Item No. 9

GoldCoastTRANSIT.ORG
Your Community Connection

Date: April 3, 2013

To: GCT Board of Directors

From: Steve L. Rosenberg
Director of Administrative Services

RE: Consider Adoption of Resolution Number 2013-03, Electing for GCT to Prefund Other Post-Employment Benefits by Joining the CalPERS CERBT Trust Fund

I. EXECUTIVE SUMMARY

In January 2012 GCT initiated a GASB 45 actuarial valuation study to quantify GCT's OPEB obligations as of June 30, 2011, and in September 2012 the Board directed staff to initiate the process of establishing an irrevocable trust through the California Employers' Retiree Benefit Trust (CERBT), managed by CalPERS, to pre-fund retiree health benefits.

GCT is obligated under GASB 45 to expense this amount annually and report it as a liability; however GASB 45 does not include an obligation to actually fund this obligation. Establishment of an irrevocable trust pre-funding will reduce the annual cost impact by allowing GCT to use a higher discount rate. GCT's actuarial study uses a 5% discount rate; the three CERBT asset allocation strategies use discount rates from 6.39% to 7.61%.

Establishing a trust will also reduce the long-term cost impact by allowing a substantial portion of the total cost to be paid by investment returns. Pre-funding will also reduce GCT's balance sheet liability, which could positively impact GCT's future ability to borrow money or issue bonds.

The primary benefit of not pre-funding is retaining access to the accrued funds. The primary risk of pre-funding using an irrevocable trust is that should GCT in future years change health insurance providers and opt for a plan which does not to offer any contribution toward retiree medical benefits, the funds already paid into CERBT would remain with CERBT until either they were depleted by paying the benefit costs of existing retirees or GCT's actuarial obligation was reduced to zero. This was discussed in staff's September 2012 Board report.

GCT's actuarial study determined that based on data for the year ending June 30, 2011 the total cost to pre-fund GCT retiree benefits should be $87,363. That number could be reduced somewhat by re-running the actuarial study using CERBT's discount rate assumptions. Joining CERBT obligates GCT to perform an updated actuarial study every two years, with the next update later this year based on data as of June 30, 2013. Staff recommends GCT not spend additional funds to re-run the 2011 actuarial study, but instead use the existing study for FY12-13 and realize cumulative savings using the updated study and discount rate in FY 13-14 and beyond.

In joining CERBT, GCT needs to select from among CERBT's three asset allocation strategies. The asset allocation strategies and associated discount rates are shown on the following table. Approximately 87% of all CERBT members select Asset Allocation Strategy 1, which uses the highest discount rate and reduces the annual actuarial contribution requirement. Staff recommends Asset Allocation Strategy 1.

ASSET CLASSIFICATION	ASSET ALLOCATION 1	ASSET ALLOCATION 2	ASSET ALLOCATION 3
Global Equity	66.0%	50.1%	31.6%
U.S. Nominal Bonds	18.0%	23.9%	42.4%
Global Real Estate	8.0%	8.0%	8.0%
Inflation Linked Bonds	5.0%	15.0%	15.0%
Commodities	3.0%	3.0%	3.0%
Total	100.0%	100.0%	100.0%
Discount Rate	7.61%	7.06%	6.39%

IT IS RECOMMENDED that the Board consider adoption of Resolution Number 2013-03, electing for GCT to prefund other post-employment benefits by joining the CalPERS CERBT Trust Fund.

II. BACKGROUND

In 2006 the Governmental Accounting Standards Board (GASB) issued Standard Number 45 to require governmental entities to identify the cost of non-pension post-employment benefits (commonly referred to as OPEB) offered to retirees. This requires the entity to obtain an actuarial valuation and incorporate its future obligation into its financial disclosures. GASB 45 does not require these future obligations to be funded; it only requires that the projected cost associated with non-pension postemployment benefits be calculated and reported.

The only non-pension post-employment benefit GCT offers is the CalPERS medical plan, as provided under the California Public Employees' Medical and Hospital Care Act (PEMHCA). Under PEMHCA, GCT pays the minimum employer contribution for retirees using the unequal method, which allows a gradual twenty-year buildup to the full minimum employer contribution by starting at 5% per year in year one and increasing by 5% per year until it reaches 100% in year 20. In 2013 the CalPERS minimum monthly employer contribution is $115 per participant. This is GCT's twelfth year in the plan, so GCT's monthly contribution for current annuitants is $69.00 ($115 X 5% X 12.

GCT currently has a small number of annuitant participants; a data extract provided by CalPERS in 2011 showed that of fifty-five (55) retirees from SCAT/GCT since 2000, only six were participants in GCT's CalPERS medical coverage. GCT's annual pay-as-you-go costs for retiree medical benefits had been to that point and remain to this date clearly immaterial. In 2011, staff and GCT's outside audit firm, Charles Z. Fedak & Co., jointly concluded that the prudent approach would be to recommend that GCT initiate an actuarial valuation study to quantify GCT's OPEB obligations as of June 30, 2011. The Board approved staff's recommendation in January 2012. The actuarial study was conducted by Total Compensation Systems Inc. of Agoura Hills, CA (TCS); a draft was reviewed with staff in July 2012 and presented to the Board in September 2012.

The goal of such a study is to determine the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. Key variables that must be covered by assumptions include the cost of retiree health benefits to the agency, the trend rate at which benefit costs increase, employee turnover rates, retirement rates, participation rates and the discount rate (the premised return on investment). The discount rate recommended by the actuary for this study was 5%.

The most relevant calculation was the annual cost to prefund retiree health benefits; this is the amount required to be expensed each year to cover 1) the "normal cost" – the cost of the current year's employees' current and future health benefits, and 2) the "unfunded actuarial accrued liability"(UAAL) – the amount needed to amortize over 30 years the obligation for past years during which the normal cost was not fully recognized. The study determined that based on data for the year ending June 30, 2011 the total cost to prefund GCT retiree benefits should be $87,363. That amount, less the approximately $4,000 amount paid to CalPERS for current retirees in the current year, was expensed in FY2011-12 and will be expensed again in FY2012-13.

While that amount will increase as the result of additional GCT headcount and aging of the GCT workforce, joining CERBT and selecting Asset Allocation Strategy 1 will allow GCT to minimize the increase while remaining in compliance with GASB45.

III. SUMMARY AND RECOMMENDATIONS

IT IS RECOMMENDED that the Board consider adoption of Resolution Number 2013-03, electing for GCT to prefund other post-employment benefits by joining the CalPERS CERBT Trust Fund.

Concurrence:

Steven P Brown

Steven P. Brown
General Manager

RESOLUTION NO. 2013-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF GOLD COAST TRANSIT AUTHORIZING APPROVAL OF THE AGREEMENT AND ELECTION OF GOLD COAST TRANSIT TO PREFUND OTHER POST EMPLOYMENT BENEFITS THROUGH CALPERS

WHEREAS Gold Coast Transit (GCT) is required by GASB 45 to measure and report the liabilities associated with other (than pension) postemployment benefits (OPEB); and

WHEREAS the GCT Board of Directors desires to pre-fund the agency's OPEB liabilities; and

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

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

WHEREAS Gold Coast Transit desires to participate in the Prefunding Plan upon the terms and conditions set by the Board; and

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

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

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Gold Coast Transit does hereby authorize the Board Chair to execute the Agreement and Election to Prefund Other Post Employment Benefits between CalPERS and Gold Coast Transit.

John C. Zaragoza
Board Chair

ATTEST:
I HEREBY CERTIFY that the foregoing Resolution 2013-03 was duly adopted by the Board of Directors of Gold Coast Transit at a regular meeting thereof held on the 3rd day of April, 2013.

Steven P. Brown
Secretary of the Board

CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST PROGRAM ("CERBT")

AGREEMENT AND ELECTION
OF
GOLD COAST TRANSIT

(NAME OF EMPLOYER)

TO PREFUND OTHER POST EMPLOYMENT BENEFITS THROUGH CalPERS

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

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

WHEREAS (3) **GOLD COAST TRANSIT**
(NAME OF EMPLOYER)

(Employer) desires to participate in the Prefunding Plan upon the terms and conditions set by the Board and as set forth herein; and

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

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

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

A. Representation and Warranty

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

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

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

Filing by mail, send to:

CalPERS
Affiliate Program Services Division
CERBT (OPEB)
P.O. Box 1494
Sacramento, CA 95812-1494

Filing in person, deliver to:

CalPERS Mailroom
Affiliate Program Services Division
CERBT (OPEB)
400 Q Street
Sacramento, CA 95811

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) The Board may reject any OPEB cost report submitted to it, but shall not unreasonably do so. In the event that the Board determines, in its sole discretion, that the OPEB cost report is not suitable for use in the Board's financial statements or if Employer fails to provide a required OPEB cost report, the Board may obtain, at

Employer's expense, an OPEB cost report that meets the Board's financial reporting needs. The Board may recover from Employer the cost of obtaining such OPEB cost report by billing and collecting from Employer or by deducting the amount from Employer's account in the Prefunding Plan.

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

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

(5) No contributions are required. If an employer elects to contribute then the contribution amount should not be less than $5000 or the employer's annual required contribution (ARC), whichever amount is lower. Contributions can be made at any time following the seventh day after the effective date of the Agreement provided that Employer has first complied with the requirements of Paragraph C.

D. Administration of Accounts, Investments, Allocation of Income

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

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

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

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

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

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

E. Reports and Statements

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

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

F. Disbursements

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

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

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

(4) Requests for disbursements that satisfy the requirements of paragraphs (2) and (3) will be processed monthly.

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

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

G. Costs of Administration

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

H. Termination of Employer Participation in Prefunding Plan

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

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

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

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

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

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

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

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

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

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

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

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

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

I. General Provisions

(1) Books and Records.

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

(2) Audit.

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

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

(3) Notice.

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

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

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

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

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

5. Telex or Facsimile Transmission. When sent by telex or fax to the last telex or fax number of the recipient known to the party giving notice. Notice is effective on receipt, provided that (i) a duplicate copy of the notice is promptly given by first-class or certified mail or by overnight delivery, or (ii) the receiving party delivers a written confirmation of receipt. Any notice given by telex or fax shall be deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a nonbusiness day.

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

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

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

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

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

(4) Modification

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

(5) Survival

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

(6) Waiver

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

(7) Necessary Acts, Further Assurances

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

A majority vote of Employer's Governing Body at a public meeting held on the 3rd day of the month of April in the year 2013, authorized entering into this Agreement.

Signature of the Presiding Officer: ______________________

Printed Name of the Presiding Officer: John C. Zaragoza

Name of Governing Body: Board of Directors

Name of Employer: Gold Coast Transit

Date: April 3, 2013

BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY______________________
RAND ANDERSON
AFFILIATE PROGRAM SERVICES DIVISION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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