



Todd Harms
Fire Chief

Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 · Mather, California 95655 · Phone (916) 859-4300 · Fax (916) 859-3700

BOARD OF DIRECTORS - REGULAR MEETING

Thursday, May 26, 2022 – 6:00 PM

Sacramento Metropolitan Fire District

10545 Armstrong Avenue

Board Room – Second Floor

Mather, California

&

Remotely Via Zoom

Phone: (669) 900-6833

Webinar ID: 890 7620 9188#

Passcode: 526 761 496#

Cynthia Saylor
Board President
Division 1

D'Elman Clark
Board Vice President
Division 6

Walt White
Board Secretary
Division 9

Grant Goold
Board Member
Division 2

Randy Orzalli
Board Member
Division 3

Ted Wood
Board Member
Division 4

Jennifer Sheetz
Board Member
Division 5

Matt Kelly
Board Member
Division 7

Gay Jones
Board Member
Division 8

The mission of the Sacramento Metropolitan Fire District is to provide professional and compassionate protection, education and service to our community.

The Governor has declared a State of Emergency to exist in California as a result of the threat of COVID-19 (aka the "Coronavirus"). The Governor issued Executive Order N-25-20 and N-29-20, which directs Californians to follow public health directives including canceling large gatherings. Per the State of Emergency effective March 2, 2020, the Board of Directors of the Sacramento Metropolitan Fire District proclaimed that a local emergency exists, and authorized remote teleconference meetings from May 12, 2022 through June 10, 2022 pursuant to Brown Act provisions.

The Public's health and well-being are the top priority for the Board of Directors of the Sacramento Metropolitan Fire District and you are urged to take all appropriate health safety precautions. **If you would like to view the meeting via the Zoom Application, please contact Board Clerk Penilla via email at the address listed below.**

Members of the public seeking to attend and to address the Board who require reasonable accommodations to access the meeting, based on disability or other reasons, should contact the following person at least forty-eight (48) hours in advance of a Regular meeting to make arrangements for such reasonable accommodations:

Melissa Penilla
Board Clerk
(916) 859-4305

penilla.melissa@metrofire.ca.gov

The Board will convene in open session at 6:00 p.m.



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REGULAR BOARD MEETING

THURSDAY, MAY 26, 2022

CALL TO ORDER

ROLL CALL

PLEDGE TO FLAG

METRO CABLE ANNOUNCEMENT

The Open Session Meeting is videotaped for cablecast on Metro Cable 14. Replay on Sunday, May 29th at 2:00pm and Monday, May 30th at 6:00pm on Channel 14; Webcast at metro14live.saccounty.net.

PUBLIC OPPORTUNITY TO DISCUSS MATTERS OF PUBLIC INTEREST WITHIN DISTRICT JURISDICTION INCLUDING ITEMS ON OR NOT ON AGENDA

*The Board of Directors of the Sacramento Metropolitan Fire District appreciates and encourages public interest and welcomes questions and opinions at its meetings. Public members desiring to address the Board are requested to first be recognized by the presiding officer and identify themselves for the record. The presiding officer may in the interest of time and good order limit the number of public member presentations. Speakers' comments will be limited to **three minutes** (Per Section 31 of the Board of Directors Policies and Procedures).*

In accordance with Section 31 of the Board of Directors Policies and Procedures, members of the Public requesting their written comments be read into the meeting record must be present or have a representative present to read their comments during the time allotted.

CONSENT ITEMS

Matters of routine approval including but not limited to action summary minutes, referral of issues to committee, committee referrals to the full Board, items that require yearly approval, declaration of surplus equipment, and other consent matters. Consent Agenda is acted upon as one unit unless a Board member requests separate discussion and/or action.

CONSENT ITEMS

	<u>Page No.</u>
1. Action Summary Minutes Recommendation: Approve the Action Summary Minutes for the Regular Board meeting of May 12, 2022.	6
2. Medical Aid and Ambulance Transport User Fee Annual Adjustment Recommendation: In accordance with Ordinance No. 2017-01, adopt the resolution amending the Ambulance Fee Schedule effective July 1, 2022.	12
3. Use of Force – Peace Officer Policy Recommendation: Approve the revised Use of Force – Peace Officer Policy.	16
4. Bid Award – RFB 22-01 Waste and Recycling Collection Disposal Services Recommendation: Approve the bid award to USA Waste of California dba Waste Management for an initial three-year term.	29
5. State Homeland Security Grant Program (SHSGP) Award Recommendation: Adopt the Grant Acceptance Resolution.	30



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REGULAR BOARD MEETING

THURSDAY, MAY 26, 2022

PRESENTATION ITEMS

1. **Recruitment and Outreach Update** (*Firefighter Tim White*) *
Recommendation: Receive presentation, no action required.

2. **Other Post-Employment Benefits (OPEB) Actuarial Valuation for FY Ending June 30, 2022** (*CFO Dave O'Toole and Catherine MacLeod*) 32
Recommendation: Receive presentation, no action required.

ACTION ITEMS

1. **Disclosure of Material Expenditure – General/Property/Liability Insurance – Special District Risk Management Authority** 90
(*Deputy Chief Bailey and USI Insurance Broker, Brad Svennungsen*)
Recommendation: Authorize payment in the amount not to exceed \$3,648,867 to Special District Risk Management Authority.

2. **Equipment Lease Financing** (*CFO Dave O'Toole*) 92
Recommendation: Adopt the resolution authorizing the Fire Chief to enter into an Equipment Lease with JPMorgan Chase Bank, N.A.

REPORTS

1. **PRESIDENT'S REPORT**—(*President Saylor*)

2. **FIRE CHIEF'S REPORT**—(*Chief Harms*)
OPERATIONS' REPORT – (*Deputy Chief Mitchell*)

3. **SMFD – FIREFIGHTERS LOCAL 522 REPORT** – (*BC Matt Cole, Local 522 Vice President*)

4. **COMMITTEE AND DELEGATE REPORTS**
All Committee Meetings will be held at the Sacramento Metropolitan Fire District Board Room, 10545 Armstrong Avenue, Mather, California unless otherwise specified.
 - A. **Executive Committee** – (*President Saylor*)
Next Meeting: TBD

 - B. **Communications Center JPA** – (*DC Wagaman*)
Next Meeting: June 14, 2022 at 9:00 AM

 - C. **California Fire & Rescue Training JPA** – (*Chief Harms*)
Report Out: May 25, 2022 at 1:00pm
Next Meeting: June 15, 2022 at 8:00am
Location: 3121 Gold Canal Drive
Mather, CA 95670

 - D. **Finance and Audit Committee** – (*Director Orzalli*)
Report Out: May 26, 2022 at 5:00 PM
Next Meeting: June 23, 2022 at 5:30 PM

 - E. **Policy Committee** – (*Director Gould*)
Next Meeting: TBD



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REGULAR BOARD MEETING

THURSDAY, MAY 26, 2022

BOARD MEMBER QUESTIONS AND COMMENTS

CLOSED SESSION

1. **Conference with Labor Negotiator**
Pursuant to California Government Code Section 54957.6
 - A. District Negotiator: Jack Hughes, Liebert Cassidy Whitmore
Employee Organization: Sacramento Area Fire Fighters Local 522
 - B. District Negotiator: Jack Hughes, Liebert Cassidy Whitmore
Employee Organization: Battalion Chiefs Bargaining Group,
Sacramento Area Fire Fighters Local 522
 - C. District Negotiator: Jack Hughes, Liebert Cassidy Whitmore
Employee Organization: Administrative Support Personnel (ASP)
Affiliate of Sacramento Area Fire Fighters Local 522
 - D. District Negotiator: Jack Hughes, Liebert Cassidy Whitmore
Employee Organization: Safety Senior Management, Management
and Unrepresented Confidential Employees
 - E. District Negotiator: Jack Hughes, Liebert Cassidy Whitmore
Employee Organization: Non-Safety Senior Management, Management
and Unrepresented Confidential Employees
2. **Public Employee Performance Evaluation: Fire Chief**
Pursuant to Government Code Sections 54957 and 54957.6

CLOSED SESSION REPORT OUT

ADJOURNMENT

NEXT BOARD MEETING(S):

Unless specified differently, all meetings of the Board are held at Sacramento Metropolitan Fire District, 10545 Armstrong Avenue, Mather, CA

- Next Board Meeting – June 9, 2022 at 6:00 PM

The following action and presentation items are scheduled for the next board meeting agenda. Board members are requested to identify additional action or presentation items they desire to be scheduled on the agenda.



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REGULAR BOARD MEETING


THURSDAY, MAY 26, 2022

ANTICIPATED AGENDA ITEMS: FY 2022/23 Preliminary Budget

Posted on May 23, 2022

Melissa Penilla
Melissa Penilla, Clerk of the Board

* No written report

**  Separate Attachment

DISABILITY INFORMATION:

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk of the Board at (916) 859-4305. Notification at least 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.



TODD HARMS
Fire Chief

Sacramento Metropolitan Fire District

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ACTION SUMMARY MINUTES – REGULAR MEETING

BOARD OF DIRECTORS SACRAMENTO METROPOLITAN FIRE DISTRICT

Thursday, May 12, 2022

Held at the following locations:

10545 Armstrong Avenue – Board Room

Mather, California

&

Remotely Via Zoom

CALL TO ORDER

The meeting was called to order at 6:00 pm by President Saylor. Board members present in person: Clark, Jones, Saylor, and Sheetz. Board members present virtually via Zoom: Goold, Orzalli, and Wood. Board members absent: Kelly and White. Staff present: Chief Harms, General Counsel Lavra, and Board Clerk Penilla.

PUBLIC COMMENT: None

CONSENT ITEMS

Action: Moved by Goold, seconded by Sheetz, and carried unanimously by members present to adopt the consent calendar as follows:

1. **Action Summary Minutes**

Recommendation: Approve the Action Summary Minutes for the Regular Board meeting of April 28, 2022.

Action: Approved the Action Summary Minutes.

ACTION ITEMS

1. **UAV Purchase - FY2021/22 Budget Amendments – General Operating Fund 212A and Capital Facilities Fund 212D** (*Deputy Chief Mitchell and CFO O'Toole*)
Recommendation: Adopt two Resolutions amending the FY021/22 General Operating Fund 212A and Capital Facilities Fund 212D for the purchase of two Unmanned Aerial Vehicles (UAV).

President Saylor requests a presentation on the UAV Program in the coming months.

Action: On a motion by Jones, seconded by Wood, and carried unanimously by the members present adopt Resolution Nos. 2022-038 and 2022-039.

2. **Ratification of Resolution to Extend Teleconference of Board Meetings (Government Code 54953(e) (3))** (*President Saylor*)

Recommendation: Consider adopting a Resolution which would extend the ability to teleconference without compliance of Government Code paragraph (3) of subdivision (b) of section 54953 from May 12, 2022 – June 10, 2022 or until further re-ratified.

Action: On a motion by Sheetz, seconded by Clark, and carried unanimously by the members present adopt Resolution No. 2022-040.

REPORTS

1. **PRESIDENT'S REPORT**—(*President Saylor*)

President Saylor shared that she attended the Membership Meeting on Monday, May 9th. One of the topics discussed was diversity and inclusion. Education is always at the forefront of these topics, and President Saylor urged all Board Members to consider taking a CSDA webinar related to the topic. This would allow the Board, and anyone else who is interested in taking the class, to keep up with the ever-changing world during these unprecedented times.

2. **FIRE CHIEF'S REPORT**—(*Chief Harms*)

Retirement

Congratulations to Captain Mike McGoldrick on his retirement on May 6th after 27 years of service.

Congratulations to Engineer Tim Barnes on his retirement on May 1st after 17 years of service.

Promotion

Congratulations to Giovanna Read for being promoted to Business Applications Analyst in IT effective June 1st.

Reclassification

Congratulations to Michelle Dehoney for being reclassified from Administrative Specialist to Human Resources Specialist effective June 1st.

New Hire

Welcome to Alex Morton who was hired as a Fire Investigator II in the Fire Investigation Division effective May 2nd.

Reassignment

Captain Brendan Hogan has been administratively assigned to the EMS Day Captain position effective July 11th.

Firefighter/Paramedic Christie Ravera has been selected to fill the Mobile Integrated Health Firefighter/Paramedic position effective May 23rd.

Assistant Chief Jon Rudnicki is assigned to the EMS Division effective May 31st.

Assistant Chief Michael Lozano is assigned to the Training, Safety, and Health & Fitness Division effective May 31st.

Assistant Chief Barbara Law is assigned to the Community Risk Reduction Division as the Fire Marshal effective June 13th.

Meetings

4/28-4/29 Fire Department Instructor Conference, well-attended

4/30-5/6 Cap-to-Cap, travelled to Washington D.C with Directors Clark, Jones, and White, and Deputy Fire Marshal Fields, and Chief Economic Development Officer Frye. They met with a number of elected officials through the public safety team, and also met with several fire officials through the fire track, including the Washington D.C. Fire Chief where they spoke at length about the challenges of wall-time.

Week of 5/9 Medical Director Interviews, participated in five interviews along with Assistant Chief Law and Deputy Chief Mitchell.

5/9, Member Meeting, met on a number of topics including:

- District Facility Improvements – including dorm improvements.
- Recruitment
- District Policies
- Conference Attendance
 - Women in Fire Conference & Unified Fire Authority Women's Leadership Symposium
- Day Staff Compensation & Classification Study

Deputy Chief Bailey and Chief Economic Development Officer Frye are meeting with Citrus Heights Council Members and Sacramento County Board of Supervisors to begin discussions related to Capital Facilities (Impact) Fee Study.

Day Staff Compensation & Classification Study

Still working through Phase 1, the salary survey portion, with consulting company; used Metro 14 and a few other local agencies as comparison agencies.

Phase 2 will be a more in-depth evaluation of selected positions, to include work analysis, supervisor roles, and determine correct job title.

Will be obtaining information from out-of-state agencies as part of the evaluation process, these are organizations similar in size and we will be looking at their organization charts.

- Unified Fire Authority, Utah
- West Metro Fire District, Colorado
- South Metro Fire District, Colorado
- Tualatin Valley Fire District, Oregon

The goal is to have an actionable five-year plan. We will evaluate the number of positions now versus previous years, and plan for a 10-20% growth rate, and develop a needs assessment and staffing plan.

OPERATIONS' REPORT

Deputy Chief Mitchell begins with statistics. There have been 4,028 total incidents since our last report on April 28, 2022; up since the last report to an average of 287 calls per day. This included 178 fire incidents, an average of 12 calls per day.

There were a few incidents worth mentioning, the first was on April 28th, a vegetation fire in Battalion 9 which burned six acres. There was also a small aircraft with a hard landing at McClellan on April 30th, and many 2-alarm incidents throughout the District. Lastly, on May 9th

Battalion 7 responded to a house fire with where a victim was rescued, and they are hoping for a full recovery.

At 0800 on Monday, May 16th we will transition into wildland season. This means dispatch will make necessary changes, and the copter and dozer will begin staffing for the season on May 26th.

Lastly, Academy 22-1 is in week 11 of 18 with 38 recruits, including 21 SAFER Firefighters. Over the last two weeks, the academy has completed their live fire training at Station 52, which is always a very memorable and a defining moment in the recruits' progression.

3. SMFD – FIREFIGHTERS LOCAL 522 REPORT

Vice President Cole thanked the Board for the opportunity tonight, and shared a few updates since the last Board Meeting. He is looking forward to the meet and discuss for the SRP LOU. VP Cole participated in the Service Delivery Team Meeting, they have plans to complete proposals on the SAFER Grant positions by June 9th. He has gone to several meetings at the Capital, including meetings with local legislators regarding the Zinfandel Training Site, and will continue to participate in meetings through the budget cycle. Lastly, he will be at the CPF Conference in Oakland next week.

4. COMMITTEE AND DELEGATE REPORTS

All Committee Meetings will be held at the Sacramento Metropolitan Fire District Board Room, 10545 Armstrong Avenue, Mather, California unless otherwise specified.

A. Executive Committee – (President Saylor)

Report Out: May 12, 2022 at 5:00 PM

The committee met earlier and took no reportable action.

Next Meeting: TBD

B. Communications Center JPA – (DC Wagaman)

Report Out: May 10, 2022 at 9:00 AM

The JPA met and discussed two items, the first was to finalize the promotional process for Administrative Manager. Internal candidate Marissa Shmatovich was successful, and the Board approved her contract. They also approved the employee handbook, a document that touches many policies. DC Wagaman is also happy to report 34 of the 35 dispatcher positions are currently filled.

Next Meeting: June 14, 2022 at 9:00 AM

C. California Fire & Rescue Training JPA – (Chief Harms)

Next Meeting: May 25, 2022 at 1:00pm

Location: 3121 Gold Canal Drive
Mather, CA 95670

D. Finance and Audit Committee – (Director Orzalli)

Next Meeting: May 26, 2022 at 5:30 PM

E. Policy Committee – (Director Goad)

Report Out: May 12, 2022 at 5:30 PM

The committee met earlier and reviewed two policies. The Use of Force – Peace Officer Policy was approved and will be brought to the full Board at the next meeting, and the Complaints Standards and Procedures Policy also related to

Peace Officers was reviewed as a presentation item only. Both policies were edited to be compliant with legislative changes.

Next Meeting: TBD

BOARD MEMBER QUESTIONS AND COMMENTS

Director Jones commended the Cap-to-Cap team on a job well done navigating the group through many meetings. She appreciated the Metro Fire track which offered intangible time with elected officials. She also thanked DFM Fields and Jeff Frye for a job well-done in coordinating the groups. Director Jones is happy to hear about the growth of divisions, especially having a Metro Fire specific Medical Director, and looks forward to the growth of Training and Human Resources to meet the continued training and hiring needs of the District. She encouraged her fellow Board Members to participate in meetings, including the Membership and Budget Meetings. She would like some additional information on the Women in Fire Service Conferences recently attended, and looks forward to hearing about the issues faced with today. Lastly, she thanked the Chaplain Team for all their emotional support on calls, and looks forward to participating in CSDA's Legislative Days next week.

Director Sheetz congratulated Captain McGoldrick and Barnes on their retirements.

Director Orzalli congratulated the retirees and thanks Local 522 for the invitation to dinner at a fire station.

Director Clark attended Cap-to-Cap as well, and is very pleased with the trip and information received. He also congratulated the retirees.

The board recessed to closed session at 6:43 PM.

CLOSED SESSION

1. **Pursuant to California Government Code Section 54956.9 (a) – Two (2) matters of Workers Compensation Settlement Authority**
 - A. Brian Evers and the Sacramento Metropolitan Fire District
Claim #s SMDQ – 550042 and SMDG – 547236
Workers Compensation Settlement Authority
Colin Connor of Lenahan, Slater, Pearse & Majernik, LLP
Action: Moved by Jones, seconded by Clark, and carried unanimously by members present to give settlement authority to the District's third party administrator.
 - B. Jeffrey Metzinger and the Sacramento Metropolitan Fire District
Claim # SMDH – 549775
Workers Compensation Settlement Authority
Colin Connor of Lenahan, Slater, Pearse & Majernik, LLP
Action: Moved by Sheetz, seconded by Jones, and carried unanimously by members present to give settlement authority to the District's third party administrator.

The board reconvened to open session at 7:09 PM.

ADJOURNMENT

The meeting was adjourned at 7:12 pm.

Cinthia Saylor, President

Walt White, Secretary

Melissa Penilla, Board Clerk



TODD HARMS
Fire Chief

Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 · Mather, CA 95655 · Phone (916) 859-4300 · Fax (916) 859-3702

DATE: May 26, 2022

TO: Board of Directors

SUBJECT: Medical Aid and Ambulance Transport User Fee Annual Adjustment

TOPIC

Ordinance #2017-01 (the Ordinance), which was adopted by the Board of Directors on August 10, 2017, provides for an annual increase in the District's Medical Aid and Ambulance Transport User Fees. The effective date of the increase would be July 1, 2022.

BACKGROUND

In order to keep pace with annual cost inflation, the Ordinance specifies that the fees identified in Exhibit "A" of the Ordinance shall be adjusted annually, beginning July 1, 2018, and each July 1 thereafter, by the percentage change in the Consumer Price Index (CPI) Series Title Medical Care in the U.S. City Average, All Urban Consumers, Not Seasonally Adjusted, as published by the U.S. Department of Labor, Bureau of Labor Statistics (the Medical CPI) for the twelve (12) month period ending December 31 of the preceding calendar year. The Ordinance also states that approval by the Board of Directors shall be by resolution, adopted at a regularly scheduled meeting of the Board prior to the enactment of the increase.

DISCUSSION

Based on the percentage change in the annual Medical CPI for calendar year 2021 compared to calendar year 2020, the percentage fee adjustment effective July 1, 2022 would be 2.2%. The current and recommended fees are shown in the table on the next page.

	<u>Current</u>	<u>Recommended</u>
First Responder Fee	\$421	\$430
Treat/No Transport Fee	421	430
ALS Bundle Base Rate	\$2,275	\$2,325
BLS Bundle Base Rate	2,068	2,114
Mileage	41	41
Oxygen	168	171
Night Charge	149	152
Cardiac Monitor	130	133

FISCAL IMPACT

It is estimated that the recommended fee adjustments will result in additional District cost recovery of approximately \$1 million during FY 2022/23.

RECOMMENDATION

In accordance with the Ordinance, staff recommends adoption of the attached resolution amending the Ambulance Fee Schedule.

Submitted by:

Approved by:

Dave O'Toole
Chief Financial Officer



Todd Harms
Fire Chief

Barbara Law
Assistant Chief, EMS



Sacramento Metropolitan Fire District

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TODD HARMS
Fire Chief

RESOLUTION NO. 2022-___

A RESOLUTION OF THE SACRAMENTO METROPOLITAN FIRE DISTRICT APPROVING AN ADJUSTMENT TO ITS FEE SCHEDULE FOR MEDICAL AID AND AMBULANCE TRANSPORT SERVICES PROVIDED BY THE DISTRICT

WHEREAS, on August 10, 2017, the District adopted Ordinance 2017-01, an ordinance revising the fee schedule for medical aid and ambulance transport user fees; and

WHEREAS, Ordinance 2017-01 provides for annual adjustment of fees, beginning July 1, 2018 and each July 1st thereafter, based on the change in the Consumer Price Index Series Title Medical Care in the U.S. City Average, All Urban Consumers, Not Seasonally Adjusted (the Medical CPI), subject to Board of Directors approval by resolution; and

WHEREAS, the change in the Medical CPI, as published by the U.S. Department of Labor, Bureau of Labor Statistics, for the 12-month period ending December 31, 2021 was 2.2%; and

WHEREAS, it remains the intent of the District to provide medical aid and ambulance transport services within the District.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors hereby approves the 2.2% increase effective July 1, 2022 in all medical aid and ambulance transport services, as set forth in the attached Exhibit "A" and directs that the fees shall be uniformly applied and collected.

PASSED AND APPROVED this 26th day of May, 2022, by the following vote to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

SACRAMENTO METROPOLITAN FIRE DISTRICT

By: _____
President, Board of Directors

Attested By:

Clerk of the Board

Attachment: Exhibit A, Fee Schedule

Sacramento Metropolitan Fire District**Ambulance, Medical Aid, and Rescue Response and Related Fees****EXHIBIT "A"**

	<u>Current</u>	<u>Effective July 1, 2022</u>
First Responder Fee	\$421	\$430
Treat/No Transport Fee	421	430
ALS Bundle Base Rate	\$2,275	\$2,325
BLS Bundle Base Rate	2,068	2,114
Mileage	41	41
Oxygen	168	171
Night Charge	149	152
Cardiac Monitor	130	133



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10545 Armstrong Ave., Suite 200 · Mather, CA 95655 · Phone (916) 859-4300 · Fax (916) 859-

DATE: May 26, 2022
TO: Board of Directors
SUBJECT: New Board Policy
Policy 01.020.01 Use of Force – Peace Officers

TOPIC

Approve the new Board Policy 01.020.01 regarding Peace Officer Use of Force.

DISCUSSION

Attached is the new Peace Officer Use of Force Policy 01.020.01 that replaces Board Policy 652.11, which was approved by the Board on February 1, 2003. This policy was reviewed by the Community Risk Reduction Division, specifically the Fire Investigations Unit. Language has been added to bring the policy into compliance with Assembly Bill 392, along with updated formatting and new policy numbering. The new policy was reviewed and approved by the Policy Committee at the May 12, 2022 Policy Committee Meeting.

RECOMMENDATION

Recommend the Board of Directors approve the new Peace Officer Use of Force Policy.

Submitted By:

Approved By:

Paul Tualla
Fire Investigator II

Lisa Barsdale
Fire Marshal

Sacramento Metropolitan Fire District

BOARD POLICY

POLICY TITLE: Use of Force – Peace Officers

OVERSIGHT: Peace Officer

POLICY NUMBER: 01.020.01

EFFECTIVE DATE: 02/01/2003

REVIEW DATE: 5/12/2022

Background

The Sacramento Metropolitan Fire District (District) recognizes and respects the value of all human life. Fire Investigator-Peace Officers are involved in numerous encounters daily with a variety of people and may be called upon to use reasonable force in carrying out their duties in a manner that is fair and unbiased. Investigators must understand the limitations of their authority with respect to overcoming resistance from those with whom they come in official contact. Vesting Investigators with the authority to use reasonable force and protect the public welfare requires a careful balancing of all human interests.

Purpose

The purpose of this policy is to provide District Peace Officers with guidelines for the reasonable use of force, as well as procedures for after-force medical care, and reporting of the incidents after an application of force. This policy recognizes the use of force is a serious responsibility and requires constant evaluation.

While there is no way to specify the exact amount or type of reasonable force to be applied in any situation, every Peace Officer of this district is expected to use these guidelines to make such decisions in a professional, impartial, and reasonable manner (Government Code § 7286).

In addition to those methods, techniques, and tools set forth below, the guidelines for the reasonable application of force contained in this policy shall apply to all policies addressing the potential use of force, including but not limited to the Control Devices and Techniques and Conducted Energy Device policies.

Scope

This policy applies to all District Peace Officers.

Policy

1. It is the policy of this District that District Peace Officers shall use only that force which is reasonable, given the facts and circumstances perceived by the officer at the time of the event, to effectively bring an incident under control. The reasonableness of the force shall be evaluated from the perspective of a reasonable officer in the same situation, based on the totality of the circumstances known to or perceived by the officer at the time, rather than with the benefit of hindsight, and that the totality of the circumstances shall account for occasions when officer may be forced to make quick judgments about using force.
2. Given that no policy can realistically predict every possible situation an Investigator might encounter, Investigators are entrusted to use well-reasoned discretion in

determining the appropriate use of force in each incident. Investigators may only use a level of force that they reasonably believe is proportional to the seriousness of the suspected offense or the reasonably perceived level of actual or threatened resistance.

(Lettering and numbering throughout the remainder of this policy mirror the Sacramento County Sheriff's Department Use of Force Policy Reporting Requirements as to reference each section accurately).

- a. District Peace Officers may use force in the performance of their duties when they reasonably believe any of the following conditions exist
 - I. In Self-defense;
 - II. In defense of another person;
 - III. To prevent the commission of a public offense;
 - IV. To effect a lawful arrest, prevent escape, or overcome resistance;
 - V. To protect a person from injuring themselves.
 - VI. To prevent the destruction of evidence.
3. District Peace Officers may use force in the performance of their duties pursuant to PC 835a. 835a. (a) The Legislature finds and declares all of the following:
 - (1) That the authority to use physical force, conferred on peace officers by this section, is a serious responsibility that shall be exercised judiciously and with respect for human rights and dignity and for the sanctity of every human life. The Legislature further finds and declares that every person has a right to be free from excessive use of force by officers acting under color of law.
 - (2) As set forth below, it is the intent of the Legislature that peace officers use deadly force only when necessary in defense of human life. In determining whether deadly force is necessary, officers shall evaluate each situation in light of the particular circumstances of each case, and shall use other available resources and techniques if reasonably safe and feasible to an objectively reasonable officer.
 - (3) That the decision by a peace officer to use force shall be evaluated carefully and thoroughly, in a manner that reflects the gravity of that authority and the serious consequences of the use of force by peace officers, in order to ensure that officers use force consistent with law and agency policies.
 - (4) That the decision by a peace officer to use force shall be evaluated from the perspective of a reasonable officer in the same situation, based on the totality of the circumstances known to or perceived by the officer at the time, rather than with the benefit of hindsight, and that the totality of the circumstances shall account for occasions when officers may be forced to make quick judgments about using force.
 - (5) That individuals with physical, mental health, developmental, or intellectual disabilities are significantly more likely to experience greater levels of physical

force during police interactions, as their disability may affect their ability to understand or comply with commands from peace officers. It is estimated that individuals with disabilities are involved in between one-third and one-half of all fatal encounters with law enforcement.

- (b) Any peace officer who has reasonable cause to believe that the person to be arrested has committed a public offense may use objectively reasonable force to effect the arrest, to prevent escape, or to overcome resistance.
- (c) (1) Notwithstanding subdivision (b), a peace officer is justified in using deadly force upon another person only when the officer reasonably believes, based on the totality of the circumstances, that such force is necessary for either of the following reasons:
 - (A) To defend against an imminent threat of death or serious bodily injury to the officer or to another person.
 - (B) To apprehend a fleeing person for any felony that threatened or resulted in death or serious bodily injury, if the officer reasonably believes that the person will cause death or serious bodily injury to another unless immediately apprehended. Where feasible, a peace officer shall, prior to the use of force, make reasonable efforts to identify themselves as a peace officer and to warn that deadly force may be used, unless the officer has objectively reasonable grounds to believe the person is aware of those facts.
- (2) A peace officer shall not use deadly force against a person based on the danger that person poses to themselves, if an objectively reasonable officer would believe the person does not pose an imminent threat of death or serious bodily injury to the peace officer or to another person.
- (d) A peace officer who makes or attempts to make an arrest need not retreat or desist from their efforts by reason of the resistance or threatened resistance of the person being arrested. A peace officer shall not be deemed an aggressor or lose the right to self-defense by the use of objectively reasonable force in compliance with subdivisions (b) and (c) to effect the arrest or to prevent escape or to overcome resistance. For the purposes of this subdivision, "retreat" does not mean tactical repositioning or other de-escalation tactics.
- (e) For purposes of this section, the following definitions shall apply:
 - (1) "Deadly force" means any use of force that creates a substantial risk of causing death or serious bodily injury, including, but not limited to, the discharge of a firearm.
 - (2) A threat of death or serious bodily injury is "imminent" when, based on the totality of the circumstances, a reasonable officer in the same situation would believe that a person has the present ability, opportunity, and apparent intent to immediately cause death or serious bodily injury to the peace officer or another person. An imminent harm is not merely a fear of future harm, no matter how

great the fear and no matter how great the likelihood of the harm, but is one that, from appearances, must be instantly confronted and addressed.

- (3) "Totality of the circumstances" means all facts known to the peace officer at the time, including the conduct of the officer and the subject leading up to the use of deadly force.

4. Use of Force Options

- a. Examples of force options are provided to officers in Appendix A and do not imply any continuum for force. These examples are not exhaustive nor are they intended to limit an officer's reasonable response to a perceived threat (see Appendix A).
- b. Despite the options provided in Appendix A, the following should be noted:
 - Per California Assembly Bill 1196 (Government Code 7286.5), the carotid restraint and chokehold are not authorized; however, it is not the intent of Assembly Bill 1196 to take away the general right to self-defense or defense of others against great bodily injury or death.
 - Intentionally restricting oxygen or blood flow to the brain is prohibited unless deadly force is authorized. If an officer does restrict oxygen or blood flow to a subject's brain, and once the subject is detained, the officer shall:
 - a. Provide medical assistance if necessary (CPR, first aid, etc.).
 - b. Transport to a hospital and obtain clearance by a medical doctor prior to booking.
 - c. Advise jail medical and booking staff for monitoring.
 - Kneeling, placing bodyweight, or utilizing an object directly upon a subject's neck is prohibited unless overcoming active resistance, or other means of defense or standard weapons are not available or practical.
 - Kneeling or placing bodyweight upon a subject's torso is prohibited unless overcoming resistance. If officers place their weight on a subject's upper back or torso in order to apply handcuffs, once the subject is handcuffed and compliant, officers shall place the subject in a recovery position. Officers need to be aware of positional asphyxia. Officers should monitor the subject and address any medical emergencies should they occur.
 - Kneeling or placing bodyweight upon a non-resistive prone or supine subject's torso is prohibited.
 - Distraction blows, strikes, or punches done for the sole purpose of distracting someone in an attempt to gain control, detain, or arrest are prohibited.

- Ignoring a subject's plea regarding a medical emergency (chest pains, difficulty breathing, etc.) is prohibited.

IV. De-escalation and Intervention

- A. Officers must also recognize situations, which require de-escalation and/or crisis intervention. When such situations arise, officers shall consider and use alternative tactics to try to persuade the individual to voluntarily comply to mitigate the need for a higher level of force to resolve the situation. In these situations, officers shall attempt to de-escalate the situation, use crisis intervention tactics by properly trained personnel, and other alternatives to force when reasonable (Government Code § 7286(b)(1)).
- B. As time and circumstances reasonably permit, and when community and officer safety would not be compromised, officers should consider actions that may increase officer safety and may decrease the need for using force:
1. Summoning additional resources that are able to respond in a reasonably timely manner.
 2. Formulating a plan with responding officers before entering an unstable situation that does not reasonably appear to require immediate intervention.
 3. Employing other tactics that do not unreasonably increase officer jeopardy.
- C. Additionally, any employee present and observing another employee using force that is clearly beyond that which is objectively reasonable under the circumstances shall, when in a position to do so, intervene to stop the use of unreasonable force. Additionally, any employee who observes another employee using force that exceeds the degree of force permitted by law shall immediately report those observations to a supervisor.

V. Displaying of Firearms

- A. Given that individuals might perceive the display of a firearm as a potential application of force, officers should carefully evaluate each tactical situation and use sound discretion when drawing a firearm in public by considering the following guidelines (Government Code § 7286(b)):
1. If the officer does not initially perceive a threat but reasonably believes that the potential for such threat exists, firearms should generally be kept in a position not directed toward an individual.
 2. If the officer reasonably believes that a threat exists based on the totality of circumstances presented at the time (e.g., high-risk stop, tactical entry, armed encounter), firearms may be directed toward such imminent threat until the officer no longer perceives such threat. Once it is reasonably safe to do so, officers should carefully secure all firearms.

VI. Deadly Force Applications

- A. Where feasible, the officer shall, prior to the use of deadly force, make reasonable efforts to identify him/herself as a peace officer and to warn that deadly force may be used, unless the officer has objectively reasonable grounds to believe the person is aware of those facts (Penal Code 835a(5) (c)(1)(B)).
- B. If an objectively reasonable officer would consider it safe and feasible to do so under the totality of the circumstances, officers shall evaluate and use other reasonably available resources and techniques when determining whether to use deadly force. To the extent that it is reasonably practical, officers should consider their surroundings and any potential risks to bystanders prior to discharging a firearm (Government Code § 7286(b)).
- C. The use of deadly force is only justified when the officer reasonably believes it is necessary in the following circumstances (Penal Code § 835a):
 - 1. An officer may use deadly force to protect him/herself or others from what he/she reasonably believes is an imminent threat of death or serious bodily injury to the officer or another person.
 - 2. An officer may use deadly force to apprehend a fleeing person for any felony that threatened or resulted in death or serious bodily injury, if the officer reasonably believes that the person will cause death or serious bodily injury to another unless immediately apprehended.
- D. Officers shall not use deadly force against a person based on the danger that person poses to him/ herself, if an objectively reasonable officer would believe the person does not pose an imminent threat of death or serious bodily injury to the officer or to another person (Penal Code § 835a).
- E. An "imminent" threat of death or serious bodily injury exists when, based on the totality of the circumstances, a reasonable officer in the same situation would believe that a person has the present ability, opportunity, and apparent intent to immediately cause death or serious bodily injury to the officer or another person. An officer's subjective fear of future harm alone is insufficient as an imminent threat. An imminent threat is one that from appearances is reasonably believed to require instant attention (Penal Code § 835a).

VII. Shooting at or from a Moving Vehicle

- A. An Officer shall not fire at or from a moving vehicle unless there is reasonable assurance that such firing will not endanger innocent persons.
- B. The use of firearms from, or against, moving motor vehicles is inherently dangerous and often times ineffective.
- C. Officers should, whenever possible, avoid assuming a position in the path of a moving vehicle. A department member threatened by an oncoming motor

vehicle shall, where reasonable, consider moving out of the vehicle's path to mitigate the threat.

VIII. Medical

- A. Immediately following any application of force officers must promptly provide and/or obtain medical care for persons injured or claiming to be injured in a use of force incident, when reasonable and safe to do so.

IX. Reporting

- A. Any use of force which results in an apparent or reported injury shall be documented utilizing an Automated Field Reporting (AFR) or Versadex Mobile Report Entry (MRE) incident report, which may include, but is not limited to, a crime/arrest report, a casualty report, a 5150 report, or an information report.
- B. Any Application of Force or Use of Deadly Force, as described in sections II.B and II.C of Appendix A of this order, against any person by an employee of this Department (sworn or non-sworn) shall be documented utilizing an AFR/MRE incident report which may include, but is not limited to, a crime/arrest report, a casualty report, a 5150 report, or an information report.
 1. Exception- AFR/MRE documentation is not required for the use of control/compliance holds handcuffs, shackles, or other restraint devices when used to restrain persons for security or transportation purposes unless the application resulted in an apparent or reported injury.
 2. In instances where officers used firearms, Electronic Control Devices, and/or 40mm type launchers, a Weapons Discharge Form shall be completed no later than the end of watch.
 3. In no circumstance will a standalone supplemental report be sufficient to document a Use of Force, an Application of Force, or Use of Deadly Force.
- C. The complete use of force report, whether an incident, pursuit, casualty, or crime report, should include, but is not limited to, the following:
 1. Reason for response or enforcement activity;
 2. Witness/suspect behavior reported prior to and upon arrival of officers;
 3. Suspect actions and statements prior to arrest/use of force;
 4. Descriptions of physical stature and behavior; i.e., height/weight, appearance of being under the influence of alcohol or drugs, demonstrated fighting skill;
 5. Type and amount of resistance offered;
 6. Type and amount of force used to overcome resistance;

7. Medical treatment requested and by whom provided;
 8. Time of supervisory notification and to whom;
 9. Third party witness statements;
 10. Evidence collected, to include description of injuries if applicable.
 11. If applicable, include any attempts at de-escalation. Documentation should include a description of what efforts were attempted, the suspect's response to the attempts, and why the de-escalation procedures were not successful.
- D. Supervisory notification shall be made as soon as practical following the application of force which, at the time, appears likely to have caused physical injury. Medical assistance for any injured persons shall be obtained as soon as possible.
- E. It is the responsibility of the Sheriff's "on-duty" supervisor shall enter any reportable use of force into the agency's Blue Team software. The purpose of Blue Team entries is to track reportable use of force incidents. Data collected by Blue Team entries will be used as an evaluation tool to identify trends which may call for modified tactics, training or changes in policy.

Additionally, certain use of force incidents, officer involved shootings and incidents involving use of force resulting in serious bodily injury will be reported to the California Department of Justice as required pursuant to Government Code § 12525.2, by the Sheriff's Professional Standards Division.

1. Blue Team entries are required on specific use of force incidents. Refer to the Blue Team Quick Reference Guide located on SSDWeb under Supervisor Resources.
2. If multiple officers applied force, the supervisor will enter that information into a single Blue Team entry for the incident.
3. Blue Team entries shall be thorough and complete. All applicable information should be entered into the appropriate entry field within the software.
 - a. Supervisors should not summarize the event in the "summary of occurrence" entry field but refer the reader to the attached documentation for details.
 - b. Any additional information such as availability of video, notifications, or the supervisor's presence at the incident shall be documented in the "summary of occurrence" entry field of Blue Team.
 - c. Supervisors shall attach relevant reports preferably in PDF format. Digital media (photos/audio/video) can be attached if not retained via other means. Digital media which is available in other department

systems should not be attached, but referenced in the "summary of occurrence" entry field.

- d. The supervisor shall forward the Blue Team entry, through the chain of command, to their Division/Bureau Commander or designee. After review and approval, the Division Commander or designee shall forward the Blue Team entry to the Professional Standards Division.

X. Debriefing

- A. Management and/or supervisory personnel shall plan and facilitate debriefings of any use of force incident, which results in serious bodily injury or death to a citizen, officer, or suspect. The debriefing shall include personnel involved in the incident and any other concerned personnel at the discretion of the coordinating manager/supervisor. Debriefings shall occur as soon as possible after the incident, but no later than 30 days afterward.

XI. Training

- A. Officers, investigators, and supervisors will receive periodic training on this policy and demonstrate their knowledge and understanding (Government Code § 7286(b)).
- B. Subject to available resources, the Professional Standards Division shall ensure that officers receive periodic training on de-escalation tactics, including alternatives to force.
- C. Training should also include (Government Code § 7286(b)):
 1. Guidelines regarding vulnerable populations, including but not limited to children, elderly persons, pregnant individuals, and individuals with physical, mental, and developmental disabilities.
 2. Training courses required by and consistent with POST guidelines set forth in Penal Code § 13519.10.

XII. Use of Force Analysis

- A. At least annually, the Professional Standards Division should prepare an analysis report of all Use of Force incidents. The report shall be submitted to the Sheriff and Fire Chief for review. The report will not contain the names of peace officers, subjects, or case number. The report should include:
 1. Any identified use of force trends identified
 2. Training needs/recommendations
 3. Equipment needs/recommendations

4. Policy review and revision recommendations

XIII. Public Records Requests

- A. Requests for public records involving an officer's personnel records shall be processed in accordance with Penal Code § 832.7 and the Personnel Records and Records Maintenance and Release policies (Government Code § 7286(b)).

XIV. Use of Force Complaints

- A. The receipt, processing and investigation of civilian complaints involving use of force incidents will be handled by the Sheriff's Office Professional Standards Division in compliance with the Personnel Complaints Policy (Government Code § 7286(b)).

XV. Policy Review

- A. The Sheriff, Fire Chief or their designee will regularly review and update this policy to reflect developing practices and procedures (Government Code § 7286(b)).

References

1. Use of Force Policy Appendix A attached.
2. County of Sacramento General Order Use of Force Policy.

Appendix A

I. Examples of Factors Which May Affect an Officer's Use of Reasonable Force:

- A. Number of suspects/officers
- B. Suspect factors (age, size, gender, relative strength, skill level)
- C. Officer physical condition (injury, exhaustion level)
- D. Influence of drugs, alcohol, or mental capacity
- E. Proximity to weapons
- F. Availability of other options
- G. Seriousness of the suspected offense
- H. Potential for injury to citizens, officers, and suspects
- I. Actively resisting or attempting to evade arrest by flight
- J. Prior knowledge or contact
- K. Environmental factors (lighting, footing, traffic, terrain, bodies of water, hostile crowds)
- L. Other exigent circumstances

II. Types of Force Which May Be Applied Include, But Are Not Limited To:

- A. Displays of Force – Physical contact may occur, although physical injury is not likely.
 - 1. Display of impact weapons
 - 2. Display of an electronic control device, display of the electrical arc or display of the laser
 - 3. Display of chemical weapons
 - 4. Display of firearm
 - 5. Mere presence
 - 6. Canine or mounted presence
 - 7. Voice commands
 - 8. Physical contact: directional touching or physical separation of persons, absent the use of a compliance hold
- B. Application of Force – Force used may or may not cause injury, depending upon the actions or resistance level of the subject.
 - 1. Use of chemical weapons
 - 2. Use of an electronic control device in probe or drive stun mode

3. Use of restraint devices
 4. Use of kicks/punches/strikes/grabs/takedowns
 5. Use of carotid constriction – limited to situations of self-defense or defense of another only
 6. Use of control/compliance holds
 7. Canine or mounted application
 8. Use of vehicles
 9. Use of impact weapons, including weapons of necessity*
- C. Deadly Force – Any force that creates a substantial risk of death or serious bodily injury.
1. Empty hands
 2. Firearms
 3. Impact weapons, including weapons of necessity
 4. Vehicles/legal intervention

*In situations of self-defense or defense of another where standard weapons are not available or practical, officers may use any weapon at hand, if necessary.



Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite #200, Mather, CA 95655 · (916) 859-4300 · Fax (916) 859-3700

TODD HARMS
Fire Chief

DATE: May 26, 2022
TO: Board of Directors
SUBJECT: Bid Award – RFB 22-01 Waste and Recycling Collection and Disposal Services

BACKGROUND

District locations require the need for solid waste collection and recycling services. These services have been provided by our current vendor for a number of years. Pricing was going to be increased significantly so the District decided to seek competitive bids for a three year contract with two optional one year extensions. The services are to start July 1, 2022.

DISCUSSION

A Request for Formal Bid (RFB 22-01) for Waste and Recycling Collection and Disposal Services was released on April 26, 2022, with a bid submission closing date of May 10, 2022. The bid was advertised on the Districts website as well as our public eProcurement portal, ProcureNow. The Districts level of service consists of 46 sites needing dumpsters ranging from 2 yard to 6 yard for solid waste and recycling, and 35 gallon or 64 gallon residential style totes for organics recycling. In addition the District has 3 locations with a 40 yard roll off open top container.

The District received bids from the following three firms, and pricing was calculated at our current level of service.

USA Waste of California Inc. dba Waste Management:
3 Year Contract - \$229,436.52 5 Year Contract - \$398,101.32

Atlas Disposal Industries:
3 Year Contract - \$335,695.56 5 Year Contract - \$577,768.68

Allied Waste Services of North America, dba Republic Services of Sacramento:
3 Year Contract - \$363,040.11 5 Year Contract - \$654,594.99

Staff has identified USA Waste of California as the lowest responsive responsible bidder.

FISCAL IMPACT

Funds will be included in FY 22/23 preliminary budget in the amount of \$73,498.80 for the first year of service. Funds will be included in subsequent years for the remaining years of service.

RECOMMENDATION

Staff recommends the Board approve the bid award for RFB 22-01 Waste and Recycling Collection and Disposal Services to USA Waste of California dba Waste Management for an initial 3 year term in the amount of \$229, 436.52 with the option to renew for 2 additional terms.

Submitted by:

Mark Jones
Interim Purchasing Agent

Approved by:

Tyler Wagaman
Deputy Chief, Support Services



Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite #200, Mather, CA 95655 · (916) 859-4300 · Fax (916) 859-3700

TODD HARMS
Fire Chief

DATE: May 26, 2022
TO: Board of Directors
SUBJECT: FY2021 State Homeland Security Grant Program (SHSGP) Award

BACKGROUND

On November 16, 2021, Metro Fire submitted 5 applications for funding totaling \$573,144 to the Sacramento County Office of Emergency Services (SacOES) under the FY2021 State Homeland Security Grant Program (SHSGP).

\$320,000 was requested for Phase 2 of the Station Access Control project for the installation of controlled access systems at 32 fire stations in order to enhance fire station security. \$136,754 was requested for the purchase of hazardous materials chemical weapons response equipment to enhance hazardous materials response capabilities. \$44,620 was requested for the purchase of tactical EMS (TEMS) ballistic protective equipment including tactical in-ear communications, helmet-mounted lights, and ballistic plates and plate carriers. \$42,425 was requested for the replacement of five (5) unmanned aerial vehicles (UAV) that are beyond their serviceable life. Finally, \$29,345 was requested for the purchase of supplies and equipment to develop a deployable cache for the Sacramento Regional Incident Management Team (SRIMT) in order to support Metro Fire and its regional partners in all-hazards incident planning, response, and recovery efforts.

DISCUSSION

On April 27, 2022, Metro Fire received notification of award in the amount of \$287,638. The award is broken down as follows:

Phase 2 – Station Access Control	\$106,666 (partially funded)
HazMat Chemical Weapons Response Equipment	\$136,754 (fully funded)
TEMS Ballistic Protective Equipment	\$14,873 (partially funded)
SRIMT Equipment and Supply Cache	\$29,345 (fully funded)
UAV Replacement	Not funded

FISCAL IMPACT

Grant funding in the amount of \$287,638 will be included in the FY2022/23 Preliminary Budget for the projects described above. There is no match requirement.

RECOMMENDATION

Staff recommends adoption of the attached Grant Acceptance Resolution.

Submitted by:

Erin Castleberry
Administrative Specialist

RMarie Jones
Accounting Specialist



Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite #200, Mather, CA 95655 · (916) 859-4300 · Fax (916) 859-3700

TODD HARMS
Fire Chief

RESOLUTION NO. 2022-____

**BEFORE THE GOVERNING BOARD OF THE
SACRAMENTO METROPOLITAN FIRE DISTRICT
County of Sacramento, State of California**

A RESOLUTION ACCEPTING FY2021 STATE HOMELAND SECURITY GRANT

WHEREAS, the Sacramento Metropolitan Fire District (Metro Fire) provides fire protection, emergency medical services and hazardous material response to a population of over 720,000 throughout a 359 square mile area; and

WHEREAS, Metro Fire submitted a State Homeland Security Grant Program (SHSGP) application totaling \$573,144 for projects including the installation of fire station controlled access systems, the purchase of hazardous materials chemical weapons response equipment, the purchase of tactical EMS (TEMS) ballistic protective equipment, the replacement of obsolete unmanned aerial vehicles, and the development of a Sacramento Regional Incident Management Team (SRIMT) supply and equipment cache; and

WHEREAS, Metro Fire received an award notification on April 27, 2022 in the amount of \$287,638 to fully fund the HazMat chemical weapons response equipment and SRIMT equipment and supply cache projects, and to partially fund the fire station controlled access systems and TEMS ballistic protective equipment projects.

THEREFORE, BE IT RESOLVED, that the Sacramento Metropolitan Fire District, a public entity established under the laws of the State of California, does hereby:

1. Accept a grant award in the amount of \$287,638 from the FY2021 State Homeland Security Grant Program.
2. Authorize the Fire Chief or his designee as its Authorized Agent(s) to enter into and execute the agreement with the County of Sacramento and further, authorizes the Fire Chief or his designee to execute the required and necessary documents to administer the funds awarded.

PASSED AND APPROVED this 26th day of May, 2022, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Sacramento Metropolitan Fire District

President, Board of Directors

Attested by:

Clerk of the Board



Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite #200, Mather, CA 95655 · (916) 859-4300 · Fax (916) 859-3700

TODD HARMS
Fire Chief

DATE: May 26, 2022
TO: Board of Directors
SUBJECT: Presentation of Other Post-Employment Benefit (OPEB) Actuarial Valuation for Fiscal Year Ending June 30, 2022

BACKGROUND

The Sacramento Metropolitan Fire District (District) provides benefits to its retirees in the form of medical coverage and other benefits not covered by a pension plan. With that obligation the District must file certain accounting reports and determine if benefits will be sufficiently funded and available when needed. The Other Post-Employment Benefit (OPEB) Actuarial Valuation for Fiscal Year Ending June 30, 2022, provides that funding determination and is now ready for presentation to the Board for review and acceptance. This report is prepared biennially by the District's actuary, MacLeod Watts.

DISCUSSION

The OPEB actuarial valuation is prepared for the purposes of determining contribution levels for prefunding the plan, providing information needed for California Employees' Benefit Trust (CERBT) contributions, and disclosing certain information needed for accounting reports. The report considers the obligations of the district, including explicit subsidies (District contributions towards healthcare) and implicit subsidies (contributions from active employees to subsidize current retirees' OPEB coverage).

The OPEB Actuarial Valuation presented concludes that the District's net position, or share of assets over liabilities is expected to reach 26.1% as of June 30, 2022, up from 19.6% on June 30, 2021 and 17.5% on June 30, 2020. This improvement in funded level is largely due to market performance and the District's decision to contribute to the CERBT.

FISCAL IMPACT

There is no direct fiscal impact of accepting the report.

RECOMMENDATION

Staff recommends that the Board accept the report.

Submitted by:

Approved by:

Dave O' Toole
Chief Financial Officer

Ty Bailey
Deputy Chief, Administration

MacLeod Watts

May 20, 2022

Dave O'Toole
Chief Financial Officer
Sacramento Metropolitan Fire District
10545 Armstrong Avenue
Mather, CA 95655

Re: Sacramento Metropolitan Fire District Other Post-Employment Benefits Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2022

Dear Mr. O'Toole:

We are pleased to enclose our actuarial report providing financial information about the other post-employment benefit (OPEB) liabilities of the Sacramento Metropolitan Fire District. The report's text describes our analysis and assumptions in detail.

The primary purposes of this report are to:

- 1) Remeasure plan liabilities as of June 30, 2021, in accordance with GASB 75's biennial valuation requirement,
- 2) Develop Actuarially Determined Contributions levels for prefunding plan benefits,
- 3) Provide information to be submitted to the California Employers' Retiree Benefit Trust (CERBT) to satisfy filing requirements for the trust, and
- 4) Provide information required by GASB 75 ("Accounting and Financial Reporting for Postemployment Benefits Other Than Pension") to be reported in the District's financial statements for the fiscal year ending June 30, 2022.

We applied the methodology outlined in GASB 75 to develop the discount rate to calculate the liability shown in this report. We assumed that trust assets will remain invested in CERBT Asset Strategy 1 and reflected new (lower) expected future return on trust assets. We based the valuation on the employee data, details on plan benefits and retiree benefit payments reported to us by the District. Please review our summary of this information to be comfortable that it matches your records. **Note that contributions and payroll for fiscal year 21/22 shown in this report are estimates and should be updated once final amounts are known after the close of the year.**

We appreciate the opportunity to work on this analysis and acknowledge the efforts of District staff who provided valuable time and information to enable us to prepare this report. Please let us know if we can be of further assistance.

Sincerely,



Catherine L. MacLeod, FSA, FCA, EA, MAAA
Principal & Consulting Actuary



Sacramento Metropolitan Fire District

Actuarial Valuation of Other Post- Employment Benefit Programs

As of June 30, 2021

Development of OPEB Prefunding Levels
& GASB 75 Report for the FYE June 30, 2022

Submitted May 2022

MacLeod Watts

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A. Executive Summary

This report presents the results of the June 30, 2021, actuarial valuation and accounting information regarding the other post-employment benefit (OPEB) program of the Sacramento Metropolitan Fire District (the District). The purposes of this report are to: 1) summarize the results of the valuation; 2) develop Actuarially Determined Contribution (ADC) levels for prefunding plan benefits; 3) provide information required by the California Employers' Retiree Benefit Trust (CERBT); and 4) provide disclosure information as required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for the fiscal year ending June 30, 2022.

Important background information regarding the valuation process can be found in Addendum 1. We recommend users of the report read this information to familiarize themselves with the process and context of actuarial valuations, including the requirements of GASB 75. The pages following this executive summary present exhibits and other information relevant for disclosures under GASB 75.

Results of the June 30, 2021, valuation may be applied to prepare the District's GASB 75 report for the fiscal year ending June 30, 2023. If there are any significant changes in plan members, plan benefits or eligibility and/or OPEB funding policy, an earlier valuation might be required or appropriate.

OPEB Obligations of the District

The District offers continuation of medical coverage to retiring employees. This benefit creates one or more of the following types of OPEB liabilities:

- **Explicit subsidy liabilities:** An "explicit subsidy" exists when the employer contributes directly toward the cost of retiree healthcare. In this program, the District contributes a portion of medical premiums for qualifying retirees. These benefits are described in Section 2.
- **Implicit subsidy liabilities:** An "implicit subsidy" exists when premiums are developed using blended active and retiree claims experience. In this situation, premiums charged for retirees may not be sufficient to cover expected medical claims¹ and the premiums charged for active employees are said to "implicitly subsidize" retirees. The District's OPEB program includes implicit subsidy liabilities for retiree coverage prior to coverage under Medicare.
- **Other subsidy liabilities:** Pooled plans that do not blend active and retiree premiums likely generate subsidies between employers and retirees within the pool. In the CalPERS medical program, the premium rates for Medicare-covered retirees are based only on retiree claims experience of the pool. A recent actuarial practice note indicated these subsidies should be included in plan liabilities to the extent they are paid by the employer.² Any such liability is included with the implicit subsidy liability in this report.

We determine explicit subsidy liabilities using the expected direct payments promised by the plan toward retiree coverage. We determine the implicit and other subsidy liabilities as the projected difference between (a) retiree medical claim costs by age and (b) premiums charged for retiree coverage. For more information on this process Addendum 2: MacLeod Watts Age Rating Methodology.

¹ In rare situations, premiums for retiree coverage may be high enough that they subsidize active employees' claims.

² Exceptions exist for 1) Medicare Advantage Plans, treated as if their premiums are age-based due to the nature of the Federal subsidies paid to these plans, and 2) when employer explicit subsidies to Medicare-covered retirees are low and no part of any potential pool subsidy is expected to be paid by the employer.



Executive Summary
(Continued)

OPEB Funding Policy

The District's OPEB funding policy affects the calculation of GASB 75 liabilities by impacting the discount rate used to develop the plan liability and expense.

- 1) When an agency finances retiree benefits on a pay-as-you-go basis, contributing only current retiree benefits, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate. The District selected the Fidelity Municipal Bond AA 20 Year Maturity Yield is 1.92% on the current measurement date (June 30, 2021).
- 2) When the agency prefunds the plan, contributing 100% or more of each year's ADC, then GASB 75 allows the long-term trust rate of return to be used to develop the OPEB liability. The expected return is 6.21%. Information about the Expected Return on Trust Assets is provided on page 11.
- 3) When assets are set aside in an irrevocable trust, but annual OPEB contributions are less than the Actuarially Determined Contributions, paragraphs 36-41 of GASB 75 describe the analysis to be prepared to determine the discount rate. In this analysis, we consider the most recent 5-year history of District contributions as a percentage of the ADC.

As a result of this analysis, we determined the 5-year average ADC contribution percentage to be 92.3% for the period 2017-2021 and the resulting discount rate for accounting purposes to be 5.9%.

Actuarial Assumptions

The actuarial "demographic" assumptions (i.e., rates of retirement, death, disability or other termination of employment) used in this report were chosen, for the most part, to be the same as the actuarial demographic assumptions used for the most recent valuation of the retirement plan(s) covering District employees. Other assumptions, such as age-related healthcare claims, healthcare trend, retiree participation rates and spouse coverage, were selected based on demonstrated plan experience and/or our best estimate of expected future experience. All these assumptions, and more, impact expected future benefits. Please note that this valuation has been prepared on a closed group basis. This means that only employees and retirees present as of the valuation date are considered. We do not consider replacement employees for those we project to leave the current population of plan participants until the valuation date following their employment.

We emphasize that this actuarial valuation provides a projection of future results based on many assumptions. Actual results are likely to vary to some extent and we will continue to monitor these assumptions in future valuations. See Section 3 for a description of assumptions used in this valuation.

Important Dates for GASB 75 in this Report

GASB 75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

Fiscal Year End	June 30, 2022
Measurement Date	June 30, 2021
Measurement Period	June 30, 2020, to June 30, 2021
Valuation Date	June 30, 2021



Executive Summary
(Concluded)

Significant Results and Differences from the Prior Valuation

No benefit changes were reported to MacLeod Watts relative to those in place at the time the June 2019 valuation was prepared. We reviewed and updated certain assumptions used to project the OPEB liability. We also collected updated census and premium data and recognized “plan experience”, the differences between projected and actual results. Investment experience was also recognized, with higher than expected return on trust assets.

The Total OPEB Liability on the current measurement date is greater than that reported one year ago. Section C. presents the new valuation results and provides additional information on the impact of the new assumptions and plan experience. See *Recognition Period for Deferred Resources* on page 12 for details on how these changes are recognized.

Impact on Statement of Net Position and OPEB Expense for Fiscal Year Ending 2022

The plan’s impact to Net Position will be the sum of difference between assets and liabilities as of the measurement date plus the unrecognized net outflows and inflows of resources. Different recognition periods apply to deferred resources depending on their origin. The plan’s impact on Net Position on the measurement date can be summarized as follows:

Items	For Reporting At Fiscal Year Ending June 30, 2022
Total OPEB Liability	\$ 267,191,565
Fiduciary Net Position	69,642,320
Net OPEB Liability (Asset)	197,549,245
Deferred (Outflows) of Resources	(44,070,976)
Deferred Inflows of Resources	73,870,335
Impact on Statement of Net Position	<u>\$ 227,348,604</u>
 OPEB Expense, FYE 6/30/2022	 <u>\$ 4,632,695</u>

Important Notices

This report is intended to be used only to present the actuarial information relating to other postemployment benefits for the District’s financial statements. The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable. We note that various issues in this report may involve legal analysis of applicable law or regulations. The District should consult counsel on these matters; MacLeod Watts does not practice law and does not intend anything in this report to constitute legal advice. In addition, we recommend the District consult with their internal accounting staff or external auditor or accounting firm about the accounting treatment of OPEB liabilities.

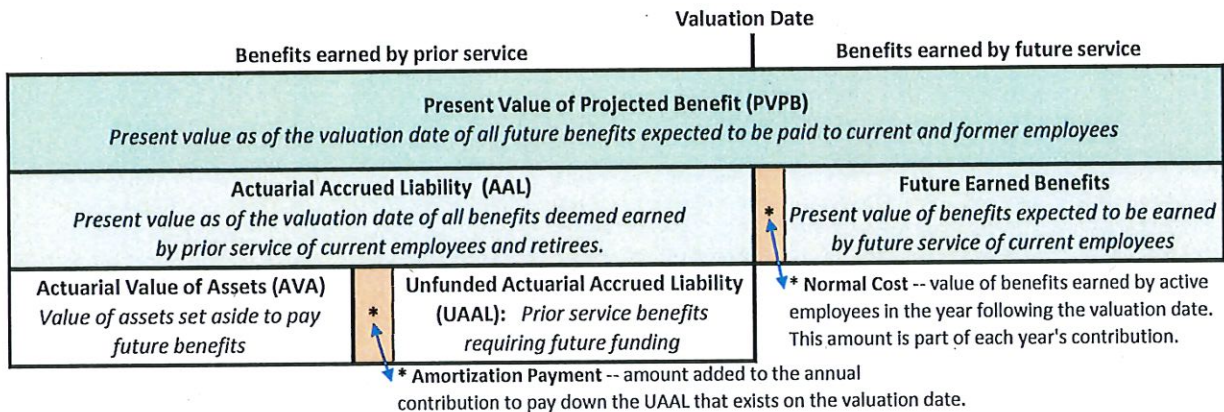


B. Valuation Process

This valuation is based on employee census data and benefits initially submitted by the District and clarified in various related communications. A summary of the employee data is provided in Section 1 and a summary of the plan benefits is provided in Section 2. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on the District as to its accuracy. The valuation has been performed in accordance with the process described below using the actuarial methods and assumptions described in Section 3 and is consistent with our understanding of Actuarial Standards of Practice.

In projecting benefit values and liabilities, we first determine an expected premium or benefit stream over each current retiree's or active employee's future retirement. Benefits may include both direct employer payments (explicit subsidies) and any implicit subsidies arising when retiree premiums are expected to be partially subsidized by premiums paid for active employees. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected dates when benefits will end. Assumptions regarding the probability that each employee will remain in service to receive benefits and the likelihood the employee will elect coverage for themselves and their dependents are also applied.

We then calculate a present value of these future benefit streams by discounting the value of each future expected employer payment back to the valuation date using the valuation discount rate. This present value is called the **Present Value of Projected Benefits (PVPB)** and represents the current value of all expected future plan payments to current retirees and current active employees. Note that this long-term projection does not anticipate entry of future employees.



The next step in the valuation process splits the Present Value of Projected Benefits into 1) the value of benefits already earned by prior service of current employees and retirees and 2) the value of benefits expected to be earned by future service of current employees. Actuaries employ an "attribution method" to divide the PVPB into prior service liabilities and future service liabilities. For this valuation we used the **Entry Age Normal** attribution method. This method is the most common used for government funding purposes and the only attribution method allowed for financial reporting under GASB 75.

We call the value of benefits deemed earned by prior service the **Actuarial Accrued Liability (AAL)**. Benefits deemed earned by service of active employees in a single year is called the **Normal Cost** of



Valuation Process
(Concluded)

benefits. The present value of all future normal costs (PVFNC) plus the Actuarial Accrued Liability will equal the Present Value of Projected Benefits (i.e. PVPB = AAL + PVFNC).

The difference between the value of trust assets (i.e. the Market Value of Assets), or a smoothed asset value (i.e. the Actuarial Value of Assets), and the Actuarial Accrued Liability yields the **Unfunded Actuarial Accrued Liability (UAAL)**. The UAAL represents, as of the valuation date, the present value of benefits already earned by past service that remain unfunded. A plan is generally considered “fully funded” when the UAAL is zero. The plan sponsor of a fully funded plan will still need to make future contributions for benefits earned by future service of active employees. But in a fully funded plan, the plan sponsor has set aside sufficient assets to pay for benefits that have been earned by past service of current retirees and active employees if all valuation assumptions are realized.

Future contributions by the District will fund 1) the remaining part of OPEB benefits earned by past service (the Unfunded Actuarial Accrued Liability) and 2) the value of benefits earned each year by service of active employees. Various strategies might be employed to pay down the UAAL such as longer or shorter amortization payments, and flat or escalating payments depending on the plan sponsors goals and funding philosophy.

Variation in Future Results

Please note that projections of future benefits over such long periods (frequently 70 or more years) which are dependent on numerous assumptions regarding future economic and demographic variables are subject to substantial revision as future events unfold. While we believe that the assumptions and methods used in this valuation are reasonable for the purposes of this report, the costs to the District reflected in this report are subject to future revision, perhaps materially. Demonstrating the range of potential future plan costs was beyond the scope of our assignment except to the limited extent of providing liability information at various discount rates.

Certain actuarial terms and GASB 75 terms may be used interchangeably. Some are shown below.

Actuarial Terminology	GASB 75 Terminology
Present Value of Projected Benefits (PVPB)	<i>No equivalent term</i>
Actuarial Accrued Liability (AAL)	Total OPEB Liability (TOL)
Market Value of Assets (MVA)	Fiduciary Net Position
Actuarial Value of Assets (AVA)	<i>No equivalent term</i>
Unfunded Actuarial Accrued Liability (UAAL)	Net OPEB Liability
Normal Cost	Service Cost

Specific results from this valuation are provided in the following Section C.

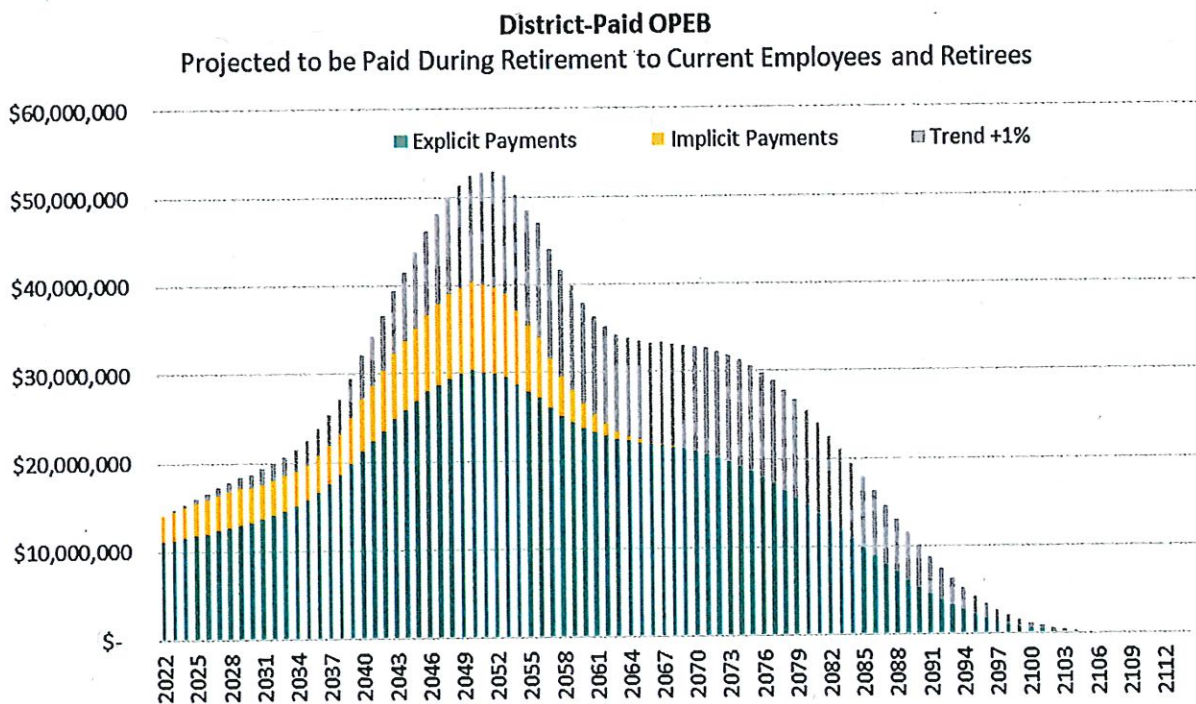


C. Valuation Results as of June 30, 2021

This section presents the basic results of our recalculation of the OPEB liability using the updated employee data, plan provisions and asset information provided to us for the June 2021 valuation. We described the general process for projecting all future benefits to be paid to retirees and current employees in the preceding Section. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Supporting Information, Section 3.

Lifetime medical benefits are paid for qualifying District retirees. Please see Supporting Information, Section 2 for details.

The following graph illustrates the annual other post-employment benefits projected to be paid on behalf of current retirees and current employees expected to retire from the District.



The amounts shown in green reflect the expected payment by the District toward retiree medical premiums while those in yellow reflect the implicit subsidy benefits (i.e., the excess of retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees' coverage). The projections in gray reflect increases in benefit levels if healthcare trend were 1% higher.

The first 15 years of benefit payments from the graph above are shown in tabular form on page 19.

Liabilities relating to these projected benefits are shown beginning on the following page.



Valuation Results as of June 30, 2021
 (Continued)

This chart compares the results measured as of June 30, 2020, based on the prior valuation, with the results measured as of June 30, 2021, based on the current valuation.

	6/30/2019		6/30/2021	
	6/30/2021		6/30/2021	
	6/30/2020		6/30/2021	
	Explicit	Implicit	Explicit	Implicit
	Total		Total	
Discount rate		7.05%		5.90%
Number of Covered Employees				
Actives		665		655
Retirees		739		747
Total Participants		1,404		1,402
OPEB Subsidy Type				
Actuarial Present Value of Projected Benefits				
Actives	\$ 137,553,809	\$ 35,758,621	\$ 173,312,430	\$ 46,235,579
Retirees	132,006,714	25,348,831	157,355,545	29,738,509
Total APVPB	269,560,523	61,107,452	330,667,975	75,974,088
Total OPEB Liability (TOL)				
Actives	74,778,276	19,141,925	93,920,201	22,547,507
Retirees	132,006,714	25,348,831	157,355,545	29,738,509
TOL	206,784,990	44,490,756	251,275,746	52,286,016
Fiduciary Net Position		49,271,351		69,642,320
Net OPEB Liability		202,004,395		197,549,245
Service Cost	5,743,723	1,495,566	6,463,222	1,883,442
For the period following the measurement date				
				8,346,664

The ratio of trust assets to the Total OPEB Liability (TOL) increased from 19.6% to 26.1% over the past year and the Net OPEB Liability (NOL) decreased by \$4,455,150 from that reported one year ago. Some of the change was expected and some was unexpected. Reasons for the change in the TOL are discussed on the following page.



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Valuation Results as of June 30, 2021

(Concluded)

Expected TOL changes: The TOL was expected to increase by \$10,759,675. This change reflects additional service and interest costs accrued for the period decreased by benefits paid to retirees.

Unexpected TOL changes further increased the TOL by \$5,156,144 and fall into these two categories:

- *Plan experience* recognizes results which are different than expected based on the prior valuation data and assumptions. Plan experience decreased the TOL by \$22,505,040 from what was previously projected.
- *Assumption changes* collectively increased the TOL by \$27,661,184. The majority of the increase relates to a decrease in the discount rate, following announced changes in CalPERS' expected return on trust assets. Further description of these changes is provided on the last page in Supporting Information, Section 3.

Unexpected change in trust assets: Trust asset return exceeded the expected earnings by \$10.5 million.

This chart reconciles the results for fiscal year end June 30, 2021 to that for fiscal year end June 30, 2022.

Reconciliation of Changes During Measurement Period	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c)=(a)-(b)
Balance at Fiscal Year Ending 6/30/2021 <i>Measurement Date 6/30/2020</i>	\$ 251,275,746	\$ 49,271,351	\$ 202,004,395
Expected Changes During the Period:			
Service Cost	7,239,289		7,239,289
Interest Cost	17,724,611		17,724,611
Expected Investment Income		3,690,405	(3,690,405)
Employer Contributions		20,373,515	(20,373,515)
Administrative Expenses		(19,642)	19,642
Benefit Payments	(14,204,225)	(14,204,225)	-
Total Expected Changes During the Period	10,759,675	9,840,053	919,622
Expected at Fiscal Year Ending 6/30/2022 <i>Measurement Date 6/30/2021</i>	\$ 262,035,421	\$ 59,111,404	\$ 202,924,017
Unexpected Changes During the Period:			
<i>Plan Experience:</i>			
Decrements other than expected	(849,343)		(849,343)
Premiums and estimated claims other than expected	(17,357,509)		(17,357,509)
Other plan experience	(4,298,188)		(4,298,188)
<i>Assumption Changes:</i>			
Change in discount rate	33,757,331		33,757,331
Change in healthcare trend	(4,547,149)		(4,547,149)
Addition of pool subsidy liability	(1,482,690)		(1,482,690)
Updated mortality improvement scale	(66,308)		(66,308)
<i>Investment Income More Than Expected</i>		10,530,916	(10,530,916)
Total Unexpected Changes During the Period	5,156,144	10,530,916	(5,374,772)
Balance at Fiscal Year Ending 6/30/2022 <i>Measurement Date 6/30/2021</i>	\$ 267,191,565	\$ 69,642,320	\$ 197,549,245



D. Accounting Information (GASB 75)

The following exhibits are designed to satisfy the reporting and disclosure requirements of GASB 75 for the fiscal year end June 30, 2022.

Deferred Contributions and covered payroll shown in this Section are estimates subject to change based on the final reported amounts during fiscal year 2021-2022.

Components of Net Position and Expense

The exhibit below shows the development of Net Position and Expense as of the Measurement Date.

Plan Summary Information for FYE June 30, 2022 <i>Measurement Date is June 30, 2021</i>	Sacramento Metro Fire
Items Impacting Net Position:	
Total OPEB Liability	\$ 267,191,565
Fiduciary Net Position	<u>69,642,320</u>
Net OPEB Liability (Asset)	197,549,245
Deferred (Outflows) Inflows of Resources Due to:	
Assumption Changes	18,178,916
Plan Experience	24,548,720
Investment Experience	7,405,087
Deferred Contributions	<u>(20,333,364)</u>
Net Deferred (Outflows) Inflows of Resources	29,799,359
Impact on Statement of Net Position, FYE 6/30/2022	<u>\$ 227,348,604</u>
Items Impacting OPEB Expense:	
Service Cost	\$ 7,239,289
Cost of Plan Changes	-
Interest Cost	17,724,611
Expected Earnings on Assets	(3,690,405)
Administrative Expenses	19,642
Recognized Deferred Resource items:	
Assumption Changes	(10,364,660)
Plan Experience	(4,387,612)
Investment Experience	<u>(1,908,170)</u>
OPEB Expense, FYE 6/30/2022	<u>\$ 4,632,695</u>



Accounting Information
(Continued)

Change in Net Position During the Fiscal Year

The exhibit below shows the year-to-year changes in the components of Net Position.

For Reporting at Fiscal Year End <i>Measurement Date</i>	6/30/2021 <i>6/30/2020</i>	6/30/2022 <i>6/30/2021</i>	Change During Period
Total OPEB Liability	\$ 251,275,746	\$ 267,191,565	\$ 15,915,819
Fiduciary Net Position	49,271,351	69,642,320	20,370,969
Net OPEB Liability (Asset)	202,004,395	197,549,245	(4,455,150)
<i>Deferred Resource (Outflows) Inflows Due to:</i>			
Assumption Changes	56,204,760	18,178,916	(38,025,844)
Plan Experience	6,431,292	24,548,720	18,117,428
Investment Experience	(1,217,659)	7,405,087	8,622,746
Deferred Contributions	(20,373,515)	(20,333,364)	40,151
Net Deferred (Outflows) Inflows	41,044,878	29,799,359	(11,245,519)
Impact on Statement of Net Position	<u>\$ 243,049,273</u>	<u>\$ 227,348,604</u>	<u>\$ (15,700,669)</u>

Change in Net Position During the Fiscal Year

Impact on Statement of Net Position, FYE 6/30/2021	\$ 243,049,273
OPEB Expense (Income)	4,632,695
Employer Contributions During Fiscal Year	<u>(20,333,364)</u>
Impact on Statement of Net Position, FYE 6/30/2022	<u>\$ 227,348,604</u>

OPEB Expense

Employer Contributions During Fiscal Year	\$ 20,333,364
Deterioration (Improvement) in Net Position	<u>(15,700,669)</u>
OPEB Expense (Income), FYE 6/30/2022	<u>\$ 4,632,695</u>



Accounting Information

(Continued)

Change in Fiduciary Net Position During the Measurement Period

	Sacramento Metro Fire
Fiduciary Net Position at Fiscal Year Ending 6/30/2021 <i>Measurement Date 6/30/2020</i>	\$ 49,271,351
Changes During the Period:	
Investment Income	14,221,321
Employer Contributions	20,373,515
Administrative Expenses	(19,642)
Benefit Payments	(14,204,225)
Net Changes During the Period	20,370,969
Fiduciary Net Position at Fiscal Year Ending 6/30/2022 <i>Measurement Date 6/30/2021</i>	\$ 69,642,320

Expected Long-term Return on Trust Assets

In March 2022, CalPERS updated the projected future investment returns for CERBT Strategy 2. CalPERS determined its returns using a building-block method and best-estimate ranges of expected future real rates of return for each major asset class (expected returns, net of OPEB plan investment expense and inflation). The target allocation and best estimates of geometric real rates of return published by CalPERS for each major class are split for years 1-5 and years 1 -20.

CERBT Strategy 1		Years 1-5			Years 1-20		
Major Asset Classification	Target Allocation	General Inflation Rate Assumption	1-5 Year Expected Real Rate of Return	Compound Return Yrs 1-5	General Inflation Rate Assumption	1-20 Year Expected Real Rate of Return	Compound Return Years 6-20
Global Equity	49%	2.40%	4.40%	6.80%	2.30%	4.50%	6.80%
Fixed Income	23%	2.40%	-1.50%	0.90%	2.30%	0.40%	2.70%
Global Real Estate(REITs)	20%	2.40%	3.00%	5.40%	2.30%	3.70%	6.00%
Treasury Inflation Protected Securities	5%	2.40%	-1.80%	0.60%	2.30%	0.50%	2.80%
Commodities	3%	2.40%	0.80%	3.20%	2.30%	1.10%	3.40%

To derive the expected return specifically for the District, we projected plan benefits in each future year. Then applying the plan specific benefit payments to CalPERS' bifurcated return expectations, we determined the single equivalent long-term rate of return to be 6.21%.



Accounting Information
(Continued)

Recognition Period for Deferred Resources

Liability changes due to plan experience which differs from what was assumed in the prior measurement period and/or from assumption changes during the period are recognized over the plan's Expected Average Remaining Service Life ("EARSL"). The EARSL of 7.05 years is the period used to recognize such changes in the OPEB Liability arising during the current measurement period.

When applicable, changes in the Fiduciary Net Position due to investment performance different from the assumed earnings rate are always recognized over 5 years.

Liability changes attributable to benefit changes occurring during the period, if any, are recognized immediately.

Deferred Resources as of Fiscal Year End and Expected Future Recognition

The exhibit below shows deferred resources as of the fiscal year end June 30, 2022.

Sacramento Metro Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 23,737,612	\$ 41,916,528
Differences Between Expected and Actual Experience	-	24,548,720
Net Difference Between Projected and Actual Earnings on Investments	-	7,405,087
Deferred Contributions	<i>20,333,364</i>	-
Total	\$ 44,070,976	\$ 73,870,335

In addition, future recognition of these deferred resources is shown below.

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources
2023	\$ (16,511,620)
2024	(16,494,736)
2025	(13,207,243)
2026	(4,788,205)
2027	101,145
Thereafter	767,936



Accounting Information
(Continued)

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for accounting purposes for the fiscal year end 2022 is 5.9%. Actual 2022 medical premiums were known and applied in the valuation. The Healthcare Cost Trend was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2076 and later. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Sensitivity to:			
Change in Discount Rate	Current - 1% 4.90%	Current 5.90%	Current + 1% 6.90%
Total OPEB Liability	303,332,134	267,191,565	237,546,936
Increase (Decrease)	36,140,569		(29,644,629)
% Increase (Decrease)	13.5%		-11.1%
Net OPEB Liability (Asset)	233,689,814	197,549,245	167,904,616
Increase (Decrease)	36,140,569		(29,644,629)
% Increase (Decrease)	18.3%		-15.0%
Change in Healthcare Cost Trend Rate	Current Trend - 1%	Current Trend	Current Trend + 1%
Total OPEB Liability	234,234,580	267,191,565	308,333,960
Increase (Decrease)	(32,956,985)		41,142,395
% Increase (Decrease)	-12.3%		15.4%
Net OPEB Liability (Asset)	164,592,260	197,549,245	238,691,640
Increase (Decrease)	(32,956,985)		41,142,395
% Increase (Decrease)	-16.7%		20.8%



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Accounting Information
(Continued)

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Results for years since GASB 75 was implemented are shown in the table.

Fiscal Year Ending	2022	2021	2020	2019	2018
Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Discount Rate on Measurement Date	5.90%	7.05%	7.05%	6.63%	4.70%
Total OPEB liability.					
Service Cost	\$ 7,239,289	\$ 7,028,436	\$ 7,495,527	\$ 11,032,356	\$ 12,634,019
Interest	17,724,611	17,003,368	16,145,887	14,310,340	13,077,526
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(22,505,040)	-	(8,822,108)	-	-
Changes of assumptions	27,661,184	-	(3,417,601)	(70,000,614)	(29,263,904)
Benefit payments	(14,204,225)	(13,820,280)	(12,739,327)	(12,766,407)	(12,187,992)
Net change in total OPEB liability	15,915,819	10,211,524	(1,337,622)	(57,424,325)	(15,740,351)
Total OPEB liability - beginning	251,275,746	241,064,222	242,401,844	299,826,169	315,566,520
Total OPEB liability - ending (a)	\$ 267,191,565	\$ 251,275,746	\$ 241,064,222	\$ 242,401,844	\$ 299,826,169
Plan fiduciary net position					
Contributions - employer	\$ 20,373,515	\$ 18,801,471	\$ 18,112,898	\$ 18,116,370	\$ 17,534,354
Net investment income	14,221,321	1,637,884	2,448,728	2,256,130	2,359,359
Benefit payments	(14,204,225)	(13,820,280)	(12,739,327)	(12,766,407)	(12,187,992)
Administrative Expenses	(19,642)	(21,994)	(8,006)	(15,755)	(11,856)
Other Expenses	-	-	-	(36,139)	-
Net change in plan fiduciary net position	20,370,969	6,597,081	7,814,293	7,554,199	7,693,865
Plan fiduciary net position - beginning	49,271,351	42,674,270	34,859,977	27,305,778	19,611,913
Plan fiduciary net position - ending (b)	\$ 69,642,320	\$ 49,271,351	\$ 42,674,270	\$ 34,859,977	\$ 27,305,778
Net OPEB liability - ending (a) - (b)	\$ 197,549,245	\$ 202,004,395	\$ 198,389,952	\$ 207,541,867	\$ 272,520,391
Covered-employee payroll	\$ 107,113,743	\$ 101,038,561	\$ 102,354,334	\$ 96,970,861	\$ 91,557,064
Net OPEB liability as % of covered-employee payroll	184.43%	199.93%	193.83%	214.02%	297.65%



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Accounting Information
(Continued)

Schedule of Contributions

The chart below shows the Actuarially Determined Contribution (ADC), the District's contribution, and the excess or shortfall. *Contributions and covered employee payroll for the fiscal year ending 2022 are estimates and should be updated when known.*

Fiscal Year Ending	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 22,792,115	\$ 22,182,381	\$ 20,151,574	\$ 19,597,240	\$ 20,839,933
Contributions in relation to the actuarially determined contribution	<u>20,333,364</u>	<u>20,373,515</u>	<u>18,799,992</u>	<u>18,112,898</u>	<u>18,116,370</u>
Contribution deficiency (excess)	<u>\$ 2,458,751</u>	<u>\$ 1,808,866</u>	<u>\$ 1,351,582</u>	<u>\$ 1,484,342</u>	<u>\$ 2,723,563</u>
Covered employee payroll	\$ 110,327,155	\$ 107,113,743	\$ 101,038,561	\$ 102,354,334	\$ 96,970,861
Contributions as a percentage of covered employee payroll	18.43%	19.02%	18.61%	17.70%	18.68%
Percent of ADC contributed	89.21%	91.85%	93.29%	92.43%	86.93%

Notes to Schedule: assumptions used to develop the Actuarially Determined Contributions

	6/30/2019	6/30/2017	7/1/2015
Valuation Date	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial cost method	Level % of Pay	Level % of Pay	Level % of Pay
Amortization method	Level % of Payroll 30 year closed	Level % of Payroll; 30 year closed	Level % of Payroll 30 year closed
Amortization period	21 years remain	22 years remain	23 years remain
Asset valuation method	24 years remain	25 years remain	25 years remain
Inflation	Market Value	Market Value	Market Value
Healthcare cost trend rates	2.50%	2.75%	2.75%
Salary increases	5.4% in 2021, step down .1% per year to 4% by 2076	7.50% in 2019, step down .5% per year to 5% by 2024	7.50% in 2017, step down .5% per year to 4.5% by 2023
Investment rate of return	3.00%	3.25%	3.25%
Retirement age	7.25%	7.25%	7.25%
Basic Mortality	From 50 to 75	From 50 to 75	From 50 to 75
Mortality Improvement	2017 CalPERS Experience Study	2014 CalPERS Experience Study	2014 CalPERS Experience Study
	MW Scale 2020	MW Scale 2017	MW Scale 2014



Accounting Information
 (Continued)

Detail of Changes to Net Position

The chart below details changes to all components of Net Position.

Sacramento Metro Fire	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)	(d) Deferred Outflows (Inflows) Due to:				Impact on Statement of Net Position (e) = (c) - (d)
				Assumption Changes	Plan Experience	Investment Experience	Deferred Contributions	
Balance at Fiscal Year Ending 6/30/2021 <i>Measurement Date 6/30/2020</i>	\$ 251,275,746	\$ 49,271,351	\$ 202,004,395	\$ (56,204,760)	\$ (6,431,292)	\$ 1,217,659	\$ 20,373,515	\$ 243,049,273
Changes During the Period:								
Service Cost	7,239,289		7,239,289					7,239,289
Interest Cost	17,724,611		17,724,611					17,724,611
Expected Investment Income		3,690,405	(3,690,405)					(3,690,405)
Employer Contributions		20,373,515	(20,373,515)					(20,373,515)
Changes of Benefit Terms		(19,642)						
Administrative Expenses		(14,204,225)						
Benefit Payments	(14,204,225)			27,661,184				
Assumption Changes	27,661,184							
Plan Experience	(22,505,040)				(22,505,040)			
Investment Experience						(10,530,916)		
Recognized Deferred Resources				10,364,660	4,387,612	1,908,170	(20,373,515)	3,713,073
Employer Contributions in Fiscal Year							20,333,364	(20,333,364)
Net Changes in Fiscal Year 2021-2022	15,915,819	20,370,969	(4,455,150)	38,025,844	(18,117,428)	(8,622,746)	(40,151)	(15,700,669)
Balance at Fiscal Year Ending 6/30/2022 <i>Measurement Date 6/30/2021</i>	\$ 267,191,565	\$ 69,642,320	\$ 197,549,245	\$ (18,178,916)	\$ (24,548,720)	\$ (7,405,087)	\$ 20,333,364	\$ 227,348,604



Accounting Information
 (Continued)

Schedule of Deferred Outflows and Inflows of Resources

A listing of all deferred resource bases used to develop the Net Position and OPEB Expense is shown below. Deferred Contributions are not shown.

Measurement Date: June 30, 2021

Date Created	Deferred Resource			Balance as of Jun 30, 2021	Recognition of Deferred Outflow or Deferred (Inflow) in Measurement Period:							
	Created Due To	Initial Amount	Period (Yrs)		Annual Recognition	2020-21 (FYE 2022)	2021-22 (FYE 2023)	2022-23 (FYE 2024)	2023-24 (FYE 2025)	2024-25 (FYE 2026)	2025-26 (FYE 2027)	Thereafter
6/30/2017	Assumption Changes	Decreased Liability	7.18	\$ (29,263,904)	\$ (8,885,139)	\$ (4,075,753)	\$ (4,075,753)	\$ (4,075,753)	\$ (733,633)	\$ -	\$ -	\$ -
6/30/2017	Investment Earnings	Greater than Expected	5.00	(744,119)	-	(148,824)	-	-	-	-	-	-
6/30/2018	Assumption Changes	Decreased Liability	7.18	(70,000,614)	(31,003,058)	(9,749,389)	(9,749,389)	(9,749,389)	(9,749,389)	(1,754,891)	-	-
6/30/2018	Investment Earnings	Greater than Expected	5.00	(84,406)	(16,881)	(16,882)	-	-	-	-	-	-
6/30/2019	Plan Experience	Decreased Liability	7.38	(8,822,108)	(5,235,884)	(1,195,408)	(1,195,408)	(1,195,408)	(1,195,408)	(1,195,408)	(454,252)	-
6/30/2019	Assumption Changes	Decreased Liability	7.38	(3,417,601)	(2,028,331)	(463,090)	(463,090)	(463,090)	(463,090)	(463,090)	(175,971)	-
6/30/2019	Investment Earnings	Less than Expected	5.00	273,122	109,250	54,624	54,624	54,626	-	-	-	-
6/30/2020	Investment Earnings	Less than Expected	5.00	1,545,464	927,278	309,093	309,093	309,093	309,092	-	-	-
6/30/2021	Plan Experience	Decreased Liability	7.05	(22,505,040)	(19,312,836)	(3,192,204)	(3,192,204)	(3,192,204)	(3,192,204)	(3,192,204)	(3,192,204)	(3,351,816)
6/30/2021	Assumption Changes	Increased Liability	7.05	27,661,184	23,737,612	3,923,572	3,923,572	3,923,572	3,923,572	3,923,572	3,923,572	4,119,752
6/30/2021	Investment Earnings	Greater than Expected	5.00	(10,530,916)	(8,424,733)	(2,106,183)	(2,106,183)	(2,106,183)	(2,106,183)	(2,106,184)	-	-



Accounting Information
(Continued)

Detail of District Contributions to the Plan

District contributions to the Plan occur as benefits are paid to or on behalf of retirees. Benefit payments may occur in the form of direct payments for premiums (“explicit subsidies”) and/or indirect payments to retirees in the form of higher premiums for active employees (“implicit subsidies”). Note that the implicit subsidy contribution does not represent cash payments to retirees, but rather the reclassification of a portion of active healthcare expense to be recognized as a retiree healthcare cost. For details, see Addendum 1 – Important Background Information.

Benefits and other contributions paid by the District during the measurement period are shown below.

Benefit Payments During the Measurement Period, Jul 1, 2020 thru Jun 30, 2021	Sacramento Metro Fire
Benefits Paid by Trust	\$ -
Benefits Paid by Employer (not reimbursed by trust)	11,206,442
Implicit benefit payments	2,997,783
Total Benefit Payments During the Measurement Period	\$ 14,204,225

Employer Contributions During the Measurement Period, Jul 1, 2020 thru Jun 30, 2021	Sacramento Metro Fire
Employer Contributions to the Trust	\$ 6,169,290
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	11,206,442
Implicit contributions	2,997,783
Total Employer Contributions During the Measurement Period	\$ 20,373,515

Benefits *expected to be paid* by the District in the year following the measurement period but prior to the end of the fiscal year are shown below. *These contributions are an estimate and should be updated at the close of fiscal year.*

Employer Contributions During the Fiscal Year, Jul 1, 2021 thru Jun 30, 2022	Sacramento Metro Fire
Employer Contributions to the Trust	\$ 6,248,548
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	11,036,313
Implicit contributions	3,048,503
Total Employer Contributions During the Fiscal Year	\$ 20,333,364



Accounting Information
(Continued)

Projected Benefit Payments (15-year projection)

The following is an estimate of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from the District. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Section 3.

Projected Annual District-Paid Benefit Payments							
Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2022	\$10,705,596	\$ 330,717	\$ 11,036,313	\$2,894,231	\$ 154,272	\$3,048,503	\$14,084,816
2023	10,511,279	659,864	11,171,143	3,172,710	146,396	3,319,106	14,490,249
2024	10,510,028	1,018,332	11,528,360	3,192,553	237,897	3,430,450	14,958,810
2025	10,412,037	1,402,795	11,814,832	3,294,622	371,930	3,666,552	15,481,384
2026	10,199,956	1,810,932	12,010,888	3,271,988	516,745	3,788,733	15,799,621
2027	10,045,895	2,273,657	12,319,552	3,305,407	674,608	3,980,015	16,299,567
2028	9,907,362	2,774,165	12,681,527	3,213,833	865,054	4,078,887	16,760,414
2029	9,635,137	3,335,558	12,970,695	3,059,597	1,055,795	4,115,392	17,086,087
2030	9,227,589	3,965,485	13,193,074	2,674,029	1,304,609	3,978,638	17,171,712
2031	9,002,482	4,640,295	13,642,777	2,408,021	1,563,345	3,971,366	17,614,143
2032	8,732,084	5,311,334	14,043,418	2,099,430	1,833,690	3,933,120	17,976,538
2033	8,507,577	6,000,833	14,508,410	1,880,357	2,090,066	3,970,423	18,478,833
2034	8,233,463	6,784,151	15,017,614	1,595,373	2,376,076	3,971,449	18,989,063
2035	8,131,741	7,571,127	15,702,868	1,359,876	2,612,815	3,972,691	19,675,559
2036	8,068,747	8,515,238	16,583,985	1,205,130	2,941,152	4,146,282	20,730,267

The amounts shown in the Explicit Subsidy section of the table reflect the expected payment by the District toward retiree medical premiums in each of the years shown. The amounts are shown separately, and in total, for those retired on the valuation date ("current retirees") and those expected to retire after the valuation date ("future retirees"). **The explicit subsidy benefit amount shown for FYE 2022 is currently an estimate and will be replaced with the actual amount, once known.**

The amounts shown in the Implicit Subsidy table reflect the expected excess of retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees' coverage. These amounts are also shown separately and in total for those currently retired on the valuation date and for those expected to retire in the future.

These projections do not include any benefits expected to be paid on behalf of current active employees prior to retirement, nor do they include any benefits for potential future employees (i.e., those who might be hired in future years).



Accounting Information
(Concluded)

Sample Journal Entries

Beginning Account Balances

As of the fiscal year beginning 7/1/2021

	Debit	Credit
Net OPEB Liability		202,004,395
Deferred Resource -- Assumption Changes		56,204,760
Deferred Resource -- Plan experience		6,431,292
Deferred Resource -- Investment Experience	1,217,659	
Deferred Resource -- Contributions	20,373,515	
Net Position	243,049,273	

* The entries above assume nothing is on the books at the beginning of the year. So to the extent that values already exist in, for example, the Net OPEB Liability account, then only the difference should be adjusted. The entries above represent the values assumed to exist at the start of the fiscal year.

Journal entry to recharacterize retiree benefit payments not reimbursed by a trust, and record cash contributions to the trust during the fiscal year

	Debit	Credit
OPEB Expense	11,036,313	
Premium Expense		11,036,313
OPEB Expense	6,248,548	
Cash		6,248,548

* This entry assumes a prior journal entry was made to record the payment for retiree premiums. This entry assumes the prior entry debited an account called "Premium Expense" and credited Cash. This entry reverses the prior debit to "Premium Expense" and recharacterizes that entry as an "OPEB Expense". Also, the entry for cash contributions to the trust is shown.

Journal entries to record implicit subsidies during the fiscal year

	Debit	Credit
OPEB Expense	3,048,503	
Premium Expense		3,048,503

* This entry assumes that premiums for active employees were recorded to an account called "Premium Expense". This entry reverses the portion of premium payments that represent implicit subsidies and assigns that value to OPEB Expense.

Journal entries to record account activity during the fiscal year

	Debit	Credit
Net OPEB Liability	4,455,150	
Deferred Resource -- Assumption Changes	38,025,844	
Deferred Resource -- Plan experience		18,117,428
Deferred Resource -- Investment Experience		8,622,746
Deferred Resource -- Contributions		40,151
OPEB Expense		15,700,669



E. Funding Information

The employer's OPEB funding policy and level of contributions to an irrevocable OPEB trust directly affects the discount rate which is used to calculate the OPEB liability to be reported in the employer's financial statements. Prefunding (setting aside funds to accumulate in an irrevocable OPEB trust) has certain advantages, one of which is the ability to (potentially) use a higher discount rate in the determination of liabilities for GASB 75 reporting purposes. Prefunding also improves the security of benefits for current and potential future recipients and contributes to intergenerational taxpayer equity by better matching the cost of the benefits to the service years in which they are "earned" and which correspond to years in which taxpayers benefit from those services.

Paying Down the UAAL

Once an employer decides to prefund, a decision must be made about how to pay for benefits related to accumulated prior service that have not yet been funded (the UAAL³). This is most often, though not always, handled through structured amortization payments. The period and method chosen for amortizing this unfunded liability can significantly affect the Actuarially Determined Contribution (ADC) or other basis selected for funding the OPEB program.

Much like paying off a mortgage, when the AAL exceeds plan assets, choosing a longer amortization period to pay off the UAAL means smaller payments, but the payments will be required for more years; plan investments will have less time to work toward helping reduce required contribution levels. When the plan is in a surplus position, the reverse is true, and a longer amortization period is usually preferable.

There are several ways the amortization payment can be determined. The most common methods are calculating the amortization payment as a level dollar amount or as a level percentage of payroll. The employer might also choose to apply a shorter period when the UAAL only when it is positive, i.e., when trust assets are lower than the AAL, but opt for a longer period or to exclude amortization of a negative UAAL, when assets exceed the AAL. The entire UAAL may be amortized as one single component or may be broken into multiple components reflecting the timing and source of each change, such as those arising from assumption changes, benefit changes and/or liability or investment experience.

The amortization period(s) should not exceed the number of years which would allow current trust assets plus future contributions and earnings to be sufficient to pay all future benefits and trust expenses each year. Prefunding of OPEB is optional and contributions at any level are permitted. However, if trust sufficiency is not expected, a discount rate other than the assumed trust return will likely be required for accounting purposes.

Funding and Prefunding of the Implicit Subsidy

An implicit subsidy liability is created when retiree medical claims are expected to exceed the premiums charged for retiree coverage. Recognition of the estimated implicit subsidy each year is handled by an accounting entry, reducing the amount paid for active employees and shifting that amount to be treated as a retiree healthcare expense/contribution (see Sample Journal Entries). The implicit subsidy is a true benefit to the retiree but can be difficult to see when medical premiums are set as a flat rate for both actives and pre-Medicare retirees.

³ We use actuarial, rather than accounting, terminology to describe the components used to develop the ADCs.



OPEB Funding Information

(Continued)

This might lead some employers to believe the benefit is not real or is merely an accounting construct, and thus to forgo prefunding of retiree implicit benefits.

Consider what would happen if the retiree premiums were based only on expected retiree claims experience. Almost certainly, retiree premiums would increase while premiums for active employees would go down if the active premiums no longer had to help support the higher retiree claims. *Who would pay the increases in retiree premiums?* Current plan documents and bargaining agreements would have to be consulted. Depending on circumstances, the increase in retiree premiums might remain the responsibility of the employer, pass entirely to the retirees, or some blending of the two. The answer would determine whether separate retiree-only premium rates would result in a higher or lower employer OPEB liability. In the current premium structure, with blended active and pre-Medicare retiree premiums, the employer is clearly, though indirectly, paying the implicit retiree cost.

The prefunding decision is complex. OPEB materiality, budgetary concerns, desire to use the full trust rate in developing the liability for GASB 75, and other factors must be weighed by each employer. Since prefunding OPEB benefits is not required, each employer's OPEB prefunding strategy will depend on how they balance these competing perspectives.

Development of the Actuarially Determined Contributions

The District has approved development of ADCs based on the following two components, which are then adjusted with interest to each fiscal year end:

- The amounts attributed to service performed in the current fiscal year (the normal cost) and
- Amortization of the unfunded actuarial accrued liability (UAAL) over a closed 30-year period. Amortization payments are determined on a level % of pay basis; 18 years remain for FYE 2022.

Actuarially Determined Contributions, developed as described above for the District's fiscal years ending June 30, 2022, 2023 and 2024 are shown the exhibit on the next page. These ADCs incorporate both explicit (cash benefit) and implicit subsidy benefit liabilities. Contributions credited toward meeting the ADC will be comprised of:

- 1) direct payments to insurers toward retiree premiums, to the extent not reimbursed to the District by the trust; plus
- 2) each year's implicit subsidy payment; and
- 3) contributions to the OPEB trust.

ADCs determined on this basis should provide for trust sufficiency, based on the current plan provisions and census data, provided all assumptions are exactly realized and if the District contributes 100% or more of the ADC each year. When an agency commits to funding the trust at or above the ADC, the expected long-term trust return may be used as the discount rate in determining the plan liability for accounting purposes. Trust sufficiency cannot be guaranteed to a certainty, however, because of the non-trivial risk that the assumptions used to project future benefit liabilities may not be realized.



OPEB Funding Information

(Continued)

We develop the Actuarially Determined Contributions (ADCs) for fiscal years ending June 30, 2023 and June 30, 2024 from the results of this valuation. We have also included, for reference, the ADC for June 30, 2022 which was developed from the results of the June 30, 2019, valuation.

Valuation date	6/30/2019		6/30/2021		
Discount rate	6.95%		6.21%		
Number of Covered Employees					
Actives	665		655		
Retirees	739		747		
Total Participants	1404		1402		
For fiscal year ending	6/30/2022		6/30/2023		6/30/2024
Actuarial Present Value of Projected Benefits	\$ 344,595,835	\$ 358,424,560	\$ 365,742,553		
Actuarial Accrued Liability (AAL)					
Actives	108,944,593	109,960,936	124,013,946		
Retirees	155,924,645	157,134,823	153,065,249		
Total AAL (projected)	264,869,238	267,095,759	277,241,005		
Actuarial Value of Assets (projected)	62,585,898	81,165,283	93,183,671		
Unfunded AAL (UAAL)	202,283,340	185,930,476	184,057,334		
UAAL Amortization method	Level % of Pay	Level % of Pay	Level % of Pay		
Remaining amortization period (years)	21	20	19		
Amortization Factor	14.7911	15.1772	14.6190		
Actuarially Determined Contribution (ADC)					
Normal Cost	\$ 7,635,009	\$ 7,995,476	\$ 8,235,340		
Amortization of UAAL	13,675,992	12,250,659	12,590,270		
Interest to fiscal year end	1,481,114	814,139	835,795		
Total ADC	22,792,115	21,060,274	21,661,404		

As described on the prior page, OPEB funding consists of 3 different sources. The chart below estimates these three contribution amounts if the District were planning to contribute the full ADC each year.

Funding of the ADC

1 Implicit subsidy contribution	3,048,503	3,319,106	3,430,450
2 Estimated agency paid premiums for retirees	11,604,797	11,171,143	11,528,360
3 Assumed agency contribution to OPEB trust	8,138,815	6,570,025	6,702,594
Total Expected Employer Contributions (1+2+3)	22,792,115	\$ 21,060,274	\$ 21,661,404

If retiree benefit payments for those years are lower than projected, the contribution to the trust should be increased to balance so that total contributions would equal or exceed the ADC each year.



OPEB Funding Information
(Continued)

The District's OPEB Funding Policy

The District has stated that its current OPEB funding policy is to prefund the **explicit subsidy only**. Financing of the implicit subsidy liability will be on a pay-as-you-go basis, with no contributions made to the trust toward prefunding this portion of the liability.

This table develops the Funding Policy Contributions for the fiscal years ending June 30, 2023 and June 30, 2024. The corresponding Funding Policy Contribution for fiscal year end 2022 was determined from the results of the June 30, 2019 valuation. We have included this below for reference.

Funding Policy Contributions			
Fiscal Year End	6/30/2022	6/30/2023	6/30/2024
Discount Rate	6.95%	6.21%	6.21%
Actuarial Accrued Liability (projected)	\$ 217,953,728	\$ 214,371,674	\$ 222,723,570
Actuarial Value of Assets (projected)	60,714,174	80,603,691	90,288,506
Unfunded Actuarial Accrued Liability (UAAL)	157,239,554	133,767,983	132,435,064
Amortization Factor	14.7911	15.1772	14.6190
Amortization of UAAL	10,630,667	8,813,756	9,059,097
Normal Cost	6,062,503	6,174,016	6,359,236
Interest to Fiscal Year End	1,160,175	589,101	604,914
Total Funding Policy Contribution	\$ 17,853,345	\$ 15,576,873	\$ 16,023,247
Estimated agency paid premiums for retirees	\$ 11,604,797	\$ 11,171,143	\$ 11,528,360
Estimated agency contribution to trust	6,248,548	4,405,730	4,494,887
Total estimated agency contributions	\$ 17,853,345	\$ 15,576,873	\$ 16,023,247

A breakout of the Funding Policy Contribution for 4 subgroups is provided in Appendix 1 on page 45 for fiscal year end June 30, 2023.

When annual contributions are less than the Actuarially Determined Contributions (see prior page), the discount rate applied for accounting (GASB 75) purposes must be determined based on a long-term projection of plan benefits, trust assets and expected future contributions as described in paragraphs 36-41 of GASB 75.

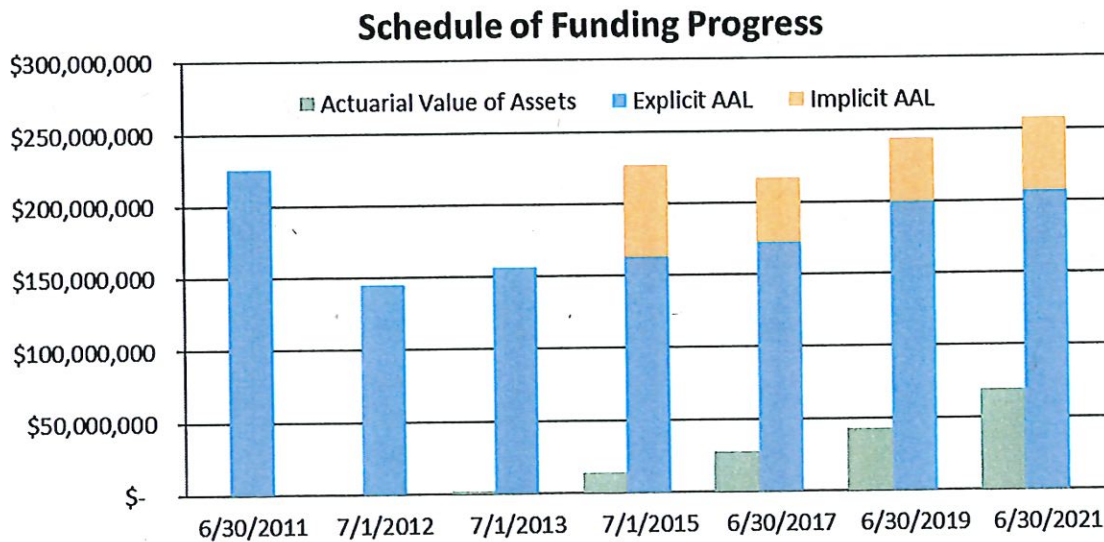


Other Post-Employment Benefit Program of the Sacramento Metropolitan Fire District
June 30, 2021, Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2022

OPEB Funding Information
(Concluded)

In this section, we provide a review of key components of valuation results from 2011 through 2021.

Schedule of Funding Progress							
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	Discount Rate
6/30/2011	\$ -	\$ 225,913,883	\$ 225,913,883	0.0%	\$ 48,543,708	465.4%	4.50%
7/1/2012	\$ -	\$ 144,860,462	\$ 144,860,462	0.0%	\$ 49,520,220	292.5%	7.25%
7/1/2013	\$ 2,099,846	\$ 156,358,864	\$ 154,259,018	1.3%	\$ 50,863,948	303.3%	7.25%
7/1/2015	\$ 13,953,831	\$ 226,853,972	\$ 212,900,141	6.2%	\$ 68,398,652	311.3%	7.25%/4.0%
6/30/2017	\$ 27,305,778	\$ 216,631,351	\$ 189,325,573	12.6%	\$ 97,054,952	195.1%	7.25%
6/30/2019	\$ 42,674,270	\$ 243,918,311	\$ 201,244,041	17.5%	\$ 102,354,334	196.6%	6.95%
6/30/2021	\$ 69,642,320	\$ 257,383,172	\$ 187,740,852	27.1%	\$ 107,113,743	175.3%	6.21%



Significant changes during this period include:

- **July 1, 2012:** Discount rate increased from 4.5% to 7.25% reflecting the District's change to a 100% ADC prefunding policy; recognition of benefit changes for employees hired December 1, 2011 and later
- **July 1, 2015:** First time recognition of the implicit subsidy liability relating to medical coverage; funding policy modified to contribute 100% of explicit subsidy ADC only
- **June 30, 2017:** Discount rate increased from 4.0% to 7.25% for implicit subsidy liability (assumes 100% ADC funding; direct recognition of implicit subsidy for Medicare-ineligible retirees.
- **June 30, 2019:** Discount rate decreased from 7.25% to 6.95%; updated demographic assumptions; eliminated repealed excise tax liability for high cost coverage
- **June 30, 2021:** Recognize higher than expected trust investment return, offset by lower future expected earnings (from 6.95% down to 6.21%)



F. Certification

The primary purposes of this report are: (1) to provide actuarial information of the other postemployment benefits (OPEB) provided by the Sacramento Metropolitan Fire District (the District) in compliance with Statement 75 of the Governmental Accounting Standards Board (GASB 75); and (2) to provide Actuarially Determined Contributions for prefunding of this program in conformity with the District's OPEB funding policy. The District is not required to contribute the ADC shown in this report and we make no representation that it will, in fact, fund the OPEB trust at any particular level).

In preparing this report we relied without audit on information provided by the District. This information includes, but is not limited to, plan provisions, census data, and financial information. We performed a limited review of this data and found the information to be reasonably consistent. The accuracy of this report is dependent on this information and if any of the information we relied on is incomplete or inaccurate, then the results reported herein will be different from any report relying on more accurate information.

We consider the actuarial assumptions and methods used in this report to be individually reasonable under the requirements imposed by GASB 75 and taking into consideration reasonable expectations of plan experience. The results provide an estimate of the plan's financial condition at one point in time. Future actuarial results may be significantly different due to a variety of reasons including, but not limited to, demographic and economic assumptions differing from future plan experience, changes in plan provisions, changes in applicable law, or changes in the value of plan benefits relative to other alternatives available to plan members.

Alternative assumptions may also be reasonable; however, demonstrating the range of potential plan results based on alternative assumptions was beyond the scope of our assignment except to the limited extent required by GASB 75 and in accordance with the District's stated OPEB funding policy. Results for accounting purposes may be materially different than results obtained for other purposes such as plan termination, liability settlement, or underlying economic value of the promises made by the plan.

This report is prepared solely for the use and benefit of the District and may not be provided to third parties without prior written consent of MacLeod Watts. Exceptions are: The District may provide copies of this report to their professional accounting and legal advisors who are subject to a duty of confidentiality, and the District may provide this work to any party if required by law or court order. No part of this report should be used as the basis for any representations or warranties in any contract or agreement without the written consent of MacLeod Watts.

The undersigned actuaries are unaware of any relationship that might impair the objectivity of this work. Nothing within this report is intended to be a substitute for qualified legal or accounting counsel. Both actuaries are members of the American Academy of Actuaries and meet the qualification standards for rendering this opinion.

Signed: May 20, 2022



Catherine L. MacLeod, FSA, FCA, EA, MAAA



J. Kevin Watts, FSA, FCA, MAAA



G. Supporting Information

Section 1 - Summary of Employee Data

Active members: The District reported 655 active employees; of these, 627 were enrolled in the District's medical program while 28 employees were waiving coverage as of the valuation date. Age and service information for the reported individuals is provided below:

Distribution of Benefits-Eligible Active Employees								
Current Age	Years of Service						Total	Percent
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25	4	3					7	1%
25 to 29	6	54	15				75	11%
30 to 34	9	50	91				150	23%
35 to 39	1	27	93	13	13		147	22%
40 to 44	1	6	35	14	43	11	110	17%
45 to 49		4	16	5	37	10	72	11%
50 to 54		1	1	2	13	41	58	9%
55 to 59	2	2	3	3	5	12	27	4%
60 to 64			1			4	5	1%
65 to 69				1	1	1	3	0%
70 & Up						1	1	0%
Total	23	147	255	38	112	80	655	100%
Percent	4%	22%	39%	6%	17%	12%	100%	

Valuation	June 2019	June 2021
Average Attained Age for Actives	38.4	39.1
Average Years of Service	9.4	10.8

The following charts provide the number of active employees, showing their average age and service information. The first chart provides this information separately for Fire and Miscellaneous members and the second chart shows these results separately for those covered or not covered by the additional graded vesting requirements.

	Fire	Misc	All Actives
Number of Actives	570	85	655
Average Attained Age	39.1	43.0	39.6
Average years of Service	10.8	9.3	10.6

	Hire before 12/1/2011	Hired on/after 12/1/2011	All Actives
Number of Actives	270	385	655
Average Attained Age	46.4	34.8	39.6
Average years of Service	18.0	5.4	10.6



Supporting Information

(Continued)

Section 1 - Summary of Employee Data

Retired members: There were 747 retirees or their beneficiaries receiving benefits⁴ under this program on the valuation date. Their ages are summarized in this chart.

Retirees by Age				
Current Age	Misc	Fire	Total	Percent
Below 50	1	8	9	1%
50 to 54	2	63	65	9%
55 to 59	10	138	148	20%
60 to 64	11	132	143	19%
65 to 69	20	120	140	19%
70 to 74	17	72	89	12%
75 to 79	12	63	75	10%
80 & up	14	64	78	10%
Total	87	660	747	100%
Average Age:				
On 6/30/2021	70.8	65.8	66.4	
At retirement	57.5	52	52.6	

The numbers of active and retired employees by coverage level (single, family, etc.) are:

Coverage Level by Employment Status			
Medical Coverage Type	Actives	Retired	Totals
Employee Only	127	203	330
Employee & Spouse	64	346	410
Employee & Children	40	28	68
Employee & Family	396	147	543
Waived	28	23	51
Totals	655	747	1402

This chart summarizes the numbers of active and retired employees by medical plan.

Medical Plans Selected by Employment Status			
Plan	Actives	Retired	Totals
Anthem Select	10	14	24
Anthem Traditional	3	9	12
Blue Shield Access	141	105	246
Blue Shield Trio	2	1	3
Health Net SmartCare	2	1	3
Kaiser HMO	352	273	625
PERS Gold	4	5	9
PERS Platinum	23	209	232
PORAC	47	57	104
SCERS	0	4	4
United Healthcare	32	42	74
Western Health Advantage	11	4	15
Waived	28	23	51
Totals	655	747	1402

⁴ This includes 23 retirees waiving CalPERS medical coverage who receive \$300 per month as a subsidy toward outside coverage.



Supporting Information
(Concluded)

Section 1 - Summary of Employee Data

The chart below reconciles the number of actives and retirees included in the June 30, 2019 valuation of the District plan with those included in the June 30, 2021 valuation:

Reconciliation of District Plan Members Between Valuation Dates						
Status	Covered Actives	Waiving Actives	Service Retirees w/Benefits	Disabled Retirees w/Benefits	Surviving Spouses w/Benefits	Total
Number reported as of June 30, 2019	629	36	545	127	67	1,404
New/rehired employees	29	6				35
Separated employees	(16)	(4)				(20)
New retiree, elected coverage	(24)		16	8		0
New retiree, waiving coverage						0
Previously covered, now waiving	(1)	1	(1)	(1)		(2)
Previously waiving, now covered	11	(11)		2		2
Deceased	(1)		(10)	(5)	(1)	(17)
Data corrections			(2)	2		0
Number reported as of June 30, 2021	627	28	548	133	66	1,402

From this reconciliation, we observe that the total plan population decreased by about 0.1% overall during the two-year period between valuations. The number of active members decreased by 10 (1.5%) while the number of retirees and survivors receiving benefits increased by 8 (1.1%).

There were 24 new retirements reported since the June 30, 2019 valuation was prepared. Of these 24 new retirees, all 24 elected to continue their District coverage through CalPERS.

Counts by Benefit Tiers: Employees hired during or after December 2011 are subject to a longer service requirement and vesting schedule to be eligible for full benefits. The number of retirees hired prior to this recently added requirement and those now subject to it are summarized below:

Summary of Active and Retiree Employee Counts by Group			
Medical Coverage Type	Actives	Retired	Totals
Misc - Hired before December 1, 2011	30	87	117
Fire - Hired before December 1, 2011	240	660	900
Misc - Hired on or after December 1, 2011	55	0	55
Fire - Hired on or after December 1, 2011	330	0	330
Totals	655	747	1402

Summary of Plan Member Counts: The numbers of those members currently or potentially eligible to receive benefits under the OPEB plan are required to be reported in the notes to the financial statements.

Summary of Plan Member Counts	
Number of active plan members	655
Number of inactive plan members currently receiving benefits	747
Number of inactive plan members entitled to but not receiving benefits	14*

* Retirees eligible to return to the District for PEMHCA coverage



Supporting Information

(Continued)

Section 2 - Summary of Retiree Benefit Provisions

OPEB provided: The District reported that the only OPEB provided is retiree medical coverage.

Access to coverage: Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS, which requires either: (a) attainment of age 50 (age 52, for miscellaneous employees who are new to PERS on or after January 1, 2013) with 5 years of State or public agency service or (b) an approved disability retirement.

Unless covered by a vesting resolution with at least 20 years of service for the District or an approved disability retirement, the employee must begin his or her *pension* benefit within 120 days of terminating employment with the District to be eligible to continue medical coverage through the District and be entitled to the employer subsidy described below. Additional eligibility provisions for long-service employees or disabled retirees covered by the PEMHCA vesting resolution are shown on the next page

Once eligible for retiree medical coverage, if the member is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement or during any future open enrollment period. Coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.

There is a small group of retirees whose medical coverage is provided through the Sacramento County Employee Retirement System (SCERS). Coverage for this group is also provided to surviving spouses.

Benefits provided: As a PEMHCA employer, the District is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. The District has resolutions with CalPERS defining the level of the District's contribution toward active and retiree medical plan premiums.

Benefits fall into one of the following 4 categories:

1. *For employees hired prior to December 1, 2011*, the current resolutions provide that:
 - a. While covered by a Basic or Combination plan, the District will contribute 92% of the medical premium for the retiree and his or her dependents, but not more than 92% of the premium for the 3rd highest Basic or 3rd highest Combination plan rate in Region 1, as applicable and corresponding to the retiree's coverage level.
 - b. When the retiree and *all* of his or her covered dependents are covered by Medicare plans⁵, the District will contribute 100% of the medical premium, not to exceed 100% of the 3rd highest Supplemental plan rate in Region 1 corresponding to the retiree's coverage level.

⁵ Where a District retiree (and spouse, if married) is of Medicare age but not eligible for Medicare coverage, the District will reimburse the additional premium cost so the total retiree benefit equals 100% of the applicable medical plan premium, not to exceed 100% of the third highest cost Region 1 plan for the retiree's coverage level.



Supporting Information
(Continued)

Section 2 - Summary of Retiree Benefit Provisions
(Continued)

2. Employees hired on or after December 1, 2011 are covered by a “special” PEMHCA vesting resolution, which provides that the District will pay the benefit described in 1. above, multiplied by the applicable vesting percentage, as determined from the chart shown below.

PERS Service	Vested %	PERS Service	Vested %
Under 5	0%	13	65%
5	25%	14	70%
6	30%	15	75%
7	35%	16	80%
8	40%	17	85%
9	45%	18	90%
10	50%	19	95%
11	55%	20	100%
12	60%		

- Employees who retire on disability retirement are automatically 100% vested, regardless of their years of District or PERS service.
- Employees who complete 20 or more years of service with the District are vested in this benefit even if terminating employment prior to retirement from the District.

3. Retirees who retain SCERS medical coverage receive a subsidy, increasing by 5% per year, based on the retiree’s years of service with the District. Current monthly subsidies are shown in the chart at right.

Years of SCERS Service Credit	Fiscal Year 21/22 Amount
Less than 10	\$219.10
15	272.97
20	326.84
25	380.72
25 or more	438.19

In addition, retirees who retain SCERS medical coverage are reimbursed up to \$100 per month for any medical expenses paid by the retiree.

4. The District also reimburses the monthly Medicare Part B premiums for former American River Fire District retirees and their spouses. The standard Medicare Part B premium is \$170.10 per month for 2022

All retirees eligible for coverage under the District-sponsored medical plans (except those in 3. above) who opt out of CalPERS medical insurance will receive instead up to \$300 per month toward the cost of outside coverage.



Supporting Information
(Continued)

Section 2 - Summary of Retiree Benefit Provisions
(Continued)

Current premium rates: The 2022 CalPERS monthly medical plan rates in Region 1 are shown in the table below. If different rates apply where the member resides outside of this area, those rates are reflected in the valuation, but not listed here.

Region 1 2022 Health Plan Rates						
Plan	Actives and Pre-Med Retirees			Medicare Eligible Retirees		
	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
Anthem Select HMO	1,015.81	2,031.62	2,641.11	360.19	720.38	1,329.87
Anthem Traditional HMO	1,304.00	2,608.00	3,390.40	360.19	720.38	1,502.78
Blue Shield Access+ HMO & EPO	1,116.01	2,232.02	2,901.63	353.11	706.22	1,375.83
Blue Shield Trio	898.54	1,797.08	2,336.20	353.11	706.22	1,245.34
Health Net SmartCare	1,153.00	2,306.00	2,997.80	Not Available		
Kaiser HMO	857.06	1,714.12	2,228.36	302.53	605.06	1,119.30
PERS Platinum PPO	1,057.01	2,114.02	2,748.23	381.94	763.88	1,398.09
PERS Gold PPO	701.23	1,402.46	1,823.20	377.41	754.82	1,175.56
PORAC Region 1	799.00	1,725.00	2,219.00	461.00	919.00	1,413.00
UHC Alliance HMO*	1,020.28	2,040.56	2,652.73	347.21	694.42	1,306.59
Western Health Advantage HMO	741.26	1,482.52	1,927.28	314.94	629.88	1,074.64

The CalPERS administration fee is assumed to be expensed each year and has not been projected as an OPEB liability in this valuation. CERBT will not reimburse health plan administrative fees paid for covered retirees.

"Ee" refers to Employee. Note that the Medicare rates shown in the Ee & 2+ column include at least one pre-Medicare participant (equivalent to Party Rate Code 9).



Supporting Information
(Continued)

Section 2 - Summary of Retiree Benefit Provisions
(Concluded)

District 2022 maximum contributions toward retiree medical premiums: The following 4 charts summarize the maximum monthly benefit amounts paid by the District during 2022. These maximum amounts vary based on the coverage level selected by the retiree (single, two-party and/or family) and by Medicare/non-Medicare status.

Everyone Pre-Medicare			
Party Rate Code	1	2	3
Coverage Level	Single Party	Two Party	Family
Third Highest Cost Plan	Blue Shield Access HMO		
Premium	1,116.01	2,232.02	2,901.63
Cap	1,026.73	2,053.46	2,669.50
Current participants in Party Rate	186	225	568

Employee & All Dependents in Medicare			
Party Rate Code	4	5	6
Coverage Level	Single Party	Two Party	Family
Third Highest Cost Plan	PERS Gold PPO		
Premium (same as cap)	377.41	754.82	1,132.23
Current participants in Party Rate	140	152	0

Employee in Medicare & One or More Dependents in Pre-Medicare Plan			
Party Rate Code	7	8	9
Coverage Level	Employee in Medicare, 1 Dependent in Basic	Employee in Medicare, 2+ Dependents in Basic	Employee & Spouse in Medicare, Child(ren) in Basic
Third Highest Cost Plan	PORAC	PERS Platinum	PERS Platinum
Premium for Third Highest Cost Plan	1,439.00	2,073.16	1,398.09
Subsidy Cap	1,323.88	1,907.31	1,286.24
Current participants in Party Rate	40	8	4

Employee in Basic & One or More Dependents in Medicare Plan			
Party Rate Code	10	11	12
Coverage Level	Employee in Basic, 1 Dependent in Medicare	Employee in Basic, 2+ Dependents in Medicare	Employee & 1 Dependent in Basic, 1+ Dependents in Medicare
Third Highest Cost Plan	PERS Platinum	Blue Shield Access	Anthem Select
Premium for Third Highest Cost Plan	1,438.95	1,822.23	1,985.49
Subsidy Cap	1,323.83	1,676.45	1,826.65
Current participants in Party Rate	19	0	5



Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

The ultimate real cost of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These payments depend only on the terms of the plan and the administrative arrangements adopted. Actuarial assumptions are used to estimate the cost of these benefits; the funding method spreads the expected costs on a level basis over the life of the plan.

Important Dates

Valuation Date	June 30, 2021
Fiscal Year End	June 30, 2022
GASB 75 Measurement Date	June 30, 2021 (last day of the prior fiscal year)

Valuation Methods

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.

**Development of Age-related
Medical Premiums**

Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves is provided in MacLeod Watts's Age Rating Methodology in Addendum 2 to this report.

Monthly baseline premium costs were set equal to the active single premiums shown in the chart in Section 2. Representative claims costs (age-based premiums) derived from the dataset provided by CalPERS are shown in the chart on the following page.

The age-based premiums are applied to determine the implicit subsidy liability for retirees prior to coverage under Medicare where the claims experience of these retirees is pooled with active plan members.

Medicare-eligible retirees are covered by plans which are rated solely on the experience of Medicare retirees with no subsidy by active employee premiums. We applied actual premium rates for Medicare Advantage plans and age-based premiums for Medicare Supplement plans, as shown on the following page.



Supporting Information
 (Continued)

Section 3 - Actuarial Methods and Assumptions
 (Continued)

Development of Age-related
 Medical Premiums (continued)

Region	Medical Plan	Expected Monthly Claims by Medical Plan for Selected Ages - Male														
		Non-Medicare Retirees							Medicare Retirees							
		50	53	56	59	62	65	70	75	80	85					
	Anthem Select HMO	\$ 1,026	\$ 1,210	\$ 1,406	\$ 1,611	\$ 1,831	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	
	Anthem Traditional HMO	1,146	1,352	1,570	1,800	2,046	360	360	360	360	360	360	360	360	360	
	Blue Shield Access+ HMO	1,007	1,187	1,379	1,581	1,797	353	353	353	353	353	353	353	353	353	
	Blue Shield Trio	896	1,057	1,227	1,407	1,599	353	353	353	353	353	353	353	353	353	
	Health Net SmartCare	1,015	1,197	1,390	1,593	1,811	Plan not available to Medicare retirees									303
Region 1	Kaiser HMO	873	1,030	1,196	1,371	1,558	303	303	303	303	303	303	303	303	303	
	PERS Gold PPO	686	808	939	1,076	1,223	300	336	365	382	382	382	382	382	377	
	PERS Platinum PPO	705	832	966	1,107	1,259	303	340	369	387	387	387	387	382	382	
	PORAC	757	893	1,037	1,189	1,351	392	440	478	500	500	500	500	494	494	
	UHC Alliance HMO	1,016	1,198	1,392	1,595	1,814	347	347	347	347	347	347	347	347	347	
	Western Health Advantage HMO	714	842	978	1,121	1,275	315	315	315	315	315	315	315	315	315	
	Blue Shield Access+ HMO	825	973	1,130	1,296	1,473	353	353	353	353	353	353	353	353	353	
	Kaiser HMO	710	837	972	1,114	1,267	303	303	303	303	303	303	303	303	303	
Region 2	PERS Platinum PPO	597	704	818	937	1,065	303	340	369	387	387	387	387	382	382	
	PORAC	672	792	920	1,055	1,199	392	440	478	500	500	500	500	494	494	
	UHC Alliance HMO	805	949	1,102	1,263	1,436	347	347	347	347	347	347	347	347	347	
Region 3	Kaiser HMO	732	863	1,002	1,148	1,305	303	303	303	303	303	303	303	303	303	
	Kaiser HMO	757	892	1,037	1,188	1,351	296	296	296	296	296	296	296	296	296	
Out of State	PERS Platinum	634	748	869	996	1,132	307	344	374	392	392	392	392	386	386	
	PORAC	629	742	862	988	1,123	392	440	478	500	500	500	500	494	494	



Supporting Information
 (Continued)

Section 3 - Actuarial Methods and Assumptions
 (Continued)

Development of Age-related
 Medical Premiums (continued)

		Expected Monthly Claims by Medical Plan for Selected Ages - Female												
		Non-Medicare Retirees						Medicare Retirees						
Region	Medical Plan	50	53	56	59	62	65	70	75	80	85			
	Anthem Select HMO	\$ 1,272	\$ 1,397	\$ 1,503	\$ 1,624	\$ 1,790	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	
	Anthem Traditional HMO	1,421	1,560	1,679	1,814	2,000	360	360	360	360	360	360	360	
	Blue Shield Access+ HMO	1,248	1,370	1,475	1,594	1,757	353	353	353	353	353	353	353	
	Blue Shield Trio	1,111	1,220	1,312	1,418	1,563	353	353	353	353	353	353	353	
	Health Net SmartCare	1,258	1,381	1,486	1,606	1,770	<i>Plan not available to Medicare retirees</i>							
Region 1	Kaiser HMO	1,082	1,189	1,279	1,382	1,523	303	303	303	303	303	303	303	
	PERS Gold PPO	850	933	1,004	1,085	1,196	287	324	351	367	370	370	370	
	PERS Platinum PPO	874	960	1,033	1,116	1,230	291	329	356	372	375	375	375	
	PORAC	938	1,030	1,109	1,198	1,321	376	425	460	481	485	485	485	
	UHC Alliance HMO	1,259	1,383	1,488	1,608	1,773	347	347	347	347	347	347	347	
	Western Health Advantage HMO	885	972	1,046	1,130	1,246	315	315	315	315	315	315	315	
	Blue Shield Access+ HMO	1,023	1,123	1,209	1,306	1,440	353	353	353	353	353	353	353	
	Kaiser HMO	880	966	1,040	1,124	1,239	303	303	303	303	303	303	303	
Region 2	PERS Platinum PPO	740	813	874	945	1,042	291	329	356	372	375	375	375	
	PORAC	833	915	984	1,064	1,172	286	324	351	366	370	370	370	
	UHC Alliance HMO	997	1,095	1,178	1,273	1,404	347	347	347	347	347	347	347	
Region 3	Kaiser HMO	907	996	1,071	1,158	1,276	303	303	303	303	303	303	303	
	Kaiser HMO	938	1,030	1,108	1,198	1,320	296	296	296	296	296	296	296	
Out of State	PERS Platinum	786	863	929	1,004	1,106	294	333	360	376	380	380	380	
	PORAC	780	856	922	996	1,098	376	425	460	481	485	485	485	



Supporting Information
 (Continued)

Section 3 - Actuarial Methods and Assumptions
 (Continued)

Development of Age-related
 Medical Premiums (concluded)

This chart provides expected claims (age-based premiums) for retirees over age 65 not expected to qualify for Medicare coverage.

Region	Medical Plan	Expected Monthly Claims by Medical Plan for Selected Ages														
		Male							Female							
		Non-Medicare Retirees							Non-Medicare Retirees							
		65	70	75	80	85	65	70	75	80	85	65	70	75	80	85
	Anthem Select HMO	\$ 2,082	\$ 2,515	\$ 2,922	\$ 3,285	\$ 3,514	\$ 1,995	\$ 2,358	\$ 2,719	\$ 3,056	\$ 3,366	\$ 1,995	\$ 2,358	\$ 2,719	\$ 3,056	\$ 3,366
	Anthem Traditional HMO	2,326	2,810	3,264	3,670	3,926	2,228	2,634	3,037	3,414	3,760	2,228	2,634	3,037	3,414	3,760
	Blue Shield Access+ HMO	2,043	2,468	2,867	3,223	3,448	1,957	2,313	2,668	2,999	3,303	1,957	2,313	2,668	2,999	3,303
	Blue Shield Trio	1,818	2,196	2,551	2,868	3,068	1,742	2,059	2,374	2,668	2,939	1,742	2,059	2,374	2,668	2,939
	Health Net SmartCare	2,059	2,487	2,889	3,248	3,475	1,972	2,331	2,688	3,022	3,329	1,972	2,331	2,688	3,022	3,329
Region 1	Kaiser HMO	1,772	2,140	2,486	2,795	2,990	1,697	2,006	2,313	2,600	2,864	1,697	2,006	2,313	2,600	2,864
	PERS Gold PPO	1,391	1,680	1,952	2,194	2,347	1,332	1,575	1,816	2,041	2,249	1,332	1,575	1,816	2,041	2,249
	PERS Platinum PPO	1,431	1,729	2,008	2,258	2,415	1,371	1,620	1,868	2,100	2,313	1,371	1,620	1,868	2,100	2,313
	PORAC	1,536	1,856	2,156	2,424	2,593	1,472	1,740	2,006	2,255	2,484	1,472	1,740	2,006	2,255	2,484
	UHC Alliance HMO	2,062	2,491	2,893	3,253	3,480	1,975	2,335	2,692	3,026	3,333	1,975	2,335	2,692	3,026	3,333
	Western Health Advantage HMO	1,449	1,750	2,033	2,286	2,446	1,388	1,641	1,892	2,127	2,343	1,388	1,641	1,892	2,127	2,343
	Blue Shield Access+ HMO	1,674	2,023	2,350	2,642	2,826	1,604	1,896	2,186	2,458	2,707	1,604	1,896	2,186	2,458	2,707
	Kaiser HMO	1,440	1,740	2,021	2,273	2,431	1,380	1,631	1,881	2,114	2,329	1,380	1,631	1,881	2,114	2,329
Region 2	PERS Platinum PPO	1,211	1,463	1,700	1,911	2,044	1,160	1,372	1,582	1,778	1,958	1,160	1,372	1,582	1,778	1,958
	PORAC	1,363	1,647	1,913	2,151	2,301	1,306	1,544	1,780	2,001	2,204	1,306	1,544	1,780	2,001	2,204
	UHC Alliance HMO	1,633	1,972	2,291	2,576	2,755	1,564	1,849	2,132	2,396	2,639	1,564	1,849	2,132	2,396	2,639
Region 3	Kaiser HMO	1,484	1,793	2,083	2,342	2,505	1,422	1,681	1,938	2,178	2,400	1,422	1,681	1,938	2,178	2,400
	Kaiser HMO	1,535	1,855	2,155	2,422	2,591	1,471	1,739	2,005	2,254	2,482	1,471	1,739	2,005	2,254	2,482
Out of State	PERS Platinum	1,287	1,554	1,806	2,030	2,172	1,233	1,457	1,680	1,889	2,080	1,233	1,457	1,680	1,889	2,080
	PORAC	1,277	1,542	1,792	2,014	2,155	1,223	1,446	1,667	1,874	2,064	1,223	1,446	1,667	1,874	2,064



Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions
(Continued)

Economic Assumptions

Municipal Bond Rate	Fidelity Municipal Bond AA 20 Year Maturity Yield 1.92% as of June 30, 2021, and 2.45% as of June 30, 2020
Long Term Return on Assets	(a) <i>For accounting:</i> 6.21% as of June 30, 2021, and 7.05% as of June 30, 2020, net of plan investment expenses (b) <i>For plan funding:</i> 6.21% as of June 30, 2021, and 6.95% net of plan investment and trust administrative expenses
Discount Rate	(a) <i>For accounting:</i> 5.9% as of June 30, 2021, and 7.05% as of June 30, 2020, based on analysis described in GASB 75 paragraphs 36-41 (b) <i>For plan funding:</i> 6.21% as of June 30, 2021
General Inflation Rate	2.5% per year
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
Healthcare Trend	Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year's levels were derived using the Getzen model and are assumed to be effective on the dates shown in the chart below.

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2022	Actual	2044-2049	4.7%
2023	5.8%	2050-2059	4.6%
2024	5.6%	2060-2066	4.5%
2025	5.4%	2067-2068	4.4%
2026-2027	5.2%	2069-2070	4.3%
2028-2029	5.1%	2071	4.2%
2030-2038	5.0%	2072-2073	4.1%
2039	4.9%	2074-2075	4.0%
2040-2043	4.8%	2076 & later	3.9%

The healthcare trend shown above was developed using the Getzen Model 2021_b published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.4%; Excess Medical Growth 1.0%; Expected Health Share of GDP in 2028 20.3%; Resistance Point 20%; Year after which medical growth is limited to growth in GDP 2075.



Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions
(Continued)

Assumed Increases in Other
District Provided Benefits

No increases are assumed in the \$300 per month provided to retirees who opt out of coverage under District-sponsored medical plans.

The District's contribution toward the cost of coverage for retirees covered by SCERS is assumed to increase by 5% annually. No increases are assumed in the \$100 per month reimbursement for any medical expenses paid by the retiree.

Participant Election Assumptions

Participation Rate

Active employees: 100% of those expected to qualify for benefits are assumed to continue their current plan election in retirement. If not currently enrolled, the employee (retiree) is assumed to elect coverage in the Kaiser Region 1 plan.

Retired participants: Existing medical plan elections are assumed to be continued until the retiree's death.

Spouse Coverage

Active employees: 85% are assumed to be married and elect coverage for their spouse in retirement. Surviving spouses are assumed to retain coverage until their death. Husbands are assumed to be 3 years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to be continued until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

Spouse gender is assumed to be the opposite of the employee.

Dependent Coverage

Active employees: 75% are assumed to cover dependents other than a spouse under age 26 at retirement; eligibility for coverage for the youngest dependent is assumed to end at the retiree's age 62.

Retired participants covering dependent children are assumed to end such coverage when the youngest currently covered dependent reaches age 26.

Medicare Eligibility

Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.



Supporting Information
 (Continued)

Section 3 - Actuarial Methods and Assumptions (Continued)

Demographic Assumptions

Demographic actuarial assumptions used in this valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015, except for a different basis used to project future mortality improvements. Rates for selected age and service are shown below and on the following pages. The representative mortality rates were those published by CalPERS adjusted to back out 15 years of Scale MP 2016 to central year 2015.

Mortality Improvement MacLeod Watts Scale 2022 applied generationally from 2015
(see Addendum 2)

Mortality Before Retirement
 (before improvement applied)

CalPERS Public Agency Miscellaneous Non- Industrial Deaths			CalPERS Public Agency Police & Fire Combined Industrial & Non-Industrial		
Age	Male	Female	Age	Male	Female
15	0.00019	0.00004	15	0.00023	0.00008
20	0.00027	0.00008	20	0.00032	0.00013
30	0.00044	0.00018	30	0.00053	0.00025
40	0.00070	0.00040	40	0.00081	0.00050
50	0.00135	0.00090	50	0.00150	0.00104
60	0.00288	0.00182	60	0.00306	0.00200
70	0.00693	0.00438	70	0.00714	0.00459
80	0.01909	0.01080	80	0.01934	0.01105

Mortality After Retirement
 (before improvement applied)

Healthy Lives	Disabled Miscellaneous	Disabled Fire Safety																																																																																										
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #d9ead3;"> <th colspan="3">CalPERS Public Agency Miscellaneous, Police & Fire Post Retirement Mortality</th> </tr> <tr style="background-color: #d9ead3;"> <th>Age</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr><td>40</td><td>0.00070</td><td>0.00040</td></tr> <tr><td>50</td><td>0.00431</td><td>0.00390</td></tr> <tr><td>60</td><td>0.00758</td><td>0.00524</td></tr> <tr><td>70</td><td>0.01490</td><td>0.01044</td></tr> <tr><td>80</td><td>0.04577</td><td>0.03459</td></tr> <tr><td>90</td><td>0.14801</td><td>0.11315</td></tr> <tr><td>100</td><td>0.35053</td><td>0.30412</td></tr> <tr><td>110</td><td>1.00000</td><td>1.00000</td></tr> </tbody> </table>	CalPERS Public Agency Miscellaneous, Police & Fire Post Retirement Mortality			Age	Male	Female	40	0.00070	0.00040	50	0.00431	0.00390	60	0.00758	0.00524	70	0.01490	0.01044	80	0.04577	0.03459	90	0.14801	0.11315	100	0.35053	0.30412	110	1.00000	1.00000	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #d9ead3;"> <th colspan="3">CalPERS Public Agency Disabled Miscellaneous Post-Retirement Mortality</th> </tr> <tr style="background-color: #d9ead3;"> <th>Age</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr><td>20</td><td>0.00027</td><td>0.00008</td></tr> <tr><td>30</td><td>0.00044</td><td>0.00018</td></tr> <tr><td>40</td><td>0.00070</td><td>0.00040</td></tr> <tr><td>50</td><td>0.01371</td><td>0.01221</td></tr> <tr><td>60</td><td>0.02447</td><td>0.01545</td></tr> <tr><td>70</td><td>0.03737</td><td>0.02462</td></tr> <tr><td>80</td><td>0.07218</td><td>0.05338</td></tr> <tr><td>90</td><td>0.16585</td><td>0.14826</td></tr> </tbody> </table>	CalPERS Public Agency Disabled Miscellaneous Post-Retirement Mortality			Age	Male	Female	20	0.00027	0.00008	30	0.00044	0.00018	40	0.00070	0.00040	50	0.01371	0.01221	60	0.02447	0.01545	70	0.03737	0.02462	80	0.07218	0.05338	90	0.16585	0.14826	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #d9ead3;"> <th colspan="3">CalPERS Public Agency Disabled Fire Post- Retirement Mortality</th> </tr> <tr style="background-color: #d9ead3;"> <th>Age</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr><td>20</td><td>0.00027</td><td>0.00009</td></tr> <tr><td>30</td><td>0.00031</td><td>0.00014</td></tr> <tr><td>40</td><td>0.00034</td><td>0.00022</td></tr> <tr><td>50</td><td>0.00780</td><td>0.00681</td></tr> <tr><td>60</td><td>0.01250</td><td>0.00809</td></tr> <tr><td>70</td><td>0.02361</td><td>0.01647</td></tr> <tr><td>80</td><td>0.06612</td><td>0.04975</td></tr> <tr><td>90</td><td>0.18524</td><td>0.14349</td></tr> </tbody> </table>	CalPERS Public Agency Disabled Fire Post- Retirement Mortality			Age	Male	Female	20	0.00027	0.00009	30	0.00031	0.00014	40	0.00034	0.00022	50	0.00780	0.00681	60	0.01250	0.00809	70	0.02361	0.01647	80	0.06612	0.04975	90	0.18524	0.14349
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Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions (Continued)

Termination Rates

For miscellaneous employees hired before 12/1/2011:

Miscellaneous Employees: Sum of Vested Terminated & Refund Rates From CalPERS Experience Study Report Issued December 2017						
Attained Age	Years of Service					
	0	3	5	10	15	20
15	0.1812	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1742	0.1193	0.0654	0.0000	0.0000	0.0000
25	0.1674	0.1125	0.0634	0.0433	0.0000	0.0000
30	0.1606	0.1055	0.0615	0.0416	0.0262	0.0000
35	0.1537	0.0987	0.0567	0.0399	0.0252	0.0184
40	0.1468	0.0919	0.0519	0.0375	0.0243	0.0176
45	0.1400	0.0849	0.0480	0.0351	0.0216	0.0168

For miscellaneous employees hired on or after 12/1/2011:

Miscellaneous Employees: Sum of Vested Terminated & Refund Rates for 0 -19 years of service; refund rates only for 20+ years of service From CalPERS Experience Study Report Issued December 2017						
Attained Age	Years of Service					
	0	5	10	20	25	30
15	0.1812	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1742	0.0654	0.0000	0.0000	0.0000	0.0000
25	0.1674	0.0634	0.0433	0.0000	0.0000	0.0000
30	0.1606	0.0615	0.0416	0.0000	0.0000	0.0000
35	0.1537	0.0567	0.0399	0.0045	0.0000	0.0000
40	0.1468	0.0519	0.0375	0.0037	0.0024	0.0000
45	0.1400	0.0480	0.0351	0.0029	0.0017	0.0011

For fire safety employees hired before 12/1/2011:

Fire Safety Employees: Sum of Vested Terminated & Refund Rates From CalPERS Experience Study Report Issued December 2017						
Attained Age	Years of Service					
	0	3	5	10	15	20
15	0.1298	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1298	0.0237	0.0146	0.0000	0.0000	0.0000
25	0.1298	0.0237	0.0146	0.0069	0.0000	0.0000
30	0.1298	0.0237	0.0146	0.0069	0.0052	0.0000
35	0.1298	0.0237	0.0146	0.0069	0.0052	0.0041
40	0.1298	0.0237	0.0146	0.0069	0.0052	0.0041
45	0.1298	0.0237	0.0146	0.0069	0.0052	0.0041



Supporting Information
(Continued)

Section 3 – Actuarial Methods and Assumptions (Continued)

Termination Rates (concluded)

For fire safety employees hired on or after 12/1/2011:

Fire Safety Employees: Sum of Vested Terminated & Refund Rates for 0 -19 years of service; refund rates only for 20+ years of service From CalPERS Experience Study Report Issued December 2017						
Attained Age	Years of Service					
	0	5	10	20	25	30
15	0.1298	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1298	0.0146	0.0000	0.0000	0.0000	0.0000
25	0.1298	0.0146	0.0069	0.0000	0.0000	0.0000
30	0.1298	0.0146	0.0069	0.0000	0.0000	0.0000
35	0.1298	0.0146	0.0069	0.0003	0.0000	0.0000
40	0.1298	0.0146	0.0069	0.0003	0.0002	0.0000
45	0.1298	0.0146	0.0069	0.0003	0.0002	0.0002

Service Retirement Rates

Sample rates of assumed future retirements for each of these retirement benefit formulas are shown below. Each rate reflects the probability that an employee at that age and service will retire in the next 12 months.

The following miscellaneous retirement formulas apply:

- For "Classic" employees: 3.0% @ 60
- For "PEPRA" employees: 2.0% @ 62

The following fire retirement formulas apply:

- For "Classic" employees: 3.0% @ 50
- For "PEPRA" employees: 2.7% @ 57

Miscellaneous Employees: 3.0% at 60 formula From CalPERS Experience Study Report Issued December 2017						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0130	0.0190	0.0260	0.0420	0.0380	0.0640
55	0.0400	0.0520	0.0640	0.0850	0.0950	0.1200
60	0.0890	0.1060	0.1230	0.1800	0.2260	0.3160
65	0.2000	0.2420	0.2830	0.3300	0.3000	0.3420
70	0.2200	0.2550	0.2910	0.3260	0.3580	0.3880
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Miscellaneous "PEPRA" Employees: 2% at 62 formula From CalPERS Experience Study Report Issued December 2017						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
55	0.0100	0.0190	0.0280	0.0360	0.0610	0.0960
60	0.0310	0.0510	0.0710	0.0910	0.1110	0.1380
65	0.1080	0.1410	0.1730	0.2060	0.2390	0.3000
70	0.1200	0.1560	0.1930	0.2290	0.2650	0.3330
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000



Supporting Information
 (Continued)

Section 3 – Actuarial Methods and Assumptions (Continued)

Service Retirement Rates
 (concluded)

Fire Safety Employees: 3.0% at 50 formula From CalPERS Experience Study Report Issued December 2017						
Current	Years of Service					
Age	5	10	15	20	25	30
50	0.0200	0.0200	0.0200	0.0400	0.1300	0.1920
53	0.0230	0.0230	0.0230	0.0430	0.1350	0.1980
56	0.0530	0.0530	0.0530	0.0850	0.1960	0.2690
59	0.0750	0.0750	0.0750	0.1160	0.2390	0.3210
62	0.0680	0.0680	0.0680	0.1060	0.2240	0.3040
65 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Fire Safety Employees: 2.7% at 57 formula From CalPERS Experience Study Report Issued December 2017						
Current	Years of Service					
Age	5	10	15	20	25	30
50	0.0065	0.0065	0.0065	0.0065	0.0101	0.0151
53	0.0442	0.0442	0.0442	0.0442	0.0680	0.1018
56	0.0740	0.0740	0.0740	0.0740	0.1140	0.1706
59	0.0729	0.0729	0.0729	0.0729	0.1123	0.1681
62	0.1136	0.1136	0.1136	0.1136	0.1749	0.2618
65 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Disability Retirement Rates

CalPERS Public Agency Miscellaneous Disability From Dec 2017 Experience Study Report		
Age	Male	Female
20	0.00017	0.00010
25	0.00017	0.00010
30	0.00019	0.00024
35	0.00039	0.00071
40	0.00102	0.00135
45	0.00151	0.00188
50	0.00158	0.00199
55	0.00158	0.00149
60	0.00153	0.00105

CalPERS Public Agency Fire Combined Disability From Dec 2017 Experience Study Report	
Age	Unisex
20	0.00015
25	0.00029
30	0.00066
35	0.00129
40	0.00235
45	0.00418
50	0.02128
55	0.03134
60	0.04442



Supporting Information
(Concluded)

Section 3 – Actuarial Methods and Assumptions (Continued)

Software and Models Used in the Valuation

ProVal - MacLeod Watts utilizes ProVal, a licensed actuarial valuation software product from Winklevoss Technologies (WinTech) to project future retiree benefit payments and develop the OPEB liabilities presented in this report. ProVal is widely used by the actuarial community. We review results at the plan level and for individual sample lives and find them to be reasonable and consistent with the results we expect. We are not aware of any material inconsistencies or limitations in the software that would affect this actuarial valuation.

Age-based premiums model – developed internally and reviewed by an external consultant at the time it was developed. See discussion on Development of Age-Related Medical Premiums and Addendum 3.

Getzen model – published by the Society of Actuaries; used to derive medical trend assumptions described earlier in this section.

Changes in assumptions or methods since the prior Measurement Date

Trust rate of return	Decreased to 6.21% from 7.05% (accounting) and 6.95% (funding), reflecting updated long term rates of return provided by CalPERS in March 2022
Discount rate	<i>For accounting:</i> Decreased to 5.9% from 7.05%, reflecting updated projected benefit cash flows, updated expected return on trust assets (see above), and analysis as described in paragraphs 36-41 of GASB 75 <i>For funding:</i> Decreased to 6.21% from 6.95%, reflecting updated expected return on trust assets (see above)
Mortality Improvement	The mortality improvement scale was updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2022, reflecting continued updates in available information (see Addendum 3).
Healthcare Trend	Updated the base healthcare trend scale from Getzen Model 2019_b to Getzen Model 2021_b, as published by the Society of Actuaries
Pool Subsidy for Medicare retirees	We applied age-based premiums and developed a liability for the projected pool subsidy for retirees enrolled in Medicare plans, under guidance provided by a new actuarial practice note.



Appendix 1: Funding Policy Contributions by Group & Tier for FYE 2023

The chart below develops Funding Policy Contributions (FPC) for 4 subgroups for the fiscal year ending June 30, 2023. The FPC for each group is developed as described on page 24 using a 6.21% discount rate. Assets as of June 30, 2021 were allocated to each group/tier based on the ratio of the group/tier's Explicit Actuarial Accrued Liability (AAL) to the total Explicit AAL as of June 30, 2021. These amounts were then "rolled forward" to July 1, 2022, based upon contributions and expected earnings (allocated by group/tier) through June 30, 2022.

	Misc Hired Before 12/1/2011	Misc Hired On/After 12/1/2011	Misc Total	Fire Hired Before 12/1/2011	Fire Hired On/After 12/1/2011	Fire Total	Grand Total
Number of Covered Employees							
Actives	30	55	85	240	330	570	655
Retirees	87	-	87	660	-	660	747
Total Participants	117	55	172	900	330	1,230	1,402
Actuarial Present Value of Projected Benefits							
Actives	\$ 6,346,546	\$ 6,200,128	\$ 12,546,673	\$ 70,359,657	\$ 72,137,102	142,496,758	\$ 155,043,432
Retirees	9,646,394	-	9,646,394	120,033,891	-	120,033,891	129,680,285
Total APVPB	15,992,939	6,200,128	22,193,067	190,393,548	72,137,102	262,530,649	284,723,717
Actuarial Accrued Liability							
Actives	5,119,526	2,609,847	7,729,373	52,837,700	24,124,316	76,962,016	84,691,389
Retirees	9,646,394	-	9,646,394	120,033,891	-	120,033,891	129,680,285
Total AAL	14,765,920	2,609,847	17,375,767	172,871,591	24,124,316	196,995,907	214,371,674
Actuarial Value of Assets	5,551,982	981,302	6,533,284	64,999,671	9,070,736	74,070,407	80,603,691
Unfunded Actuarial Accrued Liability	9,213,938	1,628,545	10,842,483	107,871,920	15,053,580	122,925,500	133,767,983
Amortization Factor	15.1772	15.1772	15.1772	15.1772	15.1772	15.1772	15.1772
Funding Policy Contribution (FPC)							
Normal Cost	197,272	339,258	536,530	2,227,275	3,410,211	5,637,486	6,174,016
Amortization of UAAL	607,091	107,302	714,393	7,107,507	991,856	8,099,363	8,813,756
Interest to 6/30	23,821	27,651	51,472	265,130	272,499	537,629	589,101
Total FPC	828,184	474,211	1,302,395	9,599,912	4,674,566	14,274,478	15,576,873
Expected Employer OPEB Contributions							
Estimated payments on behalf of retirees	854,434	2,629	857,063	10,285,652	28,428	10,314,080	11,171,143
Estimated contribution to OPEB trust	(26,250)	471,582	445,332	(685,740)	4,646,138	3,960,398	4,405,730
Total Expected Employer Contribution for Explicit Subsidy Liabilities	828,184	474,211	1,302,395	9,599,912	4,674,566	14,274,478	15,576,873



Addendum 1: Important Background Information

General Types of Other Post-Employment Benefits (OPEB)

Post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are medical, prescription drug, dental, vision, and/or life insurance coverage. Other OPEB may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include COBRA, vacation, sick leave (unless converted to defined benefit OPEB), or other direct retiree payments.

A direct employer payment toward the cost of OPEB benefits is referred to as an “explicit subsidy”. In addition, if claims experience of employees and retirees are pooled when determining premiums, retiree premiums are based on a pool of members which, on average, are younger and healthier. For certain types of coverage such as medical insurance, this results in an “implicit subsidy” of retiree premiums by active employee premiums since the retiree premiums are lower than they would have been if retirees were insured separately. GASB 75 and Actuarial Standards of Practice generally require that an implicit subsidy of retiree premium rates be valued as an OPEB liability.

Expected retiree claims		
Premium charged for retiree coverage		<i>Covered by higher active premiums</i>
Retiree portion of premium	Agency portion of premium Explicit subsidy	Implicit subsidy

This chart shows the sources of funds needed to cover expected medical claims for pre-Medicare retirees. The portion of the premium paid by the Agency does not impact the amount of the implicit subsidy.

Valuation Process

The valuation was based on employee census data and benefits provided by the District. A summary of the employee data is provided in Section 1 and a summary of the benefits provided under the Plan is provided in Section 2. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on the District as to its accuracy. The valuation was also based on the actuarial methods and assumptions described in Section 3.

In developing the projected benefit values and liabilities, we first determine an expected premium or benefit stream over the employee’s future retirement. Benefits may include both direct employer payments (explicit subsidies) and/or an implicit subsidy, arising when retiree premiums are expected to be subsidized by active employee premiums. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected date(s) when benefits will end. We then apply assumptions regarding:

- The probability that each individual employee will or will not continue in service to receive benefits.
- The probability of when such retirement will occur for each retiree, based on current age, service and employee type; and



Important Background Information

(Continued)

- The likelihood that future retirees will or will not elect retiree coverage (and benefits) for themselves and/or their dependents.

We then calculate a present value of these benefits by discounting the value of each future expected benefit payment, multiplied by the assumed expectation that it will be paid, back to the valuation date using the discount rate. These benefit projections and liabilities have a very long time horizon. The final payments for currently active employees may not be made for many decades.

The resulting present value for each employee is allocated as a level percent of payroll each year over the employee's career using the entry age normal cost method and the amounts for each individual are then summed to get the results for the entire plan. This creates a cost expected to increase each year as payroll increases. Amounts attributed to prior fiscal years form the "Total OPEB Liability". The OPEB cost allocated for active employees in the current year is referred to as "Service Cost".

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets ("Fiduciary Net Position") is applied to offset the "Total OPEB Liability", resulting in the "Net OPEB Liability". If a plan is not being funded, then the Net OPEB Liability is equal to the Total OPEB Liability.

It is important to remember that an actuarial valuation is, by its nature, a projection of one possible future outcome based on many assumptions. To the extent that actual experience is not what we assumed, future results will differ. Some possible sources of future differences may include:

- A significant change in the number of covered or eligible plan members
- A significant increase or decrease in the future premium rates
- A change in the subsidy provided by the Agency toward retiree premiums
- Longer life expectancies of retirees
- Significant changes in expected retiree healthcare claims by age, relative to healthcare claims for active employees and their dependents
- Higher or lower returns on plan assets or contribution levels other than were assumed, and/or
- Changes in the discount rate used to value the OPEB liability



Important Background Information (Continued)

Requirements of GASB 75

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and disclosure of OPEB expense and related liabilities (assets), note disclosures, and, required supplementary information (RSI) in the financial reports of state and local governmental employers.

Important Dates

GASB 75 requires that the information used for financial reporting falls within prescribed timeframes. Actuarial valuations of the total OPEB liability are generally required at least every two years. If a valuation is not performed as of the Measurement Date, then liabilities are required to be based on roll forward procedures from a prior valuation performed no more than 30 months and 1 day prior to the most recent year-end. In addition, the net OPEB liability is required to be measured as of a date no earlier than the end of the prior fiscal year (the "Measurement Date").

Recognition of Plan Changes and Gains and Losses

Under GASB 75, gains and losses related to changes in Total OPEB Liability and Fiduciary Net Position are recognized in OPEB expense systematically over time.

- *Timing of recognition:* Changes in the Total OPEB Liability relating to changes in plan benefits are recognized immediately (fully expensed) in the year in which the change occurs. Gains and Losses are amortized, with the applicable period based on the type of gain or loss. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.
- *Deferred recognition periods:* These periods differ depending on the source of the gain or loss.

Difference between projected
and actual trust earnings:

5 year straight-line recognition

All other amounts:

Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.



Important Background Information

(Continued)

Implicit Subsidy Plan Contributions

An implicit subsidy occurs when expected retiree claims exceed the premiums charged for retiree coverage. When this occurs, we expect part of the premiums paid for active employees to cover a portion of retiree claims. This transfer represents the current year's "implicit subsidy". Because GASB 75 treats payments to an irrevocable trust *or directly to the insurer* as employer contributions, each year's implicit subsidy is treated as a contribution toward the payment of retiree benefits.

The following hypothetical example illustrates this treatment:

Hypothetical Illustration of Implicit Subsidy Recognition	For Active Employees	For Retired Employees
<i>Prior to Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Accounting Treatment	Compensation Cost for Active Employees	Contribution to Plan & Benefits Paid from Plan
<i>After Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Implicit Subsidy Adjustment	(23,000)	23,000
Accounting Cost of Premiums Paid	\$ 388,000	\$ 71,000
Accounting Treatment Impact	Reduces Compensation Cost for Active Employees	Increases Contributions to Plan & Benefits Paid from Plan

The example above shows that total payments toward active and retired employee healthcare premiums is the same, but for accounting purposes part of the total is shifted from actives to retirees. This shifted amount is recognized as an OPEB contribution and reduces the current year's premium expense for active employees.



Important Background Information

(Continued)

Discount Rate

When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of a rate up to the expected rate of return of the trust. Therefore, prefunding has an advantage of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate.

Actuarial Funding Method and Assumptions

The “ultimate real cost” of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These expenditures are dependent only on the terms of the plan and the administrative arrangements adopted, and as such are not affected by the actuarial funding method.

The actuarial funding method attempts to spread recognition of these expected costs on a level basis over the life of the plan, and as such sets the “incidence of cost”. GASB 75 specifically requires that the actuarial present value of projected benefit payments be attributed to periods of employee service using the Entry Age Actuarial Cost Method, with each period’s service cost determined as a level percentage of pay.

The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable.



Addendum 2: MacLeod Watts Age Rating Methodology

Both accounting standards (e.g. GASB 75) and actuarial standards (e.g. ASOP 6) require that expected retiree claims, not just premiums paid, be reflected in most situations where an actuary is calculating retiree healthcare liabilities. Unfortunately, the actuary is often required to perform these calculations without any underlying claims information. In most situations, the information is not available, but even when available, the information may not be credible due to the size of the group being considered.

Actuaries have developed methodologies to approximate healthcare claims from the premiums being paid by the plan sponsor. Any methodology requires adopting certain assumptions and using general studies of healthcare costs as substitutes when there is a lack of credible claims information for the specific plan being reviewed.

Premiums paid by sponsors are often uniform for all employee and retiree ages and genders, with a drop in premiums for those participants who are Medicare-eligible. While the total premiums are expected to pay for the total claims for the insured group, on average, the premiums charged would not be sufficient to pay for the claims of older insureds and would be expected to exceed the expected claims of younger insureds. An age-rating methodology takes the typically uniform premiums paid by plan sponsors and spreads the total premium dollars to each age and gender intended to better approximate what the insurer might be expecting in actual claims costs at each age and gender.

The process of translating premiums into expected claims by age and gender generally follows the steps below.

1. *Obtain or Develop Relative Medical Claims Costs by Age, Gender, or other categories that are deemed significant.* For example, a claims cost curve might show that, if a 50 year old male has \$1 in claims, then on average a 50 year old female has claims of \$1.25, a 30 year male has claims of \$0.40, and an 8 year old female has claims of \$0.20. The claims cost curve provides such relative costs for each age, gender, or any other significant factor the curve might have been developed to reflect. Section 3 provides the source of information used to develop such a curve and shows sample relative claims costs developed for the plan under consideration.
2. *Obtain a census of participants, their chosen medical coverage, and the premium charged for their coverage.* An attempt is made to find the group of participants that the insurer considered in setting the premiums they charge for coverage. That group includes the participant and any covered spouses and children. When information about dependents is unavailable, assumptions must be made about spouse age and the number and age of children represented in the population. These assumptions are provided in Section 3.
3. *Spread the total premium paid by the group to each covered participant or dependent based on expected claims.* The medical claims cost curve is used to spread the total premium dollars paid by the group to each participant reflecting their age, gender, or other relevant category. After this step, the actuary has a schedule of expected claims costs for each age and gender for the current premium year. It is these claims costs that are projected into the future by medical cost inflation assumptions when valuing expected future retiree claims.

The methodology described above is dependent on the data and methodologies used in whatever study might be used to develop claims cost curves for any given plan sponsor. These methodologies and assumptions can be found in the referenced paper cited as a source in the valuation report.



Addendum 3: MacLeod Watts Mortality Projection Methodology

Actuarial standards of practice (e.g., ASOP 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP 6, Measuring Retiree Group Benefits Obligations) indicate that the actuary should reflect the effect of mortality improvement (i.e., longer life expectancies in the future), both before and after the measurement date. The development of credible mortality improvement rates requires the analysis of large quantities of data over long periods of time. Because it would be extremely difficult for an individual actuary or firm to acquire and process such extensive amounts of data, actuaries typically rely on large studies published periodically by organizations such as the Society of Actuaries or Social Security Administration.

As noted in a recent actuarial study on mortality improvement, key principles in developing a credible mortality improvement model would include the following:

- (1) Short-term mortality improvement rates should be based on recent experience.
- (2) Long-term mortality improvement rates should be based on expert opinion.
- (3) Short-term mortality improvement rates should blend smoothly into the assumed long-term rates over an appropriate transition period.

The **MacLeod Watts Scale 2022** was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2021 Report, published in October 2021 and (2) the demographic assumptions used in the 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published August 2021.

MacLeod Watts Scale 2022 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2021 which has two segments – (1) historical improvement rates for the period 1951-2017 and (2) an estimate of future mortality improvement for years 2018-2020 using the Scale MP-2021 methodology but utilizing the assumptions used in generating Scale MP-2015. The MacLeod Watts scale then transitions from the 2020 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10-year period 2021-2030. After this transition period, the MacLeod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2030-2044. The SSA's Intermediate Scale has a final step in 2045 which is reflected in the MacLeod Watts scale for years 2045 and thereafter. Over the ages 95 to 117, the age 95 improvement rate is graded to zero.

Scale MP-2021 can be found at the SOA website and the projection scales used in the 2021 Social Security Administrations Trustees Report at the Social Security Administration website.



Glossary

Actuarial Funding Method – A procedure which calculates the actuarial present value of plan benefits and expenses, and allocates these expenses to time periods, typically as a normal cost and an actuarial accrued liability

Actuarial Present Value of Projected Benefits (APVPB) – The amount presently required to fund all projected plan benefits in the future. This value is determined by discounting the future payments by an appropriate interest rate and the probability of nonpayment.

CalPERS – Many state governments maintain a public employee retirement system; CalPERS is the California program, covering all eligible state government employees as well as other employees of other governments within California who have elected to join the system

Defined Benefit (DB) – A pension or OPEB plan which defines the monthly income or other benefit which the plan member receives at or after separation from employment

Deferred Contributions – When an employer makes contributions after the measurement date and prior to the fiscal year end, recognition of these contributions is deferred to a subsequent accounting period by creating a deferred resource. We refer to these contributions as Deferred Contributions.

Defined Contribution (DC) – A pension or OPEB plan which establishes an individual account for each member and specifies how contributions to each active member's account are determined and the terms of distribution of the account after separation from employment

Discount Rate – Interest rate used to discount future potential benefit payments to the valuation date. Under GASB 75, if a plan is prefunded, then the discount rate is equal to the expected trust return. If a plan is not prefunded (pay-as-you-go), then the rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Expected Average Remaining Service Lifetime (EARSL) – Average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period

Entry Age Actuarial Cost Method – An actuarial funding method where, for each individual, the actuarial present value of benefits is levelly spread over the individual's projected earnings or service from entry age to the last age at which benefits can be paid

Explicit Subsidy – The projected dollar value of future retiree healthcare costs expected to be paid directly by the Employer, e.g., the Employer's payment of all or a portion of the monthly retiree premium billed by the insurer for the retiree's coverage

Fiduciary Net Position – The value of trust assets used to offset the Total OPEB Liability to determine the Net OPEB Liability.

Government Accounting Standards Board (GASB) – A private, not-for-profit organization which develops generally accepted accounting principles (GAAP) for U.S. state and local governments; like FASB, it is part of the Financial Accounting Foundation (FAF), which funds each organization and selects the members of each board

Health Care Trend – The assumed rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to increases in the cost of healthcare; contributing factors include medical inflation, frequency or extent of utilization of services and technological developments.



Glossary
(Continued)

Implicit Subsidy – The projected difference between future retiree claims and the premiums to be charged for retiree coverage; this difference results when the claims experience of active and retired employees are pooled together and a ‘blended’ group premium rate is charged for both actives and retirees; a portion of the active employee premiums subsidizes the retiree premiums.

Net OPEB Liability (NOL) – The liability to employees for benefits provided through a defined benefit OPEB. Only assets administered through a trust that meet certain criteria may be used to reduce the Total OPEB Liability.

Net Position – The Impact on Statement of Net Position is the Net OPEB Liability adjusted for deferred resource items

OPEB Expense – The OPEB expense reported in the Agency’s financial statement. OPEB expense is the annual cost of the plan recognized in the financial statements.

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pension benefits, most commonly healthcare benefits but also including life insurance if provided separately from a pension plan

Pay-As-You-Go (PAYGO) – Contributions to the plan are made at about the same time and in about the same amount as benefit payments and expenses coming due

PEMHCA – The Public Employees’ Medical and Hospital Care Act, established by the California legislature in 1961, provides community-rated medical benefits to participating public employers. Among its extensive regulations are the requirements that a contracting Agency contribute toward medical insurance premiums for retired annuitants and that a contracting Agency file a resolution, adopted by its governing body, with the CalPERS Board establishing any new contribution.

Plan Assets – The value of cash and investments considered as ‘belonging’ to the plan and permitted to be used to offset the AAL for valuation purposes. To be considered a plan asset, GASB 75 requires (a) contributions to the OPEB plan be irrevocable, (b) OPEB assets to dedicated to providing OPEB benefit to plan members in accordance with the benefit terms of the plan, and (c) plan assets be legally protected from creditors, the OPEB plan administrator and the plan members.

Public Agency Miscellaneous (PAM) – Non-safety public employees.

Select and Ultimate – Actuarial assumptions which contemplate rates which differ by year initially (the select period) and then stabilize at a constant long-term rate (the ultimate rate)

Service Cost – Total dollar value of benefits expected to be earned by plan members in the current year, as assigned by the actuarial funding method; also called normal cost

Total OPEB Liability (TOL) – Total dollars required to fund all plan benefits attributable to service rendered as of the valuation date for current plan members and vested prior plan members; a subset of “Actuarial Present Value”

Vesting – As defined by the plan, requirements which when met make a plan benefit nonforfeitable on separation of service before retirement eligibility





Sacramento Metropolitan Fire District

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TODD HARMS
Fire Chief

DATE: May 26, 2022
TO: Board of Directors
SUBJECT: Disclosure of Material Expenditure – General/Property/Liability Package –
Special District Risk Management Authority

TOPIC

Disclosure of material expenditure to purchase Commercial Insurance for the fiscal year ending June 30, 2023.

SUMMARY

The District's current Commercial Insurance Package is set to expire June 30, 2022. Staff has evaluated options to provide General/Property and Liability Insurance for the District and will be expending funds in excess of the Formal Purchasing Policy threshold of \$100,000.00 requiring presentation to the Board of Directors. The expenditure will be payable to Special District Risk Management Authority, SDRMA, in the not to exceed amount of \$3,648,867.

DISCUSSION

The District's commercial insurance package incorporates the following areas of coverage: property, automobile, and general liability. General liability is an all-encompassing package and provides coverage of risk in several areas including employment practices, employment benefits and management liability. Special District Risk Management Authority (SDRMA) is the current carrier for the District's commercial insurance package. The District has worked with SDRMA for many years, and has seen a steady increase in renewal premiums due to a variety of factors including; increased wildfires across California, as well as a more unstable political climate and increased litigation across the state. Because of this, there are less companies looking to work in the California markets which leaves the District with fewer insurance options.

As is done each year, staff worked with an insurance brokerage in order to request proposals for the upcoming fiscal years coverage. Because of the continual increases, staff began discussions to see what additional risk pools or options may be available to the District. USI Insurance Services provided the District's insurance brokerage services and managed the marketing of the District's commercial insurance. Several carriers were contacted during marketing with responses from six firms. The following table summarizes the results:

Carrier	Annual cost	Notes
FAIRA	\$1,842,232	
SDRMA	\$3,648,867	
VFIS	Declined	Cannot provide all necessary lines of coverage
ESIP	Declined	Metro Fire is too large of an entity for their company.
Travelers	Declined	Metro Fire is outside of their typical scope
Liberty Mutual	Declined	Not interested in writing in CA

As can be seen in the table above, Fire Agencies Insurance Risk Authority (FAIRA) is the lowest responsive carrier. FAIRA was founded in 1988, and is the largest and only Joint Powers Authority (JPA) providing insurance and Risk Management services tailored to meet the needs of Fire and Emergency Service Agencies. FAIRA has until this year declined to quote the District due to its size. After evaluating both quotes, the following items assisted staff in making a recommendation on a commercial insurance package for FY22/23:

1. Aggregate differences – An insurance carrier's aggregate is the maximum amount of money your insurer will pay for all the claims you file during the policy period, which in the District's case is one year. The aggregate for SDRMA is estimated to be \$35 million for the FY22/23 year while FAIRAs is \$10 million.
2. Auto/Property Comprehensive and Collision Deductibles – Currently the auto deductible with SDRMA is \$25,000 per occurrence while the property deductible is \$50,000. FAIRAs auto and property deductibles would both be \$50,000 per occurrence, an increase of \$25,000 for our autos.
3. As far as cyber security is concerned, FAIRA's cyber limit is \$1,000,000 and SDRMA's limit is currently \$2,000,000. Additionally, FAIRA does not include ransomware in their cyber security package while SDRMA does.
4. In order to write a policy with FAIRA, the District would have to commit to a three year term with no price guarantee during that timeframe.

After taking these items into consideration, it is staff's recommendation that SDRMA be chosen to carry the District's commercial insurance needs.

FISCAL IMPACT

Funds were budgeted in the amount of \$3,648,867 in the Preliminary Budget for 2022/2023 and are therefore sufficient to meet this obligation.


RECOMMENDATION

Staff recommends that the Board of Directors authorize payment in the not to exceed amount of \$3,648,867 to Special District Risk Management Authority for commercial insurance.

Submitted by:


Ty Bailey
Deputy Chief, Administration

Approved by:


Todd Harms
Fire Chief



Sacramento Metropolitan Fire District

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TODD HARMS
Fire Chief

DATE: May 26, 2022
TO: Board of Directors
SUBJECT: Equipment Lease Financing

TOPIC

Staff recommends approval of equipment lease financing for budgeted capital expenditures.

SUMMARY

The District's FY 2021/22 adopted Mid-Year Budget reflects the financing of vehicles and equipment purchases over a 5-year period.

DISCUSSION

In April, 2022 staff received six (6) qualified proposals for equipment leasing: Bank of America, Bank Funding LLC, First American, JPMorgan Chase, PCN Equipment Leasing, and TD Equipment. After review of these proposals, staff recommends the District enter into an equipment lease with JPMorgan Chase Bank, N.A. (Lessor), based on their providing the lowest overall cost and terms acceptable to the District. Staff has begun preliminary documentation with the Lessor and a draft Lease Purchase Agreement is attached.

The estimated total equipment costs to be financed are listed below:

6 – Ambulances	\$ 1,521,904
3 – Type I Engines	2,269,465
3 – Type V Engines	608,930
1 – Aerial Truck	1,296,599
1 – Water Tender	575,000
1 – SUV (BC)	42,161
1 – SUV (Admin)	43,224
1 – Pickup (Facilities)	90,000
1 – Pickup Hybrid (Logistics)	50,692
1 – Van (Facilities)	75,000
Forklift (Fleet)	38,328
Used ARFF (from Sac County)	30,000
Total estimated cost to be financed	<u>\$ 6,641,303</u>

In 2014, the District entered into a Master Lease-Purchase Agreement (Master Lease) with Lessor. These vehicles and equipment will be added to the Master Lease under a new lease schedule with an associated payment schedule over the next 5 years. A payment schedule is included in the draft agreement.

As authorized by Resolution 2021-079 adopted August 26, 2021, the District intends to reimburse the cost of certain equipment already purchased with financing proceeds.


FISCAL IMPACT

The interest rate for the proposed financing is 2.381%. Annual payments over the five-year term of the financing would be approximately \$709,000, with the first semi-annual payment due in FY 2022/23.

RECOMMENDATION

Staff recommends adopting the Resolution to authorize the Fire Chief and/or Chief Financial Officer to enter into an Equipment Lease with JPMorgan Chase Bank, N.A.

Submitted By:



Dave O'Toole
Chief Financial Officer

Approved By:



Todd Harms
Fire Chief



TODD HARMS
Fire Chief

Sacramento Metropolitan Fire District

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RESOLUTION NO. 2022-___

A RESOLUTION OF THE BOARD OF DIRECTORS FOR THE SACRAMENTO METROPOLITAN FIRE DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY LEASE PURCHASE AGREEMENTS

WHEREAS, the Sacramento Metropolitan Fire District ("District") is a political subdivision of the State of California ("State") and is duly organized and existing pursuant to the State constitution and laws; and

WHEREAS, pursuant to applicable law, the governing body of the District ("Board of Directors") is authorized to acquire, dispose of and encumber real and personal property, including, without limitation, rights of interests in property, leases and easements necessary to functions or operations of the District; and

WHEREAS, the Board of Directors hereby finds and determines that the execution of one or more lease-purchase agreements ("Equipment Leases") in a principal amount not exceeding \$6,700,000 ("Principal Amount") for the purpose of acquiring fire apparatus and vehicles ("Property") as described more specifically in the Equipment Leases is appropriate and necessary to the functions and operations of the District; and

WHEREAS, JP Morgan Chase Bank, N.A. ("Lessor"), is expected to act as the lessor under the Equipment Leases; and

WHEREAS, the District may pay certain capital expenditures in connection with the Property prior to its receipt of proceeds of the Equipment Leases ("Lease Purchase Proceeds") for such expenditures and such expenditures are not expected to exceed the Principal Amount; and

WHEREAS, on August 26, 2021, the District adopted Resolution 2021-079 declaring its intent to reimburse itself for certain capital expenditures from the proceeds of proposed indebtedness; and

WHEREAS, the U.S. Treasury Department regulations do not allow the proceeds of a tax-exempt borrowing to be spent on working capital and the District shall hereby declare its official intent to be reimbursed for any capital expenditures for Property for the Lease Purchase Proceeds.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sacramento Metropolitan Fire District, as follows:

1. Either one of the Fire Chief or the Chief Financial Officer (each an "Authorized Representative") acting on behalf of the District is hereby authorized to negotiate,

enter into, execute and deliver one or more Equipment Leases in substantially the form set forth in the document presently before the Board of Directors, which document is available for public inspection at the office of the District. Each Authorized Representative acting on behalf of the District is hereby authorized to negotiation, enter into, execute and deliver such other documents relating to the Equipment Lease (including, but not limited to, escrow agreements) as the Authorized Representative deems necessary and appropriate. All other related contracts and agreements necessary and incidental to the Equipment Leases are hereby authorized.

2. By a written instrument signed by any Authorized Representative, said Authorized Representative may designate specifically identified officers or employees of the District to execute and deliver agreements and documents relating to the Equipment Leases on behalf of the District.
3. The aggregate original principal amount of the Equipment Leases shall not exceed the Principal Amount and shall bear interest as set forth in the Equipment Leases and the Equipment Leases shall contain such options to purchase by the District as set forth therein.
4. The District's obligations under the Equipment Leases shall be subject to annual appropriation or renewal by the Board of Directors as set forth in the Equipment Lease and the District's obligations under the Equipment Leases shall not constitute a general obligation of the District or indebtedness under the Constitution or laws of the State.
5. The Board of Directors anticipates that the District may pay certain capital expenditures in connection with the Property prior to the receipt of the Lease Purchase Proceeds for the Property. The Board of Directors of the District hereby declares the District's official intent to use the Lease Purchase Proceeds to reimburse itself for Property expenditures. This section of the Resolution is adopted by the Board of Directors of the District for the purpose of establishing compliance with the requirements of Section 1.150-2 of Treasury Regulations. This section of the Resolution does not bind the District to make any expenditure, incur any indebtedness, or proceed with the purchase of Property.
6. As to each Equipment Lease, the District hereby designates each Equipment Lease as a "qualified tax-exempt obligation" for the purposes of and within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended ("Code") and the District reasonably anticipates that the total amount of Section 265 Tax-Exempt Obligations to be issued during the current calendar year by the District, or by an entity controlled by the District or by another entity the proceeds of which are loaned to or allocated to the District for purposes of Section 265(b) of the Code will not exceed \$10,000,000. "Section 265 Tax-Exempt Obligations" are obligations the interest on which is excludable from gross income of the owners thereof under Section 103 of the Code, except for private activity bonds other than qualified 501(c)(3) bonds, both as defined in Section 141 of the Code.

7. This Resolution shall take effect immediately upon its adoption and approval.

PASSED AND APPROVED this 26th day of May, 2022, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

SACRAMENTO METROPOLITAN FIRE DISTRICT

By: _____
President, Board of Directors

ATTEST:

Clerk of the Board



TODD HARMS
Fire Chief

Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite #200, Mather, CA 95655 · (916) 859-4300 · Fax (916) 859-3700

RESOLUTION NO. 2021-079

A RESOLUTION OF THE BOARD OF DIRECTORS FOR THE SACRAMENTO METROPOLITAN FIRE DISTRICT DECLARING THE OFFICIAL INTENT OF THE DISTRICT TO REIMBURSE ITSELF FOR CERTAIN CAPITAL AND OTHER EXPENDITURES FROM THE PROCEEDS OF PROPOSED INDEBTEDNESS

WHEREAS, the Sacramento Metropolitan Fire District (hereinafter referred to as District) intends to purchase certain equipment, including medics, medic remounts, engines and other vehicles and equipment (Capital Assets); and

WHEREAS, the District expects to expend some of its own funds to purchase the Capital Assets (Reimbursement Expenditures) prior to the issuance of indebtedness for the purpose of financing costs associated with the Capital Assets on a long-term basis; and

WHEREAS, the District reasonably expects that the debt obligations for the Capital Assets will be issued in total for not more than \$7,400,000 and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, proceeds of such debt obligations will be allocated to Reimbursement Expenditures no later than 18 months after the latter of (i) the date the cost is paid or (ii) the date the Capital Asset is placed in service or abandoned (but in no event more than 3 years after the cost is paid).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sacramento Metropolitan Fire District, as follows:

SECTION 1. Compliance with Treasury Regulations

This declaration is made solely for purposes of establishing compliance with requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the District to make any Capital Asset expenditure or incur any indebtedness.

SECTION 2. Intent to Reimburse the District from Proceeds of Indebtedness

The District hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures.

SECTION 3. Effective Date

This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND APPROVED this 26th day of August, 2021, by the following vote to wit:

AYES: Clark, Kelly, Orzalli, Saylor, Sheetz, White, Wood

NOES: None

ABSTAIN: None

ABSENT: Goold, Jones

SACRAMENTO METROPOLITAN FIRE DISTRICT


Matt Kelly, Board President

Attested By:


Clerk of the Board

J.P.Morgan

JPMORGAN CHASE BANK, N.A.
Mail Code OH1-1085
1111 Polaris Parkway, Suite 1P
Columbus, OH 43240-2050

May 16, 2022

Enclosed please find the documents necessary to complete your transaction with JPMorgan Chase Bank, N.A. (the "Bank"). These documents have been completed as of May 16, 2022, and reflect the pricing, terms and conditions of the transaction as of this date.

Note that the signer's title must match the signer's title shown on the current Resolution and Incumbency Certificate.

- **Lease Schedule** – Review, enter the Date for the Equipment/Escrow Acceptance, sign and indicate title.
- **Self-Insurance Addendum** – Please review and sign.
- **Schedule A-1** – Review, sign and indicate title.
- **Payment Schedule** – Review, sign and indicate title.
- **Vehicle Schedule Addendum** - Review, sign and indicate title.
- **Prepayment Schedule Addendum** – Review, sign and indicate title.
- **Proceeds Disbursement Authorization** – Review, sign and date, and provide the signer's title where indicated.
- **Resolution and Declaration of Official Intent** – Your governing board will need to review and approve the financing and the Authorized Signer(s). Please have the Secretary/Clerk of the board certify that the board has met and approved the financing, and that the titles of the Authorized Signer(s) are correct.
- **Certificate of Incumbency** – The individuals that are duly elected or appointed officers of the Lessee should Print Name and Title and provide signatures. The Secretary/Clerk of the Lessee should Print Name, Title, Date and sign. If the Secretary/Clerk is also authorized to execute the Lease-Purchase Agreement, a second officer must Print Name, Title and sign.
- **Opinion of Counsel** – Please have your counsel review the documents as soon as possible, and prepare an Opinion of Counsel letter on their letterhead addressed to JPMORGAN CHASE BANK, N.A. A sample of an Opinion of Counsel letter that will satisfy JPMORGAN CHASE BANK, N.A. is enclosed.
- **IRS Form 8038-G** – Enclosed is the 8038-G form (Information Return for Tax-Exempt Governmental Bonds) with instructions that is required for IRS reporting of tax-exempt financing. The 8038-G form is used when the issue price is greater than or equal to \$100,000. Please refer to

the enclosed instructions when completing the information on the form and have an Authorized Signer sign and date at the bottom.

- **Equipment Acquisition Fund Agreement** – please review and sign.
- **Exhibit A – Payment Request** – With each request for Disbursement from the Escrow Account, Date, complete the Acceptance Date, Circle either Yes or No regarding the Final Request.
 - **Payee #1** – Complete the Payee Name and Address, Invoice Number, Date and Amount. Complete the Bank Wire Instructions for the funds transfer including Name of Bank, ABA/Routing Number, Account Number and the Name on the Account. Repeat for each payee.

Note: If the disbursement is for a reimbursement, enter your Name as the Payee and provide the Lessee's Bank Wire Instructions.
 - **Provide 2 Contacts** that can confirm wire instructions on a Recorded Line with our Wire
- **Auto Debit Form** – Please review, provide Bank information, and sign.

We would like to thank you for choosing JPMorgan Chase Bank, N.A. to assist with your equipment financing. We appreciate your business and welcome the opportunity to work with you.

If you have any questions, concerns, or if I can be of assistance, please call me. I can be reached at Kerry.a.styglar@chase.com from 8:00 a.m. through 4:30 p.m. ET Monday through Friday. I'll be happy to help you.

Sincerely,
Kerry Ann Styglar
Documentation Specialist

LEASE SCHEDULE

Dated as of: JUNE 15, 2022

Lease No.: 1000148694

This Lease Schedule, together with its Payment Schedule, is attached and made a part of the Master Lease-Purchase Agreement described below ("Master Lease") between the Lessee and Lessor named below. All terms and conditions of the Master Lease are incorporated herein by reference. Unless otherwise defined herein, capitalized terms defined in the Master Lease will have the same meaning when used herein.

Master Lease-Purchase Agreement dated June 9, 2014.

- A. **EQUIPMENT DESCRIBED:** The Equipment includes all of the property described on Schedule A-1 attached hereto and made a part hereof.
- B. **EQUIPMENT LOCATION:** See Attached Schedule A-1
- C. RESERVED
- D. **ESSENTIAL USE; CURRENT INTENT OF LESSEE:** Lessee represents and agrees that the use of the Equipment is essential to Lessee's proper, efficient and economic functioning or to the services that Lessee provides to its citizens and the Equipment will be used by Lessee only for the purpose of performing its governmental or proprietary functions consistent with the permissible scope of its authority. Lessee currently intends for the full Lease Term: to use the Equipment; to continue this Lease; and to make Rental Payments if funds are appropriated in each fiscal year by its governing body.
- E. **RENTAL PAYMENTS; LEASE TERM:** The Rental Payments to be paid by Lessee to Lessor, the interest rate at which the interest portion of the Rental Payments is calculated, the Taxable Rate, the commencement date and the Lease Term of this Lease Schedule are each set forth on the Payment Schedule attached to this Lease Schedule.
- F. **RE-AFFIRMATION OF THE MASTER LEASE:** Lessee hereby re-affirms all of its representations, warranties and obligations under the Master Lease (including, without limitation, its obligation to pay all Rental Payments, its disclaimers in Section 7 thereof and its representations in Sections 6.1 and 16 thereof).
- G. **GOVERNMENT REGULATION. ANTI-CORRUPTION.**

(a) **Representations and Warranties Regarding Anti-Corruption Laws and Sanctions.** Lessee has implemented and maintains in effect policies and procedures designed to ensure compliance by Lessee and its officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and Lessee and its officers and employees and to the knowledge of Lessee its agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) Lessee or to the knowledge of Lessee any of its respective officers or employees, or (b) to the knowledge of Lessee, any agent of Lessee that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No advance, letter of credit, use of proceeds or other transaction contemplated by this Lease will violate Anti-Corruption Laws or applicable Sanctions.

(b) **Compliance with Anti-Corruption Laws and Sanctions.** Lessee shall maintain in effect and enforce policies and procedures designed to ensure compliance by Lessee and its officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

(c) **Use of Proceeds.** Lessee shall not use, or permit any proceeds of the Lease to be used, directly or indirectly, by Lessee or its officers, employees and agents: (1) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws; (2) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country; or (3) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

(d) **Definitions.** For the purposes of this Section G, the following terms shall have the following meanings: "Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Lessee or its subsidiaries from time to time concerning or relating to bribery or corruption. "Person" means any individual, corporation, partnership, limited liability company, joint venture, joint stock association, association, bank, business trust, trust, unincorporated organization, any

foreign governmental authority, the United States of America, any state of the United States and any political subdivision of any of the foregoing or any other form of entity. "Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State. "Sanctioned Country" means, at any time, a country, region or territory which is the subject or target of any Sanctions (as at the time of this Agreement, Crimea, Cuba, Iran, North Korea, Sudan and Syria). "Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

- H. BANK QUALIFIED: LESSEE CERTIFIES (a) THAT IT HAS DESIGNATED THIS LEASE AS A "QUALIFIED TAX-EXEMPT OBLIGATION" FOR THE PURPOSES OF AND WITHIN THE MEANING OF SECTION 265(b)(3) OF THE CODE, (b) THAT IT HAS NOT DESIGNATED MORE THAN \$10,000,000 OF ITS OBLIGATIONS AS QUALIFIED TAX-EXEMPT OBLIGATIONS IN ACCORDANCE WITH SECTION 265(b)(3) OF THE CODE FOR THE CURRENT CALENDAR YEAR AND (c) THAT IT REASONABLY ANTICIPATES THAT THE TOTAL AMOUNT OF SECTION 265 TAX-EXEMPT OBLIGATIONS TO BE ISSUED DURING THE CURRENT CALENDAR YEAR BY LESSEE, OR BY AN ENTITY CONTROLLED BY LESSEE OR BY ANOTHER ENTITY THE PROCEEDS OF WHICH ARE LOANED TO OR ALLOCATED TO LESSEE FOR PURPOSES OF SECTION 265(b) OF THE CODE WILL NOT EXCEED \$10,000,000. "Section 265 Tax-Exempt Obligations" are obligations the interest on which is excludable from gross income of the owners thereof under Section 103 of the Code, except for private activity bonds other than qualified 501(c)(3) bonds, both as defined in Section 141 of the Code.

(Signature Page on following Page)

SACRAMENTO METROPOLITAN FIRE DISTRICT
(Lessee)

JPMORGAN CHASE BANK, N.A.
(Lessor)

By: _____  By: _____

Title: _____  Title: Authorized Officer

SCHEDULE A-1
(Equipment List)

Expected Equipment Purchase Price	\$6,641,303.00
Net Amount Financed	\$6,641,303.00
Equipment Location:	Various location around the City of Sacramento
Equipment Description:	Vehicles and Essential Equipment

(Signature Page on following Page)

SCHEDULE A-1
(Equipment List)

TOGETHER WITH ALL ATTACHMENTS, ADDITIONS, ACCESSIONS, PARTS, REPAIRS, IMPROVEMENTS, REPLACEMENTS AND SUBSTITUTIONS THERETO.

This Schedule A-1 is attached to the Lease Schedule 1000148694 or a Receipt Certificate/Payment Request relating to the Lease Schedule.

SACRAMENTO METROPOLITAN FIRE DISTRICT
(Lessee)

JPMORGAN CHASE BANK, N.A
(Lessor)

By: _____



By: _____

Title: _____



Title: Authorized Officer

Payment Schedule

This Payment Schedule is attached and made a part of the Lease Schedule identified below which is part of the Master Lease-Purchase Agreement identified therein, all of which are between the Lessee and Lessor named below.

Lease Schedule No. **1000148694**
 Lease Schedule Dated: **June 15, 2022**
 Accrual Date **June 15, 2027**
 Amount Financed **\$6,641,303.00**
 Interest Rate **2.3810% per annum**
 Taxable Rate **3.0200% per annum**

Rent Number	Rent Date	Rent Payment	Interest Portion	Principal Portion	Principal Balance	Termination Value
1	12/15/2022	\$708,387.67	\$79,064.71	\$629,322.96	\$6,011,980.04	\$6,011,980.04
2	6/15/2023	\$708,387.67	\$71,572.62	\$636,815.05	\$5,375,164.99	\$5,375,164.99
3	12/15/2023	\$708,387.67	\$63,991.34	\$644,396.33	\$4,730,768.66	\$4,730,768.66
4	6/15/2024	\$708,387.67	\$56,319.80	\$652,067.87	\$4,078,700.79	\$4,078,700.79
5	12/15/2024	\$708,387.67	\$48,556.94	\$659,830.73	\$3,418,870.06	\$3,418,870.06
6	6/15/2025	\$708,387.67	\$40,701.65	\$667,686.02	\$2,751,184.04	\$2,751,184.04
7	12/15/2025	\$708,387.67	\$32,752.85	\$675,634.82	\$2,075,549.22	\$2,075,549.22
8	6/15/2026	\$708,387.67	\$24,709.42	\$683,678.25	\$1,391,870.97	\$1,391,870.97
9	12/15/2026	\$708,387.67	\$16,570.23	\$691,817.44	\$700,053.53	\$700,053.53
10	6/15/2027	\$708,387.67	\$8,334.14	\$700,053.53	\$0.00	\$0.00
		\$7,083,876.70	\$442,573.70	\$6,641,303.00		

(Signature Page on following Page)

SACRAMENTO METROPOLITAN FIRE DISTRICT
(Lessee)

JPMORGAN CHASE BANK, N.A.
(Lessor)

By: _____  By: _____

Title: _____  Title: Authorized Officer

VEHICLE SCHEDULE ADDENDUM

Dated As of: JUNE 15, 2022

Lease Schedule No: 1000148694

Lessee: SACRAMENTO METROPOLITAN FIRE DISTRICT

Reference is made to the above Lease Schedule ("Schedule") to the Master Lease-Purchase Agreement identified in the Schedule ("Master Lease") by and between **JPMORGAN CHASE BANK, N.A.** ("Lessor") and the above lessee ("Lessee"). This Addendum amends and modifies the terms and conditions of the Schedule and is hereby made a part of the Schedule. Unless otherwise defined herein, capitalized terms defined in the Master Lease shall have the same meaning when used herein.

NOW, THEREFORE, as part of the valuable consideration to induce the execution of the Schedule, Lessor and Lessee hereby agree to amend the Schedule as follows:

1. In the event that any unit of Equipment covered by the Schedule is a vehicle or trailer under applicable State law, then the following provisions shall also apply to the Schedule:
 - (a) each manufacturer's statement of origin and certificate of title shall state that Lessor has the first and sole lien on or security interest in such unit of Equipment;
 - (b) the public liability insurance required by the terms of clauses (b) of Section 14.1 of the Master Lease shall be in an amount not less than \$1,000,000.00 combined single limit per unit per occurrence. Physical damage should not be less than the replacement cost coverage for the equipment identified on the Schedule A-1;
 - (c) Lessee shall furnish and permit only duly licensed, trained, safe and qualified drivers to operate any such unit of Equipment, and such drivers shall be agents of Lessee and shall not be agents of Lessor; and
 - (d) Lessee shall cause each such unit of Equipment to be duly registered and licensed as required by applicable State law with Lessor noted as lienholder, listed at address below and Lessee as owner.

Lessor's Address:
JPMORGAN CHASE BANK, N.A.
10 S. Dearborn, Floor L2
Chicago, Illinois, 60603

2. Except as expressly amended by this Addendum and other modifications signed by Lessor, the Schedule remains unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date first referenced above.

(Signature Page on following Page)

SACRAMENTO METROPOLITAN FIRE DISTRICT
(Lessee)

JPMORGAN CHASE BANK, N.A.
(Lessor)

By: _____



By: _____

Title: _____



Title: Authorized Officer

PREPAYMENT SCHEDULE ADDENDUM
(Break Funding Premium)

Dated as of: **JUNE 15, 2022**

Lease Schedule No.: **1000148694**

Lessee: **SACRAMENTO METROPOLITAN FIRE DISTRICT**

Reference is made to the above Lease Schedule ("Schedule") and to the Master Lease-Purchase Agreement ("Master Lease") identified in the Schedule, which are by and between **JPMORGAN CHASE BANK, N.A.** ("Lessor") and the above lessee ("Lessee"). As used herein: "Lease" shall mean the Schedule and the Master Lease, but only to the extent that the Master Lease relates to the Schedule. This Schedule Addendum amends and supplements the terms and conditions of the Lease. Unless otherwise defined herein, capitalized terms defined in the Lease shall have the same meaning when used herein. **Solely for purposes of the Schedule, Lessor and Lessee agree as follows:**

1. Notwithstanding anything to the contrary herein or the Lease, Lessee and Lessor agree that Lessee shall not exercise its prepayment or early purchase rights under the Lease (including, without limitation, Section 15 of the Master Lease as it relates to the Schedule) or this Addendum prior to the end of the Lock-Out Period specified below.

Lock-Out Period: the first 12 months of the Lease Term of the Schedule

2. Notwithstanding anything to the contrary in the Lease (including, without limitation, Section 15 of the Master Lease as it relates to the Schedule), Lessee and Lessor agree that so long as no Event of Default has occurred and continues under the Lease and so long as Lessee gives Lessor at least 30 days prior written notice (the "Notice Period"), Lessee may elect to prepay its obligations under the Schedule by paying to Lessor on the Rent Payment due date (a "Prepayment Date") following the Notice Period the total of the following (the "Prepayment Amount"): (a) all accrued Rent Payments, interest, taxes, late charges and other amounts then due and payable under the Lease; plus (b) the remaining principal balance payable by Lessee under the Schedule as of said Prepayment Date.
3. In addition to the prepayment amounts required by paragraph 1 above, a Breakfunding Charge shall be due and payable if (i) exceeds (ii) where (i) equals the interest portion of each of the Rent Payments which would have been paid if such prepayment had not occurred calculated at the interest rate swap including any forward rate swap, if any, which Lessor shall be deemed to have entered into on the earlier of (a) the date the Lease was originally funded or (b) the date a rate lock letter was signed, if any, and (ii) equals the interest portion of each of the Rent Payments which would have been paid if such prepayment had not occurred calculated at the interest rate swap which Lessor shall be deemed to have entered into on the date of prepayment (the "Replacement Swap").
4. The prepayment or early purchase option rights granted herein shall control in the event of any conflict between the provisions of this Addendum and the Master Lease as it relates to the Schedule. Except as expressly amended or supplemented by this Addendum and other instruments signed by Lessor and Lessee, the Lease remains unchanged and in full force and effect.

(Signature Page on Following Page)

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date first written above.

SACRAMENTO METROPOLITAN FIRE DISTRICT
(Lessee)

JPMORGAN CHASE BANK, N.A.
(Lessor)

By: _____



By: _____

Title: _____



Title: Authorized Officer

PROCEEDS DISBURSEMENT AUTHORIZATION

JPMORGAN CHASE BANK, N.A.
1111 Polaris Parkway, Suite N4 (OH1-1085)
Columbus, Ohio 43240

Date: June 15, 2022

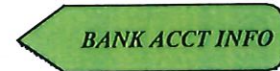
Re: Disbursements Of Proceeds Under The LEASE PURCHASE AGREEMENT Referred To Below

Reference is made to that certain Lease Purchase Agreement dated June 15, 2022 between SACRAMENTO METROPOLITAN FIRE DISTRICT, ("Lessee") and JPMORGAN CHASE BANK, N.A. (the "Lessor")

I hereby instruct you and authorize you to disburse \$6,641,303.00 to the account number(s) as specified below:

Payee #1

Name of Bank: _____
ABA No.: _____
Account Number: _____
Account Name: Sacramento Metropolitan Fire District
Amount: \$3,075,239.00
Re: Proceeds of Lease #1000148637



Payee #2

Name of Bank: _____
ABA No.: _____
Account Number: _____
Account Name: _____
Amount: \$3,566,064.00
Re: Fire engine and aerial truck



By signing below, Lessee authorizes Lessor to issue checks or direct fund transfers to the payees, in the amounts, and per the instructions (if applicable) set forth above. Lessee also acknowledges that it may be responsible for paying other fees directly to third parties, such as Lessor's counsel, and making other disbursements in connection with the lease transaction per the terms of the lease documents. Lessor may rely and act on the instructions set forth herein and shall not be responsible for the use or application of the funds, and Lessee shall indemnify, defend and hold harmless Lessor from and against any and all losses, costs, expenses, fees, claims, damages, liabilities, and causes of action in any way relating to or arising from acting in accordance therewith. In the event of any conflict with any other instruction set forth herein, the ABA # and Account # shall control.

IN WITNESS WHEREOF, the Lessee has caused this Proceeds Disbursement Authorization to be executed as of the day and year first above written.

(Signature Page on following Page)

SACRAMENTO METROPOLITAN FIRE DISTRICT

(Lessee)

By: _____



Title: _____



RESOLUTION AND DECLARATION OF OFFICIAL INTENT

Lessee: SACRAMENTO METROPOLITAN FIRE DISTRICT

Principal Amount Expected To Be Financed: \$6,641,303.00

WHEREAS, the above Lessee is a political subdivision of the State in which Lessee is located (the "State") and is duly organized and existing pursuant to the constitution and laws of the State.

WHEREAS, pursuant to applicable law, the governing body of the Lessee ("Governing Body") is authorized to acquire, dispose of and encumber real and personal property, including, without limitation, rights and interests in property, leases and easements necessary to the functions or operations of the Lessee.

WHEREAS, the Governing Body hereby finds and determines that the execution of one or more lease-purchase agreements ("Equipment Leases") in the principal amount not exceeding the amount stated above ("Principal Amount") for the purpose of acquiring the property generally described below ("Property") and to be described more specifically in the Equipment Leases is appropriate and necessary to the functions and operations of the Lessee.

Brief Description Of Property: See Attached Schedule A-1

WHEREAS, JPMorgan Chase Bank, N.A. ("Lessor") is expected to act as the lessor under the Equipment Leases.

WHEREAS, the Lessee may pay certain capital expenditures in connection with the Property prior to its receipt of proceeds of the Equipment Leases ("Lease Purchase Proceeds") for such expenditures and such expenditures are not expected to exceed the Principal Amount.

WHEREAS, the U.S. Treasury Department regulations do not allow the proceeds of a tax-exempt borrowing to be spent on working capital and the Lessee shall hereby declare its official intent to be reimbursed for any capital expenditures for Property from the Lease Purchase Proceeds.

NOW, THEREFORE, Be It Resolved by the Governing Body of the Lessee:

SECTION 1. Either one of the (insert title) _____ OR the (insert title) _____ (each an "Authorized Representative") acting on behalf of the Lessee is hereby authorized to negotiate, enter into, execute, and deliver one or more Equipment Leases in substantially the form set forth in the document presently before the Governing Body, which document is available for public inspection at the office of the Lessee. Each Authorized Representative acting on behalf of the Lessee is hereby authorized to negotiate, enter into, execute, and deliver such other documents relating to the Equipment Lease (including, but not limited to, escrow agreements) as the Authorized Representative deems necessary and appropriate. All other related contracts and agreements necessary and incidental to the Equipment Leases are hereby authorized.

SECTION 2. By a written instrument signed by any Authorized Representative, said Authorized Representative may designate specifically identified officers or employees of the Lessee to execute and deliver agreements and documents relating to the Equipment Leases on behalf of the Lessee.

SECTION 3. The aggregate original principal amount of the Equipment Leases shall not exceed the Principal Amount and shall bear interest as set forth in the Equipment Leases and the Equipment Leases shall contain such options to purchase by the Lessee as set forth therein.

SECTION 4. The Lessee's obligations under the Equipment Leases shall be subject to annual appropriation or renewal by the Governing Body as set forth in each Equipment Lease and the Lessee's obligations under the Equipment Leases shall not constitute a general obligations of the Lessee or indebtedness under the Constitution or laws of the State.

SECTION 5. The Governing Body of Lessee anticipates that the Lessee may pay certain capital expenditures in connection with the Property prior to the receipt of the Lease Purchase Proceeds for the Property. The Governing Body of Lessee hereby declares the Lessee's official intent to use the Lease Purchase Proceeds to reimburse itself for Property expenditures. This section of the Resolution is adopted by the Governing Body of Lessee for the purpose of establishing compliance with the requirements of Section 1.150-2 of Treasury Regulations. This section of the Resolution does not bind the Lessee to make any expenditure, incur any indebtedness, or proceed with the purchase of the Property.

SECTION 6. As to each Equipment Lease, Lessee hereby designates each Equipment Lease as a "qualified tax-exempt obligation" for the purposes of and within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended ("Code") and Lessee reasonably anticipates that the total amount of Section 265 Tax-Exempt Obligations to be issued during the current calendar year by Lessee, or by an entity controlled by Lessee or by another entity the proceeds of which are loaned to or allocated to Lessee for purposes of Section 265(b) of the Code will not exceed \$10,000,000. "Section 265 Tax-Exempt Obligations" are obligations the interest on which is excludable from gross income of the owners thereof under Section 103 of the Code, except for private activity bonds other than qualified 501(c)(3) bonds, both as defined in Section 141 of the Code.

SECTION 7. This Resolution shall take effect immediately upon its adoption and approval.

ADOPTED AND APPROVED on this _____, 20__.

The undersigned Secretary/Clerk of the above-named Lessee hereby certifies and attests that the undersigned has access to the official records of the Governing Body of the Lessee, that the foregoing resolutions were duly adopted by said Governing Body of the Lessee at a meeting of said Governing Body and that such resolutions have not been amended or altered and are in full force and effect on the date stated below.

Signature of Secretary/Clerk of Lessee

Print Name: _____

Official Title: _____

Date: _____

CERTIFICATE OF INCUMBENCY

Dated: **JUNE 15, 2022**

Lease Schedule No: 1000148694

Lessee: **SACRAMENTO METROPOLITAN FIRE DISTRICT**

I, the undersigned Secretary/Clerk identified below, do hereby certify that I am the duly elected or appointed and acting Secretary/Clerk of the above Lessee (the "Lessee"), a political subdivision duly organized and existing under the laws of the State where Lessee is located, that I have the title stated below, and that, as of the date hereof, the individuals named below are the duly elected or appointed officers of the Lessee holding the offices set forth opposite their respective names.

[NOTE: Use same titles as Authorized Representatives stated in Resolutions.]

Name	Title	Signature
------	-------	-----------

Name	Title	Signature
------	-------	-----------

IN WITNESS WHEREOF, I have duly executed this certificate and affixed the seal of such Lessee as of the date set forth below.

Signature of Secretary/Clerk of Lessee

Print Name: _____

Official Title: _____

Date: _____

NOTE: In case the Secretary/Clerk is also the authorized representative that executes a Lease-Purchase Agreement / documents by the above incumbency, this certificate must also be signed by a second officer.

Print Name: _____ Signature: _____

Title: _____

FORM OF OPINION OF COUNSEL
(To Be Typed on Lessee Attorney's Letterhead Stationery)

Date: June 15, 2022

Lessee: SACRAMENTO METROPOLITAN FIRE DISTRICT

Lessor: JPMORGAN CHASE BANK, N.A.

Re: Lease Schedule No. 1000148694 dated June 15, 2022 together with its Master Lease-Purchase Agreement, dated as of June 9, 2014, by and between the above-named Lessee and the above-named Lessor and the Equipment Acquisition Fund Agreement, dated June 15, 2022, between the above-named Lessee and the above-named Lessor relating to the foregoing.

Sir/Madam:

I have acted as counsel to Lessee with respect to the Lease Schedule and its Addenda, the Master Lease-Purchase Agreement and its Addenda, the Equipment Acquisition Fund Agreement and its Addenda, and all other agreements described above or related thereto (collectively, the "Agreements") and various related matters, and in this capacity have reviewed a duplicate original or certified copy of the Agreements and such other documents as I have deemed necessary for the purposes of this opinion.

Based upon the examination of such documents, it is my opinion that:

1. Lessee is a political subdivision of the State of California (the "State") duly organized, existing and operating under the Constitution and laws of the State.
2. Lessee is authorized and has power under State law to enter into all of the Agreements, and to carry out its obligations thereunder and the transactions contemplated thereby.
3. The Agreements and all other documents related thereto have been duly authorized, approved and executed by and on behalf of Lessee, and each of the Agreements is a valid and binding contract of Lessee enforceable in accordance with its terms, except to the extent limited by State and Federal laws affecting creditor's remedies and by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights.
4. The authorization, approval and execution of the Agreements and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all applicable Local, State and Federal laws (including open meeting laws and public bidding and property acquisition laws).
5. To the best of my knowledge, there is no litigation or proceeding pending before any court, administrative agency or governmental body, that challenges: the organization or existence of Lessee; the authority of its officers; the proper authorization, approval and execution of any of the Agreements or any documents relating thereto; the appropriation of monies to make payments under the Agreements for the current fiscal year; or the ability of Lessee otherwise to perform its obligations under the Agreements and the transactions contemplated thereby.
6. Lessee is a political subdivision of the State as referred to in Section 103 of the Internal Revenue Code of 1986, as amended, and the related regulations and rulings thereunder.
7. The Equipment Acquisition Fund established by the Lessee under the terms and provisions of the Equipment Acquisition Fund Agreement is duly and validly constituted as a restricted fund held by the Lessee at the County of Sacramento (California) in a depository bank.

Lessor, its Assignee and any of their assigns may rely upon this opinion.

Very truly yours,

Attorney

Information Return for Tax-Exempt Governmental Bonds

► Under Internal Revenue Code section 149(e)

► See separate instructions.

OMB No. 1545-0047

Department of the Treasury
Internal Revenue Service

Caution: If the issue price is under \$100,000, use Form 8038-GC.

► Go to www.irs.gov/F8038G for instructions and the latest information.

Check box if Amended Return ►

Part I Reporting Authority		2 Issuer's employer identification number (EIN)	
1 Issuer's name			
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	5 Report number (For IRS Use Only)	
6 City, town, or post office, state, and ZIP code		7 Date of Issue	
8 Name of Issue		9 CUSIP number	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information		10b Telephone number of officer or other employee shown on 10a	

Part II Type of Issue (Enter the issue price.) See the instructions and attach schedule.

11 Education	11
12 Health and hospital	12
13 Transportation	13
14 Public safety	14
15 Environment (including sewage bonds)	15
16 Housing	16
17 Utilities	17
18 Other. Describe ►	18
19a If bonds are TANs or RANs, check only box 19a	<input type="checkbox"/>
b If bonds are BANs, check only box 19b	<input type="checkbox"/>
20 If bonds are in the form of a lease or installment sale, check box	<input type="checkbox"/>

Part III Description of Bonds. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21		\$	\$	years	%

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22
23 Issue price of entire issue (enter amount from line 21, column (b))	23
24 Proceeds used for bond issuance costs (including underwriters' discount)	24
25 Proceeds used for credit enhancement	25
26 Proceeds allocated to reasonably required reserve or replacement fund	26
27 Proceeds used to refund prior tax-exempt bonds. Complete Part V	27
28 Proceeds used to refund prior taxable bonds. Complete Part V	28
29 Total (add lines 24 through 28)	29
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded	years
32 Enter the remaining weighted average maturity of the taxable bonds to be refunded	years
33 Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY)	
34 Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)	

Part VI Miscellaneous

- 35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) 35
- 36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions 36a
 - b Enter the final maturity date of the GIC ▶ (MM/DD/YYYY) _____
 - c Enter the name of the GIC provider ▶ _____
- 37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units 37
- 38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box and enter the following information:
 - b Enter the date of the master pool bond ▶ (MM/DD/YYYY) _____
 - c Enter the EIN of the issuer of the master pool bond ▶ _____
 - d Enter the name of the issuer of the master pool bond ▶ _____
- 39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶
- 40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶
- 41a If the issuer has identified a hedge, check here and enter the following information:
 - b Name of hedge provider ▶ _____
 - c Type of hedge ▶ _____
 - d Term of hedge ▶ _____
- 42 If the issuer has superintegrated the hedge, check box ▶
- 43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶
- 44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶
- 45a If some portion of the proceeds was used to reimburse expenditures, check here and enter the amount of reimbursement ▶ _____
 - b Enter the date the official intent was adopted ▶ (MM/DD/YYYY) _____

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.				
	▶ Signature of issuer's authorized representative	Date	▶ Type or print name and title		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

Instructions for Form 8038-G

(Rev. October 2021)



Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Bonds

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 8038-G and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form8038G](https://www.irs.gov/Form8038G).

General Instructions

Purpose of Form

Form 8038-G is used by issuers of tax-exempt governmental bonds to provide the IRS with the information required by section 149(e) and to monitor compliance with the requirements of sections 141 through 150.

Who Must File

IF the issue price (line 21, column (b)) is...	THEN, for tax-exempt governmental bonds issued after December 31, 1986, issuers must file...
\$100,000 or more	a separate Form 8038-G for each issue.
less than \$100,000	Form 8038-GC, Information Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Installment Sales.

When To File

File Form 8038-G on or before the 15th day of the 2nd calendar month after the close of the calendar quarter in which the bond is issued. Form 8038-G may not be filed before the issue date and must be completed based on the facts as of the issue date.

Late filing. An issuer may be granted an extension of time to file Form 8038-G under section 3 of Rev. Proc. 2002-48, 2002-37 I.R.B. 531, if it is determined that the failure to file timely is not due to willful neglect. Type or print at the top of the form "Request for Relief under section 3 of Rev. Proc. 2002-48" and attach a letter explaining why Form 8038-G was not submitted to the IRS on time. Also indicate whether the bond issue in question is under examination by the IRS. Do not submit copies of the trust indenture or other bond documents. See *Where To File* next.

Where To File


File Form 8038-G and any attachments at the following address.

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201

Private delivery services. You can use certain private delivery services (PDS) designated by the IRS to meet the "timely mailing as timely filing" rule for tax returns. Go to [IRS.gov/PDS](https://www.irs.gov/PDS) for the current list of designated services.

The PDS can tell you how to get written proof of the mailing date.

For the IRS mailing address to use if you're using PDS, go to [IRS.gov/PDSstreetAddresses](https://www.irs.gov/PDSstreetAddresses).

 **CAUTION** PDS can't deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.

Other Forms That May Be Required

For rebating arbitrage (or paying a penalty in lieu of arbitrage rebate) to the federal government, use Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate.

For private activity bonds, use Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

Rounding to Whole Dollars

You may show the money items on this return as whole-dollar amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar (for example, \$1.39 becomes \$1 and \$2.50 becomes \$3).

If two or more amounts must be added to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

Definitions

Bond. This is any obligation, including bond, note, commercial paper, installment purchase agreement, or financing lease.

Taxable bond. This is any bond the interest on which is not excludable from gross income under section 103. Taxable bonds include tax credit bonds and direct pay bonds.

Tax-exempt bond. This is any obligation, including a bond, installment purchase

agreement, or financial lease, on which the interest is excluded from income under section 103.

Tax-exempt governmental bond. A tax-exempt bond that is not a private activity bond (see next) is a tax-exempt governmental bond. This includes a bond issued by a qualified volunteer fire department under section 150(e).

Private activity bond. This includes a bond issued as part of an issue in which:

- More than 10% of the proceeds are to be used for any private activity business use; and
- More than 10% of the payment of principal or interest of the issue is **either (a)** secured by an interest in property to be used for a private business use (or payments for such property), or **(b)** to be derived from payments for property (or borrowed money) used for a private business use.

It also includes a bond, the proceeds of which **(a)** are to be used directly or indirectly to make or finance loans (other than loans described in section 141(c)(2)) to persons other than governmental units, and **(b)** exceeds the lesser of 5% of the proceeds or \$5 million.

Issue price. The issue price of bonds is generally determined under Regulations section 1.148-1(f). Thus, when issued for cash, the issue price is the first price at which a substantial amount of the bonds are sold to the public. To determine the issue price of a bond issued for property, see sections 1273 and 1274 and the related regulations.

Issue. Generally, bonds are treated as part of the same issue if they are issued by the same issuer, on the same date, and in a single transaction, or a series of related transactions (see Regulations section 1.149(e)-1(e)(2)). However, bonds issued during the same calendar year **(a)** under a loan agreement under which amounts are to be advanced periodically (a "draw-down loan"), or **(b)** with a term not exceeding 270 days, may be treated as part of the same issue if the bonds are equally and ratably secured under a single indenture or loan agreement and are issued under a common financing arrangement (for example, under the same official statement periodically updated to reflect changing factual circumstances). Also, for bonds issued under a draw-down loan that meet the requirements of the preceding

sentence, bonds issued during different calendar years may be treated as part of the same issue if all of the amounts to be advanced under the draw-down loan are reasonably expected to be advanced within 3 years of the date of issue of the first bond. Likewise, bonds (other than private activity bonds) issued under a single agreement that is in the form of a lease or installment sale may be treated as part of the same issue if all of the property covered by that agreement is reasonably expected to be delivered within 3 years of the date of issue of the first bond.

Arbitrage rebate. Generally, interest on a state or local bond is not tax exempt unless the issuer of the bond rebates to the United States arbitrage profits earned from investing proceeds of the bond in higher yielding nonpurpose investments. See section 148(f).

Construction issue. This is an issue of tax-exempt bonds that meets both of the following conditions.

1. At least 75% of the available construction proceeds are to be used for construction expenditures with respect to property to be owned by a governmental unit or a section 501(c)(3) organization.
2. All the bonds that are part of the issue are qualified 501(c)(3) bonds, bonds that are not private activity bonds, or private activity bonds issued to finance property to be owned by a governmental unit or a section 501(c)(3) organization.

In lieu of rebating any arbitrage that may be owed to the United States, the issuer of a construction issue may make an irrevocable election to pay a penalty. The penalty is equal to 1½% of the amount of the available construction proceeds of the issue that do not meet certain spending requirements as of the close of each 6-month period after the date the bonds were issued. See section 148(f)(4)(C) and the Instructions for Form 8038-T.

Pooled financing issue. This is an issue of tax-exempt bonds, the proceeds of which are to be used to finance purpose investments representing conduit loans to two or more conduit borrowers, unless those conduit loans are to be used to finance a single capital project.

Specific Instructions

Part I—Reporting Authority

Amended return. An issuer may file an amended return to change or add to the information reported on a previously filed return for the same date of issue. If you

are filing to correct errors or change a previously filed return, check the *Amended Return* box in the heading of the form.

The amended return must provide all the information reported on the original return, in addition to the new or corrected information. Attach an explanation of the reason for the amended return and write across the top, "Amended Return Explanation." Failure to attach an explanation may result in a delay in processing the form.

Line 1. The issuer's name is the name of the entity issuing the bonds, not the name of the entity receiving the benefit of the financing. For a lease or installment sale, the issuer is the lessee or the purchaser.

Line 2. An issuer that does not have an employer identification number (EIN) should apply online by visiting the IRS website at [IRS.gov/EIN](https://www.irs.gov/EIN). The organization may also apply for an EIN by faxing or mailing Form SS-4 to the IRS.

Line 3a. If the issuer wishes to authorize a person other than an officer or other employee of the issuer (including a legal representative or paid preparer) to communicate with the IRS and whom the IRS may contact about this return (including in writing or by telephone), enter the name of such person here. The person listed on line 3a must be an individual. Do not enter the name and title of an officer or other employee of the issuer here (use line 10a for that purpose).

Note. By authorizing a person other than an authorized officer or other employee of the issuer to communicate with the IRS and whom the IRS may contact about this return, the issuer authorizes the IRS to communicate directly with the individual entered on line 3a and consents to disclose the issuer's return information to that individual, as necessary, to process this return.

Lines 4 and 6. If you listed an individual on line 3a to communicate with the IRS and whom the IRS may contact about this return, enter the number and street (or P.O. box if mail is not delivered to street address), city, town, or post office, state, and ZIP code of that person. Otherwise, enter the issuer's number and street (or P.O. box if mail is not delivered to street address), city, town, or post office, state, and ZIP code.

Note. The address entered on lines 4 and 6 is the address the IRS will use for all written communications regarding the processing of this return, including any notices.

Line 5. This line is for IRS use only. Do not make any entries in this box.

Line 7. The date of issue is generally the first date on which the issuer physically exchanges any bond included in the issue for the underwriter's (or other purchaser's) funds. For a lease or installment sale, enter the date interest starts to accrue in an MM/DD/YYYY format.

Line 8. If there is no name of the issue, please provide other identification of the issue.

Line 9. Enter the CUSIP (Committee on Uniform Securities Identification Procedures) number of the bond with the latest maturity. If the issue does not have a CUSIP number, write "None."

Line 10a. Enter the name and title of the officer or other employee of the issuer whom the IRS may call for more information. If the issuer wishes to designate a person other than an officer or other employee of the issuer (including a legal representative or paid preparer) whom the IRS may call for more information about the return, enter the name, title, and telephone number of such person on lines 3a and 3b.



Complete lines 10a and 10b even if you complete lines 3a and 3b.

Part II—Type of Issue



Elections referred to in Part II are made on the original bond documents, not on this form.

Identify the type of bonds issued by entering the issue price in the box corresponding to the type of bond (see *Issue price* under *Definitions*, earlier). Attach a schedule listing names and EINs of organizations that are to use proceeds of these bonds, if different from those of the issuer, include a brief summary of the use and indicate whether or not such user is a governmental or nongovernmental entity.

Line 18. Enter a description of the issue in the space provided.

Line 19. If the bonds are short-term tax anticipation notes or warrants (TANs) or short-term revenue anticipation notes or warrants (RANs), check box 19a. If the bonds are short-term bond anticipation notes (BANs), issued with the expectation that they will be refunded with the proceeds of long-term bonds at some future date, check box 19b. Do not check both boxes.

Line 20. Check this box if property other than cash is exchanged for the bond, for example, acquiring a police car, a fire truck, or telephone equipment through a series of monthly payments. (This type of bond is sometimes referred to as a "municipal lease.") Also check this box if real property is directly acquired in

exchange for a bond to make periodic payments of interest and principal. Do not check this box if the proceeds of the bond are received in the form of cash, even if the term "lease" is used in the title of the issue.

Part III—Description of Bonds

Line 21. For column (a), the final maturity date is the last date the issuer must redeem the entire issue.

For column (b), see *Issue price* under *Definitions*, earlier.

For column (c), the stated redemption price at maturity of the entire issue is the sum of the stated redemption prices at maturity of each bond issued as part of the issue. For a lease or installment sale, write "N/A" in column (c).

For column (d), the weighted average maturity is the sum of the products of the issue price of each maturity and the number of years to maturity (determined separately for each maturity and by taking into account mandatory redemptions), divided by the issue price of the entire issue (from line 21, column (b)). For a lease or installment sale, enter instead the total number of years the lease or installment sale will be outstanding.

For column (e), the yield, as defined in section 148(h), is the discount rate that, when used to figure the present value of all payments of principal and interest to be paid on the bond, produces an amount equal to the purchase price, including accrued interest. See Regulations section 1.148-4 for specific rules to figure the yield on an issue. If the issue is a variable rate issue, write "VR" as the yield of the issue. For other than variable rate issues, carry the yield out to four decimal places (for example, 5.3125%). If the issue is a lease or installment sale, enter the effective rate of interest being paid.

Part IV—Uses of Proceeds of Bond Issue

For a lease or installment sale, write "N/A" in the space to the right of the title for Part IV.

Line 22. Enter the amount of proceeds that will be used to pay interest on the issue accruing prior to the date of issue. For definition of date of issue, see these instructions, line 7.

Line 24. Enter the amount of the proceeds that will be used to pay bond issuance costs, including fees for trustees and bond counsel. If no bond proceeds will be used to pay bond issuance costs, enter zero. Do not leave this line blank.

Line 25. Enter the amount of the proceeds that will be used to pay fees for credit enhancement that are taken into account in determining the yield on the issue for purposes of section 148(h) (for

example, bond insurance premiums and certain fees for letters of credit).

Line 26. Enter the amount of proceeds that will be allocated to such a fund.

Line 27. Enter the amount of the proceeds that will be used to pay principal, interest, or call premium on any tax-exempt bonds, including proceeds that will be used to fund an escrow account for this purpose.

Line 28. Enter the amount of the proceeds that will be used to pay principal, interest, or call premium on any taxable bonds, including proceeds that will be used to fund an escrow account for this purpose.

Part V—Description of Refunded Bonds

Complete this part only if the bonds are to be used to refund a prior issue of tax-exempt bonds or taxable bonds. For a lease or installment sale, write "N/A" in the space to the right of the title for Part V.

Lines 31 and 32. The remaining weighted average maturity is determined without regard to the refunding. The weighted average maturity is determined in the same manner as on line 21, column (d).

Line 34. If more than a single issue of tax-exempt bonds or taxable bonds will be refunded, enter the date of issue for each refunded issue. Enter the date in an MM/DD/YYYY format.

Part VI—Miscellaneous

Line 35. An allocation of volume cap is required if the nonqualified amount for the issue is more than \$15 million but is not more than the amount that would cause the issue to be private activity bonds.

Line 36. If any portion of the gross proceeds of the issue is or will be invested in a guaranteed investment contract (GIC), as defined in Regulations section 1.148-1(b), enter the amount of the gross proceeds so invested, as well as the final maturity date of the GIC and the name of the provider of such contract.

Line 37. If the issue is a pooled financing issue (as defined under *Pooled financing issue* in *Definitions*, earlier), enter the amount of the proceeds used to make loans to other governmental units, the interest on which is tax exempt.

Line 38. If the issue is a loan of proceeds from a pooled financing issue (as defined under *Pooled financing issue* in *Definitions*, earlier), check the box and where asked for the date of issue, EIN, and name of the issuer of the master pool bond, enter the date of issue, EIN, and name of the issuer of the pooled financing issue.

Line 40. Check this box if the issue is a construction issue and an irrevocable election to pay a penalty in lieu of arbitrage rebate has been made on or before the date the bonds were issued. The penalty is payable with a Form 8038-T for each 6-month period after the date the bonds are issued. Do not make any payment of penalty in lieu of arbitrage rebate with this form. See Rev. Proc. 92-22, 1992-1 C.B. 736, for rules regarding the "election document."

Line 41a. Check this box if the issuer has identified a hedge on its books and records according to Regulations sections 1.148-4(h)(2)(viii) and 1.148-4(h)(5)(iv) that permit an issuer of tax-exempt bonds to identify a hedge for it to be included in yield calculations for figuring arbitrage.

Line 42. In determining if the issuer has super-integrated a hedge, apply the rules of Regulations section 1.148-4(h)(4). If the hedge is super-integrated, check the box.

Line 43. If the issuer takes a "deliberate action" after the issue date that causes the conditions of the private business tests or the private loan financing test to be met, then such issue is also an issue of private activity bonds. Regulations section 1.141-2(d)(3) defines a deliberate action as any action taken by the issuer that is within its control regardless of whether there is intent to violate such tests. Regulations section 1.141-12 explains the conditions to taking remedial action that prevent an action that causes an issue to meet the private business tests or private loan financing test from being treated as a deliberate action. Check the box if the issuer has established written procedures to ensure timely remedial action for all nonqualified bonds according to Regulations section 1.141-12 or other remedial actions authorized by the Commissioner under Regulations section 1.141-12(h).

Line 44. Check the box if the issuer has established written procedures to monitor compliance with the arbitrage, yield restriction, and rebate requirements of section 148.

Line 45a. Check the box if some part of the proceeds was used to reimburse expenditures. Figure and then enter the amount of proceeds that are used to reimburse the issuer for amounts paid for a qualified purpose prior to the issuance of the bonds. See Regulations section 1.150-2.

Line 45b. Subject to certain exceptions under Regulations section 1.150-2(f), an issuer must adopt an official intent, as described in Regulations section 1.150-2(e), to reimburse itself for preissuance expenditures within 60 days after payment of the original expenditure.

Enter the date the official intent was adopted.

Signature and Consent

An authorized representative of the issuer must sign Form 8038-G and any applicable certification. Also print the name and title of the person signing Form 8038-G. The authorized representative of the issuer signing this form must have the authority to consent to the disclosure of the issuer's return information, as necessary to process this return, to the person(s) that have been designated in Form 8038-G.

Note. If the issuer in Part I, lines 3a and 3b, authorizes the IRS to communicate (including in writing and by telephone) with a person other than an officer or other employee of the issuer, by signing this form, the issuer's authorized representative consents to the disclosure of the issuer's return information, as necessary to process this return, to such person.

Paid Preparer

If an authorized officer of the issuer filled in this return, the paid preparer's space should remain blank. Anyone who

prepares the return but does not charge the organization should not sign the return. Certain others who prepare the return should not sign. For example, a regular, full-time employee of the issuer, such as a clerk, secretary, etc., should not sign.

Generally, anyone who is paid to prepare a return must sign it and fill in the other blanks in the *Paid Preparer Use Only* area of the return.

The paid preparer must:

- Sign the return in the space provided for the preparer's signature (a facsimile signature is acceptable),
- Enter the preparer information, and
- Give a copy of the return to the issuer.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating

to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on the individual circumstances. The estimated burden for tax-exempt organizations filing this form is approved under OMB control number 1545-0047 and is included in the estimates shown in the instructions for their information return.

If you have suggestions for making this form simpler, we would be happy to hear from you. You can send us comments through [IRS.gov/FormComments](https://www.irs.gov/FormComments).

Or you can write to:

Internal Revenue Service
Tax Forms and Publications
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224

Do not send the form to this address. Instead, see *Where To File*, earlier.

EQUIPMENT ACQUISITION FUND AGREEMENT
(Gross Fund-Earnings to Lessee)

Dated as of: June 15, 2022

Lease Schedule Number: 1000148694

Lessee: SACRAMENTO METROPOLITAN FIRE DISTRICT

This EQUIPMENT ACQUISITION FUND AGREEMENT together with all addenda, riders and attachments hereto, as the same may from time to time be amended, modified or supplemented ("Agreement") is made and entered into as of the date set forth above by and between the Lessee identified above ("Lessee") and JPMORGAN CHASE BANK, N.A. ("Lessor"). In connection with this Agreement, reference is made to the above Lease Schedule ("Schedule") and to the Master Lease-Purchase Agreement ("Master Lease") identified in the Schedule, which are by and between the Lessor and the Lessee. As used herein: "Lease" shall mean the Schedule and the Master Lease, but only to the extent that the Master Lease relates to the Schedule. Unless otherwise defined herein, capitalized terms defined in the Lease shall have the same meaning when used herein. As used herein, "Party" shall mean any of Lessee or Lessor, and "Parties" shall mean all of Lessee and Lessor. All references to Lessor shall mean JPMorgan Chase Bank, N.A. in its capacity as lessor only.

For good and valuable consideration, receipt of which is hereby acknowledged, and solely for purposes of the Schedule, the parties hereto agree as follows:

SECTION 1. RECITALS.

1.01 Lessor and Lessee have entered into the Lease identified above whereby Lessor has agreed to lease and sell certain property generally described in the attached Schedule A-1 and as set forth in the Schedule (the "Equipment") to Lessee, and Lessee has agreed to lease and purchase the Equipment from Lessor, in the manner and on the terms set forth in the Lease.

1.02 As referenced above, "Lease" means, collectively, the Lease Schedule identified above and the Master Lease-Purchase Agreement identified in said Lease Schedule (to the extent that it relates to said Lease Schedule) together with all exhibits, schedules, addenda, riders and attachments thereto. "Closing" means the date on which the Lessee executes and delivers this Agreement, and the Lender makes the Advance (as defined in Section 1.03) to the Lessee under the term of this Agreement.

In the event of any conflict between the terms and provisions of this Agreement, those of the Lease, any schedule or exhibit attached to the Agreement, or any other agreement among the Parties, the terms and conditions of this Agreement shall control.

Amendment of Section 5.3(g) of Master Lease-Purchase Agreement. Section 5.3(g)(2) of the Master Lease shall be amended to include in the Lessee's counsel opinion an opinion that pertains to this Agreement insofar as this opinion applies to the Lease. Section 5.3(g)(5) of the Master Lease shall be amended to include in the Lessee's resolution a reference to this Agreement insofar as this resolution applies to the Lease.

1.03 **LESSOR'S ADVANCE: \$6,750,000.00.**

In consideration of the Lease, and the Lessee's agreement to repay the moneys advanced hereunder and interest thereon, the Lessor hereby agrees to advance to the Lessee at Closing moneys in the aggregate amount of \$6,750,000.00 (the "Advance") to pay the costs of the Equipment. On the date of Closing, the Lessor shall, at the written direction of the Lessee, deposit \$6,750,000.00 in an account established with a depository bank at the County of Sacramento selected by the Lessee designated the "SMFD Development Impact Fee Fund" (the "Equipment Acquisition Fund") and such funds shall be applied solely in accordance with the provisions of this Agreement. The Equipment Acquisition Fund shall be governed by the terms and provisions set forth in Section 2 and Section 3 below. To the extent that the purchase price of the Equipment exceeds the Lessor's Advance, Lessee shall either notify Lessor of such excess amount and then deposit into the Equipment Acquisition Fund funds in such amount which will be credited to the Equipment Acquisition Fund and used to pay the balance of the purchase price of the Equipment, or Lessee shall pay such balance directly to the suppliers and vendors of the Equipment.

1.04 **FUNDING EXPIRATION DATE: JUNE 15, 2025.** ("Funding Expiration Date"). Lessee and Lessor agree that all Equipment should be delivered and installed, and all funds disbursed from the Equipment Acquisition Fund, no later than the above Funding Expiration Date.

1.05 Under the Lease, Lessee will cause each item of Equipment to be ordered from the applicable suppliers and vendors. Lessee shall furnish to Lessor as soon as available, a copy of the purchase orders or purchase contracts for all Equipment ordered pursuant to the Lease, showing the supplier and vendor, the purchase price and the estimated delivery dates. The Lessee shall otherwise proceed with the acquisition and installation of the Equipment as contemplated by the Lease and this Agreement.

1.06 The Lessee agrees to receive, hold, invest and disburse the moneys deposited in the Equipment Acquisition Fund as expressly set forth in this Agreement. Any funds in the Equipment Acquisition Fund not needed to pay the purchase price of Equipment will be paid to Lessor or Lessee, all as hereinafter provided.

1.07 This Agreement is not intended to alter or change in any way the rights and obligations of Lessor and Lessee under the Lease, but is entirely supplemental thereto. The provisions of this Agreement may be waived, altered, amended or supplemented, in whole or in part, only by a writing signed by all Parties.

1.08 Each of the Parties hereto has authority to enter into this Agreement, and has taken all actions necessary to authorize the execution of this Agreement by its respective officers whose signatures are affixed hereto. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby irrevocably waived by the Lessor and Lessee to the fullest extent permitted by law, to the end that this Agreement shall be enforced as written.

SECTION 2. EQUIPMENT ACQUISITION FUND.

2.01 The Lessee shall establish the Equipment Acquisition Fund on or prior to Closing. The Equipment Acquisition Fund shall constitute a restricted fund held at the County of Sacramento (California) in a depository bank. The Lessee shall keep such funds deposited into the Equipment Acquisition Fund separate and apart from all other funds and money held by it, and shall administer such funds as provided in this Agreement. Lessee's rights and responsibilities under this Agreement, other than establishment of the Equipment Acquisition Fund, shall begin on the date of Closing.

2.02 The Lessor's Advance and any funds deposited by Lessor under Section 1.03 hereof shall be credited to the Equipment Acquisition Fund on the date of the Closing and shall be used by the Lessee to pay the balance of the purchase price of each item of Equipment subject to the Lease in accordance with the terms and provisions hereof. The moneys held in the Equipment Acquisition Fund shall be used by the Lessee to pay the costs of the Equipment upon written notice by the Lessee to the Lessor in the form of a written receipt certificate/payment request prepared by the Lessee and signed by the Lessee's Authorized Representative (as defined in Section 6) and countersigned by the Lessor's Authorized Representative (as defined in Section 6), substantially in the form set forth in **Exhibit A** attached hereto (the "Receipt Certificate/Payment Request"), together with such invoices, bills of sale, cancelled checks or other documents or items of evidence as the Lessor may require to determine the appropriateness of such requisition. Such funds shall be requisitioned from the Equipment Acquisition Fund during the period beginning on the date of the Closing and ending on the Funding Expiration Date. If the moneys held in the Equipment Acquisition Fund and any other moneys provided by the Lessee are insufficient to pay all of the costs of the Equipment, the Lessee shall provide any balance of the funds needed to complete the acquisition and installation of the Equipment. The Lessee shall pay to the suppliers and vendors of the Equipment the payment amounts then due and payable with respect thereto as set forth in the Receipt Certificate/Payment Request, and after the Lessee has satisfied any applicable security procedures with respect thereto as required by Section 6. The Receipt Certificate/Payment Request will specify the supplier/beneficiary, its address or wire instructions and the applicable portion of the Equipment Acquisition Fund to be paid. As between Lessee and Lessor, Lessee agrees that it will submit to Lessor for Lessor's signature a Receipt Certificate/Payment Request that has been executed by Lessee together with (a) the suppliers' invoices specifying the applicable portion of the purchase price of the items of Equipment described in said Receipt Certificate/Payment Request, (b) if the item of Equipment is a titled vehicle, a copy of the Manufacturer's Statement of Origin (MSO) covering such item showing Lessor as first and sole lienholder, and (c) any other documents required by the Lease, and Lessee agrees that Lessor shall not be obligated to execute any such Receipt Certificate/Payment Request until all of the foregoing have been submitted to Lessor.

2.03 If an Authorized Representative of the Lessor delivers to the Lessee written notice of the occurrence of an event of default under the Lease or of a termination of the Lease due to a non-appropriation event or non-renewal event under the Lease, then the Lessee shall promptly remit to Lessor the remaining balance of the Equipment Acquisition Fund. After its receipt of a notice of an event of default under the Lease or of a termination of the Lease due to a non-appropriation event under the Lease, the Lessee shall not act to effect or permit any distribution or release of any part of the Equipment Acquisition Fund to acquire Equipment or for any other purpose without written authorization from an Authorized Representative of the Lessor.

2.04 Upon the Lessee's receipt of a Full Funding Notice (as defined below), the Lessee shall apply the balance remaining in the Equipment Acquisition Fund to Lessor to be applied by Lessor for benefit of Lessee either: (a) toward the principal and interest

portion of the Rent Payment next coming due under the Lease; or (b) to reimburse the Lessee for the interest portion of their Rental Payments previously made within the past 18 months; or (c) toward a partial prepayment of the principal amount remaining due under the Lease and thereupon Lessor shall prepare and deliver to Lessee a revised Payment Schedule reflecting such partial prepayment of principal.

"Full Funding Notice" means written notification by an Authorized Representative of the Lessor to the Lessee of the Lessor's receipt of the Final Receipt Certificate/Payment Request which confirms that all Equipment covered by the Lease has been delivered to and accepted by Lessee under the Lease and that the full amount of the Lessor's Advance has been paid to the applicable suppliers and vendors.

2.05 Upon the Funding Expiration Date stated in Section 1.04 above, the Lessee shall apply the remaining balance in the Equipment Acquisition Fund to Lessor to be applied by Lessor for benefit of Lessee either: (a) toward the principal portion of the Rent Payment next coming due under the Lease; or (b) to reimburse the Lessee for the interest portion of their Rental Payments previously made within the past 18 months; or (c) toward a partial prepayment of the principal amount remaining due under the Lease and thereupon Lessor shall prepare and deliver to Lessee a revised Payment Schedule reflecting such partial prepayment of principal.

Upon the Funding Expiration Date stated in Section 1.04 above, the Lessee shall apply the investment earnings in the Equipment Acquisition Fund as set forth in this Section 2.05 .

2.06 Any partial prepayment effected pursuant to Section 2.04(c) or Section 2.05(c) hereof may effected notwithstanding anything stated to the contrary in the Lease (including, without limitation, Section 15 of the Master Lease as it relates to the Schedule). In addition, any such partial prepayment effected hereunder shall be effected independent of the terms and provisions for any prepayment in whole of the remaining principal balance under the Lease as provided for in any Prepayment Schedule Addendum that applies to the Schedule.

2.07 The Lessor shall not be responsible for the sufficiency of the moneys credited to the Equipment Acquisition Fund to make the payments herein required.

2.08 This Agreement shall terminate upon disbursement by the Lessee of all money held by it hereunder, subject to the provisions of Section 2.03, Section 2.04 and Section 2.05.

SECTION 3. MONEY IN EQUIPMENT ACQUISITIONS FUND; INVESTMENT.

3.01 The money and investments held by the Lessee under this Agreement are irrevocably held in escrow for the benefit of Lessee and Lessor, and such money, together with any income or interest earned thereon, shall be expended only as provided in this Agreement, and shall not be subject to any security interest or lien, by or for the benefit of any creditor of either Lessee or Lessor; provided, that the money and investments held under this Agreement shall be subject to the security interests provided in Sections 3.07 hereof .

3.02 Money held in the Equipment Acquisition Fund shall be invested and reinvested by the Lessee in Qualified Investments (as defined below). Such investments shall be registered in the name of the Lessee and held by the Lessee. The Lessee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. Such investments and reinvestments shall be made giving consideration for the time at which funds are required to be available under the terms of this Agreement. No investment instruction shall be given that would cause the Agreement or the Lease to be deemed an "arbitrage bond" within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended.

3.03 All investments made pursuant to this section shall be for the account and risk of Lessee and any losses associated with investments shall be borne solely by Lessee. Lessee shall from time to time invest and reinvest the funds held in the Equipment Acquisition Fund in any one or more of the following investments to the extent that such investments are permitted investments for the Lessee under applicable Federal, state and local laws, regulations and ordinances governing investment of funds, including the investment of funds held in a restricted fund at the County of Sacramento (California) in a depository bank (hereinafter, "Qualified Investments"): (a) obligations of the United States of America or any agency created thereby; (b) general obligations of any State of the United States of America; (c) general obligations of any political subdivision of a State of the United States of America, if such obligations are rated by at least two recognized rating services as at least AA; (d) certificates of deposit of any national bank or banks insured by the Federal Deposit Insurance Corporation (FDIC) with a net worth in excess of \$100,000,000.00 ("Acceptable Bank"); (e) obligations of State or Municipal Public Housing Authorities chartered by the United States of America and guaranteed by the United States of America; (f) demand interest bearing accounts of an Acceptable Bank; (g) money market funds whose assets are solely invested in obligations listed in (a) through (f) above, including repurchase agreements secured by such obligations and which money market funds are rated in either of the two highest categories of any rating agency of national recognition at the time of purchase; and (h) any other obligations approved in writing by Lessor.

3.04 If any of the above-described Qualified Investments are not legal investments of Lessee or cease to be Qualified Investments, then an Authorized Representative of the Lessee shall immediately notify Lessor which of said Qualified Investments are not legal investments of Lessee or Qualified Investments, as the case may be, and shall invest funds in accordance with Section 3.03 in investments that do constitute legal investments. It is the sole responsibility of the Lessee to ascertain that all investments comply with all applicable federal, state, and local laws, statues, and policies. The Lessor shall have no duty or obligation to monitor or inquire as to whether any Qualified Investments are legal investments of Lessee or continue to meet the requirements of a Qualified Investment nor have any liability in connection therewith.

3.05 The Lessee shall, without further direction, sell such investments as and when required to make any payment from the Equipment Acquisition Fund, as contemplated herein. Any income received on such investments shall be credited to the Equipment Acquisition Fund.

3.06 Upon Lessor's request, the Lessee shall furnish a statement listing all investments to Lessor. The Lessor shall not be responsible or liable for any loss, fees or expenses suffered in connection with any investments of moneys made by it in accordance with this Section. Market values, exchange rates and other valuation information (including without limitation, market value, current value or notional value) of any Qualified Investment furnished in any report or statement may be obtained from third party sources and is furnished for the exclusive use of the Parties. The Lessor has no responsibility whatsoever to determine the market or other value of any Qualified Investment and makes no representation or warranty, express or implied, as to the accuracy of any such valuations or that any values necessarily reflect the proceeds that may be received on the sale of a Qualified Investment. The Lessor shall not act, or deemed to act, as an investment manager or adviser to the Lessee.

3.07 Lessee hereby grants Lessor a security interest in the money and investments held by the Lessee under this Agreement as collateral security for the payment and performance of all of Lessee's obligations under the Lease, this Agreement and any agreement, contract or instrument related to the Lease or this Agreement. Lessee represents and warrants to Lessor that the money and investments held by the Lessee under this Agreement are free and clear of any liens, security interests or encumbrances other than the security interests created under this Agreement. Lessee hereby acknowledges that it holds the money and investments held by the Lessee under this Agreement subject to such security interest created by Lessee as bailee for Lessor.

SECTION 4. AUTHORITY TO ACT.

4.01 The Parties may: act in reliance upon any writing, notice, certificate, instruction, instrument or signature which it, in good faith, believes to be genuine and to have been signed by an Authorized Representative of the applicable opposite Party; assume the validity and accuracy of any statement or assertion contained in such a writing, notice, certificate, instruction or instrument; and assume that any person purporting to give any such writing, notice, certificate, instruction or instrument in connection with the provisions hereof has been duly authorized to do so.

4.02 Lessee may execute any of its powers and perform any of its duties hereunder directly or through affiliates or agents.

SECTION 5. ADMINISTRATIVE PROVISIONS.

5.01 The Lessee shall keep complete and accurate records of all money received and disbursed under this Agreement, which shall be available for inspection by Lessor, or the Lessor's agent, upon reasonable notice, at any time during regular business hours.

5.02 This Agreement shall be construed and governed in accordance with the laws of the State where Lessee is located. Each Party irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the jurisdiction of the courts located in the State where the Lessee is located. To the extent that in any jurisdiction either Party may now or hereafter be entitled to claim for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, such Party shall not claim, and hereby irrevocably waives, such immunity.

5.03 Each Party represents, warrants and covenants that each document, notice, instruction or request provided by such Party to its opposite Party hereunder shall comply with applicable laws and regulations. Any provision of this Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Agreement.

5.04 This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns. Specifically, the term "Lessor" as used herein means any person or entity to whom Lessor has assigned its right to receive Rent Payments under the Lease and any other payments due to Lessor hereunder from and after the date when a written notice of such assignment is filed with the Lessee; provided, however, neither this Agreement nor any right or interest hereunder may be assigned by the Lessor or the Lessee without the prior consent of the other Party; unless the assignment is to JPMorgan Chase & Co. or any of its affiliates or subsidiaries, then consent will not be required.

5.05 This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any person or entity other than the Parties any legal or equitable right, remedy, interest or claim under or in respect of the Equipment Acquisition Fund or this Agreement.

5.06 All signatures of the Parties to this Agreement may be transmitted by a Portable Document Format ("PDF"), and PDF will, for all purposes, be deemed to be the original signature of such Party whose signature it reproduces, and will be binding upon such Party.

SECTION 6. SECURITY PROCEDURES.

In the event funds transfer instructions are given (whether in writing or by PDF), executed by the appropriate Party as evidenced by the signatures of the person or persons signing this Agreement or one of their designated persons as set forth in Schedule 1 (each an "Authorized Representative"), and delivered to the opposite Party in accordance with Section 8.02, the undersigned is authorized to certify that the signatories on Schedule 1 are specimen signatures of each of their respective Authorized Representatives. Each Party and the beneficiary's bank in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by the Lessee or Lessor to identify (i) the beneficiary, (ii) the beneficiary's bank, or (iii) an intermediary bank. The Lessee may apply any of the escrowed funds for any payment order it executes using any such identifying number, even where its use may result in a person other than the beneficiary being paid, or the transfer of funds to a bank other than the beneficiary's bank or an intermediary bank designated. The Lessor and Lessee acknowledge that these security procedures are commercially reasonable.

SECTION 7. FEES.

Neither Party shall be entitled to the payment of any fees in connection with the actions of such Party undertaken pursuant to the terms and provisions of this Agreement.

SECTION 8. NOTICES.

8.01 Notwithstanding anything to the contrary as set forth in Section 8.02, any notices and demands under or related to this document shall be in writing and delivered to the intended Party at its address stated herein. Subject to Section 8.02, notice shall be deemed sufficiently given or made (a) upon receipt if delivered by hand, (b) on the Delivery Day after the day of deposit with a nationally recognized courier service, (c) on the third Delivery Day after the day of deposit in the United States mail, sent certified, postage prepaid with return receipt requested, (d) only if to Lessee, on the third Delivery Day after the notice is deposited in the United States mail, postage prepaid, and (e) upon receipt if delivered by facsimile, telecopy, electronic mail (with an attachment in PDF or similar format) and electronic confirmation of error free receipt is received. "Delivery Day" means a day other than a Saturday, a Sunday, or any other day on which national banking associations and banks in the City of New York are authorized to be closed. Any Party may change its address for the purposes of the receipt of notices and demands by giving notice of such change in the manner provided in this provision.

8.02 Any instructions setting forth, claiming, containing, objecting to, or in any way related to the transfer or distribution of funds, including but not limited to any such funds transfer instructions that may otherwise be set forth in a written instruction permitted pursuant to Section 1 of this Agreement, shall be given to a Party by the opposite Party in writing, be executed by an Authorized Representative and sent as a PDF attached to an email only. No instruction for or related to the transfer or distribution of the Equipment Acquisition Fund shall be deemed delivered and effective unless Lessor or Lessee, as the case may be, actually shall have received it on a Delivery Day as a PDF attached to an email only at the email address set forth in this Section 8.02 and as evidenced by a confirmed transmittal to the Party's or Parties email address and the Lessor or Lessee, as the case may be, has been able to satisfy any applicable security procedures as may be required hereunder. The Lessor or Lessee, as the case may be, shall not be liable to any Party or other person for refraining from acting upon any instruction for or related to the transfer or distribution of the Equipment Acquisition Fund if delivered to any other fax number or email address, including but not limited to a valid email address of any employee of the Lessor or Lessee, as the case may be. The Lessor and Lessee acknowledge that there are certain security, corruption, transmission error and access availability risks associated with using open networks such as the internet and the Parties hereby expressly assume such risks.

Notices shall be addressed as follows:

- (i) If to the Lessee:
LESSEE NAME: SACRAMENTO METROPOLITAN FIRE DISTRICT
LESSEE ADDRESS: 10454 ARMSTRONG AVENUE, MATHER, CA 95655
Attn: MARIE JONES

Telephone: 916-859-4386
Email: Jones.marie.metrofire.ca.gov

- (ii) If to the Lessor:
JPMORGAN CHASE BANK, N.A.
1111 POLARIS PARKWAY, SUITE 4N
MAIL CODE OH1-1085
COLUMBUS, OHIO 43240
Attention: GHFN Operations Manager
Email: cefi.escrow.disbursement.request@jpmchase.com

SECTION 9. FORCE MAJEURE.

Notwithstanding any other provision of this Agreement, no Party to this Agreement is liable to any other Party for losses due to, or if it is unable to perform its obligations under the terms of this Agreement because of acts of God, war, terrorism, fire, floods, strikes, electrical outages, equipment or transmission failures, pandemics, epidemics, or other causes reasonably beyond its control.

SECTION 10. JURY WAIVER.

ALL PARTIES TO THIS AGREEMENT WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTER CLAIM BROUGHT BY ANY PARTY AGAINST ANOTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS AGREEMENT.

SECTION 11. MISCELLANEOUS.

11.01 **Patriot Act Section 326 Customer Identification Program.** In order to comply with the laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including, without limitation, those relating to the funding of terrorist activities and money laundering, including Section 326 of the USA PATRIOT Act of the United States ("Applicable Law"), the Lessor is required to obtain, verify, record and update certain information relating to individuals and entities which maintain a business relationship with the Lessor. Accordingly, the Lessee agrees to provide to the Lessor, upon their request from time to time such identifying information and documentation as may be available for such party in order to enable the Lessor to comply with Applicable Law.

11.02 **Taxpayer Identification Numbers ("TINs").** Each Party has provided the opposite Party with their respective fully executed Internal Revenue Service ("IRS") Form W-8, or W-9 and/or other required documentation. Each Party represents that its correct TIN assigned by the IRS, or any other taxing authority, is set forth in the delivered forms.

11.03 **Tax Reporting.** All interest or other income earned under the Agreement shall be allocated to the Lessee and reported to the IRS, or any other taxing authority, on IRS Form 1099 or 1042S (or other appropriate form) as income earned from the Equipment Acquisition Fund by the Lessee whether or not said income has been distributed during such year. The Lessee hereby represents to the Lessor that no other tax reporting of any kind is required given the underlying transaction giving rise to this Agreement. The Lessee shall withhold any taxes it deems appropriate, including but not limited to required withholding, in the absence of proper tax documentation or as required by law, and shall remit such taxes to the appropriate authorities.

(The next page is the signature page)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first referenced above.

SACRAMENTO METROPOLITAN FIRE DISTRICT
(Lessee)

JPMORGAN CHASE BANK, N.A.
(Lessor)

By: _____		By: _____
Name: _____		Name: _____
Title: _____		Title: Authorized Officer

Attachments: Schedule 1 (Investment Authorization)(Name/telephone # of call-back person(s) designated by Section 7 above)

SCHEDULE 1

Telephone Number(s) and Signature(s) for Person(s) Designated to Give Funds Transfer Instructions

If from Lessee:

	<u>Name</u>	<u>Telephone Number</u>	<u>Signature</u>
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

Email(s) and Signature(s) for Person(s) Designated to Receive Notices

	<u>Name</u>	<u>Email</u>	<u>Signature</u>
1.	_____	_____	_____
2.	_____	_____	_____

If from Lessor:

	<u>Name</u>	<u>Telephone Number</u>	<u>Signature</u>
1.	Karen L Williams	312-385-7005	(Standing Signature on File)
2.	Anastasia L. McClellan	614-213-4876	(Standing Signature on File)
3.	Terri E. Sayers	614-213-4521	(Standing Signature on File)
4.	Mary T. Short	614-213-4881	(Standing Signature on File)
5.	Kris Hewitt	614-213-8581	(Standing Signature on File)
6.	Meron Gola	614-217-4670	(Standing Signature on File)
7.	Teri L. Fancelli	614-213-2270	(Standing Signature on File)
8.	Nathaniel J. Ruhe	614-213-3859	(Standing Signature on File)
9.	Debbie J. Mullennix	614-213-5797	(Standing Signature on File)
10.	Lourdes Roman	312-732-6444	(Standing Signature on File)
11.	Kerry Stygler	614-213-4400	(Standing Signature on File)
12.	Rita Lyle	312-954-3763	(Standing Signature on File)
13.	Edgar Lopez	312-954-0046	(Standing Signature on File)
14.	James Polpiboon	312-732-3788	(Standing Signature on File)

All instructions, including but not limited to funds transfer instructions, whether transmitted by facsimile or set forth in a PDF attached to an email, must include the signature of the Authorized Representative authorizing said funds transfer on behalf of the Party.

SCHEDULE A-1
(Equipment List)

Expected Equipment Purchase Price: \$ 6,750,000.00

Net Amount Financed: \$ 6,750,000.00

Equipment Location: TBD

Equipment Description: Vehicles and other Essential Equipment

TOGETHER WITH ALL ATTACHMENTS, ADDITIONS, ACCESSIONS, PARTS, REPAIRS, IMPROVEMENTS, REPLACEMENTS AND SUBSTITUTIONS THERETO.

This Schedule A-1 is attached to the Lease Schedule 1000148694 or a Receipt Certificate/Payment Request relating to the Lease Schedule.

EXHIBIT A

EQUIPMENT ACQUISITION FUND
RECEIPT CERTIFICATE/PAYMENT REQUEST

Dated: _____, 2022
Lease Schedule No: 1000148694 dated JUNE 15, 2022
Equipment Fund Agreement Dated: JUNE 15, 2022

1. The undersigned Lessee of the above Lease Schedule and its Master Lease-Purchase Agreement (collectively, the "Lease") hereby acknowledges receipt in good condition of all of the Equipment described on Schedule A-1 to this Receipt Certificate/Payment Request as of the following Acceptance Date and hereby confirms that the Equipment has been installed at the following location:

Acceptance Date: _____

Equipment Location: See Attached Schedule A-1

***** FINAL REQUEST: Yes OR No (Please Circle Choice) *****

If this is the FINAL REQUEST Lessee hereby confirms that said Equipment together with all other property covered by Receipt Certificates delivered prior to this Receipt Certificate represents all of the Equipment to be subject to the Lease.

- 2. Lessee agrees that (a) the undersigned Lessor has not selected, manufactured, sold or supplied any of the Equipment, (b) Lessee has selected all of the Equipment and its suppliers and vendors, and (c) Lessee has received a copy of, and approved, the purchase orders or purchase contracts for the Equipment.
- 3. **AS BETWEEN LESSEE AND LESSOR, LESSEE AGREES THAT: (a) LESSEE HAS RECEIVED, INSPECTED AND APPROVED ALL OF THE EQUIPMENT; (b) ALL EQUIPMENT IS IN GOOD WORKING ORDER AND COMPLIES WITH ALL PURCHASE ORDERS OR CONTRACTS AND ALL APPLICABLE SPECIFICATIONS; (c) LESSEE IRREVOCABLY ACCEPTS ALL EQUIPMENT FOR PURPOSES OF THE LEASE "AS-IS, WHERE-IS" WITH ALL FAULTS; AND (d) LESSEE UNCONDITIONALLY WAIVES ANY RIGHT THAT IT MAY HAVE TO REVOKE ITS ACCEPTANCE OF THE EQUIPMENT.**
- 4. Lessee and Lessor hereby request that the Lessee initiate payment from the Equipment Acquisition Fund established under the Equipment Acquisition Fund Agreement to each party designated below as Payee, the amount stated below in payment of all or part of the Equipment as stated below. Lessee hereby confirms that said amount is due and payable under a purchase order or contract relating to the Equipment described herein and has not formed the basis of any prior request for payment.

Payee #1:

Name: _____

Address: _____

Invoice Number: _____ Date: _____

Amount: \$ _____

WIRE INSTRUCTIONS:

Name of Bank: _____

ABA No: _____

Account Number: _____

Account Name: _____

Payee #2:

Name: _____

Address: _____

Invoice Number: _____ Date: _____

Amount: \$ _____

WIRE INSTRUCTIONS:

Name of Bank: _____

ABA No: _____

Account Number: _____

Account Name: _____

Payee #3:

Name: _____

Address: _____

Invoice Number: _____ Date: _____

Amount: \$ _____

WIRE INSTRUCTIONS:

Name of Bank: _____

ABA No: _____

Account Number: _____

Account Name: _____

5. If this is a Final Request, then this Receipt Certificate/Payment Request shall constitute a Full Funding Notice under the terms of the Equipment Acquisition Fund Agreement and, if any funds remain in the Equipment Acquisition Fund established pursuant to the Equipment Acquisition Fund Agreement (including any earnings thereon; collectively referred to as the "Fund Account Balance"), then Lessee hereby agrees to direct any Fund Account Balance to be applied to Lessor and Lessor is hereby authorized to apply the Fund Account Balance to the benefit of the Lessee either: (a) toward the principal and interest portion of the Rent Payment next coming due under the Lease; or (b) to reimburse the Lessee for the interest portion of their Rental Payments previously made within the past 18 months; or (c) toward a partial prepayment of the principal amount remaining due under the Lease and thereupon Lessor shall prepare and deliver to Lessee a revised Payment Schedule reflecting such partial prepayment of principal.

6. Lessee will confirm wire instructions by telephone (if required by Lessor) by designating an Authorized Contact ("Contact") for Lessee below. This Contact must be someone who has the requisite knowledge to verify the instructions outlined above AND must be someone other than the authorized signer hereto. Lessee should consider designating more than one Contact to avoid funding delays.

SACRAMENTO METROPOLITAN FIRE DISTRICT
(Lessee)

By: _____

Title: _____

JPMORGAN CHASE BANK, N.A.
(Lessor)

By: _____

Title: Authorized Officer

SCHEDULE A-1

Equipment Description

(This Schedule A-1 is attached to a Receipt Certificate/Payment Request relating to the Lease Schedule.)

Lease Schedule No: 1000148694 dated JUNE 15, 2022

The Equipment described below includes all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions thereto.

Equipment Location: _____

Equipment Description: _____

SIGN UP . . . FOR AUTOMATED BILL PAYMENT

Please complete ALL Sections and return this form:

I authorize JPMORGAN CHASE BANK, N.A. to make withdrawals from the account listed below. I understand that I control my withdrawals for payments on leases and loans. If at any time I decide to discontinue this payment service, I will notify the biller. I also understand that any future leases and loans will automatically be set up with auto debit withdrawals unless JPMorgan Chase Bank, N.A. elects to the contrary. All assessments and other fees payable under the leases and loans will be withdrawn with rental/installment payments unless otherwise instructed.
(PLEASE PRINT)

Customer Information:

Financial Institution:

Name:	SACRAMENTO METROPOLITAN FIRE DISTRICT	Name:	
Address:	10545 ARMSTRONG AVENUE, STE 200 ATTN: FINANCE DEPT.	Address:	
City:	MATHER	City:	
State:	CA	State:	
	Zip: 95655		Zip:

Account Type (check one) Checking Savings

Routing /ABA Number _____ Account Number _____

(Please enclose a voided check)

Biller Information:

Your JPMorgan Chase Bank, N.A. Account Number(s) as Shown on Agreement or Invoice.
(A sign up form is required for each unique financial institution account and routing/ABA number.)

1000148694 1000 _____ 1000 _____ 1000 _____

Notice to Customer - This agreement authorizes the periodic transfer of funds from your account at the financial institution listed on this sign up form by electronic means. Your rights and liabilities under this agreement are governed in part by federal laws and regulations dealing with electronic fund transfers. You should consult your agreement with the financial institution, which holds your account for a more complete disclosure of your legal rights. Withdrawal amount may change to reflect the payment schedule defined in the agreement. This authorization and change of payment method will not modify or amend the agreement, including any rights or remedies of JPMorgan Chase Bank, N.A. The biller reserves the right to discontinue this payment service at biller's discretion and upon notice to the customer.

Authorized Signature

Date

Telephone No.

Do Not Enclose Payment!

Mail to: JPMorgan Chase Bank, N.A.
1111 Polaris Parkway, Suite N4 (OH1-1085)
Columbus, Ohio 43240
Phone: 1-800-678-2601 Option #2
Or
Email: JPMEF.Portfolio.Service@JPMORGAN.com

THINGS YOU NEED TO KNOW ABOUT AUTOMATED BILL PAYMENT

Q. How do I sign up?

A. Complete all sections of this form, sign, enclose a voided check and mail or email to JPMEF.Portfolio.Service@JPMORGAN.com.

Q. Once I have enrolled in the automated bill payment will JPMorgan Chase Bank, N.A. give me notice of when my automated bill payment will begin?

A. Yes. You will be notified by mail in advance of your actual start date. Typically, it will take 4 to 6 weeks before you will begin. Please continue to pay until notification is received.

Q. When will the payment amounts be taken out of my checking or savings account?

A. The periodic payment will be deducted from your checking or savings account automatically by JPMorgan Chase Bank, N.A. on the payment due date. If the payment due date falls on a weekend or holiday the payment will be deducted on the next business day.

Q. What if I have a question about my bill payment or want to stop the automated payment plan?

A. Simply call us at 1-800-678-2601 Option #2.

Q. How can I be sure my bill has been paid?

A. Your payment will be clearly itemized on your bank's monthly account statement.

Q. Is there a charge for this service?

A. No. You are a valued customer and we offer this service free of charge.

Q. If I've already signed up, must I complete the form again?

A. Only if you are adding or changing the financial institution account and/or routing/ABA numbers.

Q. How will I be billed for assessments?

A. Assessments such as personal property tax and fees will be deducted with your rental payment unless otherwise instructed by you in writing.