

**MercedCERA ADMINISTRATIVE RETIREMENT BOARD AGENDA
THURSDAY, FEBRUARY 11, 2021
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TELEPHONE NUMBER: 1-310-372-7549, CONFERENCE CODE: 975839**

Important Notice Regarding SARS-COV-2

Based on guidance from the California Department of Public Health and the California Governor's Office, in order to minimize the spread of the SARS-COV-2 virus, MercedCERA's building will be closed to the public during MercedCERA Board meetings. Members of the MercedCERA Board will participate in this meeting offsite via conference call. Members of the public may listen to the meeting and offer public comment telephonically by calling into the telephone number provided above and entering the stated conference code. If you have any issues participating in the meeting telephonically or require reasonable accommodation for your participation, please contact MercedCERA staff at 209-726-2724.

Please turn your cell phone or other electronic device to non-audible mode or mute.

CALL TO ORDER: 8:15 A.M.

- ROLL CALL.
- APPROVAL OF MINUTES – January 28, 2021

PUBLIC COMMENT

Members of the public may comment on any item under the Board's jurisdiction. Matters presented under this item will not be discussed or acted upon by the Board at this time. For agenda items, the public may make comments at the time the item comes up for Board consideration. Persons addressing the Board will be limited to a maximum of five (5) minutes in total. Please state your name for the record.

CONSENT CALENDAR

Consent matters are expected to be routine and may be acted upon, without discussion, as one unit. If an item is taken off the Consent Calendar for discussion, it will be heard as the last item(s) of the Board Action/Discussion as appropriate.

RETIREMENTS: Pursuant to Govt. Code § 31663.25 or § 31672

All items of earnable compensation for service or disability retirements listed below are in compliance with the pay code schedule approved by the Board of Retirement. The retirement is authorized; however, administrative adjustments may be necessary to alter the amount due to: audit, late arrival of data, court order, etc.

a. Dana Reyes	H.S.A	11 Yrs. Svc. Eff: 02/05/2021
b. Logan, Leslie	H.S.A	25 Yrs. Svc. Eff: 01/30/2021
c. Herion, Barbara	Beh. Health	3 Yrs. Svc. Eff: 01/05/2021
d. Valentine, Lisa	H.S.A	18 Yrs. Svc. Eff: 01/21/2021
e. Santiago, Annette	Sup Courts	30Yrs. Svc. Eff: 01/29/2021

YTD fiscal year 2019/2020 retirees: 104
YTD fiscal year 2018/2019 retirees: 103

REFUND OF SERVICE PURCHASE: None
DEATH BENEFIT: None
MONTHLY BUDGET REPORT: Submitted

BOARD ACTION¹/DISCUSSION

1. Discussion and possible action to approve the Cost of Living Adjustment (COLA) recommend rate by Cheiron – Staff.
2. Discussion and possible action to approve the HVAC system replacement for the MercedCERA building – Staff.
3. Discussion and possible action on Legislative Update from SACRS – Staff.
4. Review calendar of any training sessions and authorize expenditures for Trustees and Plan Administrator. Pursuant to Govt. Code § 31522.8 and MercedCERA’s Trustees Education and Training Policy requirements. Examples of upcoming training and educational sessions:
 - CALAPRS General Assembly, March 8-9, 2021 (Virtual Conference).
 - CALAPRS Trustee Roundtable, May 28, 2021 (Virtual Conference).

INFORMATION ONLY

MercedCERA UPCOMING BOARD MEETINGS

Please note: The MercedCERA Board Meeting and/or Education Day times and dates may be changed in accordance with the Ralph M. Brown Act by the MercedCERA Board as required.

- February 25, 2021
- March 11, 2021

ADJOURNMENT

All supporting documentation is available for public review online at www.co.merced.ca.us/retirement

Any material related to an item on this Agenda submitted to the Merced County Employees’ Retirement Association, after distribution of the Agenda packet is available for public inspection at www.co.merced.ca.us/retirement

Persons who require accommodation for a disability in order to review an agenda, or to participate in a meeting of the Merced County Employees’ Retirement Association per the American Disabilities Act (ADA), may obtain assistance by requesting such accommodation by emailing the Merced County Employees’ Association at MCERA@co.merced.ca.us, or telephonically by calling (209) 726-2724. Any such request for accommodation should be made at least 48 hours prior to the scheduled meeting for which assistance is requested.

¹ “Action” means that the Board may dispose of any item by any action, including but not limited to the following acts: approve, disapprove, authorize, modify, defer, table, take no action, or receive and file.

**MercedCERA RETIREMENT BOARD INVESTMENT MEETING AGENDA
MINUTES FOR THURSDAY, JANUARY 28, 2021
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TELEPHONE NUMBER: 1-310-372-7549, CONFERENCE CODE: 975839**

CALL TO ORDER: 8:15 A.M.

Board members present: Ryan Paskin, Scott Johnston, Al Peterson, Karen Adams, Janey Cabral, David Ness and Kalisa Rochester. **Counsel:** Jeff Grant. **Staff:** Kristen Santos, Martha Sanchez, Mark Harman, Brenda Mojica, Sheri Villagrana and Alexis Curry. **Absent:** Scott Silveira.

APPROVAL OF MINUTES – January 14, 2021

The MercedCERA Board voted unanimously via roll call vote to approve the January 14, 2021 minutes. Cabral/ Johnston U/A (7-0)

PUBLIC COMMENT

No public comments.

Board Chair Announced that the MercedCERA Board will now go into closed session to discuss the following items:

(1) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

(Govt. Code § 54956.9(d)(1))

Name of Case: AFSCME Local 2703, et al. v. MCERA, et al., Cal. Supreme Court
Case No. S247095.

(2) DISCUSSION AND POSSIBLE ACTION REGARDING INVESTMENTS IN RECOMMENDED FUNDS, ROLL CALL VOTE REQUIRED.

(Govt. Code § 54956.81)

1. Discussion and possible action to adopt the recommendation regarding one Fund/Manager – Cliffwater.

CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

(Govt. Code § 54956.9(d)(1))

Name of Case: AFSCME Local 2703, et al. v. MCERA, et al., Cal. Supreme Court
Case No. S247095.

The MercedCERA Board gave direction to Counsel.

(2) DISCUSSION AND POSSIBLE ACTION REGARDING INVESTMENTS IN RECOMMENDED FUNDS, ROLL CALL VOTE REQUIRED.

(Govt. Code § 54956.81)

2. Discussion and possible action to adopt the recommendation regarding one Fund/Manager – Cliffwater.

No action to report.

REPORT OUT FROM CLOSED SESSION

The MercedCERA Board went into Closed Session on November 18, 2020 and voted unanimously via roll call vote to redeem their commitment in The Winton Fund Limited, Tranche B in the amount of \$ 4,949,870.60 and funds were received on January 14, 2021.

BOARD ACTION¹/DISCUSSION

Pursuant to Govt. Code § 31594 and MercedCERA's Investment Objectives & Policy Statement due diligence analysis requirement:

1. Discussion and possible action to adopt final employer and employee contribution rates as of June 30, 2020 - Cheiron.

The MercedCERA Board voted unanimously via roll call vote to adopt the final employer and employee contribution rates as of June 30, 2020 as presented by Cheiron. Cabral/ Adams U/A (7-0)

2. Discussion and possible action on Cliffwater LLC presentation regarding survey of public state pension plans – Cliffwater.

No action taken.

3. Discussion and possible action on December performance and any possible action on any managers and/or funds – Meketa Group.

No action taken.

4. Discussion and possible action to adopt the proposed 2021 Educational Investment Calendar and Asset Allocation dates for MercedCERA as recommended by the Investment Subcommittee – Staff.

The MercedCERA Board voted unanimously via roll call vote to update the Investment Education Schedule/Calendar by moving topics down a month, so March is the open month and August will have an education topic as previously shown in July (so new trustees can participate). Johnston/ Adams U/A (7-0)

5. Review calendar of any training sessions and authorize expenditures for Trustees and Plan Administrator. Pursuant to Govt. Code § 31522.8 and MercedCERA's Trustees Education and Training Policy requirements. Examples of upcoming training and educational sessions:

- CALAPRS General Assembly, March 8-9, 2021 (Virtual Conference).
- CALAPRS Trustee Roundtable, May 28, 2021 (Virtual Conference).

No action taken.

INFORMATION ONLY

No information.

ADJOURNMENT

The meeting adjourned at 10:10AM

Respectfully submitted,

Ryan Paskin, Chair

Al Peterson, Secretary

Date

¹ "Action" means that the Board may dispose of any item by any action, including but not limited to the following acts: approve, disapprove, authorize, modify, defer, table, take no action, or receive and file.

Non-Administrative Expenses	Original Projection	Current Projection	Expended 01/2021	Expended YTD	Bal Remaining	% Exp YTD
21800 · Investment Expenses	3,500,000.00	3,500,000.00	250,569.81	1,168,042.73	2,331,957.27	33%
1/14/2021 Driehaus - 2020-Q4 Mgt Fees			27,682.00			
1/15/2021 Meketa - 2020-Q4 Consulting Svcs			54,500.00			
1/21/2021 Barrow Hanley - 2021-Q1 Mgt Fees			54,291.00			
1/21/2021 Mellon Capital - 2020-Q4 Mgt Fees			114,096.81			
Total 21800 · Investment Expenses			250,569.81			
21802 · Actuarial Services	150,000.00	150,000.00	30,215.00	75,818.75	74,181.25	51%
1/28/2021 Cheiron - 2020-Q4 Actuarial Svcs			30,215.00			
Total 21802 · Actuarial Services			30,215.00			
21812 · Data Processing	90,000.00	90,000.00	4,761.49	28,258.58	61,741.42	31%
1/22/2021 2021-01 IS Billing			4,158.05			
1/22/2021 2021-01 Cradlepoint Data Chgs			352.00			
1/28/2021 Comcast - 2020-01 Wifi Chgs			251.44			
Total 21812 · Data Processing			4,761.49			
21834 · Legal Services	325,000.00	325,000.00	20,132.10	162,974.14	162,025.86	50%
1/13/2021 Ted Cabral - 2020-12 Disab Legal Svcs			2,334.60			
1/13/2021 Ted Cabral - 2020-12 Disab Legal Svcs			199.45			
1/13/2021 Ted Cabral - 2020-12 Disab Legal Svcs			110.00			
1/13/2021 Ted Cabral - 2020-12 Disab Legal Svcs			74.00			
1/13/2021 Ted Cabral - 2020-12 Disab Legal Svcs			3,811.00			
1/13/2021 Ted Cabral - 2020-12 Disab Legal Svcs			3,695.50			
1/13/2021 Ted Cabral - 2020-12 Disab Legal Svcs			227.08			
1/13/2021 Ted Cabral - 2020-12 Disab Legal Svcs			813.72			
1/13/2021 Ted Cabral - 2020-12 Disab Legal Svcs			482.00			
1/13/2021 Ted Cabral - 2020-12 Disab Legal Svcs			341.00			
1/13/2021 Ted Cabral - 2020-12 Disab Legal Svcs			55.50			
1/22/2021 2021-01 Cost Allocation - Co Counsel			7,703.25			
1/28/2021 Nossaman - 2020-12 - General Adv & Counsel			228.00			
1/28/2021 Nossaman - 2020-12 - Litigation re AB 197			57.00			
Total 21834 · Legal Services			20,132.10			
21840 · Custodial Banking Services	135,000.00	135,000.00	1,033.89	56,468.66	78,531.34	42%
1/6/2021 2020-12 NT STIF Income - Custodial Fee			868.89			
1/8/2021 2020-12 Wire Fees			165.00			
Total 21840 · Custodial Banking Services			1,033.89			
22350 · Software and Technology	505,000.00	505,000.00	8,244.99	248,345.81	256,654.19	49%
1/8/2021 Spriggs - 2021-Q1 Bizhub Base Ch			965.29			
1/11/2021 LexisNexis - 2020-12 Chgs			272.70			
1/13/2021 Digital Deployment - 2021-01 SLA Website Comprehensive Svc			900.00			
1/28/2021 CPAS - 2021-02 Hosting			6,107.00			
Total 22350 · Software and Technology			8,244.99			
Depreciation Expense	250,000.00	250,000.00	-	4,719.42	245,280.58	
Total Non-Administrative Items	4,955,000.00	4,955,000.00	314,957.28	1,744,628.09	3,210,371.91	35%

Merced County Employees' Retirement Association
Non-Administrative Expenses Prev Year Comparison (Preliminary)
1/31/2020

	<u>January 21</u>	<u>January 20</u>	<u>\$ Change</u>	<u>% Change</u>
Expense				
62025 · Non-Administrative Expenses				
21800 · Investment Expenses	\$ 250,569.81	\$ 511,034.93	\$ (260,465.12)	-50.97%
21802 · Actuarial Services	30,215.00	69,950.00	(39,735.00)	N/A
21812 · Data Processing	4,761.49	3,693.97	1,067.52	28.90%
21834 · Legal Services	20,132.10	14,525.73	5,606.37	38.60%
21840 · Custodial Banking Services	1,033.89	3,538.57	(2,504.68)	-70.78%
22350 · Software and Technology	8,244.99	723.62	7,521.37	1039.41%
Total 62025 · Non-Administrative Expenses	<u>\$ 314,957.28</u>	<u>\$ 603,466.82</u>	<u>\$ (288,509.54)</u>	-47.81%

Merced County Employees' Retirement Association
 Capital Asset Expenditures Report (Preliminary)
 For the Month Ended January 31, 2021

Capital Assets Expenditures	Adopted	Current Budget	Expended 01/2021	Expended YTD	Bal Remaining	% Exp YTD
86261 - Copier/Printer Lease Buyout	7,500.00	7,500.00		6,537.11	962.89	87%
Total 86261 - Copier/Printer Lease Buyout			-----	-		
No Acct# - HVAC Repair and Maintenance	50,000.00	50,000.00	-	-	50,000.00	0%
Total No Acct# - HVAC Repair and Maintenance			-----	-		
Total Capital Assets Expenditures	<u>57,500.00</u>	<u>57,500.00</u>	-	<u>6,537.11</u>	<u>50,962.89</u>	11%

Merced County Employees' Retirement Association
Administrative Expenditures Report (Preliminary)
For the Month Ended January 31, 2021

Administrative Budget	Adopted	Current Budget	Expended 01/2021	Expended YTD	Bal Remaining	% Exp YTD
10110 · Salaries & Wages	1,305,000.00	1,305,000.00	89,438.59	628,284.91	676,715.09	48%
1/8/2021 Office Payroll 2021 PP 01			44,731.60			
1/28/2021 Office Payroll 2021 PP 02			44,706.99			
Total 10110 · Salaries & Wages			<u>89,438.59</u>			
20600 · Communications	4,500.00	4,500.00	377.49	2,360.13	2,139.87	52%
1/13/2021 AT&T - 2020-12 Comm Chgs			145.79			
1/28/2021 2020-12 Comm Chg			231.70			
Total 20600 · Communications			<u>377.49</u>			
20900 · Household Expense	12,500.00	12,500.00	452.30	6,004.49	6,495.51	48%
1/8/2021 Geil - 2020-12 Janitorial			322.84			
1/28/2021 Bob's Pest Control - 2020-12 Services			40.00			
1/28/2021 ADT - 2020-12 Security Svcs			89.46			
Total 20900 · Household Expense			<u>452.30</u>			
21000 · Insurance - Other	85,000.00	85,000.00	-	80,339.00	4,661.00	95%
Total 21000 · Insurance - Other			<u>-</u>			
21301 · Maintenance Structure Improvement	20,900.00	20,900.00	1,506.88	4,261.26	16,638.74	20%
1/8/2021 2020-11 DPW Charges			1,181.88			
1/28/2021 Yard Masters - 2021-01 Landscape Maint			325.00			
Total 21301 · Maintenance Structure Improvement			<u>1,506.88</u>			
21500 · Membership	7,500.00	7,500.00	-	4,570.00	2,930.00	61%
Total 21500 · Membership			<u>-</u>			
21700 · Office Expense - General	18,000.00	28,000.00	661.08	24,584.47	3,415.53	88%
1/28/2021 2020-12 Stores Billing			661.08			
Total 21700 · Office Expense - General			<u>661.08</u>			

Merced County Employees' Retirement Association
Administrative Expenditures Report (Preliminary)
For the Month Ended January 31, 2021

Administrative Budget	Adopted	Current Budget	Expended 01/2021	Expended YTD	Bal Remaining	% Exp YTD
21710 · Office Expense - Postage	15,750.00	15,750.00	1,173.63	6,805.27	8,944.73	43%
1/22/2021 2020-12 IS Postage			988.18			
1/25/2021 2020-12 Mailroom Chgs			185.45			
Total 21710 · Office Expense - Postage			<u>1,173.63</u>			
21805 · Audits	60,000.00	60,000.00	21,157.97	47,081.42	12,918.58	78%
1/13/2021 Brown Armstrong - FY19-20 Audit Progress Thru 2020-12			21,157.97			
Total 21805 · Audits			<u>21,157.97</u>			
21808 · Board Membership	18,000.00	18,000.00	-	5,000.00	13,000.00	0%
Total 21808 · Board Membership			<u>-</u>			
21811 · Court Reporters	2,000.00	2,000.00	-	-	2,000.00	0%
Total 21811 · Court Reporters			<u>-</u>			
21816 · Medical Services	80,000.00	80,000.00	-	15.00	79,985.00	0%
Total 21816 · Medical Services			<u>-</u>			
21872 · Investigations	1,000.00	1,000.00	-	-	1,000.00	0%
Total 21872 · Investigations			<u>-</u>			
21900 · Publications & Legal Notices	4,500.00	4,500.00	-	3,321.25	1,178.75	74%
Total 21900 · Publications & Legal Notices			<u>-</u>			
22300 · Spec Dept Exp - Other	500.00	500.00	-	6.14	493.86	1%
Total 22300 · Spec Dept Exp - Other			<u>-</u>			

Merced County Employees' Retirement Association
Administrative Expenditures Report (Preliminary)
For the Month Ended January 31, 2021

Administrative Budget	Adopted	Current Budget	Expended 01/2021	Expended YTD	Bal Remaining	% Exp YTD
22310 · Election Expense	10,000.00	10,000.00	-	8,683.96	1,316.04	87%
Total 22310 · Election Expense			-			
22327 · Spec Dept Exp - Cost Allocation	43,005.00	43,005.00	3,002.17	21,179.19	21,825.81	49%
1/13/2021 2021-01 Cost Allocation			3,002.17			
Total 22327 · Spec Dept Exp - Cost Allocation			3,002.17			
22500 · Transportation & Travel	400.00	400.00	22.48	43.64	356.36	11%
1/13/2021 2020-11 - 2020-12 Mail Runs			22.48			
Total 22500 · Transportation & Travel			22.48			
22505 · Trans & Travel - Staff Development	7,500.00	7,500.00	-	-	7,500.00	0%
Total 22505 · Trans & Travel - Staff Development			-			
22515 · Trans & Travel - In State	50,000.00	40,000.00	-	1,070.00	38,930.00	3%
Total 22515 · Trans & Travel - In State			-			
22516 · Trans & Travel - Out of State	10,000.00	10,000.00	-	-	10,000.00	0%
Total 22516 · Trans & Travel - Out of State			-			
22600 · Utilities	15,000.00	15,000.00	1,372.57	9,961.06	9,913.67	66%
1/5/2021 PG&E - 2020-12 Svcs			1,189.77			
1/12/2021 City of Merced - 2020-12 WS&G			182.80			
Total 22600 · Utilities			1,372.57			
Depreciation Expense	23,000.00	23,000.00	-	-	23,000.00	
Total Administrative Budget	1,794,055.00	1,794,055.00	119,165.16	853,571.19	940,483.81	48%

**Merced County Employees' Retirement Association (MercedCERA)
RETIREMENT BOARD AGENDA ITEM**

DATE: February 11, 2021

TO: MercedCERA Board of Retirement

FROM: Kristie Santos, Plan Administrator

SUBJECT: Cost of Living Adjustment (COLA) rate for Tier 1 retired members effective April 1, 2021

ITEM NUMBER: 1

ITEM TYPE: Action

STAFF RECOMMENDATION:

Approve Cost of Living Adjustment (COLA) rate for Tier 1 retired members effective April 1, 2021.

DISCUSSION:

The Cost of Living Adjustment (COLA) rate is determined annually based on increases in the December Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-San Jose area, using a base period of 1982-1984. The ratio is calculated and rounded to the nearest one-half percent. Pursuant to the scope of retainer services under Cheiron's agreement to provide actuarial services to the Merced County employees' Retirement Association (MercedCERA), they have computed the Cost of Living Adjustment (COLA) percentages to be used by MercedCERA as of April 1, 2021. The calculations outlined in the attached letter have been performed in accordance with 31870.1 of the County Employees' Retirement Law of 1937 (CERL).

Per Cheiron, the CPIs were 302.948 and 297.007 for 2020 and 2019, respectively. This represents an increase of 2.000%. As a point of comparison, the U.S. City CPI increased by 1.362% over the same time period. Tier 1 members are subject to the provisions of Section 31870.1 of the CERL, which limits annual COLA increases to 3.00% annually. Therefore, Tier 1 members should receive an increase in benefits of at least 2.00%, based on the current year change in the CPI. However, Tier 1 retirees who retired prior to April 2, 2019 should receive an increase of 3.00%, due to their carry-over balances as of April 1, 2020. The remaining carry-over balances will then be reduced by 1.00% (the amount of the COLA increase in excess of 2.00%). Non-Tier 1 members do not receive a COLA from the Association.

Staff recommends the MercedCERA Board of Retirement approve the new COLA rates as recommended by Cheiron.

Via Electronic Mail

January 21, 2021

Plan Administrator
Merced County Employees' Retirement Association
3199 M Street
Merced, CA 95348

Re: Cost of Living Adjustment (COLA) as of April 1, 2021

Dear Kristie:

Pursuant to the scope of retainer services under Cheiron's agreement to provide actuarial services to Merced CERA, we have computed the Cost of Living Adjustment (COLA) percentages to be used by the Association as of April 1, 2021. The calculations outlined herein have been performed in accordance with 31870.1 of the County Employees' Retirement Law of 1937.

Background

The cost of living adjustment (COLA) is determined annually based on increases in the December Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-Hayward area, using a base period of 1982-1984. The ratio is calculated and rounded to the nearest one-half percent.

COLA Calculations

The CPIs described above were 302.948 and 297.007 for 2020 and 2019, respectively. This represents an increase of 2.000%, which is subsequently rounded to 2.00%. As a point of comparison, the U.S. City CPI increased by 1.362% over the same time period.

Tier 1 members are subject to the provisions of Section 31870.1, which limits annual COLA increases to 3.00% annually. Therefore, these members should receive an increase in benefits of at least 2.00%, based on the current year change in the CPI. However, Tier 1 retirees who retired prior to April 2, 2019 should receive an increase of 3.00%, due to their carry-over balances as of April 1, 2020. The remaining carry-over balances will then be reduced by 1.00% (the amount of the COLA increase in excess of 2.00%). The enclosed exhibit summarizes the COLA calculations and carry-over balances for the Tier 1 members. Non-Tier 1 members do not receive an automatic COLA from the Association.

Sincerely,
Cheiron

A handwritten signature in blue ink that reads "Graham Schmidt".

Graham Schmidt, ASA, FCA, MAAA, EA
Consulting Actuary

Exhibit

EXHIBIT

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION						
COST OF LIVING ADJUSTMENTS (COLA) - Section 31870.1 As of April 1, 2021						
Maximum Annual COLA: 3.0%						
Initial Retirement Date	April 1, 2020		Increase in the Annual Average CPI ¹		April 1, 2021	
	Accumulated Carry-Over	Average CPI ¹		COLA	Accumulated Carry-Over	
		Actual	Rounded			
	(A)	(B)	(C)	(D)	(E)	
On or Before 7/1/1967	77.0%	2.00%	2.0%	3.0%	76.0%	
07/02/1967 to 07/01/1968	76.5%	2.00%	2.0%	3.0%	75.5%	
07/02/1968 to 04/01/1969	75.5%	2.00%	2.0%	3.0%	74.5%	
04/02/1969 to 04/01/1970	73.0%	2.00%	2.0%	3.0%	72.0%	
04/02/1970 to 04/01/1971	69.5%	2.00%	2.0%	3.0%	68.5%	
04/02/1971 to 04/01/1972	66.5%	2.00%	2.0%	3.0%	65.5%	
04/02/1972 to 04/01/1973	64.5%	2.00%	2.0%	3.0%	63.5%	
04/02/1973 to 04/01/1974	63.0%	2.00%	2.0%	3.0%	62.0%	
04/02/1974 to 04/01/1975	59.0%	2.00%	2.0%	3.0%	58.0%	
04/02/1975 to 04/01/1976	52.0%	2.00%	2.0%	3.0%	51.0%	
04/02/1976 to 04/01/1977	45.0%	2.00%	2.0%	3.0%	44.0%	
04/02/1977 to 04/01/1978	42.5%	2.00%	2.0%	3.0%	41.5%	
04/02/1978 to 04/01/1979	38.0%	2.00%	2.0%	3.0%	37.0%	
04/02/1979 to 04/01/1980	31.5%	2.00%	2.0%	3.0%	30.5%	
04/02/1980 to 04/01/1981	26.0%	2.00%	2.0%	3.0%	25.0%	
04/02/1981 to 04/01/1982	14.0%	2.00%	2.0%	3.0%	13.0%	
04/02/1982 to 04/01/1983	4.0%	2.00%	2.0%	3.0%	3.0%	
04/02/1983 to 04/01/1984	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/1984 to 04/01/1985	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/1985 to 04/01/1986	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/1986 to 04/01/1987	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/1987 to 04/01/1988	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/1988 to 04/01/1989	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/1989 to 04/01/1990	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/1990 to 04/01/1991	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/1991 to 04/01/1992	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/1992 to 04/01/1993	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/1993 to 04/01/1994	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/1994 to 04/01/1995	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/1995 to 04/01/1996	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/1996 to 04/01/1997	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/1997 to 04/01/1998	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/1998 to 04/01/1999	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/1999 to 04/01/2000	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2000 to 04/01/2001	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2001 to 04/01/2002	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2002 to 04/01/2003	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2003 to 04/01/2004	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2004 to 04/01/2005	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2005 to 04/01/2006	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2006 to 04/01/2007	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2007 to 04/01/2008	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2008 to 04/01/2009	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2009 to 04/01/2010	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2010 to 04/01/2011	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2011 to 04/01/2012	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2012 to 04/01/2013	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2013 to 04/01/2014	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2014 to 04/01/2015	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2015 to 04/01/2016	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2016 to 04/01/2017	1.5%	2.00%	2.0%	3.0%	0.5%	
04/02/2017 to 04/01/2018	1.0%	2.00%	2.0%	3.0%	0.0%	
04/02/2018 to 04/01/2019	1.0%	2.00%	2.0%	3.0%	0.0%	
04/02/2019 to 04/01/2020	0.0%	2.00%	2.0%	2.0%	0.0%	
04/02/2020 to 04/01/2021	0.0%	2.00%	2.0%	2.0%	0.0%	

¹ All Urban Consumers, San Francisco-Oakland-Hayward Area (1982-84 base). (G.C. 31870.1)



**Merced County Employees' Retirement Association (MercedCERA)
RETIREMENT BOARD AGENDA ITEM**

DATE: February 11, 2021

TO: MercedCERA Board of Retirement

FROM: Kristie Santos, Plan Administrator

SUBJECT: HVAC Replacement Proposal and Bids

ITEM NUMBER: 2

ITEM TYPE: Action

STAFF RECOMMENDATION:

Approve the replacement of the (North unit) HVAC system for the MercedCERA building.

DISCUSSION:

The HVAC system on the North side of the building that controls the heating and air conditioning in MercedCERA's conference room and two staff offices has stopped working and needs immediate attention. Staff have been keenly aware of debris and duct work insulation blowing out of the air vents, including a distinctive mechanical smell. Staff called three local HVAC businesses and was told there is substantial damage to the current unit located on the roof. There have also been considerable leaks inside the building which should become transparent when the duct work is removed and placed. The three bids are attached for the Board's review, but are summarized in the table below:

Name of Company	Quoted Price	Replacement of Unit (Yes or No)	Summary of Work (from attached quotes)
Modern Air	\$19,760 (\$14,960 for unit and \$4,800 for duct work)	YES	<ul style="list-style-type: none"> • Unit replacement • New duct work
Air Serv	\$15,155 (unit only)	YES	<ul style="list-style-type: none"> • Unit replacement • Does not include duct work
ARMS Air Conditioning & Heating	\$21,123.98 (unit only, no new duct work) \$3,455.29 (roof leak mitigation)	YES	<ul style="list-style-type: none"> • Replace existing unit • Keep existing duct work, but replace air plenums • mitigate roof leak

Staff recommends authorizing the Plan Administrator to contract with Modern Air for the unit and duct replacement and ARMS for the roof leak mitigation work.

2200 Cooper Avenue
P.O. Box 3017
Merced, CA 95344



Phone (209) 722-1815
Fax (209) 722-4718
www.ModernAir.biz

QUOTE

To:	Merced County Retirement Office	From:	Modern Air Mechanical
Re:	3199 M Street Merced, CA 95348	Date:	2/3/2021
Email:	mcera@countyofmerced.com marha.sanchez@countyofmerced.com	Page:	2

The building referenced above, located at 3199 M Street Merced, CA 95348 requires the existing 7.5 ton package unit be replaced. Below is a system we recommend, in order to meet these requirements:

Supply and install 1 of 7.5 ton 3-phase Carrier package unit, work to include:

- Supply and install 1 of 7.5 ton 3-phase gas/electric Carrier package unit
- Supply and install an economizer
- Crane for rigging of new equipment
- Hook-up to existing electrical, gas and drain line
- New electrical disconnect
- Supply and install a smoke detector
- System start-up
- Duct test & seal
- Permit

Quote: \$14,960.00_____

"We Autograph Our Work with Quality!"

Exposed duct work

Supply and install approximate 30' of fabricated metal exposed duct work, work to include:

- Demo existing metal duct work
- Supply and install approximate 30" of fabricated metal duct work
- Crane for rigging duct
- Hook-up to existing duct work in the attic

Quote: \$4,800.00_____

Exclusions/Notes/ Terms:

1. Roofing, painting, patching and framing will be by others.
2. Work not specifically referenced in the above quote will be by others, or at additional cost.
3. Work to be done during regular business hours (8AM-4:30PM), no premium time.
4. Quote is valid for 30 days from the proposal date.
5. Labor is quoted at local prevailing wage rate.
6. Balance of the contract due net 30 days.
7. Lead time on the equipment is 2-3 weeks from date of order.
8. Replacement Carrier Serial#3400G34455
9. **There is existing roof damage, it is the estimators recommendation to have a licensed roofer address the issues.**

ACCEPTED BY:

Customer Signature

Date

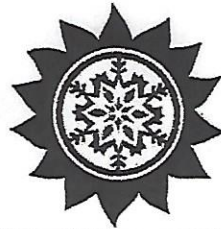
PO #

"We Autograph Our Work with Quality!"





Owned and Operated by
Blaine, Inc. LIC# 403687



196 Riggs Ave.
Merced, CA 95341
(209) 205-4224
(209) 723-0062
Fax: (209) 723-0063

Customer Name Merced Co. Retirement Assoc Site Address 3199 M. Street
Home # _____ Cell/Work # _____ City, State, Zip Merced, CA 95341

NEW EQUIPMENT:

<input type="checkbox"/> Furnace	<input checked="" type="checkbox"/> Package Gas Electric	<input type="checkbox"/> Heat Pump Outdoor Section
<input type="checkbox"/> Condenser	<input type="checkbox"/> Package Heat Pump	<input type="checkbox"/> Heat Pump Indoor Section
<input type="checkbox"/> Evaporator Coil	<input type="checkbox"/> Zone System	<input type="checkbox"/> Heat Pump Auxiliary Heat

Manufacturer	Size A/C	E.E.R.	SIZE BTUs Furnace	AFUE & FAN (Furnace)
1 <u>Daikin</u>	<u>7.5-Tons</u>	<u>11</u>	<u>210,000</u>	<u>80% Pelt Drive</u>
2 <u>Horizontal Economizer</u>				
3 _____				

\$ 15,155.00
\$ included
\$ _____

AIR DISTRIBUTION: Connected to existing duct work

\$ included

INSTALLATION ESSENTIALS:

<input checked="" type="checkbox"/> New Stainless Gas Flex	<input checked="" type="checkbox"/> New Weather Proof Disconnect	<input checked="" type="checkbox"/> New Condensate Drain
<input type="checkbox"/> New Flue Piping (SW, DBW, PVC)	<input checked="" type="checkbox"/> New Programmable Thermostat (WiFi Optional)	

\$ included

INDOOR AIR QUALITY:

Duct Cleaning _____ Duct Sealing

VectorFlo Air Scrubber _____ Duct Testing

Filter Size As required Filter Type: Electro-Static 5" Media 1" Pleated Fiberglass

\$ included

INSTALLATION:

<input checked="" type="checkbox"/> Removal of Existing Equipment	<input checked="" type="checkbox"/> Reclaim CFCs	<input checked="" type="checkbox"/> Permit Included
		<input checked="" type="checkbox"/> Work Performed in Accordance to Code

\$ included

SERVICE AGREEMENT:

Service Agreement _____ Years Renew Annually

\$ existing

LIMITED WARRANTIES:

1. Manufacturer: 5-yr Parts: 5-yr Compressor: 5-yr Heat Exchanger: 20-yr Labor: 1-yr

2. Manufacturer: _____ Parts: _____ Compressor: _____ Heat Exchanger: _____ Labor: _____

3. Manufacturer: _____ Parts: _____ Compressor: _____ Heat Exchanger: _____ Labor: _____

SPECIAL REQUIREMENTS / NOTES:

MONTHLY PAYMENT:

1 _____

2 _____

3 _____

TOTAL PRICE:

1 15,155.00

2 _____

3 _____

ACCEPTANCE:
Blaine Inco., (License #403687)
By [Signature] Date 1/14/21

Customer
By _____ Date _____

Customer may cancel this transaction at anytime prior to midnight of the third business day after the date of this transaction.
Proposal will be valid for a period of 30 days from the proposal date of this contract.



Customer

ARMS Air Conditioning & Heating
701 Enterprise Ct
Atwater, CA
95301, United States
(209) 357-8199

Prepared By:
Paul Haase
2097697528
paulh.armsac@gmail.com

Martha Sanchez
3199 M St
Merced, CA
95348

(209) 726-9979
mcera@countyofmerced.com

Project: Merced County Employment Retirement

Scope of Work

This submission of bid represents our intent to replace current Carrier Package Unit/Economizer with new Rheem Package Unit/Economizer. Re-use of existing system curb.

Equipment:

- Demo existing Carrier M# 48HJD008---531, S# 3400G34455 HVAC unit.
- Procure and install new Rheem 7.5 Ton, 208/230v, rooftop package unit.
- Install new supply fan variable speed drive (per code).
- Reuse existing curb on the roof.
- Install new disconnect switch and conduit to the new units.
- Install new pleated air filter.

Ducting and Air Distribution:

- Re-use existing ductwork and dampers. Re-use acceptable existing interior ducts and registers/grilles.
- Replacement of rooftop sheet metal air plenums.
- Test and balance all modified systems.
- Perform duct leak remediation as required in compliance with Title 24 Standards and Regulations, Section 110 (or prevailing Title 24).

Controls:

- Install smoke detector and connect to existing fire alarm systems.
- Install new HVAC thermostat. Only on new install system.

Commissioning:

- Commission equipment and controls.
- Commission outside air economizer consistent with Title 24 Code requirements for ventilation (or prevailing Title 24).
- Document and submit Commissioning log for all equipment.

Default Group

Part	Material Cost	Labor Cost and/or Adjustments	Total Cost
------	---------------	-------------------------------	------------



Part	Material Cost	Labor Cost and/or Adjustments	Total Cost
Demo and Remove, pkg. system, 7.5-10 ton	\$ 576.92	\$ 2,026.67	\$ 2,603.59
Packaged self-contained roof-top DX air conditioning units, 7-1/2 - T,3,000 CFM	\$ 11,136.20	\$ 2,026.67	\$ 13,162.87
Air balancing, Ceiling diffusers to 500 CFM	\$ 38.46	\$ 63.33	\$ 1,221.54
Thermostat, electric, Programmable – commercial w/subbase low voltage	\$ 384.62	\$ 506.67	\$ 891.28
14" x 14" - 16", Galvanized steel rectangular duct 24 gauge, quantity less than 1,000 lbs, add 50% for lined duct	\$ 18.46	\$ 28.25	\$ 1,634.79

Notes

Summary

Price	
Labor and Adjustments	\$ 6,308.63
Materials	\$ 13,205.43
Subtotal	\$ 19,514.07

Taxes	
Labor and Adjustments Tax	\$ 520.46
Materials Tax	\$ 1,089.45
Total Taxes	\$ 1,609.91

\$ 21,123.98

Accepted By _____ Date _____

.....



Customer

ARMS Air Conditioning & Heating
701 Enterprise Ct
Atwater, CA
95301, United States
(209) 357-8199

Prepared By:
Paul Haase
2097697528
paulh.armsac@gmail.com

Martha Sanchez
3199 M St
Merced, CA
95348

(209) 726-9979
mcera@countyofmerced.com

Project: Merced County Employment Retirement

Scope of Work

This submission of bid represents our intent to mitigate small roof leaks by applying Polymeric Coating to roof surface and around all fixed rooftop assets. In preparation of coating, we will remove all leaves from roof and roof drains. thoroughly clean existing roof surfaces. Roll-on coating in two coats. Removal of water damaged/stained acoustical ceiling tiles will be replaced with like tiles.

Default Group

Part	Material Cost	Labor Cost and/or Adjustments	Total Cost
07 01 50.61 - Roof Re-Coating	\$ 308.33	\$ 202.61	\$ 1,021.89
01 93 00 - Facility Maintenance	\$ 166.67	\$ 229.92	\$ 396.59
22 14 26.13 - Roof Drains	\$ 175.00	\$ 128.22	\$ 1,212.88
09 51 23 - Acoustical Tile Ceilings	\$ 416.67	\$ 143.93	\$ 560.60

Notes

Summary

Price	
Labor and Adjustments	\$ 1,291.96
Materials	\$ 1,900.00
Subtotal	\$ 3,191.96

Taxes	
Labor and Adjustments Tax	\$ 106.59
Materials Tax	\$ 156.75
Total Taxes	\$ 263.34

\$ 3,455.29

Accepted By _____ Date _____
.....





THIS COMMERCIAL SERVICES AGREEMENT (the Agreement) is made effective February 4, 2021, by and between ARMS Air Conditioning and Heating, Inc. and Merced County Employment Retirement THE PARTIES AGREE AS FOLLOWS:

Scope of Services

1.1 ARMS Air Conditioning and Heating, Inc. will provide Merced County Employment Retirement, with facilities preventative maintenance, repair, and inspection (weekly, monthly, quarterly, semi-annual, and annual) services as mutually agreed upon and described in the attached Statement of Work. All facilities preventative maintenance, repair, and inspection (weekly, monthly, quarterly, semi-annual, and annual) services to be provided hereunder will be referred to as Services. The parties may use this Agreement for multiple Statements of Work. Each Statement of Work must reference this Agreement.

1.2 Statements of Work will be written documents setting forth at a minimum:

- a. A complete, sufficiently-detailed description of the options of Services to be rendered;
- b. The applicable billing rates for the Services to be rendered (Services Fees); and
- c. Any additional terms and conditions to which the parties may agree.

1.3 The parties contemplate that it may be desirable to make changes to the Statement(s) of Work. Before performing any work associated with any such change, a written Change Order shall set forth the necessary revisions to the Statement(s) of Work, and the parties, shall agree in writing that such work constitutes a change from the original Statement of Work, as amended, and that they further agree to the change provisions set forth in the Change Order. Each Change Order shall be numbered serially and executed by ARMS Air Conditioning and Heating, Inc. and Merced County Employment Retirement

1.4 Executive Staff of ARMS Air Conditioning and Heating, Inc. and Merced County Employment Retirement will review the status of the Services, Statement(s) of Work, Change Orders, invoices and estimates as may be required. A written status report will be produced regarding the review. ARMS Air Conditioning and Heating, Inc. and Merced County Employment Retirement agree to execute and maintain copies of these status reports.

Obligations.



2.1 ARMS Air Conditioning and Heating, Inc. will provide other support services to Merced County Employment Retirement as both companies subsequently agree.

Services and Fees and Expenses.

3.1 Merced County Employment Retirement shall be responsible for all Service Fees as identified in the applicable Statement(s) of Work (and Change Orders, as applicable) as those Services are provided.

3.2 ARMS Air Conditioning and Heating, Inc. will invoice Merced County Employment Retirement for the Services Fees once per calendar month (on or about the 28th of each month). Merced County Employment Retirement agrees to remit full payment to Accounts Payable promptly upon its receipt of the invoice.

Term and Termination.

4.1 This Agreement shall commence as of the Agreement Date above and shall remain in force through February 4, 2021.

4.2 *Either party will have the right to terminate the contract by giving at least 30 days' notice in writing to the other party to expire at the end of the initial period or at any time after that.*

Proprietary Rights: Confidential Information.

5.1 ARMS Air Conditioning and Heating, Inc. agrees that the work products from the Services provided to Merced County Employment Retirement hereunder, shall be owned by Merced County Employment Retirement Nothing contained in this Section 5.1 shall be construed as prohibiting ARMS Air Conditioning and Heating, Inc. utilizing in any manner, knowledge and experience of a general nature acquired in the performance of Services for Merced County Employment Retirement

5.2 Confidential Information includes all information identified by a disclosing party as proprietary and confidential, which Confidential Information shall remain the sole property of the disclosing party unless the ownership of such Confidential Information is otherwise expressly set forth in the Agreement. Items will not be considered Confidential Information if: (a) available to public other than by a breach of an agreement by the recipient; (b) rightfully received from a third party not in breach of any obligation of any confidentiality; (c) independently developed by one party without access to the Confidential Information of the other; or (d) rightly known to the recipient at the time of disclosure as verified by its written records.



5.3 Each party agrees that it shall not use for any purpose or disclose to any third party any Confidential Information of the other party without the express written consent of the other party. Each party agrees to safeguard the Confidential Information of the other party against use or disclosure other than as authorized by or pursuant to this Agreement through measures, and exercising a degree of care, which are at least as protective as those, ARMS Air Conditioning and Heating, Inc. or Merced County Employment Retirement as the case may be, exercises in safeguarding the confidentiality of its own proprietary information, but no less than a reasonable degree of care under the circumstances. Each party shall permit access to the Confidential Information of the other party only to those individuals (a) who have entered into a written nondisclosure agreement with the other party on terms equally as restrictive as those set forth herein, and (b) who require access in performance of their duties to the other party in connection with the other parties rights under this Agreement.

5.4 Each party acknowledges that the wrongful use or disclosure of Confidential Information of the other party may result in irreparable harm for which there will be no adequate remedy at law. In the event of a breach by the other party or any of its officers, employees or agents of its or their obligations under this Section 5, the nonbreaching party may immediately terminate this Agreement without liability to the other party, and may bring an appropriate legal action to enjoin such breach, and shall be entitled to recover from the breaching party reasonable legal fees and cost in addition to other appropriate relief.

Warranties

6.1 ARMS Air Conditioning and Heating, Inc. warrants that the Services to be provided under this Agreement shall be performed in a professional manner conforming to generally accepted industry standards and practices. Merced County Employment Retirement agrees that ARMS Air Conditioning and Heating, Inc. sole and exclusive obligation with respect to the Services covered by this limited warranty shall be, at ARMS Air Conditioning and Heating, Inc. sole discretion, to correct the nonconformity or to refund the Services Fees paid for the affected executive consulting services.

General Provisions

7.1 The relationship of Merced County Employment Retirement and ARMS Air Conditioning and Heating, Inc. is that of independent contractors. Personnel of both parties are neither agents nor employees of the other party for federal tax purposes or any other purpose whatsoever, and are not entitled to any employee benefits of the other party.



7.2 No delay, failure or default in performance of any obligation by either party, excepting all obligations to make payments hereunder, shall constitute a breach of this Agreement to the extent caused by force majeure.

7.3 Any assignment in violation of these terms is void.

7.4 Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be conclusively resolved through binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association. Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Each party shall bear its own costs and attorney fees, unless the arbitration award specifically provides otherwise.

7.5 All communications between the parties with respect to any of the provisions of this Agreement shall be in writing, and shall be sent by personal delivery or by airmail, facsimile transmission or other commercial means of rapid delivery, postage or costs of transmission and delivery prepaid, to ARMS Air Conditioning and Heating, Inc. as set forth in the preamble of this Agreement, until such time as either party provided the other not less than ten (10) days prior written notice of a change of address in accordance with these provisions.

7.6 The validity of this Agreement and the rights, obligations and relations of the parties hereunder shall be construed and determined under and in accordance with the laws of the State of California; provided, however, that if any provision of the Agreement is determined by a court of competent jurisdiction to be in violation of any applicable law or otherwise invalid or unenforceable, such provision shall to such extent as it shall be determined to be illegal, invalid or unenforceable under such law be deemed null and void, but this Agreement shall otherwise remain in full force. After arbitration, as specified in Section 7.4, any suit to enforce any provision of this Agreement, or any right, remedy or other matter arising from the arbitration, will be brought exclusively in the state or federal courts located in Fresno, California. ARMS Air Conditioning and Heating, Inc. and Merced County Employment Retirement agree and consent to the venue in and to the in-person jurisdiction of the aforementioned courts.

7.7 Any modification or amendment of any provision of this Agreement must be in writing and bear the signature of the duly authorized representatives of both parties. The failure of any party to enforce any right it is granted herein, or to require the performance by the other party hereto of any provision of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent a subsequent exercise or enforcement of such provisions or be deemed a waiver of any subsequent breach of this Agreement. All provisions of this Agreement which by their own terms take effect upon the termination of this Agreement or by their nature survive termination (including without limitation the provisions of Sections 3, 5, 6, 7) shall survive such termination.



7.8 This Agreement, all attached schedules and all other agreements referred to herein or to be delivered by the parties pursuant hereto, represents the entire understanding and agreement between the parties with respect to the subject matter hereof, and merges all prior discussions between them and supersedes and replaces any and every other agreement or understanding which may have existed between the parties to the extent that any such agreement or understanding relates to providing Services to Merced County Employment Retirement Merced County Employment Retirement hereby acknowledges that it has not reasonable relied on any other representation or statement that is not contained in this Agreement or made by a person or entity other than ARMS Air Conditioning and Heating, Inc. To the extent, if any, that the terms and conditions of ARMS Air Conditioning and Heating, Inc. orders or other correspondence are inconsistent with this Agreement, this Agreement shall control.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Agreement Date first above written.

Employer Information: ARMS Air Conditioning and Heating, Inc.

STREET: 701 Enterprise Ct., Atwater, CA 95301

PHONE: (209) 769-7528

NAME: Paul Haase

TITLE: VP of Commercial Services & Operations

Amendment: This Agreement is voluntarily entered into and is at-will. That is, either party is free to terminate the Facility Maintenance and Repair Agreement at will, at any time, with or without cause. Nothing contained in any company documents shall in any way modify this at-will policy, and the at-will policy cannot be modified in any way by oral or written representation made by anyone employed by Merced County Employment Retirement Upon termination of this Agreement, CEO must return all documentation, equipment or other materials provided by Merced County Employment Retirement during the term of this Agreement.

Statement of Work

THIS Statement of Work is made effective February 4, 2021, by and between ARMS Air Conditioning and Heating, Inc. and Merced County Employment Retirement



Services Description: Quarterly (Hourly Rate)

- Heating, Ventilation, and Air Conditioning quarterly filter change out, visual inspection of electrical components, fans, compressors, evaporative and condenser coils. Document and submit Field Service Report to M.C.E.R. Management. **Equipment (3 rooftop units) \$475.00**

Services Description: Annual (Fixed Rate)

- Heating, Ventilation, and Air Conditioning annual service; filters Replaced, inspection and replacement of worn electrical components. Lube fan motors. Check oil levels in compressors. Wash evaporative and condenser coils. Flush condensation drain lines. Clean duct smoke detectors. Document and submit Field Service Report to M.C.E.R. Management. **Equipment (3 rooftop units) \$1475.00**
- **Materials included:** (HVAC) – two inch pleated pre-air filters, drive belts, and cleaning solution.

Billing Rate

Hourly rate of \$95.00

This statement of work is effective February 4, 2021 through February 4, 2022.

3. Additional Terms and Conditions:

This Statement of Work serves as an Exhibit to the Services Agreement.

Agreed and Accepted: _____

TIN: 48-1301715

DUNS: 83-442-2891

CSLB#657111



January 8, 2021

TO: State Association of County Retirement Systems

FROM: Mike Robson, Trent Smith, and Bridget McGowan, Edelstein Gilbert Robson & Smith, LLC

RE: **Legislative Update – January 2020**

The Legislature was set to return to Sacramento on January 4, 2021. However, given the surge of COVID-19 throughout the state, the Legislature delayed their return until Monday, January 11. Upon their return to Sacramento, legislators will continue introducing bills until February 19, the bill introduction deadline.

It remains to be seen if legislative proceedings will be curtailed by the pandemic in a manner similar to the 2019-2020 legislative session.

In the meantime, the Governor presented the January 2021-22 Budget today. Much of the budget presentation was focused on COVID-19 response (including vaccine distribution), wildfire preparedness and school reopening.

The Governor was proud to announce that the proposed \$227 billion budget included \$34 billion in “resiliency” funds, though it isn’t immediately clear how much of that was new reserves and how much was surplus revenue.

It is clear that the Governor’s priority for using one-time surplus revenue is economic recovery and pandemic response. The proposed budget includes \$14 billion for “economic recovery” investments including \$1.5 billion for electric vehicle investments, \$2.4 billion in direct stimulus payments for individuals, and \$500 million in small business grants among other things. The Governor is proposing that the Legislature adopt \$3.5 billion of this relief as an urgency measure in January. While this requires a 2/3 vote in the Legislature, it means the money would be available immediately rather than at the start of the fiscal year.

Of specific interest to SACRS members, the Governor’s proposed budget includes \$9.5 billion for paying down unfunded retirement liabilities over the next three years, with \$3 billion in additional payments required by Proposition 2 in the 2021-22 budget year.

We will continue to review the budget over the coming weeks and provide more insights as applicable.



February 5, 2021

TO: State Association of County Retirement Systems

FROM: Edelman Gilbert Robson & Smith, LLC

RE: **Legislative Update – February 2021**

Californians have had the right to recall elected officials for 110 years. In that time, 54 attempts to recall a California Governor have been launched. Only one of these has been successful.

In October 2003, Californians voted to recall Governor Davis. When the recall effort got started in 2002, it was underfunded and easy to dismiss. Then in May 2003, Congressman Darrel Issa, a gubernatorial hopeful himself, dropped nearly \$2 million into the effort. Suddenly, the rag-tag campaign was able to step up its efforts, hiring paid professionals to collect the signatures necessary to qualify for the ballot. Then, two months out from the October 7 election date, Arnold Schwarzenegger threw his hat into the ring as a Republican candidate. With super-star name ID and the memory of rolling blackouts fresh in the minds of Californians, Schwarzenegger was able to convince voters to ditch Davis in favor of himself.

An increasingly serious recall campaign targeting Governor Newsom has gained steam in the last two months. While there are too many variables to speak with absolute confidence, our best guess is that Governor Newsom is vulnerable but unlikely to be recalled in the end. There are a number of considerations.

Can Proponents Collect Enough Signatures?

To qualify the recall of an elected official, proponents must collect signatures equal to 12% of voters in the last gubernatorial election (2018). That makes the magic number for those who wish to recall the Governor just shy of 1.5 million voters. To date, they have collected 1.2 million, and have until March 17 to collect the remainder.

Proponents seem close on paper, but only 410,000 of those 1.2 million signatures have been verified so far. The conventional wisdom is that those wishing to qualify for an election need a healthy margin of signatures to account for those that are not valid. In this case, proponents will need to turn in around 2 million to be safe. To date, the cash-strapped recall campaign has relied on volunteers to collect signatures. While they're close to getting what they need, hitting the mark by March 17 is an open question without being able to hire paid signature gatherers.

If the Recall Qualifies, What's Next?

County election officials will have until April 29 to verify the signatures collected. If the recall qualifies, an election will be held later this year, likely in September or August depending on when the recall qualifies. On election day, voters will be asked two questions; should the Governor be recalled, and if so, who should replace him?

Unlike most California elections, where the top two candidates from the primary advance to the general election alone regardless of party, there is no limit to how many candidates can run in a recall election. In 2003, voters were asked to choose between 135 candidates including, Schwarzenegger, the Democratic Lieutenant Governor, Gary Coleman, and adult film actress Mary Carey.

Campaign

While Governor Newsom won early praise and national attention for his handling of the pandemic, he has been facing negative press on and off since. He has faced criticism for his handling of the pandemic both from those who believe he has gone too far, and those who believe he has not been consistent enough. Regardless of whether that criticism is fair, nearly 40,000 Californians have died during the pandemic. Countless business owners and their employees are struggling to get by while facing local and state orders to shutter their businesses. Meanwhile, California is consistently one of the worst performing states when it comes to distributing its share of vaccines and, in an effort to get money into the hands of needy Californians quickly, it's estimated that over \$10 billion has been paid out in fraudulent unemployment claims by Newsom's Administration.

On top of all of this, the Governor has made a number of unforced political errors. The most prominent being his choice to attend an unmasked in-person gathering to celebrate the 50th birthday of a long-time friend and lobbyist in November. The gathering was held at the most expensive restaurant in California and flew in the face of the cautionary guidance espoused by the Governor for other Californians.

All of this would give plenty of fodder to those hoping to recall the Governor, but to be successful, they need the money to get the message out and a strong candidate to rally around.

Funding

As noted above, the recall campaign has not relied on paid signature gatherers. That's likely because they have only raised \$2.4 million to date, a paltry sum for a statewide campaign in California. While some donors will come out of the woodwork if the recall qualifies, the California Republican Party's chronic inability to raise enough money to seriously challenge Democrats will leave them at a disadvantage in the recall campaign.

Who Will Run?

It is unlikely that any top Democrats will run in the recall election, even if it qualifies. They are more likely to instead focus on defending Newsom. Two Republican candidates appear to be ready to throw their hats in the ring.

John Cox, Governor Newsom's Republican opponent in the 2018 election, has contributed to the recall campaign and been a vocal supporter. He has launched an exploratory committee for the 2022 gubernatorial campaign. Cox's best asset as a candidate is his own net worth which is over \$100 million. He could use this money to kick start his campaign as he did in 2018.

Another Republican contender is former San Diego Mayor Kevin Faulconer. Like Cox, Faulconer has been a vocal supporter of the recall effort and has launched an exploratory committee for the 2022 campaign. However, while Cox was handed a 24 point defeat in 2018, Faulconer would be a fresh candidate. At the same time, he has the benefit of previous political experience with San Diego being the largest US city with a Republican Mayor during his tenure.

Neither Cox nor Faulconer have much name recognition with voters statewide, and certainly not as much as the Governor.

Why Will it be Hard for them to Win?

California politics has changed in fundamental ways since 2003. In 2003, 35% of registered voters were Republicans. Governor Davis assumed office in 1999 following sixteen years of Republican control. He defeated his Republican opponent in the 2002 election by only 5%. While Republicans were in the minority in the Legislature, they controlled fifteen seats in the forty-member Senate and thirty-two seats in the eighty-member Assembly.

The picture is quite different in 2021. With just 24.2% of voters registered as Republicans, the party competes for registration not with Democrats, but with decline to state voters who have sometimes exceeded Republicans in recent years. As noted above, Newsom beat Cox by 24% in the 2018 election. Nine out of forty state Senators and only twenty out of eighty Assemblymembers are Republicans.

All of this means that the Republicans are facing a huge challenge to convince voters to ditch Newsom. Even raising money is a challenge. When John Cox challenged Newsom in 2018, he raised \$16.8 million, \$5.7 million came from his personal bank account. Meanwhile, Newsom raised \$58.2 million.

Republicans tend to enjoy better turnout in off year and special elections than Democrats. However, between the decline in registration, funding shortfall, and lack of a candidate with statewide name recognition, it's likely Republicans just don't have what they need to win. Just as significantly, the Republican Party's association with former President Trump, who is wildly unpopular in California, is a huge liability.

Conclusion

While it's too early to know exactly how the recall will shake out, we feel confident drawing two conclusions.

First, the further the recall effort progresses, the more attention it will demand from Newsom and his allies. If qualified, the 2022 gubernatorial campaign will essentially begin a year early and will likely be a more serious threat to Newsom than it would have been otherwise. All of this is an unneeded distraction when the state is grappling with a global pandemic and the economic fallout associated with it.

Second, if the recall qualifies, it probably won't be great for Newsom's political career. Even if he successfully defeats the recall, the fact that he faced it and a potentially ugly campaign will probably hang over his head for years.