10.96%	\$59
UAAL	22.82%	9.18%	32.00%	\$172
Total Contributions	30.99%	11.97%	42.96%	\$231

LARPD	% of Employees' Salaries			Est Annual amount (\$000s)
General Tier 3 Members	Basic	COLA	Total %	
Normal Cost	12.07%	3.95%	16.02%	\$284
UAAL	22.82%	9.18%	32.00%	\$567
Total Contributions	34.89%	13.13%	48.02%	\$851

LARPD	% of Employees' Salaries			Est Annual amount (\$000s)
General Tier 4 Members	Basic	COLA	Total %	
Normal Cost	7.47%	1.74%	9.21%	\$127
UAAL	22.82%	9.18%	32.00%	\$443
Total Contributions	30.29%	10.92%	41.21%	\$570

Estimated total Contributions, Sept21-Aug22 \$1,652

December 31, 2019 Valuation

% of Employees' Salaries			Est Annual amount
Basic	COLA	Total %	
7.57%	2.75%	10.32%	\$55
18.63%	9.12%	27.75%	\$149
26.20%	11.87%	38.07%	\$204

% of Employees' Salaries			Est Annual amount
Basic	COLA	Total %	
11.82%	4.25%	16.07%	\$285
18.63%	9.12%	27.75%	\$492
30.45%	13.37%	43.82%	\$777

% of Employees' Salaries			Est Annual amount
Basic	COLA	Total %	
7.22%	1.63%	8.85%	\$122
18.63%	9.12%	27.75%	\$384
25.85%	10.75%	36.60%	\$506

Est Contributions, Sept20-Aug21 \$1,487

source: ACERA's Draft Actuarial Valuation Results as of December 31, 2021 (dated May 20, 2021)

ACERA's Retirement Benefits: By Tier

LARPD Finance 5/26/21

					% of Salary at various retirement ages (assuming 5 years of service)					
	Current EE Count	Retiree Count	Salary Basis	Summary %s	50	52	55	57	62	67
Tier 1	7	36	Highest 12 months	1.34% @ 50; 2.00% @ 57; 2.62% @ 62+	6.68%	7.45%	8.85%	10.00%	13.09%	13.09%
Tier 3	18	33	Highest 12 months	2.00% @ 50; 2.50% @ 55+	10.00%	11.00%	12.50%	12.50%	12.50%	12.50%
Tier 4	16	1	Average of Highest 3 years	1.00% @ 52; 2.00% at 62; 2.50% @ 67+	n/a	5.00%	6.50%	7.50%	10.00%	12.50%
Total	41	70								

							% of Salary at various retirement ages (assuming 10 years of service)					
							50	52	55	57	62	67
Tier 1							13.36%	14.91%	17.70%	20.00%	26.19%	26.19%
Tier 3							20.00%	22.00%	25.00%	25.00%	25.00%	25.00%
Tier 4							n/a	10.00%	13.00%	15.00%	20.00%	25.00%

Livermore Area Recreation and Park District Staff Report

TO: Chair Pierpont and Board of Directors

FROM: Mathew Fuzie, General Manager

PREPARED BY: Jeffrey Schneider, Administrative Services Manager
(with revisions required by the Board of Directors on May 26, 2021)

DATE: May 26, 2021

SUBJECT: New Policy – Pension Funding – FIN-01-0001; and
New Policy – Debt Management – FIN 01-0002

RECOMMENDATION: That the Board of Directors adopt a resolution to implement the District’s proposed policies: Pension Funding, FIN-01-0001 and Debt Management, FIN-01-0002.

BACKGROUND:

The creation of these policies is a necessary component of the District’s preparation for the possible issuance of Pension Obligation Bonds, for reasons outlined below. These policies were drafted in conjunction with the District’s Bond Counsel (Jones Hall) and Financial Advisors (PFM Financial Advisors, LLC).

FIN-01-0001 Pension Funding Policy

This policy documents the method the District will use to ensure the funding of its actuarially determined contributions in support of the current and future cost of benefits owed to plan participants and/or their beneficiaries. As proposed, the policy does not mandate the establishment of a Pension Reserve Fund (PRF), but that the District consider such a fund as it could be used at the District’s discretion to help offset future pension cost increases or to defease any outstanding pension obligation bonds. This policy also:

- A. Provides guidance in making annual budget decisions;
- B. Demonstrates prudent financial management practices;
- C. Creates sustainable and affordable budgets for pensions;
- D. Reassures bond rating agencies; and
- E. Shows employees and the public how pensions will be funded.

FISCAL IMPACT:

None.

FIN-01-0002 Debt Management Policy

Senate Bill 1029 (SB 1029), which became effective on January 1, 2017, amended California Government Code 8855 to add certain requirements related to the issuance and administration of debt by local agencies, including requiring the adoption of a debt policy meeting the requirements of California Government Code 8855. This impacts issuance of bonds by the District: if a new debt issuance is to proceed, adoption of the debt policy by the governing body of the District is required for compliance with the new legislation.

In connection with consideration of the issuance of bonds by the District, bond counsel for the District will need to submit to the California Debt and Investment Advisory Commission (CDIAC) a preliminary report of debt issuance which now requires an affirmation that a debt policy addressing certain matters addressed by the Government Code has been adopted by the issuing entity. Part of the preliminary report of debt issuance is a certification that the applicable District has adopted a debt policy that meets the requirements of the new legislation.

In accordance with Government Code 8855, a local debt policy must include all of the following:

- A. The purposes for which the debt proceeds may be used.
- B. The types of debt that may be issued.
- C. The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable.
- D. Policy goals related to the issuer's planning goals and objectives.
- E. The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

The contemplated debt management policy meets all of the above requirements.

FISCAL IMPACT

None.

Attachments:

- A. Proposed Pension Funding Policy
- B. Proposed Debt Management Policy
- C. Board Resolution

Policy No. FIN-01-0001

PENSION FUNDING POLICY

PURPOSE OF POLICY	To document the method the District will use to ensure the funding of its actuarially determined contributions in support of the current and future cost of benefits owed to plan participants and beneficiaries.
POLICY SUMMARY	This policy guides how the District will ensure the funding of current and future pension fund costs for participating employees and their beneficiaries.
APPROVAL	Adopted: Board Resolution No. 2712, May 26, 2021

I. PURPOSE

To document the method the District will use to ensure the funding of its actuarially determined contributions in support of the current and future cost of benefits owed to plan participants and/or their beneficiaries. The policy also:

- Provides guidance in making annual budget decisions;
- Demonstrates prudent financial management practices;
- Creates sustainable and affordable budgets for pensions;
- Reassures bond rating agencies; and
- Shows employees and the public how pensions will be funded.

II. BACKGROUND

The District provides defined benefit retirement benefits through the Alameda County Employees' Retirement Association (ACERA). ACERA is a multiple-employer, public employee defined benefit pension plan. ACERA acts as a common investment and administrative agent for participating public entities within Alameda County. Benefit provisions and all other requirements are established by state statute.

Employees in certain full-time and part-time benefited job classifications participate in the ACERA pension plan. ACERA provides retirement and disability benefits, annual cost of living adjustments and death benefits to

plan members and their beneficiaries. Participants have the opportunity to enroll in medical, dental, and vision plan coverage (Other Post Employment Benefits, or OPEB). Additionally, members may be eligible for subsidies to offset the costs of these plans.

The financial objective of a defined benefit pension plan is to fund the long-term cost of benefits provided to plan participants. To ensure that the plan is financially sustainable, the plan should accumulate adequate resources in a systematic and disciplined manner over the active service life of benefitting employees. This funding policy outlines the method the District will utilize to ensure that it adequately provides for the funding of its actuarially determined contributions towards the long-term cost of benefits to the plan participants and/or their beneficiaries.

Pension Funding: A Guide for Elected Officials, issued by eleven national groups including the U.S. Conference of Mayors, the International District/County Management Association, and the Government Finance Officers Association, established the following four general policy objectives for a pension funding policy:

- Actuarially Determined Contributions. A pension funding plan should be based upon an actuarially determined contribution (ADC) that incorporates both the cost of benefits in the current year and the amortization of the plan's unfunded actuarial accrued liability.
- Funding Discipline. A commitment to make timely, actuarially determined contributions to the retirement system is needed to ensure that sufficient assets are available for all current and future retirees.
- Intergenerational equity. Annual contributions should be reasonably related to the expected and actual cost of each year of service so that the cost of employee benefits is paid by the generation of taxpayers who receives services from those employees.
- Accountability and transparency. Clear reporting of pension funding should include an assessment of whether, how, and when the plan sponsor will ensure sufficient assets are available for all current and future retirees.

III. POLICY

A. Actuarially Determined Contribution (ADC)

ACERA actuaries will determine the District's ADC to ACERA based on annual actuarial valuations. The ADC will include the normal cost for current service and amortization of any under-funded amount. The normal cost will be calculated using the entry age normal cost method using economic and non-economic assumptions approved by the ACERA Board of Retirement.

The District will consider the periodic review of ACERA's annual actuarial valuations to validate the completeness and accuracy of the member census data and the reasonableness of the actuarial assumptions.

B. Additional Discretionary Payment (ADP) Contribution

The District will consider making ADP contributions with one-time General Fund and/or Pension Reserve Fund (if applicable – see section D, below) resources, with the objectives of increasing the plan's funded status, by reducing the unfunded actuarially accrued liability, and reducing ongoing pension costs.

C. Pension Obligations Bonds

The District will consider pension obligation bonds if:

- Such bonds have expected savings through favorable borrowing costs relative to ACERA's discount rate;
- At the time of issuance, pension obligation bond proceeds plus existing assets at ACERA and, if applicable, in the District's Pension Reserve Fund cannot exceed pension liabilities.
- The District will use a municipal advisor to discuss and consider the risks of any potential pension obligation bonds.
- Any pension obligation bonds, or refundings of pension obligation bonds, must be voted upon by the District Board.

D. Pension Reserve Fund

The District will consider a funding mechanism for the establishment of a Pension Reserve Fund (PRF) to be used at the District's discretion to help offset future pension cost increases or to defease any outstanding pension obligation bonds.

- Such a policy will establish a defined percentage of the annual savings generated through the issuance of a pension obligation bond that shall be deposited into the fund. Savings are defined as the difference between the debt service on the District's pension obligation bonds and the scheduled annual payments of any underfunded amount had pension obligation bonds not been issued.
- This Fund may take the form of a Section 115 Trust.
- The Fund may be used to:
 - Defeas outstanding pension obligation bond maturities at any time, in whole or part;
 - Pay annual debt service on pension obligation bonds;
 - Make additional discretionary payments to ACERA;
 - Reduce annual UAL costs.
- In the event of an economic hardship, or other unanticipated fiscal emergency, the District's Board of Director's may make an emergency declaration to reduce the annual transfer to the PRF, only if the combined funds in the Emergency Reserve (minimum 2% of annual operating budget) and the Budget Stabilization Reserve (minimum 8%) drop below the minimums stated levels in the District's Fund Balance Reserve Policy.

E. Contributions as a Manageable Budget Expense

The District will always make its required annual contributions to ACERA. Contributions will be, at a minimum, based on annual actuarially driven contribution rates provided by ACERA and distinctly reflected in the District's annual operating budget. The District may:

- Make additional discretionary contributions directly to ACERA;
- Make discretionary contributions to a pension reserve fund;
- Make discretionary withdrawals from a pension reserve fund to make payments to ACERA; and
- Issue, call, or refund pension obligation bonds.

F. Transparency and Reporting

Funding of the District's pension plans should be transparent to vested parties including plan participants, beneficiaries, the District Board, and residents. To achieve this transparency, the following information shall be available:

- Copies of the annual actuarial valuations for the District's ACERA plans shall be made available to the District Board.
- The District's financial audit shall be published on its website. This report includes information on the District's annual contributions to the pension systems and their funded status.
- The District's annual operating budget shall include the

District's contributions to ACERA.

G. Review of Funding Policy

Funding a defined benefit pension plan requires a long-term horizon. As such, the District will review this policy at least every two years to determine if changes to this policy are needed to ensure adequate resources are being accumulated.

Board Resolution No. _____

Adopted May 26, 2021

APPROVAL

Philip Pierpont
Chair, Board of Directors

Date

Mathew Fuzie
General Manager

Date

DEBT MANAGEMENT POLICY

PURPOSE OF POLICY	To help maintain the District's financial health, ensure the District has the flexibility to meet its financial needs, and protect the District's credit-worthiness.
POLICY SUMMARY	To comply with Government Code Section 8855(i), which became effective on January 1, 2017, and govern all debt undertaken by the District.
APPROVAL	

This Debt Management Policy (the "Debt Policy") of the Livermore Area Recreation and Park District (the "District") may be deviated from as determined appropriate by the General Manager, and may be amended by the Board of Directors of the District as it deems appropriate from time to time in the prudent management of the debt and financing needs of the District.

I. PURPOSE

This Debt Policy is intended to comply with Government Code Section 8855(i), which became effective on January 1, 2017, and shall govern all debt undertaken by the District.

The District hereby recognizes that a fiscally prudent debt policy is required in order to:

- Help maintain the District's financial health.
- Ensure the District has the flexibility to meet its financial needs.
- Protect the District's credit-worthiness.
- Ensure that all debt is structured to benefit both current and future constituents of the District.
- Ensure that the District's debt is consistent with the District's planning goals and objectives.

II. POLICY

A. Purposes For Which Debt May Be Issued

(i) Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and/or rehabilitation of capital improvements and facilities, property and other assets, equipment and land to be owned, operated or funded by, or for the benefit of, the District, as well as to manage the District's other long-term obligations, including with respect to pension benefits provided by the Alameda County Employees' Retirement Association (ACERA).

(a) Long-term debt financings are appropriate when the following conditions exist:

- When the project or asset to be financed is necessary or beneficial to providing service.
- When the project or asset to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the District and its constituents.
- When the debt is issued to refinance outstanding debt in order to produce savings or to realize other benefits of a debt restructuring.

(b) The District may use long-term debt financings subject to the following conditions:

- The project and/or costs to be financed must be approved by the District's Board before the financing decision is made.
- The District estimates that sufficient revenues will be available to service the debt through its maturity.
- The District determines that the issuance of the debt will comply with the applicable state and federal law.

(ii) Short-term debt. Short-term debt may be issued to provide financing for the District's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects or provide interim funding for capital projects. For example, the District may undertake lease-purchase financings for equipment.

B. Types of Debt

- (i) The following types of debt are allowable under this Debt Policy:
 - (a) Installment sale agreements, loans and similar debt-financing contracts
 - (b) Loans and contracts with County, State or Federal agencies, including the United States Department of Agriculture–Rural Development
 - (c) Lines of credit
 - (d) General obligation bonds (GO Bonds)
 - (e) Bond or grant anticipation notes (BANs)
 - (f) Lease financings
 - (g) Pension obligation bonds, and other revenue bonds or certificates of participation (COPs)
 - (h) Tax and revenue anticipation notes (TRANS)
 - (i) Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
 - (j) Refunding bonds, notes, loans, and other obligations
- (ii) The District Board may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.
- (iii) The District shall not issue variable rate debt. The District will not utilize derivative products.
- (iv) Long-Term Debt Parameters:
 - (a) *New Money Issuances*: The District will also consider credit issues, market factors (e.g. bank qualification) and tax law when sizing the District's debt issuance.
 - (b) *Refunding Bond Issuances*: The sizing of refunding securities will be determined by the amount of money that will be required to cover the principal of, accrued interest (if any) on, and redemption premium for the bonds to be defeased on the call date and to cover appropriate financing costs.

- (c) *Maximum Maturity*: All debt issued by the District shall mature **within 30** years of the issuance date. The final maturity of bonds will also be limited to the average useful life of the assets financed or as otherwise required by tax law. The District may consider a separate series of bonds to fund projects with an average useful life of less than 10 years.
- (d) *Maximum Repayment Ratio*: The maximum repayment ratio, where total future debt service payments are divided by the principal of the bonds issued, shall be within **three to one** for each series of bonds and for each issuance.
- (e) *Capital Appreciation Debt*: The District shall issue all debt as current interest securities. Specifically, the District will not issue any capital appreciation securities or any hybrid structures such as convertible capital appreciation securities.
- (v) *Refunding Parameters*: Whenever deemed to be in the best interest of the District, the District shall consider refunding or restructuring outstanding debt when financially advantageous or beneficial for debt repayment and structuring flexibility. The General Manager (or his or her designee) shall review a net present value analysis of any proposed refunding in order to make a determination regarding the cost-effectiveness of the proposed refunding.
 - (a) The minimum net present value savings as a percentage of the refunded aggregate principal amount to be considered for refunding shall be no less than **3%** in aggregate unless, at the discretion of the General Manager (or his or her designee), a lower percentage is more applicable, for situations including, but not limited to, maturities with only a few years until maturity or Certificates of Participation (COPs) being defeased or redeemed from proceeds of Bonds or other structuring considerations.
 - (b) The final maturity of the refunding debt shall be no longer than the final maturity of the refunded debt.

C. Relationship of Debt to Capital Improvement Program and Budget

- (i) The District is committed to long-term capital planning. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's capital budget and the capital improvement plan. Items outside the capital budget or capital improvement plan may also be financed.
- (ii) The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues.

- (iii) The District shall integrate its debt issuances with the goals of its capital improvement program and other budgeting processes by timing the issuance of debt to ensure that funding is available for capital and non-capital projects when needed in furtherance of the District's public purposes.

D. Policy Goals Related to Planning Goals and Objectives

- (i) The District is committed to long-term financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration.
- (ii) The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions set forth by the District Board.
- (iii) It is a policy goal of the District to protect its constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.
- (iv) The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.
- (v) When refinancing debt, it shall be the policy goal of the District to realize, whenever possible, and subject to any overriding non-financial policy considerations, minimum net present value debt service savings equal to at least 3.0% of the refunded principal amount.

E. Internal Control Procedures and Continuing Disclosure Compliance

- (i) When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.
- (ii) The District will only issue debt subject to authorization by resolution of the Board of Directors for each debt issue consistent with applicable State law. The resolution authorizing each debt issue will specify the maximum not-to-exceed amount for each debt issue and may include other terms or requirements as deemed appropriate by the District.
- (iii) Without limiting the foregoing, the District will periodically review the requirements of and will remain in compliance with the following:
 - (a) Any continuing disclosure undertakings entered into by the District in accordance with Securities and Exchange Commission (SEC) Rule 15c2-

12 (in connection with a public offering) or required by a lender (in connection with a private placement)

- (b) Any reporting obligations to the California Debt and Investment Advisory Commission (CDIAC)
- (c) Any federal tax compliance requirements, including, without limitation, arbitrage and rebate compliance.
- (d) The District's investment policies as they relate to the use and investment of bond proceeds.
- (iv) The General Manager (or his or her designee) shall be the officer primarily responsible for compliance by the District with its continuing disclosure undertakings and obligations, as well as the preparation of official statements and other disclosure documents of the District. The District may hire outside third-parties to assist the District with its federal securities law compliance obligations.
- (v) Proceeds of debt will be held either (a) by a third-party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the District upon the submission of one or more written requisitions by the General Manager (or his or her designee), or (b) by the District, to be held and accounted for in a separate fund or account, the expenditure of which will be carefully documented by the District.

F. Annual Review

- (i) The General Manager (or his or her designee) will be involved in the annual review of the bond program and this Policy. The annual review will occur in conjunction with the filing of the District's annual continuing disclosure report.

Board Resolution No. _____

Adopted May 26, 2021

APPROVAL

Philip Pierpont
Chair, Board of Directors

Date

Mathew Fuzie
General Manager

Date

ATTACHMENT C
THE BOARD OF DIRECTORS
OF THE
LIVERMORE AREA RECREATION AND PARK DISTRICT
RESOLUTION NO. _____

**A RESOLUTION APPROVING AND ADOPTING A DEBT MANAGEMENT POLICY
AND PENSION FUNDING POLICY IN CONNECTION WITH FUTURE
CONSIDERATION OF THE ISSUANCE AND SALE OF PENSION OBLIGATION BONDS
TO REFUND OUTSTANDING OBLIGATIONS OF THE DISTRICT TO THE ALAMEDA
COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (ACERA)**

WHEREAS, the Livermore Area Recreation and Park District (the “District”) is a member of the Alameda County Employees’ Retirement Association (“ACERA”), and as such the District is obligated by the County Employees Retirement Law of 1937, being Article 1 of Chapter 3 of Part 3 of Division 4 of Title 3 of the Government Code (section 31450 et seq.), implementing regulations of Alameda County for ACERA, being Chapter 3.68 of the Alameda County Administrative Code (section 3.68.010 et seq.), and related resolutions and actions (collectively, the “Retirement Law”), to make payments to ACERA relating to pension benefits accruing to current and former District employees (the “ACERA Obligations”); and

WHEREAS, the District currently has an unfunded actuarial accrued liability in respect of the ACERA Obligations; and

WHEREAS, the Board anticipates that it may consider at a future meeting the issuance of bonds for the purpose of refunding certain outstanding obligations of the District, including the ACERA Obligations; and

WHEREAS, Senate Bill 1029 (SB 1029), which became effective on January 1, 2017, amended California Government Code 8855 to add certain requirements related to the issuance and

administration of debt by local agencies such as the District, including the adoption of a debt policy meeting the requirements of California Government Code 8855; and

WHEREAS, the Board wishes at this time to approve a debt policy that is compliant with California Government Code 8855 to provide guidance regarding future issuances of debt by the District; and

WHEREAS, the Board wishes at this time to approve a pension funding policy to guide the District in the funding of its actuarially determined contributions in support of the current and future cost of benefits owed to plan participants and/or their beneficiaries.

NOW, THEREFORE, BE IT RESOLVED:

Section 1. Adoption of Debt Policy. The Board hereby approves and adopts the Debt Management Policy in the form presented to the Board. The Debt Management Policy shall guide the issuance and administration of debt issued by the District, all in accordance with the guidelines and conditions set forth in such policy.

Section 2. Adoption of Pension Funding Policy. The Board hereby approves and adopts the Pension Funding Policy in the form presented to the Board. The Pension Funding Policy shall guide the administration of pension obligation funding by the District, all in accordance with the guidelines and conditions set forth in such policy.

Section 3. Effective Date. This Resolution shall take effect immediately upon the approval and adoption thereof by the Board.

ON MOTION of Director _____, seconded by Director _____, the foregoing resolution was passed and adopted this _____ day of _____, 2021, by the following roll call vote:

AYES:
NOES:
ABSTENTIONS:
ABSENT:

Approved this ____ day of _____, 2021,

Philip Pierpont
Chair, Board of Directors

ATTEST:

Mathew L. Fuzie
General Manager and ex-officio Clerk
to the Board of Directors