



AGENDA

Board of Library Trustees
Budget Committee | Altadena Library District
Virtual – Zoom – February 3, 2022 – 1:00 p.m.

IMPORTANT NOTICE REGARDING FEBRUARY 3, 2022 BUDGET COMMITTEE MEETING

This meeting will be conducted utilizing teleconference and electronic means consistent with the **State of California Executive Order N-29-20** dated March 17, 2020, regarding the COVID-19 pandemic and Altadena Library District Board of Trustees' Resolution 2021-05. The live stream of the meeting may be viewed by visiting the Altadena Library District's YouTube channel at the following URL <https://www.youtube.com/c/AltadenaLibrary>

SUBMISSION OF PUBLIC COMMENT: For those wishing to make Public Comments at the February 3, 2022 Meeting, please submit your comments by email to be read aloud at the meeting. If multiple comments are submitted, only the first comment will be read aloud during the meeting. Email and Electronic Comments submitted online will be accepted up to two (2) hours prior to the start of the meeting. Email comments can be submitted to hello@altadenalibrary.org with the subject line: "Public Comment". Electronic Comments may also be submitted online at www.altadenalibrary.org/publiccomment. If you wish to make your public comment during the live meeting, please state so in your email or select "Yes – I want to provide this comment in real-time and need the Zoom link" in the online form.

Email and Electronic Comments will be submitted to the legislative body and shall become part of the record of the meeting.

If you are unable to submit via email or the online, you can call in to (626) 798-0833 ext. 118, during the corresponding item of the agenda. For public comment on any non-agenda item, please plan to call at 1:00 pm.

PUBLIC REQUESTS FOR DOCUMENTS: The District provides a public inspection copy of all materials included in the agenda packet distributed to the Board members. Members of the public who wish to obtain a copy of any document may do so by completing a Request for Public Document form and submitting it to Administration who will arrange for the documents to be copied at a charge of 15¢ per page. Request forms are available at the District Administration offices.

In compliance with the Americans with Disability Act, if you need special assistance to participate in the meeting, please contact Library Administration at (626) 798-0833 x118 at least 48 hours prior to the meeting so the Altadena Library District may make reasonable arrangements to ensure accessibility to the meeting.

I. Call to order

II. Open Session

- a. Roll Call
- b. Approval/Reordering of Agenda Items
- c. Adoption of Agenda
- d. Public Comment on Non-Agenda Items

III. Consent Calendar

The Budget Committee hereby approves the items and recommended actions in the Consent Calendar listed below:

- a. Approval of Minutes – Regular Meeting held November 4, 2021 [Pages 3-5](#)

IV. Unfinished Business

- a. None

V. New Business

- a. Review and Discussion of ALD’s Unfunded Accrued Liability (UAL) Policy Development **(Action)** [Pages 6-38](#)
- b. Review and Recommendation to ALD’s Fiscal Year 2021-22 Mid-Year Budget Report and Adjustments **(Action)** [Pages 39-45](#)

VI. Announcements & Planning

- a. Proposed Future Agenda Items

VII. Adjournment



MINUTES

Board of Library Trustees
Budget Committee | Altadena Library District
Virtual – Zoom – November 4, 2021 – 1:00 p.m.

IMPORTANT NOTICE REGARDING NOVEMBER 4, 2021 BUDGET COMMITTEE MEETING

This meeting was conducted utilizing teleconference and electronic means consistent with the **State of California Executive Order N-29-20** dated March 17, 2020, regarding the COVID-19 pandemic and Altadena Library District Board of Trustees' Resolution 2021-07. The live stream of the meeting may be viewed by visiting the Altadena Library District's YouTube channel at the following URL <https://www.youtube.com/c/AltadenaLibrary>

SUBMISSION OF PUBLIC COMMENT: For those wishing to make Public Comments at the November 4, 2021 Meeting, please submit your comments by email to be read aloud at the meeting. If multiple comments are submitted, only the first comment will be read aloud during the meeting. Email and Electronic Comments submitted online will be accepted up to two (2) hours prior to the start of the meeting. Email comments can be submitted to hello@altadenalibrary.org with the subject line: "Public Comment". Electronic Comments may also be submitted online at www.altadenalibrary.org/publiccomment. If you wish to make your public comment during the live meeting, please state so in your email or select "Yes – I want to provide this comment in real-time and need the Zoom link" in the online form.

Email and Electronic Comments will be submitted to the legislative body and shall become part of the record of the meeting.

If you are unable to submit via email or the online, you can call in to (626) 798-0833 ext. 118, during the corresponding item of the agenda. For public comment on any non-agenda item, please plan to call at 1:00 pm.

PUBLIC REQUESTS FOR DOCUMENTS: The District provides a public inspection copy of all materials included in the agenda packet distributed to the Board members. Members of the public who wish to obtain a copy of any document may do so by completing a Request for Public Document form and submitting it to Administration who will arrange for the documents to be copied at a charge of 15¢ per page. Request forms are available at the District Administration offices.

In compliance with the Americans with Disability Act, if you need special assistance to participate in the meeting, please contact Library Administration at (626) 798-0833 x118 at least 48 hours prior to the meeting so the Altadena Library District may make reasonable arrangements to ensure accessibility to the meeting.

I. Call to order

Trustee Rushmore Cervantes called the meeting to order at 1:03 pm.

II. Open Session

a. Roll Call

Trustee Cervantes called roll call. Trustee Wilkerson responded as present. Quorum was confirmed.

- b. Approval/Reordering of Agenda Items
No adjustments were made.
- c. Adoption of Agenda
Moved by Trustee Wilkerson to adopt the Agenda.
Seconded by Trustee Cervantes. Trustee Cervantes opened the floor for discussion. No discussion followed.
Roll Call Vote:
Trustee Cervantes: Aye
Trustee Wilkerson: Aye
Motion passed.
- d. Public Comment on Non-Agenda Items
No public comment made.

III. Consent Calendar

- Moved by Trustee Wilkerson to adopt the Consent Calendar.**
Seconded by Trustee Cervantes. Trustee Cervantes opened the floor for discussion. No discussion followed.
Roll Call Vote:
Trustee Cervantes: Aye
Trustee Wilkerson: Aye
Motion passed.

The Budget Committee hereby approves the items and recommended actions in the Consent Calendar listed below:

- a. Approval of Minutes – Regular Meeting held May 13, 2021

IV. Unfinished Business

- a. None

V. New Business

- a. Review and Discussion of ALD Financial Reports Formatting and Content Prepared for ALD Board of Trustees **(Action)**
Ian Berg from Eide Bailly LLP introduced the agenda item. The committee discussion ensued.
No action taken.
- b. Discussion regarding ALD Financial Operation Strategies for Fiscal Year 2021-22 **(Action)**
District Director, Nikki Winslow, introduced the agenda item. The committee discussion ensued.
No action taken.
- c. Review and Recommendation to Approve New Office Manager Job Description **(Action)**
District Director, Nikki Winslow, introduced the agenda item by providing an overview of the agenda item report. The committee discussion ensued.
Moved by Trustee Wilkerson to recommend Board of Trustees' approval of the Office Manager Job Description. Seconded by Trustee Cervantes. Trustee Cervantes opened the floor for discussion. No discussion followed.



Roll Call Vote:
Trustee Cervantes: Aye
Trustee Wilkerson: Aye
Motion passed.

VI. Announcements & Planning

a. Proposed Future Agenda Items

Trustee Cervantes mentioned having the Mid-Year Adjustments on the agenda at next meeting. District Director, Nikki Winslow mentioned having the Financial Policy Update on the agenda at next meeting.

VII. Adjournment

Trustee Cervantes adjourned the meeting at 2:14 pm.



**BOARD OF LIBRARY TRUSTEES – BUDGET COMMITTEE
AGENDA ITEM V.A. REPORT FOR FEBRUARY 2022**

REPORT: Agenda Item V.a.

MEETING DATE: February 3, 2022

PREPARED BY: Nikki Winslow

LOCATION: Virtual Meeting

TITLE: Discussion of Unfunded Accrued Liability (UAL) Policy Development

BACKGROUND

I received an email from Weist Law and CalMuni in November 2021 asking if we would like to meet with them and watch a presentation about developing a UAL policy. I reached out to our accountants Cindy Byerrum and Ian Berg with Eide Bailly to see if they thought we should meet with them and they confirmed that we should. Ian and I met with them and watched their presentation on December 20, 2021 where they provided detailed information on our current UAL obligation and the importance of developing a plan to pay that down if possible to save ourselves interest on the larger amount.

They have provided the following presentation for the Budget Committee’s review, as well as their standard agreement for UAL policy development.

FISCAL IMPACT

UAL Policy Development will cost the District \$5700. Scope of Services are outlined in the attached agreement on pages A1-4.

RECOMMENDATION

Staff recommends the Budget Committee review and recommend to the Board of Trustees authorization of the District Director to contract with CalMuni to develop a UAL Policy.



Altadena Library District

Preliminary Pension Overview

BUDGET COMMITTEE MEETING
FEBRUARY 3, 2021



Presenters



- Andrew Flynn, Managing Director
California Municipal Advisors LLC – Independent Registered Municipal Advisor (Fiduciary)

- Assures District’s financial and policy interests are protected
- Intermediary between Broker/Dealer or Placement Agent and District
- Manages financial transaction details on behalf of District



- Cameron Weist, Partner
The Weist Law Firm – Bond Counsel (Fiduciary)

- Special legal counsel to District; assures District’s legal interests are protected
- Prepares all resolutions and legal and closing documentation;
- assures bonds are “valid and legally binding obligations”

Pension Funding Status

Description	Miscellaneous*	Misc - 2nd	PEPRA - Misc	Combined
Total Accrued Liability	\$9,016,368	\$23,619	\$791,776	\$9,831,763
Market Value of Assets	\$6,145,620	\$20,304	\$709,577	\$6,875,501
Unfunded Actuarial Liability (UAL)	\$2,870,748	\$3,315	\$82,199	\$2,956,262
% Funded	68.2%	86.0%	89.6%	69.9%

Source: CalPERS Actuarial Valuation as of June 30, 2020

* Included in analysis

Definitions:

- Total Accrued Liability = What You Need
- Market Value of Assets = What You Have
- Unfunded Actuarial Liability = What You Owe

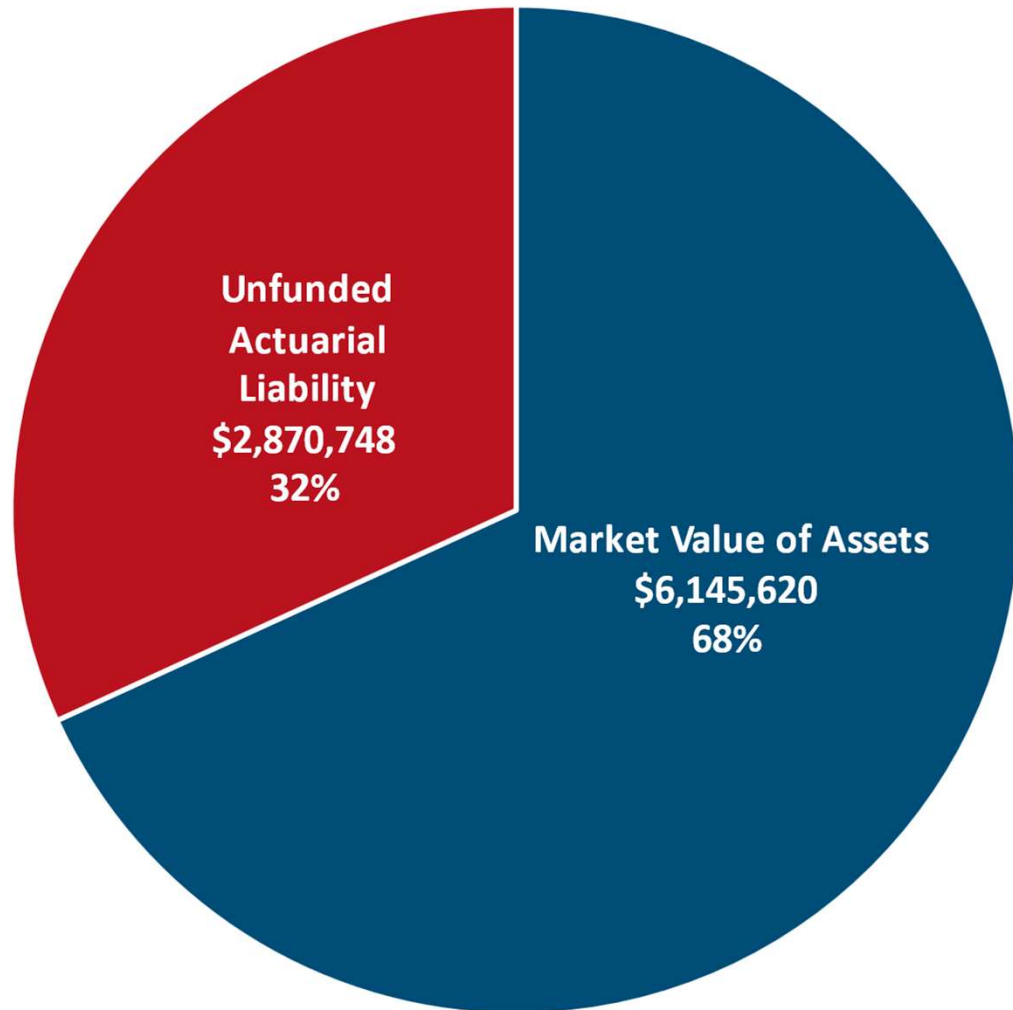
Three Pension Plans:

- Classic: Miscellaneous & Miscellaneous 2nd
- PEPRA: Miscellaneous

Classic Miscellaneous

represents a significant savings opportunity

Pension Funding Status



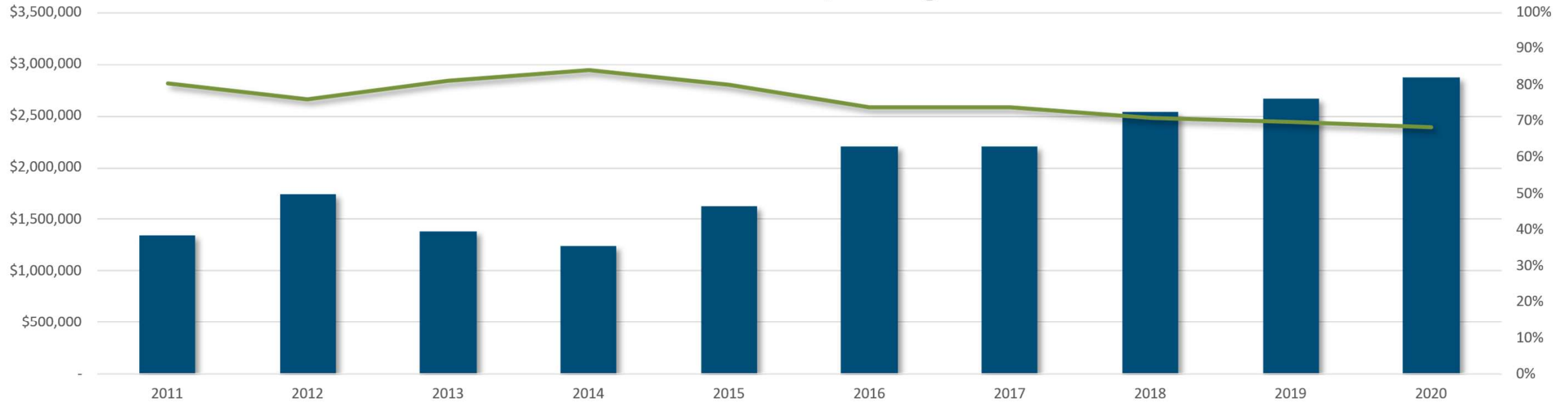
- Total Pension Obligations = \$9.0M
- Pension Assets = \$6.1M
- Shortfall = \$2.9M (31.8% of what is needed)
 - Accrues interest at 7% interest rate = \$2.2M interest
 - Total Unfunded Liability with interest = \$5.1M

Shortfall (UAL) = DEBT:

- Amortizes over time (currently 24 years)
- Reduced or delayed payments not allowed
- District's most expensive debt
- No prepayment restrictions or penalties

Pension Funding History

Unfunded Actuarial Liability & Funding Level

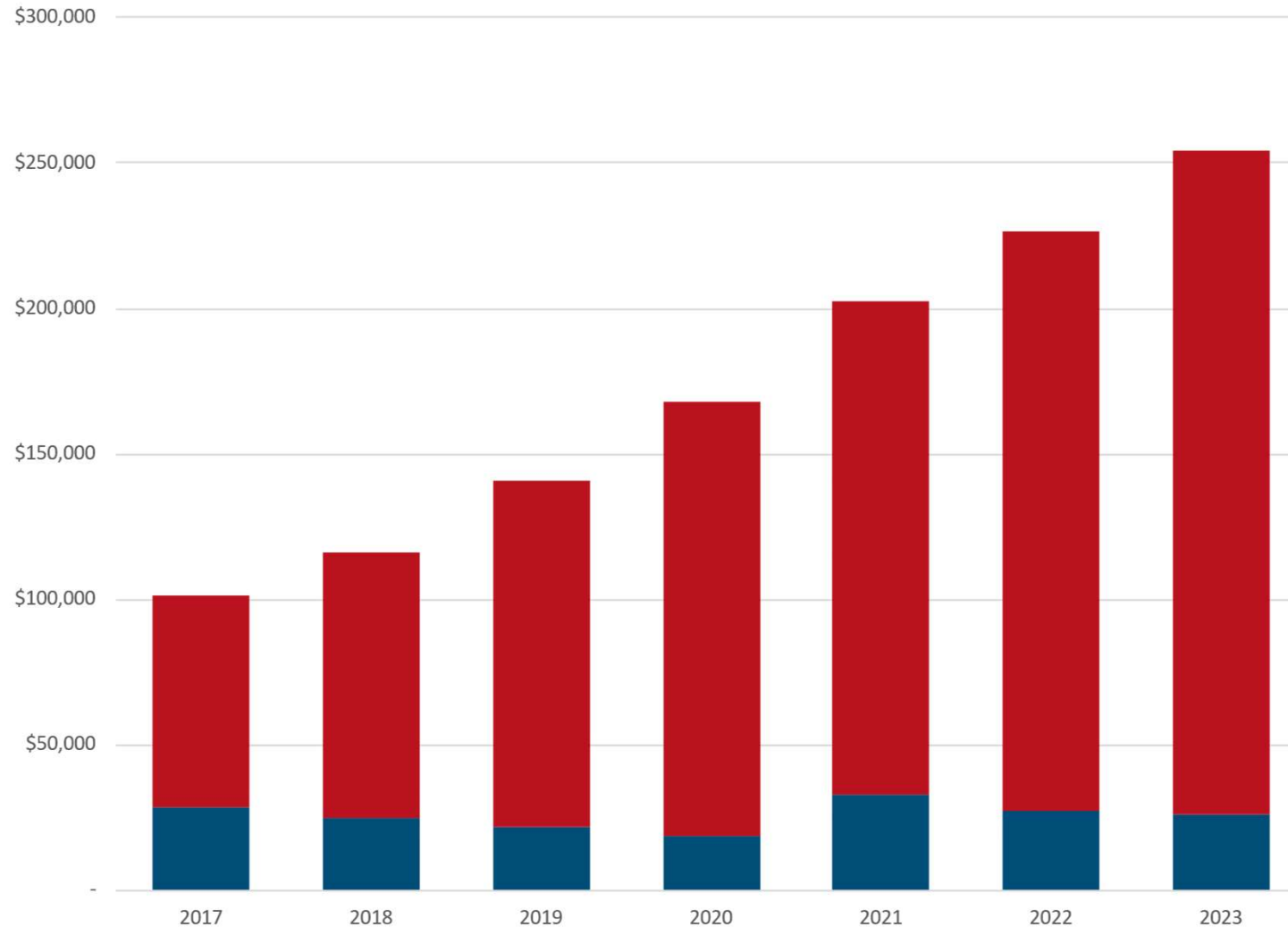


	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Miscellaneous	\$1,347,012	\$1,744,976	\$1,388,607	\$1,245,248	\$1,628,485	\$2,203,595	\$2,206,768	\$2,539,938	\$2,662,702	\$2,870,748
% Funded	80.48%	76.00%	81.27%	84.17%	80.01%	73.67%	73.88%	71.08%	69.63%	68.16%

Owe
\$1.5M
 more

Funded Level
12.3%
 lower

Pension Payments



	2017	2018	2019	2020	2021	2022	2023
■ UAL - Miscellaneous	72,492	91,502	119,187	148,762	169,674	199,512	227,754
■ Normal - Miscellaneous	28,757	24,925	21,868	19,002	33,087	27,106	26,422

Annual Pension Payment Increase

\$153K

in seven years

UAL as a Percent of Total Payments

2017

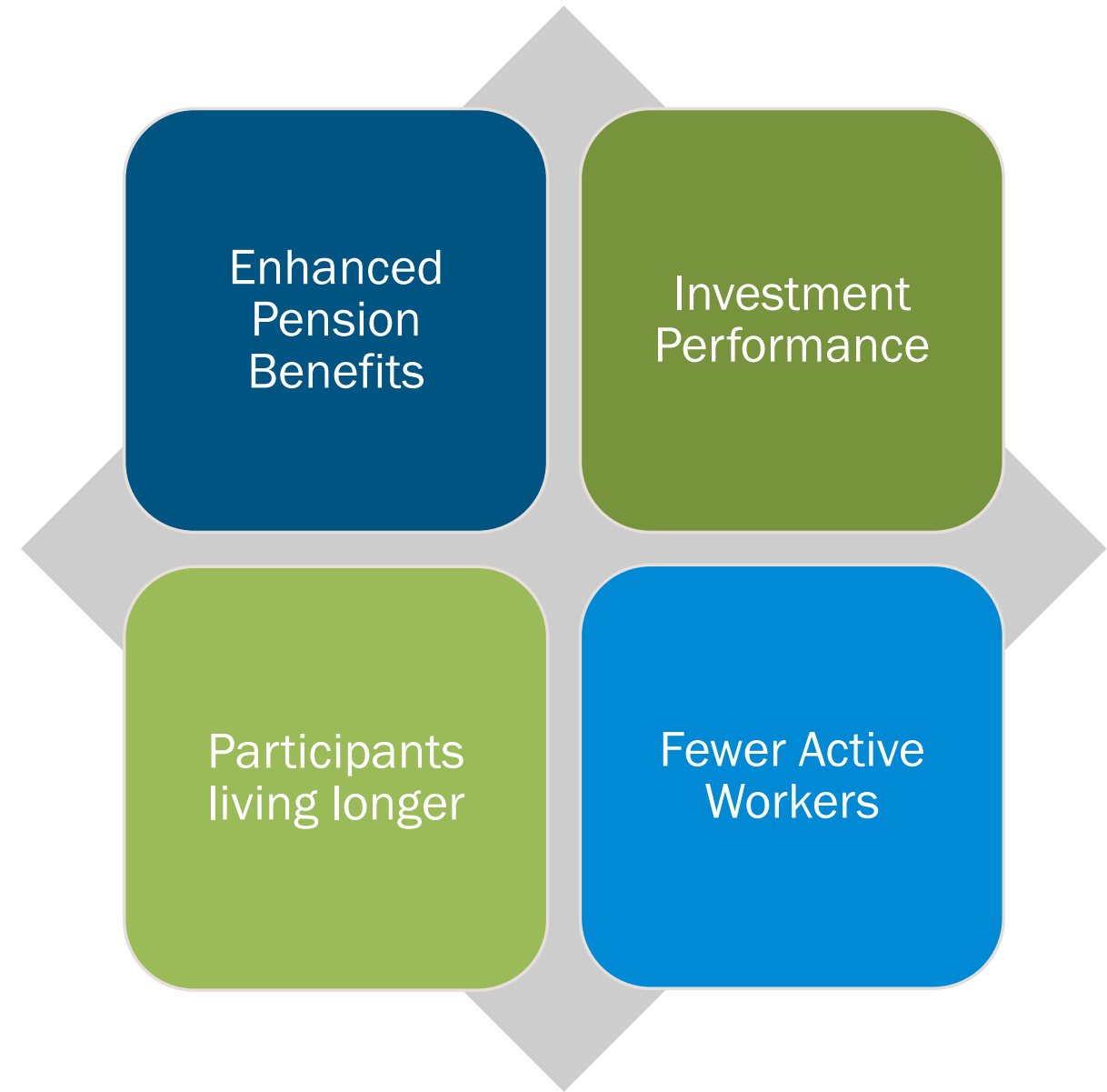
71.6%

2022

89.6%

Pension Cost Increase Drivers

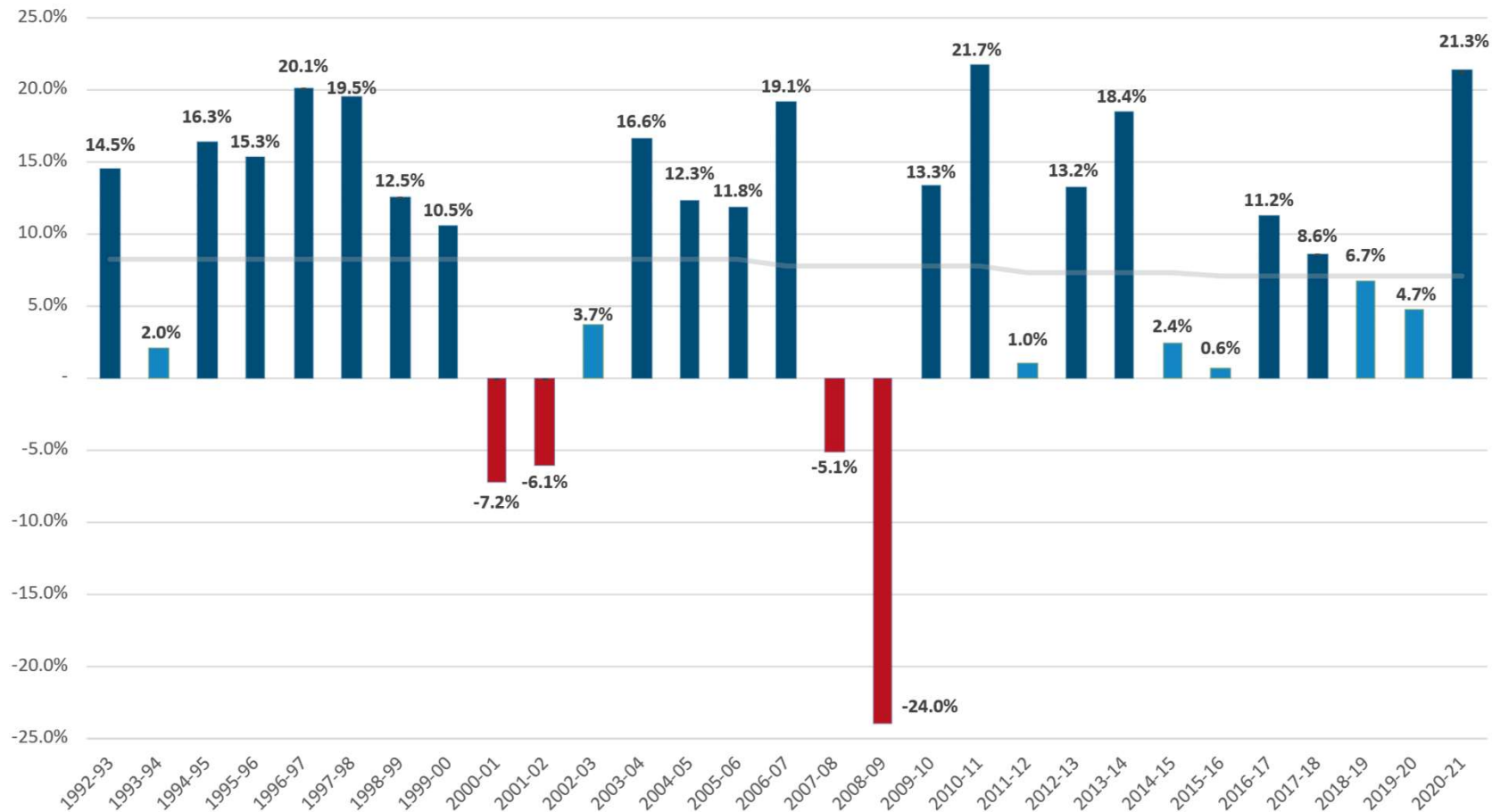
- Enhanced Pension Benefits (SB 400 / AB 616)
- Investment Performance vs Overly Optimistic Return Expectations
- People Living and Drawing Pensions Longer
- Fewer Active Workers for Each Retiree
- CalPERS Assumption Changes
 - Discount rate reduction
 - Actuarial Amortization Policy
 - Mortality rates



Investment Risk and Returns

CalPERS Historical Average Rates of Return through 2019-20:

Past: 5 years – 10.5% 10 years – 8.8% 20 years – 7.6% 30 years – 8.8%



2050: 55% of pension benefits funded by investment returns

CalPERS manages pension investments

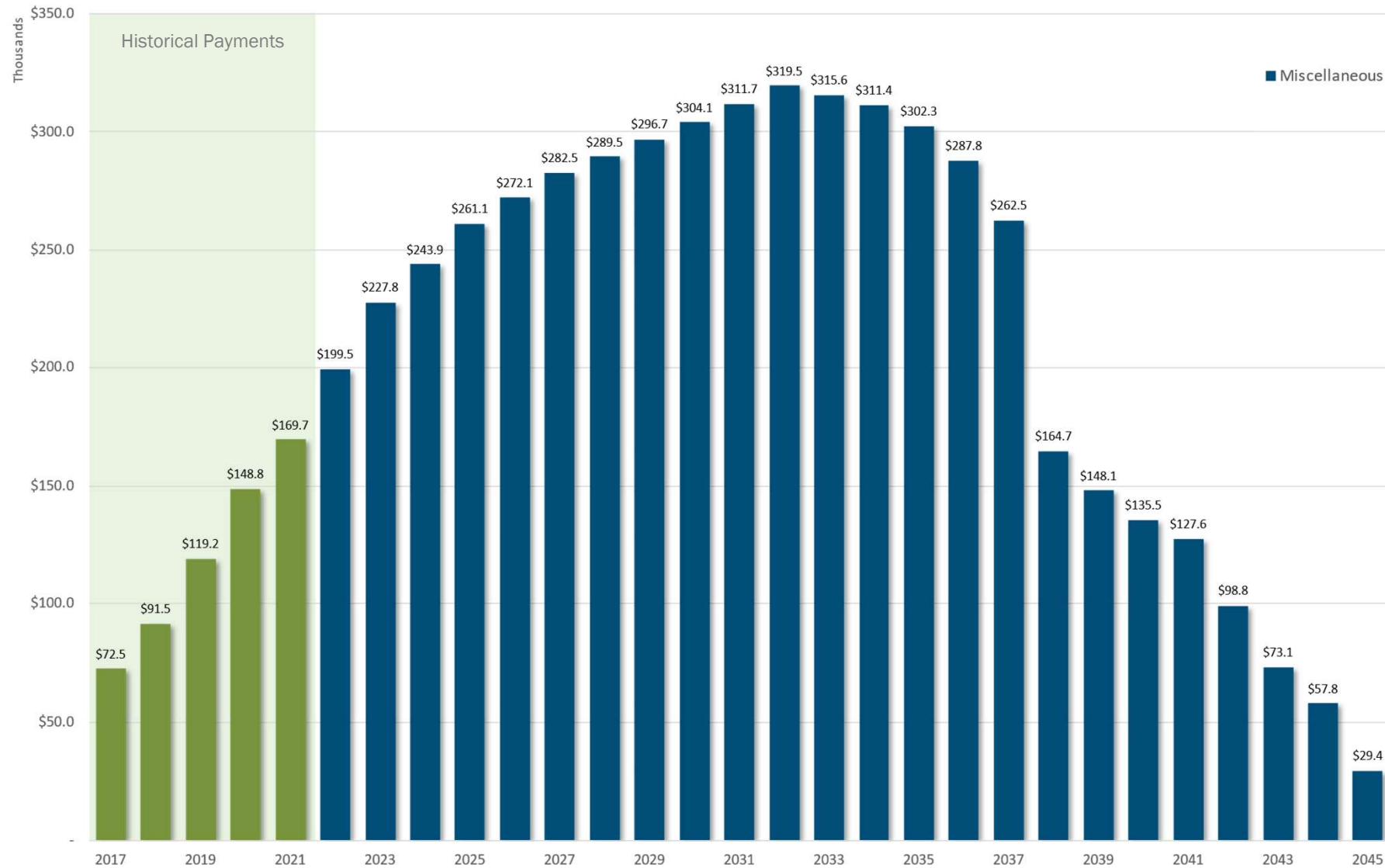
District bears all investment risk

Failure by CalPERS to achieve target investment returns does not relieve District from pension benefit guarantees to employees and retirees

Lower returns => higher UAL and higher pension payments by District

Where Things Currently Stand

Current UAL Amortization Schedule



06/30/2020 Actuarial Valuation

INCLUDES:

- UAL Payments Only

DOES NOT INCLUDE:

- Misc – Normal Cost (11.6% of salaries)

As of 2020

Principal **\$2.9M**

Interest **\$2.2M**

Total Due **\$5.1M**

Pension Strategy Objectives

Pension costs cannot be viewed in a vacuum

Strategy must incorporate reserves, cash flow constraints, policy objectives, and current political dynamics

- Normal Cost - can only be reduced thru labor practices
- UAL Payments – can be reduced thru multiple strategies

Two approaches to pension cost management:

SHORT-TERM CASH FLOW MANAGEMENT

- Achieve budget predictability
- Extend UAL payments over longer term

LONG-TERM COST MANAGEMENT

- Reduce overall interest cost for the District
- Prepay or accelerate UAL payments

Pension Liability Management Policy

The development of a robust Pension Liability Management Policy is one of the key building blocks to maintaining a healthy funding status for the District's pension plans.

- Establishes long-term targets for plan funding levels and a roadmap for annual review and action.
- Provides direction and prioritization for the use of surplus funds for developing, maintaining, and utilizing District reserves.
- Develops a comprehensive waterfall framework for current and future staff to manage reserves for current and future liability management.

How We Can Help

- Step 1: Develop Pension Liability Management Plan/Policy
- Step 2: Implement Initial Pension Liability Management Initiatives
 - Additional Discretionary Payments Strategies and Calculations
- Step 3: Refunding Strategies and Debt Issuance Management
- Step 4: Provide On-Going Pension Liability Management Support
 - Review of Annual CalPERS Valuation Reports
 - Reserve Contribution Calculations
 - Additional Discretionary Payments Strategies and Calculations
 - Update Fee and Rate Studies to Reflect True Pension Costs



QUESTIONS?

Andrew Flynn

California Municipal Advisors LLC

(415) 310-1255

andrew.flynn@calmuniadvisors.com

Cameron Weist

The Weist Law Firm

(831) 438-7900

cameron@weistlaw.com



AGREEMENT FOR CONSULTING SERVICES

CALIFORNIA MUNICIPAL ADVISORS LLC
AGREEMENT FOR CONSULTING SERVICES

THIS AGREEMENT (the “Agreement”), made and entered into this ___th day of _____ 2021, by and between the Altadena Library District, a political subdivision, organized and existing under the Constitution and laws of the State of California, with its principal place of business at 600 E. Mariposa Street, Altadena, California 91001 (the “District”), and California Municipal Advisors LLC, a California Limited Liability Company, with its principal place of business at 20 South Santa Cruz Avenue, Suite 300, Los Gatos, CA 95030 (“CalMuni”), sets forth the terms and conditions under which CalMuni shall provide consulting services to the District.

WHEREAS, as a financial consultant and municipal advisor to cities and other local government agencies throughout the State of California, CalMuni regularly works with agencies to clarify and implement pension cost mitigation techniques and strategies (the “Cost Mitigation Strategies”) in relation to the Unfunded Accrued Liability (the “UAL”) associated with their respective CalPERS pension plans (the “Pension Plans”); and

WHEREAS, once the applicable Cost Mitigation Strategies have been determined and synthesized, CalMuni regularly assists public agencies with the development of a comprehensive pension management policy (the “Pension Management Policy”); and

WHEREAS, the District wishes to obtain the services of CalMuni to assist the District with development of a Pension Management Policy; and

WHEREAS, the District is also interested in exploring various refinancing alternatives available to the District pertaining to the UAL, and desires to have CalMuni assist with the development of a customized financing plan, including recommendations as to the method of sale, timing, sizing and structure of municipal debt obligations (the “Debt Obligations”) to be transacted based on optimized savings opportunities, projected cash flow requirements, bonding capacity, and targeted revenue / rate threshold (the “Financing Plan”); and

WHEREAS, CalMuni is duly licensed and has the necessary qualifications, experience, and personnel necessary to properly provide the Scope of Services attached hereto as Exhibit A (the “Scope of Services”); and

WHEREAS, the District desires to retain CalMuni to provide the Scope of Services; and

WHEREAS, the Board of Trustees, hereby authorizes the District Director to enter into this Agreement on behalf of the District; and

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, and intending to be legally bound hereby, the District and CalMuni agree as follows:

SECTION I. SCOPE OF SERVICES

A. CalMuni shall provide the services described in Exhibit A to this Agreement (hereinafter referred to interchangeably as the “Services” or “Scope of Services”). Any material changes in or additions to the Scope of Services described in Exhibit A shall be promptly reflected in a written supplement or amendment to this Agreement. Services provided by CalMuni which are not specifically referenced in the Scope of Services shall be completed as agreed in writing in advance between the District and CalMuni. Upon request of the District, CalMuni or an affiliate of CalMuni may agree to additional services to be provided by CalMuni or an affiliate of CalMuni, by a separate agreement between the District and CalMuni or its respective affiliate.

B. CalMuni shall perform all such work with skill and diligence and pursuant to generally accepted standards of practice in effect at the time of performance. CalMuni shall provide corrective services without charge to the District for work which fails to meet these standards, and which is reported to CalMuni in writing within sixty (60) days of discovery.

C. The District shall cooperate with CalMuni and will furnish all information, data, records, and reports existing and available to the District to enable CalMuni to carry out work outlined in the Scope of Services. CalMuni shall be entitled to reasonably rely on information, data, records, and reports furnished by the District, however, the District makes no warranty as to the accuracy or completeness of any such information, data, records, or reports available to it and provided to CalMuni which were furnished to the District by a third party. CalMuni shall have a duty to bring to the District’s attention any deficiency or error it may discover in any information provided to CalMuni by the District or a third party.

D. CalMuni shall, at its sole cost and expense, furnish all facilities and equipment that may be required for furnishing Services pursuant to this Agreement. The District shall furnish to CalMuni no facilities or equipment, unless the District otherwise agrees in writing to provide the same.

E. CalMuni shall, at CalMuni’s sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits or other such approvals which are legally required for performing the Services.

F. Upon the District’s request, CalMuni shall provide, in a form acceptable to the District, written progress reports of all oral and written observations, opinions, recommendations, analyses, progress and conclusions related to CalMuni’s performance of the Services.

SECTION II. WORK SCHEDULE

The services of CalMuni are to commence as soon as practicable after the execution of this Agreement. CalMuni shall thereafter diligently perform the Services through to completion unless otherwise directed by the District or unless earlier terminated.

SECTION III. REGISTERED MUNICIPAL ADVISOR; REQUIRED DISCLOSURES

A. CalMuni is a registered municipal advisor with the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. This Agreement designates CalMuni as the District’s independent registered municipal advisor (“IRMA”) with regard to the attached Scope of Services for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the “IRMA Exemption”). CalMuni shall not be responsible for, or have any liability in connection with, verifying that CalMuni is independent from any other party seeking to rely on the IRMA Exemption (as such independent status is required pursuant to the IRMA Exemption, as interpreted from time to time by the SEC). The District acknowledges and agrees that any reference to CalMuni, its personnel, and its role as IRMA, including in the written representation of the District required under SEC Rule 15Ba1-1(d)(3)(vi)(B) shall be subject to prior approval by CalMuni. The District further agrees not to represent that CalMuni is the District’s IRMA with respect to any aspect of a municipal securities issuance or municipal financial product, outside of the attached Scope of Services or without CalMuni’s prior written consent.

B. MSRB Rule G-42 requires that municipal advisors make written disclosures to its Districts of all material conflicts of interest and certain legal or disciplinary events. Such disclosures are provided in CalMuni’s Disclosure Statement delivered to the District together with this Agreement as Exhibit C.

SECTION IV. COMPENSATION

A. For the Services provided under this Agreement, CalMuni’s professional fees shall be paid as provided in Exhibit B to this Agreement. Any services which are not included in the Scope of Services set forth in Exhibit A of this Agreement will be subject to separate, mutually acceptable fee structures.

B. Invoice(s) in a format and on a schedule acceptable to the District shall be submitted to and be reviewed and verified by the District. The District shall notify CalMuni of exceptions or disputed items and their dollar value within fifteen (15) days of receipt. Payment of the undisputed amount of the invoice will typically be made approximately thirty (30) days after the invoice is received by the District.

C. CalMuni will maintain clearly identifiable, complete and accurate records with respect to all costs incurred under this Agreement on an industry recognized accounting basis. CalMuni shall make available to the representative of the District all such books and records related to this Agreement, and the right to examine, copy and audit the same during regular business hours upon three (3) business days’ notice for a period of two (2) years from the date of final payment under this Agreement.

SECTION V. TERM AND TERMINATION

A. Unless otherwise provided, the term of this Agreement shall begin on the date of its full execution and shall expire on the following dates as to the scope of work set forth in the referenced exhibits unless extended by amendment or terminated earlier as provided herein.

Exhibit	Termination
A-I – Pension Management Policy Development	June 30, 2022
A-II - Annual Monitoring and Maintenance Services	June 30, 2027
A-III - Issuance of Debt Obligations	June 30, 2024
A-IV - Annual CDIAC Debt Transparency Reporting	June 30, 2027
A-V - MSRB Continuing Disclosure Compliance	June 30, 2027

B. The District may suspend this Agreement and CalMuni’s performance of the Services, wholly or in part, for such period as it deems necessary in the District’s sole discretion. CalMuni will be paid for satisfactory services performed through the date of suspension.

C. If CalMuni at any time refuses or neglects to perform its Services in a timely fashion or in accordance with the schedule identified in Exhibit A, or is declared bankrupt, or commits any act of insolvency, or makes an assignment for the benefit of creditors without District’s consent, or fails to make prompt payment to persons furnishing labor, equipment, materials or services, or fails in any respect to properly and diligently perform its Services, or otherwise fails to perform fully any and all of the Agreements herein contained, this Agreement shall be terminated.

D. If CalMuni fails to cure the default within seven (7) days after written notice from the District, the District may, at its sole option, demand possession of any documents or other materials (in paper and electronic form) prepared or used by CalMuni in connection with the provision of Services and (1) provide any such work, labor, materials or services as may be necessary to overcome the default and deduct the cost thereof from any money then due or thereafter to become due to CalMuni under this Agreement; or (2) terminate this Agreement.

E. This Agreement and all Services to be rendered under it may be terminated upon ten (10) days written notice from either party, with or without cause. In the event District elects to terminate this Agreement, CalMuni shall be paid for all services rendered, unless the termination is made for cause, in which event compensation, if any, shall be adjusted in the light of the particular facts and circumstances involved in the termination. This continuing right to receive full compensation shall survive the term of this Agreement.

SECTION VI. ASSIGNMENT

CalMuni shall not assign any interest in this Agreement or subcontract any of the work performed under the Agreement without the prior written consent of the District.

SECTION VII. INFORMATION TO BE FURNISHED TO AND BY CALMUNI

A. All information, data, reports, and records (“Data”) in the possession of the District or any third-party agent to the District necessary for carrying out any services to be performed under this Agreement shall be furnished to CalMuni, and the District shall cause its agent(s) to cooperate with CalMuni in its conduct of reasonable due diligence in performing the services.

B. Unless otherwise provided for herein, all documents, materials, data, computer data files, basis for calculations, and reports originated and prepared by CalMuni under this agreement shall be and remain the property of the District for its use in any manner it deems appropriate. CalMuni agrees that all copyrights which arise from creation of the work pursuant to this Agreement shall be vested in the District and waives and relinquishes all claims to copyright or intellectual property rights in favor of the District. CalMuni shall deliver the work product to the District in the PDF format electronically. CalMuni shall use all reasonable efforts to ensure that any electronic files provided to the District will be compatible with the District’s current computer hardware and software. CalMuni makes no representation as to long-term compatibility, usability or readability of the format resulting from the use of software application packages, operating systems or computer hardware differing from those in use by the District at the commencement of this Agreement. CalMuni shall be permitted to maintain copies of all such data for its files. The District acknowledges that its use of the work product is limited to the purposes contemplated by the Scope of Services and, should the District use these products or data in connection with additions to the work required under this Agreement or for new work without consultation with and without additional compensation to CalMuni, CalMuni makes no representation as to the suitability of the work product for use in or application to circumstances not contemplated by the Scope of Services and shall have no liability or responsibility whatsoever in connection with such use which shall be at the District’s sole risk. Any and all liability arising out of changes made by the District to CalMuni’s deliverables is waived against CalMuni unless the District has given CalMuni prior written notice of the changes and has received CalMuni’s written consent to such changes.

C. To the extent the District requests that CalMuni provide advice with regard to any recommendation made by a third party, the JPA will provide to CalMuni written direction to do so as well as any Data it has received from such third party relating to its recommendation. The District acknowledges and agrees that while CalMuni is relying on the Data in connection with its provision of the services under this Agreement, CalMuni makes no representation with respect to and shall not be responsible for the accuracy or completeness of such Data.

D. In the course of performing services under this Agreement CalMuni may obtain, receive, and review confidential or proprietary documents, information or materials that are and shall remain the exclusive property of the District. Should CalMuni undertake the work on behalf of other agencies, entities, firms or persons relating to the matters described in the Scope of Services, it is expressly agreed by CalMuni that any such confidential or proprietary information or materials shall not be provided or disclosed in any manner to any of the District’s other clients, or to any other third party, without the District’s prior express written consent.

SECTION VIII. NOTICES

All notices given under this Agreement shall be in writing, sent by registered United States mail, with return receipt requested, addressed to the party for whom it is intended, at the designated below. The parties designate the following as the respective places for giving notice, to wit:

Altadena Library District
600 E. Mariposa Street, Altadena, California 91001
Attention: District Director

California Municipal Advisors LLC
20 South Santa Cruz Avenue, Suite 300
Los Gatos, CA 95030
Attention: Andrew Flynn

SECTION IX. LIMITATION OF LIABILITY

Except to the extent caused by willful misconduct, bad faith, negligence, or reckless disregard of obligations or duties under this Agreement on the part of CalMuni or any of its associated persons, neither CalMuni nor any of its associated persons shall have liability to any person for any act or omission in connection with performance of its services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of municipal securities, any municipal financial product or any other financial product or investment, or for any financial or other damages resulting from the District's election to act or not to act, as the case may be, contrary to or, absent negligence on the part of CalMuni or any of its associated persons, upon any advice or recommendation provided by CalMuni to the District.

SECTION X. INDEMNIFICATION

To the fullest extent allowed by law, CalMuni shall indemnify, defend with counsel acceptable to the District, and hold harmless the District and its officers, officials, employees, agents and volunteers from and against any and all liability, loss, damage, claims, suits, actions, arbitrations proceedings, administrative proceedings, regulatory proceedings, civil penalties and fines, taxes, expenses and costs (including, without limitation, attorney's fees and costs and fees of litigation) (collectively, "Liability") of every nature, whether actual, alleged or threatened, arising out of CalMuni's performance of the Services, its misclassification of its employees (as independent contractors) who provide services under this Agreement, or its failure to comply with any of its obligations contained in this Agreement, except to the extent such Liability caused by the sole negligence or willful misconduct of the District or its officers, officials, employees, agents or volunteers.

CalMuni's obligation to defend and indemnify shall not be excused because of CalMuni's inability to evaluate Liability or because CalMuni evaluates Liability and determines that CalMuni is not liable to the claimant. CalMuni must respond within thirty (30) days to the tender of any claim for defense and indemnity by the District, unless this time has been extended by the District. If CalMuni fails to accept or reject a tender of defense and indemnity within thirty (30) days, in addition to any

other remedy authorized by law, so much of the money due CalMuni under and by virtue of this Agreement as shall reasonably be considered necessary by the District, may be retained by the District until disposition has been made of the claim or suit for damages, or until CalMuni accepts or rejects the tender of defense, whichever occurs first.

With respect to third party claims against CalMuni, CalMuni waives any and all rights of any type to express or implied indemnity against the Indemnitees.

If any term of portion of this section is held to be invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, said section shall be interpreted to allow the broadest indemnity permitted by law.

This obligation to defend and indemnify the District set forth here is binding on the successors, assigns or heirs of CalMuni and shall survive the termination or completion of this Agreement or this section or final payment to the fullest extent and duration allowed by law.

SECTION XI. INDEPENDENT CONTRACTOR; NO THIRD-PARTY BENEFICIARY

A. CalMuni, its employees, officers and representatives at all times shall be independent contractors and shall not be deemed to be employees, agents, partners, servants and/or joint venturers of the District by virtue of this Agreement or any actions or services rendered under this Agreement. This Agreement shall not be construed as an agreement for employment. Nothing in this Agreement is intended or shall be construed to give any person, other than the Parties hereto, their successors and permitted assigns, any legal or equitable rights, remedy, or claim under or in respect of this Agreement or any provisions contained herein.

B. CalMuni acknowledges that CalMuni: (1) is free from the control and direction of the District in connection with the performance of the Services; (2) performs Services outside the usual course of the District's business; and (3) is customarily engaged in an independently established trade, occupation, or business of the same nature as CalMuni performs for the District, and has the option to perform such work for other entities. CalMuni shall have no authority to contract for or otherwise bind the District.

SECTION XII. DISPUTE RESOLUTION

A. If any dispute arises between the parties as to proper interpretation or application of this Agreement, the parties shall first meet and confer in a good faith attempt to resolve the matter between themselves. If the dispute is not resolved by meeting and conferring, the matter shall be submitted for formal mediation to a mediator selected mutually by the parties. The expenses of such mediation shall be shared equally between the parties. If the dispute is not or cannot be resolved by mediation, the parties may mutually agree (but only as to those issues of the matter not resolved by mediation) to submit their dispute to arbitration. Before commencement of the arbitration, the parties may elect to have the arbitration proceed on an informal basis; however, if the parties are unable so to agree, then the arbitration shall be conducted in accordance with the rules of the American Arbitration Association. The decision of the arbitrator shall be binding, unless within thirty (30) days after

issuance of the arbitrator's written decision, any party files an action in court. Venue and jurisdiction for any such action between the parties shall lie in the Superior Court for the District of Santa Clara.

B. In the event of any controversy, claim or dispute relating to this Agreement, or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees and costs.

SECTION XIII. APPLICABLE LAW

This Agreement shall be construed, enforced, and administered according to the laws of the State of California. CalMuni and the District agree that, should a disagreement arise as to the terms or enforcement of any provision of this Agreement, each party will in good faith attempt to resolve said disagreement prior to pursuing other action.

SECTION XIV. ENTIRE AGREEMENT; SEVERABILITY

This Agreement represents the entire agreement between the District and CalMuni and may not be amended or modified except in writing signed by both parties. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

SECTION XV. EXECUTION; COUNTERPARTS

Each party to this Agreement represents and warrants that the person or persons signing this Agreement on behalf of such party is authorized and empowered to sign and deliver this Agreement for such party. This Agreement may be signed in any number of counterparts, each of which shall be an original and all of which when taken together shall constitute one and the same document.

[Signature Page to Follow on Next Page]

IN WITNESS THEREOF, the District and CalMuni have executed this Agreement as of the day and year herein above written.

Altadena Library District

By: _____

Name:

Title:

CALIFORNIA MUNICIPAL ADVISORS LLC

By: _____

Name: Andrew Flynn

Title: Managing Director

EXHIBIT A
SCOPE OF SERVICES

A-I. Pension Management Policy Development.

Policy Development services shall include:

- Attend meetings and/or conference calls with the District Board of Trustees (the “Board of Trustees”), staff, District Counsel, and other as requested by the District to provide information through presentations and general discussions pertaining to the existing Altadena Library District CalPERS pension plans.
- Work closely with staff to identify pension liability management tools (as covered in the initial presentation).
- Determine preferred pension liability management scenarios and determine key variables (e.g., desired pension plan funding levels, target reserve levels, priorities for immediate vs. overall cash flow savings, etc.).
- Based upon Board of Trustees direction in coordination with staff, prepare a draft Pension Management Policy for Board consideration and approval.

A-II. Annual Monitoring and Maintenance Services.

CalMuni will provide annual pension policy monitoring and maintenance services to the District, including the review of the District’s Pension Management Policy, review of the most recent CalPERS Valuation Report, review of the 115 Trust and other Pension Reserve Funds, review of other relevant financial and operational data.

Based upon our review of all relevant data, CalMuni will produce a detailed “Pension Policy Compliance Report” that, among other things, (i) estimates the upcoming CalPERS UAL bases (i.e., the increase or decrease in UAL debt for the ensuing Fiscal Year), (ii) updates available fund balances that have been pledged or set-aside (such as 115 Trust monies or other pension stabilization funds or reserves established pursuant to the Pension Management Policy) to make discretionary payment to your Pension Plans, (iii) reviews the Pension Management Policy for compliance as well as opportunities to further mitigate Pension Plan costs, and (iv) concludes with specific recommendations.

A-III. Issuance of Debt Obligations.

Should the Issuance of a Debt Obligation be deemed appropriate by the District, CalMuni will provide debt issuance advisory services including the creation of the Financing Plan, development of a pricing strategy, management of the financing schedule and coordination of required pre-and-

post sale documentation. As municipal advisor, CalMuni will successfully perform the following duties on behalf of the District, as required:

- *Financing Schedule.* Manage the financing process and coordinate activities of financing team members. Prepare a schedule of activities and ensure the financing is completed in a timely manner.
- *Method of Sale, Timing, Sizing and Structure of Debt Obligations.* Assist the District in creating a customized Financing Plan for the Debt Obligations including method of sale (private placement vs. public offering), timing, sizing, and structure.
 - a. *Method of Sale.* Advise as to the appropriate method of sale for the Debt Obligations.
 - b. *Assist in the Preparation of Lender Request for Proposals.* If private placement is determined the best method of sale, assist the District (and any placement agent) with the preparation and distribution of Request for Proposals to banks and assist the District with analysis the responses of the responding banks.
 - c. *Timing of Issuances.* Advise as to the timing for each series of Debt Obligations to be sold based upon the District's historical and projected revenues and expenses, market interest rate environment, and other factors.
 - d. *Sizing of Issues.* Advise as to the sizing of the Debt Obligations to be sold based on the nature of the financing, federal tax law limitations, state regulatory restrictions, targeted tax rates, goals of the financing program, and other matters.
 - e. *Structure of Debt Obligations.* Advise as to the repayment structure of the Debt Obligations to be sold based on targeted tax rates, impact on interest costs, prudent debt management practices, and other considerations.
- *Rating Agency Preparation.* Prepare the rating strategy and rating agency credit presentation to optimize the credit rating assigned to the Debt Obligations, if applicable.
- *Evaluation of Credit Enhance Opportunities.* Evaluate potential cost effectiveness of credit enhancement options.
- *Lender/Underwriter Due Diligence Assistance.* Assist the District in providing due diligence information requested by lenders/underwriters, as applicable.
- *Authorizing Documentation.* Provide bond counsel with information necessary for the preparation of authorizing documentation. Review authorizing documentation prior to their approval.
- *Review of Debt Policy.* Review and provide any necessary updates to the District's debt policy to ensure compliance with SB 1029 prior to issuance.

- *Board Presentations.* Assist District in presenting all related financing matters to the Board of Trustees, as requested.
- *Pricing Strategy.* CalMuni will assist the District throughout the sales negotiation process with the Underwriter / Placement Agent.
 - a. Advise the District on the propriety of the Underwriter's or Placement Agent's proposed pricing and compensation relative to the current market conditions;
 - b. Negotiate to provide the lowest available rates and costs to the District;
 - c. Provide the District with a pricing analysis of proposed financing alternatives; and
 - d. Provide quantitative schedules showing the results of the final pricing.
- *Closing Documentation.* Review closing documents and otherwise assist in the closing of the transaction.

A-IV. Annual CDIAC Debt Transparency Reporting (SB 1029)

In the case of financing transactions, Effective January 1, 2017, state and local issuers are required to submit an annual debt transparency report for any issue of debt for which they have submitted a Report of Final Sale to CDIAC during the reporting period. The annual debt transparency report is due to CDIAC no later than January 31st of each year (beginning January 31, 2018) for any debt outstanding at any point during the prior fiscal year. At a minimum, the annual debt transparency report will require issuers to include:

- Debt authorized during the reporting period, which shall include:
 - Debt authorized at the beginning of the reporting period
 - Debt authorized and issued during the reporting period
 - Debt authorized but not issued at the end of the reporting period
 - Debt authority that has lapsed during the reporting period
- Debt outstanding during the reporting period, which shall include the following:
 - Principal balance at the beginning of the reporting period
 - Principal paid during the reporting period
 - Principal outstanding at the end of the reporting period
- The use of proceeds of issued debt during the reporting period, which shall include the following:
 - Debt proceeds available at the beginning of the reporting period
 - Proceeds spent during the reporting period and the purposes for which it was spent
 - Debt proceeds remaining at the end of the reporting period

CalMuni will work with the District to complete the Annual Debt Transparency reports and submit them on behalf of the District.

A-V. MSRB Continuing Disclosure Compliance (Rule 15c2-12)

If the District chooses to publicly offer bond transactions, required annual continuing disclosure reports (“Annual Reports”) must be filed on the Electronic Municipal Market Access (“EMMA”) system. Each obligation has distinct disclosure requirements. The primary reporting requirements generally include the filing of:

- Audited financial statements
- Other financial information and operating data
- Other material information
- Notices of Significant Events

CalMuni will provide the following services:

- Prepare Annual Reports
- Supervise and direct the District on issues related to its disclosure obligations
- Notify the District of pending due dates
- Assist in the tracking of rating changes and other Significant Events
- Prepare Significant Events notices, as necessary
- Post Annual Reports, notices, and other required documentation to EMMA

EXHIBIT B
COMPENSATION FOR SERVICES

For the Services described in Section A-I (Pension Management Policy Development) of Exhibit A, CalMuni will be compensated on a time and materials basis, not to exceed total budget, as shown below. The invoices and additional documentation requested by District, as applicable, will be submitted to the District monthly.

In no case shall the total compensation under this Agreement exceed the “not-to-exceed” amount specified below without prior written authorization of the District Director or other authorized officer.

If there are material changes to the Scope of Services, a revised budget may be determined by mutual written agreement between CalMuni and the District.

Task	Description	Hours [1]	Amount @ \$285/hr [1]
1	Pension Management Policy Development	15	\$4,275
2	Pension Management Presentations	<u>5</u>	<u>\$1,425</u>
TOTAL		20	\$5,700

[1] Time and cost are estimates and will vary. Billings will be done on a T&M basis for actual amount of time required, not to exceed the total amount shown.

For the Services described in Section A-II (Annual Monitoring and Maintenance Services) of Exhibit A, CalMuni will be compensated on the basis an annual flat fee of \$1,750, plus reasonably incurred out of pocket expenses, including travel, conference calls, printing, data services, and other reimbursable expenses not to exceed \$1,150. The invoice for these services will be submitted upon release of the Pension Policy Compliance Report.

For the Services described in Section A-III (Issuance of Debt Obligations) of Exhibit A, CalMuni will be compensated on a contingent (i.e., only if Debt Obligations successfully issued) basis a flat fee of \$35,000 for private placements and \$45,000 for public offerings, plus reasonably incurred out of pocket expenses, including travel, conference calls, printing, data services, and other reimbursable expenses not to exceed \$2,150. All fees and expenses associated with the issuance of debt Obligations shall be paid from the proceeds of such Debt Obligations.

For the Services described in Section A-IV (Annual CDIAC Debt Transparency Reporting) of Exhibit A, CalMuni will be compensated on the basis an annual flat fee of \$450 per annual transaction report, plus reasonably incurred out of pocket expenses, including printing, data services, and other reimbursable expenses not to exceed \$250. The invoice for these services will be submitted upon completion and submission of the Report to CDIAC.

For the Services described in Section A-V (Annual CDIAC Debt Transparency Reporting) of Exhibit A, CalMuni will be compensated on the basis an annual flat fee of \$1,250 per annual transaction report, plus reasonably incurred out of pocket expenses, including printing, data services, and other reimbursable expenses not to exceed \$500. The invoice for these services will be submitted upon completion and submission of the reports to the MSRB.

EXHIBIT C

DISCLOSURE OF CONFLICTS OF INTEREST AND OTHER INFORMATION CALIFORNIA MUNICIPAL ADVISORS LLC

I. Introduction

California Municipal Advisors LLC (hereinafter, referred to as “CalMuni”) is a registered municipal advisor with the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. In accordance with MSRB rules, this disclosure statement is provided by us to each client prior to the execution of its advisory agreement with written disclosures of all material conflicts of interests and legal or disciplinary events that are required to be disclosed with respect to providing financial advisory services pursuant to MSRB Rule G-42(b) and (c) (ii). CalMuni employs a number of resources to identify and subsequently manage actual or potential conflicts of interest in addition to disclosing actual and potential conflicts of interest provided herein.

How We Identify and Manage Conflicts of Interest

Code of Ethics. CalMuni requires all of its employees to conduct all aspects of our business with the highest standards of integrity, honesty and fair dealing. All employees are required to avoid even the appearance of misconduct or impropriety and avoid actual or apparent conflicts of interest between personal and professional relationships that would or could interfere with an employee’s independent exercise of judgment in performing the obligations and responsibilities owed to a municipal advisor and our clients.

Policies and Procedures. CalMuni has adopted policies and procedures that include specific rules and standards for conduct. Some of these policies and procedures provide guidance and reporting requirements about matters that allow us to monitor behavior that might give rise to a conflict of interest. These include policies concerning the making of gifts and charitable contributions, entertaining clients, and engaging in outside activities, all of which may involve relationships with clients and others that are important to our analysis of potential conflicts of interest.

Supervisory Structure. CalMuni has both a compliance and supervisory structure in place that enables us to identify and monitor employees’ activities, both on a transaction and firm-wide basis, to ensure compliance with appropriate standards. Prior to undertaking any engagement with a new client or an additional engagement with an existing client, appropriate municipal advisory personnel will review the possible intersection of the client’s interests, the proposed engagement, our engagement personnel, experience and existing obligations to other clients and related parties. This review, together with employing the resources described above, allows us to evaluate any situations that may be an actual or potential conflict of interest.

Disclosures. CalMuni will disclose to clients those situations that it believes would create a material conflict of interest, such as:

1. any advice, service or product that any affiliate may provide to a client that is directly related to the municipal advisory work of CalMuni;
 2. any payment made to obtain or retain a municipal advisory engagement with a client;
 3. any fee-splitting arrangement with any provider of an investment or services to a client;
 4. any conflict that may arise from the type of compensation arrangement we may have with a client;
- and

5. any other actual or potential situation that CalMuni is or becomes aware of that might constitute a material conflict of interest that could reasonably be expected to impair our ability to provide advice to or on behalf of clients consistent with regulatory requirements.

If CalMuni identifies such situations or circumstances, we will prepare meaningful disclosure describing the implications of the situation and how we intend to manage the situation. CalMuni will also disclose any legal or disciplinary events that are material to a client's evaluation or the integrity of our management or advisory personnel. CalMuni will provide this disclosure (or a means to access this information) in writing prior to starting our proposed engagement and will provide such additional information or clarification as the client may request. CalMuni will also advise clients in writing of any subsequent material conflict of interest that may arise, as well as the related implications, its plan to manage that situation, and any additional information such client may require.

II. General Conflict of Interest Disclosures

Disclosure of Conflicts Concerning the Firm's Affiliates

CalMuni's affiliates offer a wide variety of financial and legal services, and our clients may be interested in pursuing an affiliate's services separately. The affiliate's business with the client could create an incentive for CalMuni to recommend a course of action designed to increase the level of the client's business activities with the affiliate or to recommend against a course of action that would reduce the client's business activities with the affiliate. In either instance, CalMuni may be perceived as recommending services for a client that are not in the best interests of our clients, but rather are in our interests or the interests of our affiliates. Accordingly, CalMuni mitigates any perceived conflict of interest that may arise in this situation by disclosing it to the client, and by requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, after reasonable inquiry, including the client's needs, objectives and financial circumstances. Further, CalMuni receives no compensation from its affiliates with respect to a client introduction or referral. If a client chooses to work with an affiliate, we require that the client consult and enter into a separate agreement for services, so that the client can make an independent, informed, evaluation of the services offered.

Disclosure of Conflicts Related to the Firm's Compensation

From time to time, CalMuni may be compensated by a municipal advisory fee that is or will be set forth in an agreement with the client to be, or that has been, negotiated and entered into in connection with a municipal advisory service. Payment of such fee may be contingent on the closing of the transaction and the amount of the fee may be based, in whole or in part, on a percentage of the principal or par amount of municipal securities or municipal financial product. While this form of compensation is customary in the municipal securities market, it may be deemed to present a conflict of interest since we may appear to have an incentive to recommend to the client a transaction that is larger in size than is necessary. Further, CalMuni may also receive compensation in the form of a fixed fee arrangement. While this form of compensation is customary, it may also present a potential conflict of interest if the transaction ultimately requires less work than contemplated and we are perceived as recommending a more economically friendly pay arrangement. Finally, CalMuni may contract with clients on an hourly fee basis. If CalMuni and the client do not agree on a maximum amount of hours at the outset of the engagement, this arrangement may pose a conflict of interest as we would not have a financial incentive to recommend an alternative that would result in fewer hours. CalMuni manages and mitigates all of these types of conflicts by disclosing the fee structure to the client, and by requiring that there be a review of the municipal securities transaction

or municipal financial product to ensure that it is suitable for the client in light of various factors, after reasonable inquiry, including the client's needs, objectives, and financial circumstances.

Disclosure Concerning Provision of Services to State and Local Government, and Non-Profit Clients

CalMuni regularly provides financial advisory services to state and local governments, their agencies, and instrumentalities, and non-profit clients. While our clients have expressed that this experience in providing services to a wide variety of clients generally provides great benefit for all of our clients, there may be or may have been clients with interests that are different from (and adverse to) other clients. If for some reason any client sees our engagement with any other particular client as a conflict, we will mitigate this conflict by engaging in a broad range of conduct, if and as applicable. Such conduct may include one or any combination of the following: 1) disclosing the conflict to the client; 2) requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, including the client's needs, objectives and financial circumstances; 3) implementing procedures that establishes a "firewall" that creates physical, technological and procedural barriers and/or separations to ensure that non-public information is isolated to particular area such that certain governmental transaction team members and supporting functions operate separately during the course of work performed; and 4) in the rare event that a conflict cannot be resolved, we will withdraw from the engagement.

Disclosure Related to Legal and Disciplinary Events

As registered municipal advisors with the SEC and the MSRB, pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2, our legal, disciplinary and judicial events are required to be disclosed on our forms MA and MA-I filed with the SEC, in 'Item 9 Disclosure Information' of form MA, 'Item 6 Disclosure Information' of form MA-I, and if applicable, the corresponding disclosure reporting page(s). To review the foregoing disclosure items and material change(s) or amendment(s), if any, clients may electronically access CalMuni filed forms MA and MA-I on the SEC's Electronic Data Gathering, Analysis, and Retrieval system, listed by date of filing starting with the most recently filed.

III. Specific Conflicts of Interest Disclosures – Client

The principal of Weist Law LLP ("WeistLaw"), Cameron Weist, is also a principal of CalMuni. We do not believe that this dual representation creates a conflict because the California Rules of Professional Conduct governing the ethical standards imposed on lawyers are aligned with and equal or exceed the fiduciary duties imposed on municipal advisors, and also because CalMuni receives no compensation from WeistLaw, or vice versa, and both firms are independently engaged under separate contracts which have been vetted in light of various factors, including the client's needs, objectives and legal and financial circumstances, to ensure that each such client has made an independent, informed, evaluation of the type and quality of services offered by each entity. If you believe this creates a conflict, please do not sign this Agreement.

To our knowledge, following reasonable inquiry, we are not aware of any other actual or potential conflict of interest that could reasonably be anticipated to impair our ability to provide advice to or on behalf of the Client in accordance with applicable standards of conduct of MSRB Rule G-42.



**BOARD OF LIBRARY TRUSTEES – BUDGET COMMITTEE
AGENDA ITEM V.B. REPORT FOR FEBRUARY 2022**

REPORT: Agenda Item V.b.

MEETING DATE: February 3, 2022

PREPARED BY: Nicole Winslow

LOCATION: Virtual Meeting

BACKGROUND: The Proposed Budget Amendments reports present District revenues and expenses during the first six months of the fiscal year (July-December 2021) with proposed amendments to originally adopted budgets by funding source. Attached reports outline District performance through December 2021 of the fiscal year, the originally adopted budget, proposed amendments to the adopted budget as well as Year-To-Date (YTD) progress of actual performance to the proposed amended budget.

REPORT HIGHLIGHTS:

GENERAL FUND

- **Line 2 Property Taxes & Assessments** – increased to reflect actual taxes and assessments levied as of December 2021.
- **Line 3 Fines & Fees** – decreased mainly due to decreased passport operating activity.
- **Line 5 Other Revenues** – decreased due to lower credit card rebates estimated.
- **Line 6 Transfer In From Capital** – increased by the amount expected to be repaid from the Capital Fund after CFD bond proceeds are received.
- **Line 11 Salaried** – increased due to a shift in personnel structure between salaried and hourly employees.
- **Line 12 Hourly** – decreased due to a shift in personnel structure between salaried and hourly employees.
- **Line 15 Health Insurance Employee** – decreased due to various position vacancies experienced during the fiscal year.
- **Line 18 Vision Insurance** – increased to reflect accurate cost of insurance.
- **Line 19 Life Insurance** – decreased to reflect accurate cost of insurance.
- **Line 20 Workers' Compensation** – increased due to billing incurred for prior year payroll reconciliation costs.
- **Line 21 CalPERS Retirement (Normal Costs)** – decreased due to various position vacancies experienced during the fiscal year.
- **Line 22 Payroll Taxes (District Paid)** – decreased due to various position vacancies experienced during the fiscal year.
- **Line 27 Insurance (Liability, Earthquake)** – increased to reflect actual cost of annual policy.
- **Line 28 Utilities** – increased due to higher costs for electricity and other utilities.
- **Line 29 Fees** – increased due to outsourcing human resources services through Paychex Flex.
- **Line 30 Other Operating** – increased due to higher costs for copier equipment leasing than originally anticipated.

- **Line 31 Facilities, Grounds & Maintenance** – increased due to updates in janitorial services provided through Verde Facilities.
- **Line 32 Structures & Improvements** – reduced by \$15K as all major structures and improvements future spending will be funded through CFD Bond proceeds received in the Capital Fund.
- **Line 33 Equipment, Furniture & Fixtures** – reduced to a zero budget as no purchases are anticipated for the remainder of the fiscal year.
- **Line 34 Staff Development, Training & Travel** – reduced due to lower travel and training costs experienced due to circumstances surrounding the ongoing COVID-19 pandemic.
- **Line 35 Advertising & Marketing** – increased for additional recruitment costs as the District searches to fill vacant positions.
- **Line 36 Miscellaneous Expense** – increased to \$500 to allow for unexpected miscellaneous expenses that do not belong to another expense line item.
- **Line 39 Audit and Financial Consulting** – increased for additional finance services required throughout the fiscal year due to the vacant administrative manager position.
- **Line 40 Legal Fees** – decreased due to reduced legal services required during the fiscal year.
- **Line 44 Internet Service / E-Rate** – increased due to higher than expect costs for internet services.
- **Line 45 Technology Equipment** – decreased due to reduced technology equipment purchases.
- **Line 47 Technology Consulting** – reduced to zero due as technology consulting services are not anticipated for the remainder of the fiscal year.
- **Line 61 Total Library Materials** – individual budget line items within the Library Materials category have been re-allocated for specific department requirements. The overall net change in the category results in no increase or decrease to expenses.
- **Line 70 Volunteer Services** – reduced by \$500 due to less volunteer service activity due to the ongoing circumstances surrounding the COVID-19 pandemic.
- **Line 72 Transfer Out to Capital** – increased by the amount needed to supplement Capital Fund spending before CFD bond proceeds are received.
- **Line 73 Transfer Out to Reserves** – increased by the amount expected to be added to General Fund reserves after all amendments to the budget have been considered. The District anticipates that \$51,650 will be added to General Fund reserves at the end of Fiscal Year 2021/22.

DONATIONS & GRANTS FUND

- **Line 6 Designated** – increased to reflect \$25.7K in ECF funding previously received from the State and \$250K in State funding to be received for purposes of expanding the District's footprint within the community. The \$250K will be used for the purchase of another mobile library unit as well as District vending machines to be placed around the community for access to various library materials.
- **Line 14 Equipment, Furniture & Fixtures** – increased by \$161K for library vending machines purchase and installation as well as \$51.5K for an additional mobile library unit.
- **Line 15 Facilities, Grounds & Maintenance** – increased by \$15K due to expected maintenance costs related to the newly acquired vending machines.
- **Line 16 Staff Recognition** – increased for additional staff recognition. This \$1K of funding was provided by the adjustment to Line 20 Mobile Library.

- **Line 20 Mobile Library** – reduced to fund budget amendments in Line 16 Staff Recognition and Line 25 Mobile Library Collection.
- **Line 25 Mobile Library Collection** – increased for additional materials for the mobile library unit. This \$3K of funding was provided by the adjustment from Line 20 Mobile Library.
- **Line 28 through Line 31** – these various information technology line items were adjusted to reflect expenses incurred with the use of ECF funding received by the State. This accounts for \$25.7K in funding mentioned in Line 6 Designated revenues.
- **Line 32 Website Development** – increased by \$20K for expenses related to District website development that will be paid for by State funding related to “expanding the District footprint” mentioned in Line 6 Designated revenues.

CAPITAL FUND

- **Line 2 Transfer In From Reserves** – increased to reflect the actual amount of Capital Fund reserves expected to be used during Fiscal Year 2021/22.
- **Line 3 Transfer In From General** – increased to reflect the actual amount of Transfers In from General Fund reserves to be used before CFD bond proceeds are received.
- **Line 13 CFD Project Management** – increased to reflect additional project management services required during Fiscal Year 2021/22.
- **Line 15 Transfer Out To General** – increased to reflect the increased reserves borrowing to be paid back to the General Fund after CFD bond proceeds are received.

FISCAL IMPACT:

The above changes result in a net zero impact to the District budget and restores \$51,650 to our General Fund reserve balance.

STAFF RECOMMENDATION: Staff recommends that the Budget Committee review and recommend the approval of the Mid-Year Proposed Budget Amendments for Fiscal Year 2021/22 to the Board of Trustees.

FY 2021/22 Mid-Year Proposed Budget Amendments General Fund

	Dec 2021 YTD	Adopted Budget	Proposed FY 22 Amendment	FY22 Amended Budget	% Budget Amended
1 REVENUES					
2 Property Taxes & Assessments	\$ 3,759,784	\$ 3,748,200	40,600	\$ 3,788,800	99%
3 Fines & Fees	27,803	97,000	(43,000)	54,000	51%
4 Interest Income	2,241	4,400	-	4,400	51%
5 Other Revenues	5,732	62,000	(5,000)	57,000	10%
6 Transfer In from Capital	299,000	299,000	36,000	335,000	89%
7 TOTAL REVENUES	4,094,560	4,210,600	28,600	4,239,200	97%
8 EXPENSES					
9 Salaries & Benefits					
10 Wages					
11 Salaried	414,113	808,500	236,500	1,045,000	40%
12 Hourly	493,171	1,246,200	(271,200)	975,000	51%
13 Total Wages	907,283	2,054,700	(34,700)	2,020,000	45%
14 Benefits, Retirement & Taxes					
15 Health Insurance - Employee	64,862	158,400	(3,400)	155,000	42%
16 Health Insurance - Retiree	35,592	77,000	-	77,000	46%
17 Dental Insurance	6,740	14,500	-	14,500	46%
18 Vision Insurance	2,655	5,000	500	5,500	48%
19 Life Insurance	698	1,600	(100)	1,500	47%
20 Workers' Compensation	42,354	40,300	2,100	42,400	100%
21 CalPERS Retirement (Normal Costs)	66,010	150,600	(8,600)	142,000	46%
22 CalPERS UAL Minimum Payment	197,825	197,900	-	197,900	100%
23 Payroll Taxes (District-Paid)	64,137	164,200	(4,200)	160,000	40%
24 Total Benefits, Retirement & Taxes	480,873	809,500	(13,700)	795,801	60%
25 Total Salaries & Benefits	1,388,156	2,864,200	(48,400)	2,815,800	49%
26 Operating Expenses					
27 Insurance (Liability, Earthquake)	96,571	96,100	450	96,550	100%
28 Utilities	32,978	61,500	6,500	68,000	48%
29 Fees	48,776	54,200	12,100	66,300	74%
30 Other Operating	47,223	77,000	7,600	84,600	56%
31 Facilities, Grounds & Maintenance	47,550	53,000	45,500	98,500	48%
32 Structures & Improvements	7,509	25,000	(15,000)	10,000	75%
33 Equipment, Furniture & Fixtures	-	15,000	(15,000)	-	0%
34 Staff Development, Training & Travel	8,679	26,500	(9,400)	17,100	51%
35 Advertising & Marketing	3,900	9,000	1,500	10,500	37%
36 Miscellaneous Expense	250	-	500	500	50%
37 Total Operating Expenses	293,436	417,300	34,750	452,050	65%
38 Professional Services					
39 Audit and Financial Consulting	60,884	60,000	30,000	90,000	68%
40 Legal Fees	7,842	45,000	(25,000)	20,000	39%
41 Consultants - Other	6,225	30,000	-	30,000	21%
42 Total Professional Services	74,951	135,000	5,000	140,000	54%

FY 2021/22 Mid-Year Proposed Budget Amendments General Fund

	Dec 2021 YTD	Adopted Budget	Proposed FY 22 Amendment	FY22 Amended Budget	% Budget Amended
43 Information Technology (IT)					
44 Internet Service / E-Rate	26,244	53,000	5,000	58,000	45%
45 Technology Equipment	18,409	35,000	(10,000)	25,000	74%
46 Technology Maintenance Fees	18,115	25,000	-	25,000	72%
47 Technology Consulting	-	17,000	(17,000)	-	0%
48 Telecommunications	4,408	9,500	-	9,500	46%
49 Website Development	52	500	-	500	10%
50 Total Information Technology (IT)	67,228	140,000	(22,000)	118,000	57%
51 Library Materials					
52 Books	62,665	130,000	5,000	135,000	46%
53 Downloadables	32,409	69,000	-	69,000	47%
54 DVD's & Videogames	5,712	33,000	(5,000)	28,000	20%
55 Electronic Databases / Subscriptions	23,756	17,000	9,500	26,500	90%
56 Periodicals	4,403	13,500	(6,500)	7,000	63%
57 Audio CD	4,824	8,000	-	8,000	60%
58 Purchase Suggestions	4,525	7,000	2,000	9,000	50%
59 Library of Things	1,850	6,000	-	6,000	31%
60 Mobile Library Collection	-	5,000	(5,000)	-	0%
61 Total Library Materials	140,143	288,500	-	288,501	49%
62 Programs					
63 Adult Services	-	15,000	-	15,000	0%
64 Mobile Library	-	-	-	-	0%
65 Summer Reading	-	-	-	-	0%
66 Youth Services	5,565	11,000	-	11,000	51%
67 Teen Services	1,821	6,000	-	6,000	30%
68 Bob Lucas Branch Services	2,789	5,700	-	5,700	49%
69 Literacy Services	-	-	-	-	0%
70 Volunteer Services	210	1,000	(500)	500	42%
71 Total Programs	10,385	38,700	(500)	38,200	27%
72 Transfer Out to Capital	299,000	299,000	36,000	335,000	89%
73 Transfer Out to Reserves	-	27,900	23,750	51,650	0%
74 TOTAL EXPENSES	2,273,300	4,210,600	28,600	4,239,200	54%
75 NET REVENUES / (EXPENSES)	\$ 1,821,260	\$ -	\$ -	\$ -	

FY 2021/22 Mid-Year

Proposed Budget Amendments

Donations & Grants Fund

	Dec 2021 YTD	Adopted Budget	Proposed FY 22 Amendment	FY22 Amended Budget	% Budget Amended
1 REVENUES					
2 Donations & Grants					
3 Altadena Library Foundation	\$ 30,000	\$ 30,000	\$ -	\$ 30,000	100%
4 Friends of the Library	15,000	15,000	-	15,000	100%
5 CA Library Literacy Services	21,648	20,000	-	20,000	108%
6 Designated	25,712	-	275,800	275,800	9%
7 Total Donations & Grants	92,360	65,000	275,800	340,800	27%
8 TOTAL REVENUES	92,360	65,000	275,800	340,800	27%
9 EXPENSES					
10 Wages					
11 Salaried	15,000	15,000	-	15,000	100%
12 Total Wages	15,000	15,000	-	15,000	100%
13 Operating Expenses					
14 Equipment, Furniture & Fixtures	-	-	212,500	212,500	0%
15 Facilities, Grounds & Maintenance	-	-	15,000	15,000	0%
16 Staff Recognition	3,119	4,000	1,000	5,000	62%
17 Total Operating Expenses	3,119	4,000	228,500	232,500	1%
18 Programs					
19 Adult Services	8,957	10,000	-	10,000	90%
20 Mobile Library	5,860	16,000	(4,000)	12,000	49%
21 Summer Reading	2,661	15,000	-	15,000	18%
22 Literacy Services	3,425	5,000	-	5,000	68%
23 Total Programs	20,902	46,000	(4,000)	42,000	50%
24 Library Materials					
25 Mobile Library Collection	-	-	3,000	3,000	0%
25 Total Library Materials	-	-	3,000	3,000	0%
27 Information Technology (IT)					
28 Technology Consulting	1,800	-	1,800	1,800	100%
29 Internet Service / E-Rate	-	-	2,500	2,500	0%
30 Technology Equipment	19,628	-	19,600	19,600	100%
31 Technology Maintenance Fees	4,452	-	4,400	4,400	101%
32 Website Development	-	-	20,000	20,000	0%
33 Total Information Technology (IT)	25,880	-	48,300	48,300	54%
34 TOTAL EXPENSES	64,902	65,000	275,800	340,800	19%
35 NET REVENUES / (EXPENSES)	\$ 27,458	\$ -	\$ -	\$ -	0%

FY 2021/22 Mid-Year Proposed Budget Amendments Capital Fund

	Dec 2021 YTD	Adopted Budget	Proposed FY 22 Amendment	FY22 Amended Budget	% Budget Amended
1 REVENUES					
2 Transfer In From Reserves	-	299,000	36,000	335,000	0%
3 Transfer In From General	299,000	299,000	36,000	335,000	89%
4 TOTAL REVENUES	299,000	598,000	72,000	670,000	45%
5 EXPENSES					
6 Professional Services					
7 Audit and Financial Consulting	11,088	15,000	-	15,000	74%
8 Total Professional Services	11,088	15,000	-	15,000	74%
9 CFD Bond					
10 CFD Bond Issuance Consulting	9,835	102,000	-	102,000	10%
11 CFD Administration	5,622	15,000	-	15,000	37%
12 CFD Banking Fees	-	7,000	-	7,000	0%
13 CFD Project Management	142,457	160,000	36,000	196,000	73%
14 Total CFD Bond	157,914	284,000	36,000	320,000	49%
15 Transfer Out to General	299,000	299,000	36,000	335,000	89%
16 TOTAL EXPENSES	468,002	598,000	72,000	670,000	70%
17 NET REVENUES / (EXPENSES)	(169,002) \$	- \$	- \$	- \$	-