

BOARD MEETING DATE: February 5, 2021

AGENDA NO. 9

**PROPOSAL:** Receive and File Annual Report on 457 Deferred Compensation Plan, Appoint Member to Deferred Compensation Plan Committee, and Issue RFP for Deferred Compensation Plan Administrator Services

**SYNOPSIS:** South Coast AQMD sponsors an IRS-approved 457 deferred compensation program for its employees. The Annual Report addresses the Board's responsibility for monitoring the activities of the Deferred Compensation Plan Committee and ensuring the Committee carries out its fiduciary duties and responsibilities under the Committee Charter. This action is to receive and file the Annual Report. This action is also to appoint a new member to the Committee, due to a recent retirement, pursuant to the Committee Charter. Finally, this action is to issue an RFP to provide record-keeping and administration services for the 457 Deferred Compensation Plan.

**COMMITTEE:** Administrative, January 15, 2021; Recommended for Approval

**RECOMMENDED ACTION:**

1. Receive and file Annual Report on 457 Deferred Compensation Plan;
2. Appoint Human Resources Manager Raquel Arciniega to the Deferred Compensation Plan Committee, effective February 5, 2021; and
3. Approve release of Request for Proposals #2021-xx to provide record-keeping and administration services for the 457 Deferred Compensation Plan.

Wayne Natri  
Executive Officer

AJO:mm

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**Background**

South Coast AQMD sponsors and administers a 457 deferred compensation program for its employees. The Deferred Compensation Plan ("Plan") is administered by

Massachusetts Mutual Life Insurance Company (MassMutual), a retirement services, asset management and insurance firm. State law governs the fiduciary requirements for the operation and investment of 457 plans sponsored by governmental entities. South Coast AQMD's Governing Board serves a fiduciary role, subject to the duties and obligations under Article XVI, Section 17 of the California Constitution.

To meet its fiduciary responsibilities, the Board, at the time it established South Coast AQMD's 457 Plan, also established a Deferred Compensation Plan Committee ("Committee") to oversee the administration of the Plan. On May 2, 2008, the Board approved the Deferred Compensation Plan Committee Charter, formalizing the fiduciary duties and responsibilities of the Committee. The four members of the Deferred Compensation Plan Committee are the Chief Financial Officer, the Deputy Executive Officer/Administrative and Human Resources, the Human Resources Manager over employee benefits, and the General Counsel. The Human Resources Manager retired in August 2020. Pursuant to Article VIII of the Committee Charter, the Board shall appoint a successor.

In addition to the retirement plan administrator, South Coast AQMD utilizes the services of an independent, third-party consulting firm, Benefit Financial Services Group (BFSG), to provide services to the Plan as a fiduciary under a Registered Investment Advisor agreement.

The Committee was recently advised of the acquisition of MassMutual's retirement business by Empower Retirement (Empower). As of June 30, 2020, Empower administers \$667 billion in assets for more than 9.7 million retirement plan participants. It is the nation's second-largest retirement plan recordkeeper by total participants, serving all segments of the employer-sponsored retirement plan market. The transaction is scheduled to close in the fourth quarter of 2020, pending customary regulatory approvals. There are no expected changes to the Plan or to how participants interact with their accounts. The contract with MassMutual for record-keeping and administrative services expires December 31, 2021.

### **Summary of Report**

The Committee meets on a quarterly basis to review the Plan's design, investment options, asset allocation, and demographics, and to make changes as necessary. During the 2019-20 fiscal year period, the Committee placed one fund on the Watch List due to relative underperformance, replaced one Large Blend fund, and conducted a review of a Share Class analysis. In terms of Plan changes, the Committee revised the Investment Policy Statement and the Loan Policy, and adopted provisions permitted by the Coronavirus Relief, Aid, And Economic Security ("CARES") Act. The Committee also recommended renewing the financial consultant services agreement with BFSG, based upon its review and evaluation of proposals submitted pursuant to an RFP.

As of June 30, 2020, the Plan has:

- 1,027 participants (employees and retirees)
- Approximately \$189 million in assets
- Outperformed the 3-, 5- and 10-year performance benchmarks

The Annual Report provides detailed information regarding Plan Assets/Demographics and Plan Performance.

**Proposal**

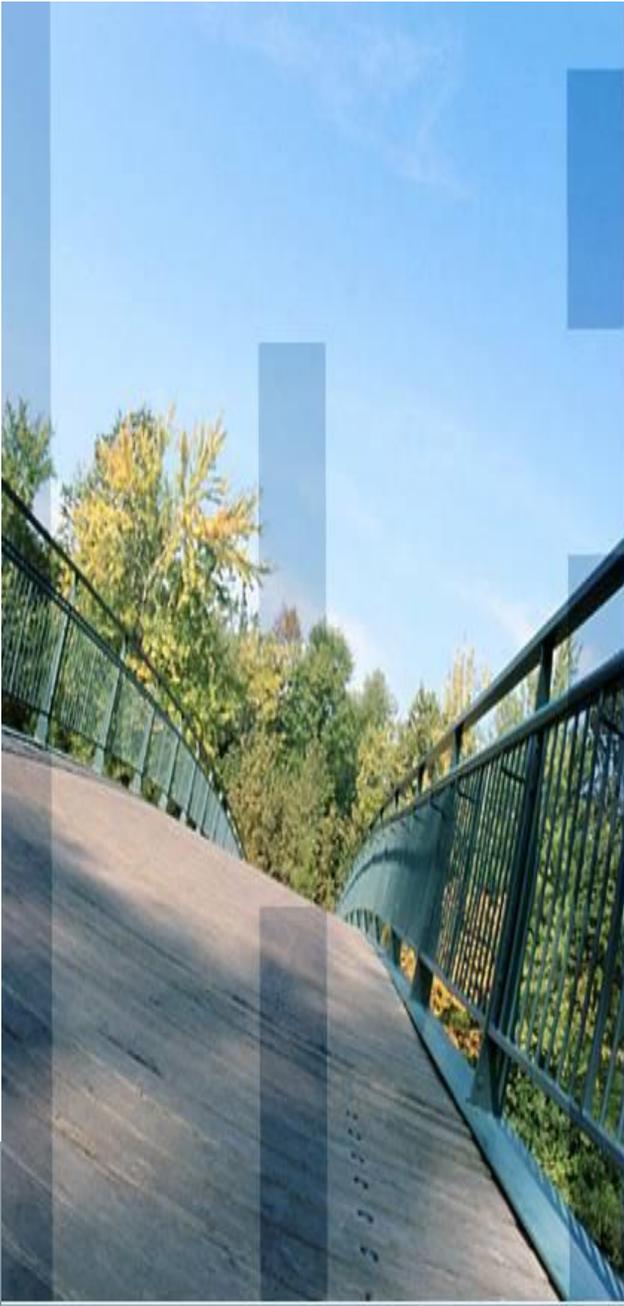
Staff recommends the Board receive and file the 457 Deferred Compensation Plan Annual Report to the Board for FY 2019-20.

Staff also recommends appointing the recently promoted Human Resources Manager for Labor Relations/Benefits, Raquel Arciniega, as a member of the Committee, effective February 5, 2021, to replace the retired manager.

Staff further recommends the Board issue an RFP to provide record-keeping and administrative services to South Coast AQMD's 457 Deferred Compensation Plan. BFSG will assist in the RFP process. Proposals will be evaluated by the Committee. It is anticipated that a recommendation for these services will be presented to the Administrative Committee in August 2021 for Board consideration in September 2021. This will allow sufficient time for a transition process, if necessary, with a contract effective on January 1, 2022.

**Attachment**

457 Deferred Compensation Plan Annual Report for FY 2019-20



# **ANNUAL REPORT TO THE BOARD**

**REPORT PERIOD: JULY 2019 -  
JUNE 2020**

South Coast Air Quality Management District  
457 Deferred Compensation & 401 (a)  
Defined Contribution Plans

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# SECTION I

## EXECUTIVE SUMMARY

# Executive Summary

South Coast Air Quality Management District (“SCAQMD”) maintains a governmental 457(b) Deferred Compensation Plan and 401(a) Defined Contribution Plan (collectively, the “Plan”) for the benefit of eligible employees. SCAQMD’s Deferred Compensation Plan was adopted on January 1, 1987. SCAQMD’s 401(a) Plan was adopted on January 1, 2017.

SCAQMD’s Deferred Compensation Plan Committee (“Committee”), officially chartered in May 2008, and whose members are appointed by SCAQMD’s Governing Board, meets on a regular basis to review the Plan’s design, investment options, asset allocation/demographics, and to make changes as necessary. Current membership includes the Deputy Executive Officer of Administration and Human Resources, Chief Financial Officer and General Counsel.

The Plan is administered by Massachusetts Mutual Life Insurance Company (“Mass Mutual”), a retirement services, asset management and insurance firm. MassMutual provides recordkeeping and administration services to more a high number of governmental plans. MassMutual has been administering 457 plans since 1979 and has an S&P credit rating of AA+ (as of April 8, 2020).

In addition to the retirement plan administrator, SCAQMD utilizes the services of Benefit Financial Services Group (“BFSG”). BFSG is a third-party consulting firm that provides services to the Plan as a fiduciary under a Registered Investment Advisor agreement. Their consulting services include investment analysis, review and recommendation of investment options offered in the Plan, fiduciary compliance assistance to Committee members and Plan cost benchmarking. BFSG has been providing services to the Plan since 2007.

The Plan was established to provide a retirement savings program for the employees of SCAQMD and is maintained for the exclusive purpose of benefiting the Plan participants and their beneficiaries. The Plan is also intended to operate in accordance with all applicable state and federal laws and regulations.

While Plan participants are ultimately responsible for their own investment decisions, the Committee endeavors to provide an appropriate range of investment options, allowing participants to invest in accordance with their own time horizons, risk tolerance, and retirement goals.

# SECTION II

YEAR IN REVIEW

## 2019/2020 Year in Review

Items addressed and adopted by the Committee during the year are as follows:

### Plan Updates

Meeting Date	Item	Update
October 10, 2019	Investment Policy Statement ("IPS")	The Committee unanimously agreed to adopt proposed revisions to the IPS.
	Annual Report	The Committee received and filed a copy of the Annual Report.
	Loan Policy	The Committee unanimously reaffirmed options available for loan refinance in the 457 Plan.
April 9, 2020	Plan Amendment – 457 Plan	The Committee unanimously agreed to adopt all optional provisions permitted by the Coronavirus, Relief, Aid, And Economic Security ("CARES") Act.
June 9, 2020	BFSG Consulting Agreement	The Committee unanimously agreed to recommend to the Executive Officer that the contract be awarded to BFSG. The contract was extended until June 2022.

## 2019/2020 Year in Review

Items addressed and adopted by the Committee during the year are as follows:

### Investment Menu

Meeting Date	Item	Update
October 10, 2019	Watch List	The Committee unanimously agreed to place Invesco Equity & Income on Watch due a change in fund management.
December 10, 2019	Fund Share Class Review	The Committee reviewed a Share Class analysis. No changes were required at this time.
April 9, 2020	Fund Changes	The Committee unanimously agreed to remove Invesco Equity & Income and replace it with American Funds American Balanced. This change was effective June 15, 2020.
June 9, 2020	Default Investment Alternative	The Committee unanimously affirmed default investment options for both Plans.

# SECTION III

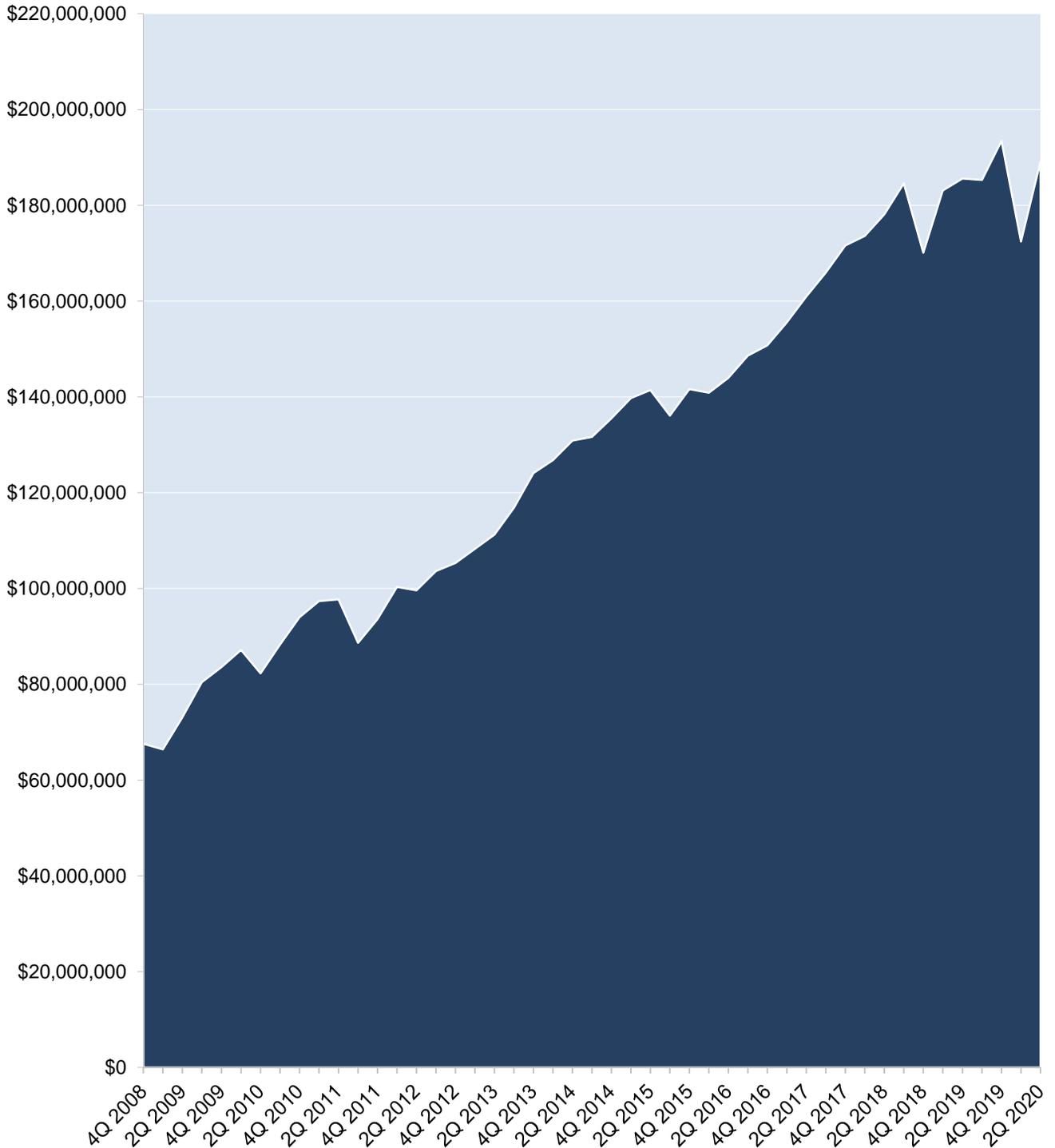
PLAN ASSETS /  
DEMOGRAPHICS

## Plan Assets (Combined) / Demographics as of June 30, 2020

Investment Option	% of Total Assets	# of Balances	Total Combined Assets (\$)
Guaranteed Interest Account	47.95%	670	\$90,386,229
T. Rowe Price Blue Chip Growth I	11.96%	473	\$22,543,794
American Funds Fundamental Invs R6	6.89%	219	\$12,982,158
Vanguard Institutional Index I	4.77%	242	\$8,997,948
Hartford MidCap Y	3.62%	370	\$6,829,086
Hartford Dividend and Growth R5	3.08%	371	\$5,813,481
Metropolitan West Total Return Bd I	2.34%	262	\$4,419,976
Hartford International Opportunities R5	2.30%	388	\$4,330,336
American Funds American Balanced R6	1.97%	120	\$3,712,087
T. Rowe Price Retirement 2045	1.65%	82	\$3,102,573
Goldman Sachs Small Cap Gr Insghts Inv	1.64%	329	\$3,097,065
Hartford Healthcare R5	1.63%	96	\$3,071,558
Vanguard Total Bond Market Index Adm	1.61%	192	\$3,037,294
T. Rowe Price Retirement 2035	1.28%	36	\$2,416,359
Vanguard Mid Cap Index Admiral	1.00%	167	\$1,892,262
Vanguard Selected Value Inv	0.93%	300	\$1,760,148
Vanguard Utilities Index Adm	0.86%	85	\$1,615,058
MFS International New Discovery A	0.85%	137	\$1,604,740
American Beacon Small Cap Value R6	0.64%	296	\$1,210,130
Vanguard Small Cap Index Adm	0.63%	143	\$1,191,306
Vanguard Developed Markets Index Admiral	0.47%	114	\$887,009
Vanguard FTSE Social Index Admiral	0.35%	50	\$660,491
T. Rowe Price Retirement 2040	0.32%	10	\$605,883
Vanguard Real Estate Index Admiral	0.27%	54	\$517,044
T. Rowe Price Retirement 2025	0.21%	15	\$393,559
T. Rowe Price Retirement 2050	0.17%	22	\$324,797
DFA US Large Cap Value I	0.12%	74	\$226,928
T. Rowe Price Retirement 2055	0.12%	16	\$226,031
T. Rowe Price Retirement 2060	0.10%	29	\$179,309
Vanguard Small Cap Value Index Admiral	0.09%	20	\$164,789
T. Rowe Price Retirement 2030	0.07%	7	\$124,806
T. Rowe Price Retirement 2020	0.05%	5	\$98,490
Vanguard Emerging Mkts Stock Idx Adm	0.04%	8	\$67,385
T. Rowe Price Retirement 2015	0.01%	3	\$15,266
T. Rowe Price Retirement 2010	0.00%	1	\$4,070
T. Rowe Price Retirement 2005	0.00%	1	\$1
<b>Subtotal</b>	<b>100.00%</b>		<b>\$188,509,446</b>
Self-Directed Brokerage Account		7	\$627,610
<b>Total</b>		<b>1,027</b>	<b>\$189,137,056</b>

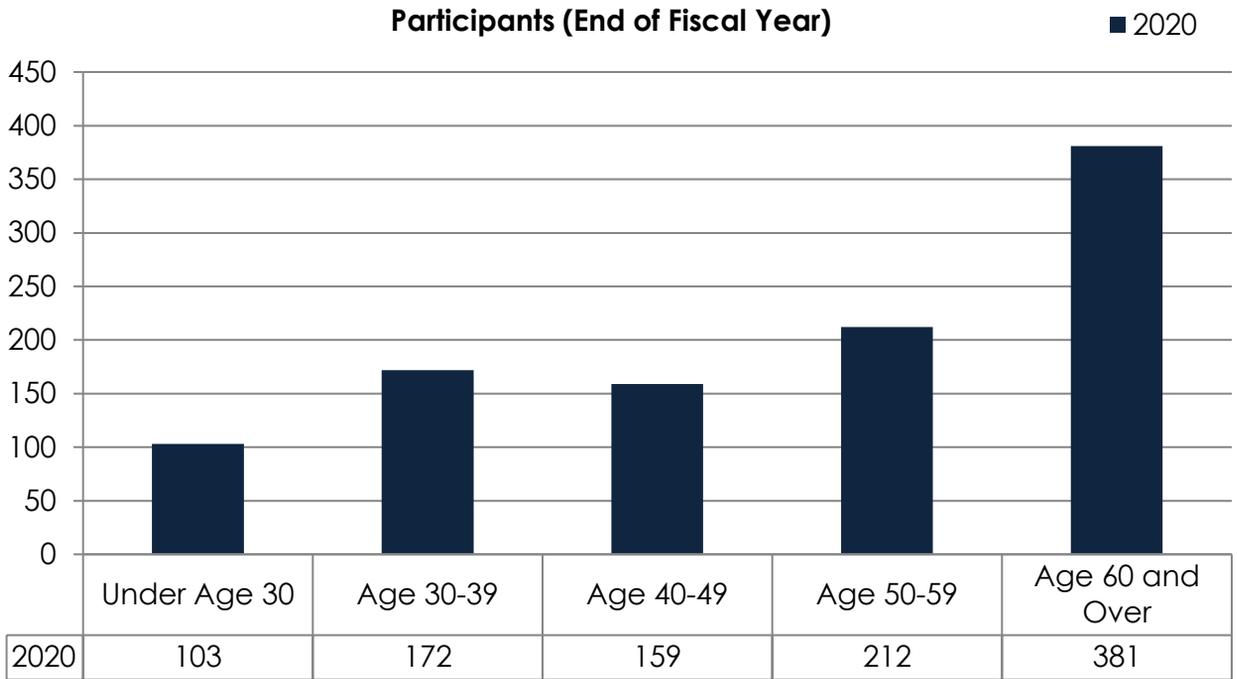
# Plan Assets / Demographics

## Growth of Plan Assets

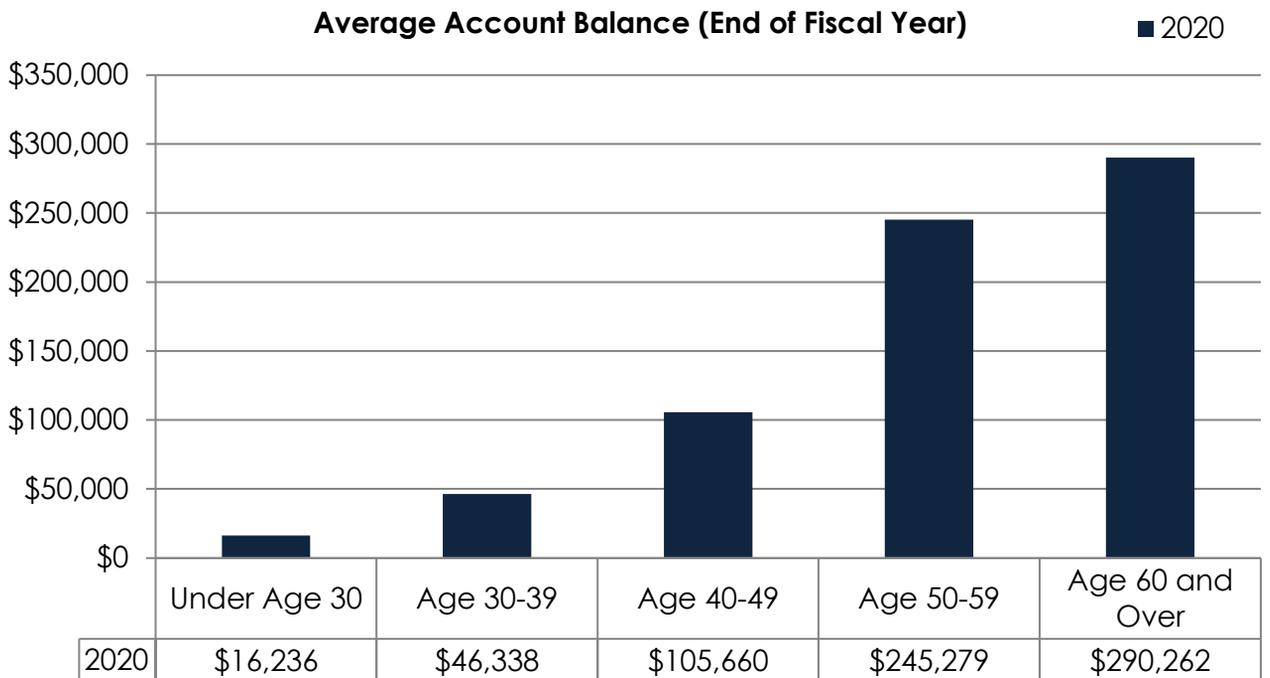


# Plan Assets / Demographics

## Plan Participants by Age



## Average Account Balance by Age



# Plan Assets / Demographics

## Annual Net Cash Flow –YTD 2020

QUARTER ENDING	2020				YTD
	March 31st	June 30th	September 30th	December 31st	Jan 1st - Dec 31st
<b>Cash Flow</b>					
Beginning Market Value	\$193,449,766	\$172,427,057			\$193,449,766
Contributions	\$2,511,823	\$1,939,747			\$4,451,569
Withdrawals	-\$4,331,808	-\$2,811,922			-\$7,143,729
Net Loan Activity	\$160,752	\$106,706			\$267,458
Fees	-\$38,328	-\$36,011			-\$74,339
<b>NET CASH FLOW</b>	<b>-\$1,697,561</b>	<b>-\$801,480</b>			<b>-\$2,499,041</b>
Change in Value	-\$19,419,260	\$17,511,479			-\$1,907,781
Other Activity	\$94,111	\$0			\$94,111
Ending Market Value	\$172,427,057	\$189,137,056			\$189,137,056

## Annual Net Cash Flow - 2019

QUARTER ENDING	2019				YTD
	March 31st	June 30th	September 30th	December 31st	Jan 1st - Dec 31st
<b>Cash Flow</b>					
Beginning Market Value	\$170,072,234	\$183,074,206	\$185,576,660	\$185,287,367	\$170,072,234
Contributions	\$2,160,412	\$2,315,617	\$1,584,201	\$1,675,387	\$7,735,617
Withdrawals	-\$1,709,724	-\$3,995,084	-\$2,533,823	-\$2,243,682	-\$10,482,314
Net Loan Activity	\$95,537	-\$45,584	-\$127,281	\$73,604	-\$3,723
Fees	-\$35,728	-\$37,988	-\$38,596	-\$38,787	-\$151,099
<b>NET CASH FLOW</b>	<b>\$510,497</b>	<b>-\$1,763,039</b>	<b>-\$1,115,499</b>	<b>-\$533,478</b>	<b>-\$2,901,519</b>
Change in Value	\$12,191,791	\$4,229,828	\$642,221	\$8,695,878	\$25,759,718
Other Activity	\$299,684	\$35,665	\$183,985	\$0	\$519,334
Ending Market Value	\$183,074,206	\$185,576,660	\$185,287,367	\$193,449,766	\$193,449,766

# SECTION IV

## PLAN PERFORMANCE

## Weighted Portfolio Return versus Custom Benchmark

Performance as of June 30, 2020	Annualized Returns						3 YR	3 YR	Expense	Net
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Std Dev	Sharpe	Ratio	Expense**
<b>SCAQMD Plans (Combined)</b>	<b>11.03%</b>	<b>1.10%</b>	<b>6.23%</b>	<b>7.27%</b>	<b>7.16%</b>	<b>8.82%</b>	<b>8.08</b>	<b>0.70</b>	<b>0.57</b>	<b>0.61</b>
Custom Benchmark - Index (Passive)	10.47%	0.24%	5.53%	6.39%	5.97%	7.46%	8.03	0.60	N/A	N/A
Static Benchmark	9.72%	1.55%	6.73%	5.98%	5.48%	6.29%	6.97	0.63	N/A	N/A
Custom Benchmark - Category (Active)	10.56%	-0.32%	4.24%	5.51%	5.02%	6.69%	8.18	0.49	0.79	N/A

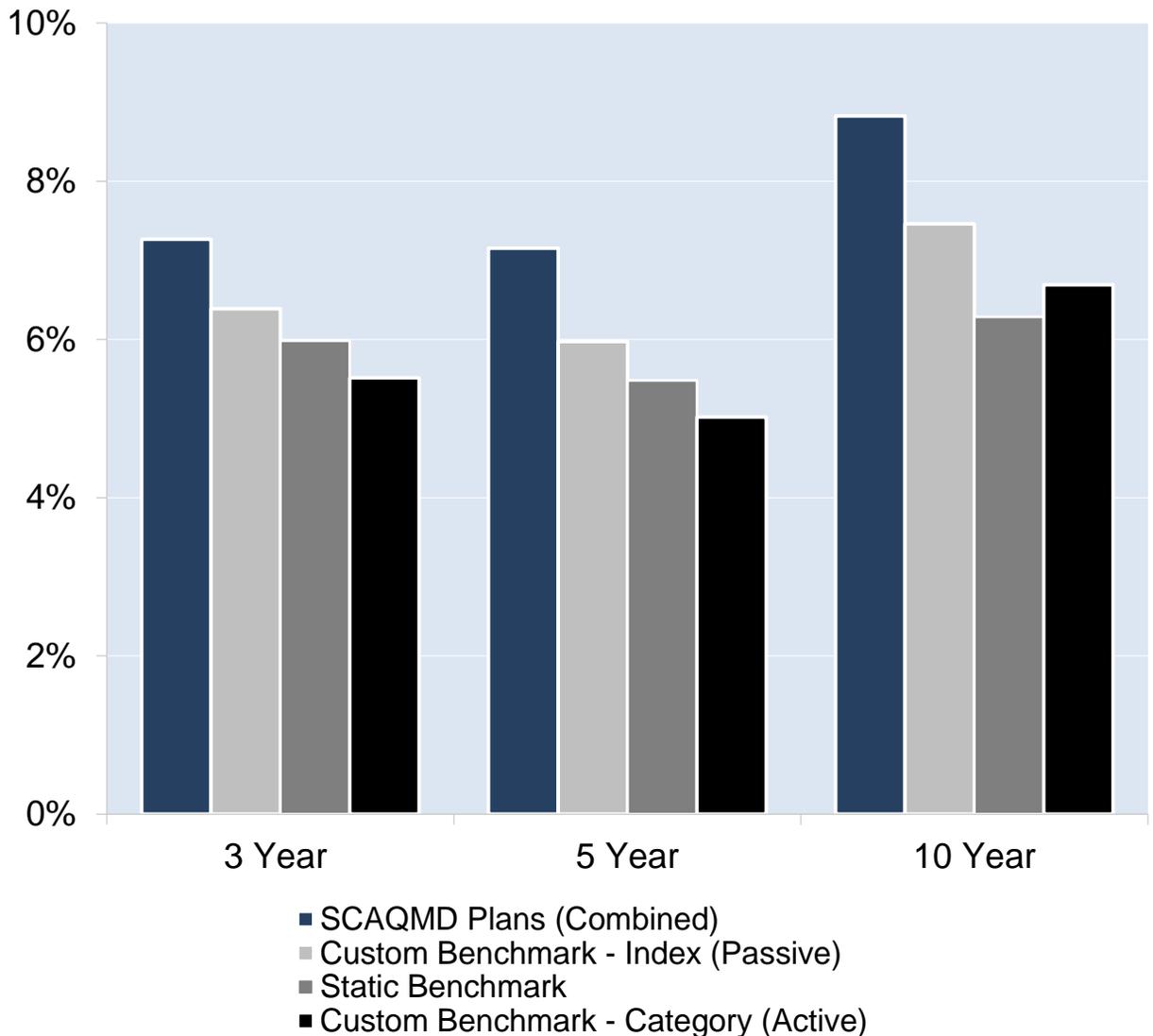
\*Custom expense ratio represents the weighted expense (based upon current allocation) of Institutional and Retirement share classes in each asset category.

\*\*Net Expense equals the Plan's weighted expense ratio plus 8 Bps levelized fee, minus revenue sharing reimbursement.

\*Note: MSCI US REIT Index used for Passive Benchmark return calculation, due to lack of performance history for MSCI US Inv Mkt RE 25/50 Trans.

Note: The actual share classes of each fund in the Plan were used for performance metrics.

### Annualized Returns



# Individual Fund Ranking (Per Investment Policy Statement Evaluation Criteria)

Investment Name
<b>Intermediate Core-Plus Bond</b> Metropolitan West Total Return Bond Fund
<b>Allocation--50-70% Equity</b> American Funds American Balanced Fund
<b>Large Value</b> DFA US Large Cap Value Portfolio Hartford Dividend and Growth Fund
<b>Large Blend</b> American Funds Fundamental Invs
<b>Large Growth</b> T. Rowe Price Blue Chip Growth Fund
<b>Mid Value</b> Vanguard Selected Value Fund
<b>Mid Growth</b> Hartford MidCap Fund
<b>Small Value</b> American Beacon Sm Cap Val Fd
<b>Small Growth</b> Goldman Sachs Small Cap Gr Insights Fd
<b>Foreign Large Equity</b> Hartford International Opportunities Fd
<b>Foreign Small/Mid Equity</b> MFS International New Discovery Fund
<b>Healthcare</b> Hartford Healthcare Fund
<b>Target Date Series</b> T. Rowe Price Retirement Series
<b>Average Rank</b>
<b>Plan Weighted Rank (Reweighted)</b>

Quarterly Ranking			
2Q20	1Q20	4Q19	3Q19
2	1	25	21
1	0	0	2
31	25	12	14
4	3	3	2
26	19	14	21
4	3	2	1
56	57	32	31
56	42	28	23
21	23	18	17
57	58	43	41
34	36	40	40
20	17	18	16
45	38	41	41
26	38	16	19
27	30	24	24
21	21	18	18



Note: Average and Plan-Weighted Average rankings shown above reflect the actual funds offered in the Plan (and their respective weightings) during the applicable quarter.

# SECTION V

## APPENDIX



**South Coast  
Air Quality Management District**

21865 Copley Drive, Diamond Bar, CA 91765  
(909) 396-2000, [www.aqmd.gov](http://www.aqmd.gov)

MEETING DATE: October 10, 2019

REPORT: Deferred Compensation Plan Committee

SYNOPSIS: The Deferred Compensation Plan Committee met on Thursday, October 10, 2019 at 3:00 pm at SCAQMD headquarters in Diamond Bar. The following is a summary of that meeting.

RECOMMENDED ACTION:  
Receive and file.

A. John Olvera, Chair  
Deferred Compensation Plan

### **Committee Members Present**

Mr. John Olvera – Asst. Deputy Executive Officer/Admin and Human Resources  
Mr. Bayron Gilchrist – General Counsel  
Ms. Sujata Jain - Asst. Deputy Executive Officer/Finance  
Mr. Bill Richards – Human Resources Manager

### **Committee Members Absent**

None

### **Guests**

Dario Gomez, MassMutual  
Darren Stewart, Benefit Financial Services Group (“BFSG”)  
Aksana Munoz, BFSG

### **Call to Order**

Chair Olvera called the meeting to order at 3:02 pm.

### **ACTION ITEMS:**

- 1. Approval of Prior Meeting Minutes:** The Committee reviewed and unanimously approved the minutes of the meeting held on June 4, 2019.
- 2. 457 and 401(a) Plans Quarterly Investment Review – 2<sup>nd</sup> Quarter 2019:** The Committee reviewed and unanimously approved the Retirement Plan Quarterly Investment Review (the “Report”) for the 457 Deferred Compensation Plan and the 401(a) Defined Contribution Plan (collectively the “Plans”) for the quarter ending June 30, 2019.

Mr. Stewart provided an overview of the economy and the capital markets during the quarter to provide context to the performance of the investment options in the Plans. He further provided a quantitative and qualitative review of the funds offered in the Plans, in accordance with the Evaluation Methodology criteria set forth in the Plans’ Investment Policy Statement (the “IPS”). The following noteworthy funds were discussed in more detail.

*Metropolitan West Total Return Bond* was recategorized by Morningstar to the Intermediate Core Plus Bond category as the fund holds approximately 6% in High Yield securities. As of the end of the reporting period, the fund predominantly outperformed both benchmarks across all measured time periods noted in the Report. In the last few years, management had taken a more conservative position, and this has been beneficial as interest rates have declined.

*Invesco Equity and Income* has recently announced a change in fund management. Tom Bastian will step down as lead manager of this fund's equity portfolio in December 2019. Brian Jurkash and Matt Titus joined Bastian as co-lead equity managers in December 2018 and will succeed him at year-end. The fixed-income manager remains the same. Bastian will remain as a consultant before retiring at the end of spring 2020 to ensure a smooth transition. In light of this development, the Committee unanimously agreed to place the fund on the Watch List.

*Vanguard Selected Value* outperformed its index and category peers for the quarter with a large contribution coming from sectors that had caused underperformance on a one-year basis. An overweight to Financials coupled with large holdings of gold-related stocks proved beneficial as trade wars and geopolitical uncertainty caused the price of gold to rise significantly. The Committee unanimously agreed to keep the fund on the Watch List to monitor for further performance improvement.

*Hartford MidCap* trailed both benchmarks during the quarter. The underperformance was largely due to an overweight to Healthcare and stock selection within the sector. Intermediate- and long-term performance remain strong.

*Hartford Healthcare* trailed its both benchmarks over the 1- and 3-year periods. The underperformance was due primarily to an overweight in bio-tech stocks. Management seeks diversified exposure across different healthcare industries and focuses on different characteristics for each of them. Performance over the 5-, 10-, and 15-year periods remains strong.

T. Rowe Price Retirement Funds outperformed both benchmarks during the reporting quarter. Performance over the 3-, 5-, 10-, and 15-year periods ranks in the top quartile relative to peers.

Based on participant allocations as of June 30, 2019, the Plans predominantly outperformed the equally weighted active and passive custom benchmarks across all measured time periods noted in the Report. The Plans demonstrated better risk-adjusted returns than the active benchmark, as measured by 3-year Sharpe ratio, and had a lower expense ratio than the category average.

The Committee reviewed the revenue received by MassMutual for recordkeeping and administrative services. The annual revenue per participant was approximately \$113 based on assets in the Plans as of June 30, 2019. It was noted that the reason the revenue per participant appears to be on the high end of the range is because the bids used to benchmark the market segment, from the 2015 Request for Information ("RFI"), were lower than the current recordkeeper, as they did not include the favorable crediting rate of the current general account. The Committee will continue to monitor the recordkeeping fees on an ongoing basis.

- 3. Target Date Models Allocation Update:** BFSG discussed proposed updates to the Target Date Models. The updates included minor allocation changes in each asset class. After review and discussion, the Committee unanimously agreed with the proposed changes. BFSG will update the Models accordingly.
- 4. Investment Policy Statement Review:** As part of the Committee's ongoing diligent process, BFSG reviewed proposed updates to the Plans' Investment Policy Statement ("IPS"). Mr. Stewart highlighted the changes which included updates to Appendix A and Appendix B. After review and discussion, the Committee unanimously agreed to adopt the changes to the IPS through these meeting minutes.
- 5. Annual Board Report:** The Committee reviewed and discussed the Annual Report prepared by BFSG. The purpose of the Annual Report was to assist the Governing Board in fulfilling its responsibility to monitor the Committee, to which it has delegated fiduciary responsibility. The Committee reviewed major decisions made during the previous Plan year and unanimously agreed to approve the Annual Report as presented.
- 6. Review and Affirm Loan Requirements and Options for 457 and 401(a) Plans:** The Committee reviewed a retroactive amendment, a purpose of which was to amend loan renegotiation provisions in the 457 Plan. The amendment was effective June 1, 2019. The Committee reviewed and unanimously reaffirmed options available for loan refinance in the Plan. Due to time constraints, the Committee agreed to discuss a possible amendment of a loan provision for the 401(a) Plan at a future meeting, as warranted.

#### **DISCUSSION ITEMS:**

- 7. Quarterly Review 457 and 401(a) Plans:** Mr. Gomez briefly reviewed the Quarterly Review report for the quarter ending June 30, 2019. The Committee was presented with a quarter-over-quarter comparison of the following statistics for the 457 Plan: assets, rollovers, contributions, withdrawals, asset allocation, and loan utilization statistics. Mr. Gomez noted the Plan participation remains strong. He further reviewed the activity in the Plan's Expense Budget Account (the "EBA"). As of October 2, 2019, the balance in the EBA was slightly over \$35,000. It was noted the previously used Plan Expense Reimbursement Account was depleted during the quarter. Moving forward, the Committee will utilize the EBA to pay any qualified Plan-related expenses. MassMutual will reallocate any unused balance in the EBA back to participants automatically at the end of the year.

The 401(a) Plan activity for the reporting quarter was also reviewed.

#### **OTHER MATTERS:**

**8. Other Business** – There was no other business.

**9. Public Comments** – There were no public comments.

**Adjournment** - The meeting adjourned at 4:30 p.m.



**South Coast  
Air Quality Management District**

21865 Copley Drive, Diamond Bar, CA 91765  
(909) 396-2000, [www.aqmd.gov](http://www.aqmd.gov)

MEETING DATE: December 10, 2019

REPORT: Deferred Compensation Plan Committee

SYNOPSIS: The Deferred Compensation Plan Committee met on Tuesday, December 10, 2019 at 2:00 pm at SCAQMD headquarters in Diamond Bar. The following is a summary of that meeting.

RECOMMENDED ACTION:  
Receive and file.

A. John Olvera, Chair  
Deferred Compensation Plan

AJO:RH:tc

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**Committee Members Present**

Mr. John Olvera – Asst. Deputy Executive Officer/Admin and Human Resources  
Mr. Bayron Gilchrist – General Counsel  
Ms. Sujata Jain - Asst. Deputy Executive Officer/Finance  
Mr. Bill Richards – Human Resources Manager

**Committee Members Absent**

None

**Guests**

Dario Gomez, MassMutual  
Darren Stewart, Benefit Financial Services Group (“BFSG”)  
Aksana Munoz, BFSG

**Call to Order**

Chair Olvera called the meeting to order at 2:05 pm.

**ACTION ITEMS:**

- 1. Approval of Prior Meeting Minutes:** The Committee reviewed and unanimously approved the minutes of the meeting held on October 10, 2019.
- 2. 457 and 401(a) Plans Quarterly Investment Review – 3<sup>rd</sup> Quarter 2019:** The Committee reviewed and unanimously approved the Retirement Plan Quarterly Investment Review (the “Report”) for the 457 Deferred Compensation Plan and the 401(a) Defined Contribution Plan (collectively the “Plans”) for the quarter ending September 30, 2019.

To add context to the performance of the funds, Mr. Stewart provided an overview of the economy and the capital markets during the quarter. Each fund was then reviewed in accordance with the methodology ranking criteria outlined in the Plan’s Investment Policy Statement (“IPS”). Of the fourteen funds receiving a methodology ranking score, nine were ranked as “outperform,” four were ranked as “perform,” and one fund, Invesco Growth and Income, was ranked below average as “underperform.” The average and Plan-weighted rank totaled 24 and 18, respectively – both of which are considered “outperform.”

The following noteworthy funds were discussed in more detail.

*Invesco Growth and Income* significantly underperformed both its benchmarks over the quarter and one-year period. An overweight to Energy and Financial, coupled with an underweight to the Utilities, Real Estate, Technology sectors detracted from performance over the noted period. A long-term manager of the fund is retiring at

the end of this year. The Evaluation Methodology ranking score declined quarter-over-quarter from a 42 (“perform”) to a 52 (“underperform”). If the fund continues to underperform next quarter, BFSG will bring an analysis of available alternatives in the Allocation 50%-70% Equity category for the Committee’s consideration. In the meantime, the Committee unanimously agreed to keep the fund on the Watch List.

*DFA Large Cap Value* trailed both benchmarks during the reporting quarter and one-year period. It has a stronger value tilt than most of its peers, which caused the fund’s underperformance over the short term. Management applies minimal allocation to Utilities and Real Estate, which detracted from performance during the quarter. An overweight to Energy also weighed on relative performance. The fund outperformed both benchmarks since the end of the reporting period, and its intermediate- and long-term performance remain strong.

*Vanguard Selected Value* is currently on the Watch List due to underperformance relative to its peers and index during 2018. Fund performance has improved since it was placed on the Watch List, with the fund outperforming its category peers by more than 3% on a one-year basis. Strong stock selection in the Consumer Discretionary, Financials, and Technology sectors led to outperformance during the quarter, outweighing the negative impact of an underweight position and poor stock selection in the Real Estate sector. The Committee unanimously agreed to keep the fund on the Watch List to monitor for further performance improvement.

T. Rowe Price Retirement Funds slightly trailed their respective benchmarks during the reporting quarter but outperformed both across all other measured time periods noted in the Report. The Funds were noted as being more efficient, as measured by 3-year Sharpe ratio, and remain competitively priced relative to the benchmarks.

The Committee reviewed performance of the Target Date Models. As of September 30, 2019, the Models had approximately \$1.6 million on Plan assets. Mr. Stewart noted MassMutual implemented the previously noted updates to the Models in mid-November.

As allocated by participants on September 30, 2019, the Plans performed in line with the equally weighted active and passive custom benchmarks during the quarter and outperformed both across all other measured time periods noted in the Report. The Plans demonstrated better risk-adjusted returns than the active benchmark, as measured by 3-year Sharpe ratio, and had a lower expense ratio than the category average.

The Committee reviewed the revenue received by MassMutual for recordkeeping and administrative services. The annual revenue per participant was approximately \$113 based on assets in the Plans as of September 30, 2019. It was noted that the

reason the revenue per participant appears to be on the high end of the range is because the bids used to benchmark the market segment, from the 2015 Request for Information (“RFI”), were lower than the current recordkeeper, as they did not include the favorable crediting rate of the current general account. The Committee will continue to monitor the recordkeeping fees on an ongoing basis.

- 3. Share Class Review:** As part of the Committee’s ongoing due diligence, BFSG prepared and reviewed a Share Class analysis to examine the investment options in both Plans. The analysis illustrated a comparison of the current and lowest possible share class of each fund in the Plans. A further review of the analysis indicated that the Plans utilize the most efficient share classes after consideration of the revenue sharing credits, and no actions are required at this time.

### **DISCUSSION ITEMS:**

- 4. Quarterly Review 457 and 401(a) Plans:** Mr. Gomez presented the Quarterly Review report for the quarter ending September 30, 2019. The Committee was presented with a quarter-over-quarter comparison of the following statistics for the 457 Plan: demographics, participant diversification, participant interactions, assets, rollovers, contributions, withdrawals, asset allocation, and loan utilization statistics. Participant contributions decreased by 19% during the recent quarter. Total number of outstanding loans increased slightly quarter-over-quarter. MassMutual’s General Account continues to be the largest holding in the Plan. A comparison of the IRS 2019 and 2020 retirement plan annual limits was also reviewed.

The Committee reviewed and filed the 401(a) Plan activity for the reporting quarter.

- 5. Expense Budget Account (“EBA”) Quarterly Activity Review:** The Committee reviewed the quarterly activity in the Plan’s EBA noting the balance can be used to pay qualified Plan-related expenses. Mr. Gomez further noted MassMutual will reallocate any unused balance in the EBA back to participants automatically at the end of the year.

### **OTHER MATTERS:**

- 6. Public Comments** – There were no public comments.

- 7. Other Business** – There was no other business.

**Adjournment** - The meeting adjourned at 3:20 p.m.



**South Coast  
Air Quality Management District**

21865 Copley Drive, Diamond Bar, CA 91765  
(909) 396-2000, [www.aqmd.gov](http://www.aqmd.gov)

MEETING DATE: March 3, 2020

REPORT: Deferred Compensation Plan Committee

SYNOPSIS: The Deferred Compensation Plan Committee met on Tuesday, March 3, 2020 at 2:00 pm at SCAQMD headquarters in Diamond Bar. The following is a summary of that meeting.

RECOMMENDED ACTION:  
Receive and file.

A. John Olvera, Chair  
Deferred Compensation Plan

AJO:RH:tc

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### **Committee Members Present**

John Olvera – Deputy Executive Officer/Admin and Human Resources  
Sujata Jain - Chief Financial Officer  
Bill Richards – Human Resources Manager

### **Committee Members Absent**

Bayron Gilchrist – General Counsel

### **Guests**

Robert Gleason, MassMutual  
Darren Stewart, Benefit Financial Services Group (“BFSG”)  
Aksana Munoz, BFSG

### **Call to Order**

Chair Olvera called the meeting to order at 2:10 pm.

## **FIDUCIARY AGENDA**

- 1. Approval of Prior Meeting Minutes:** The Committee members in attendance reviewed and unanimously approved the minutes of the meeting held on December 10, 2019.
- 2. 457 and 401(a) Plans Quarterly Investment Review – 4<sup>th</sup> Quarter 2019:** The Committee members in attendance reviewed and unanimously approved the Retirement Plan Quarterly Investment Review (the “Report”) for the 457 Deferred Compensation Plan and the 401(a) Defined Contribution Plan (collectively the “Plans”) for the quarter ending December 31, 2019.

Mr. Stewart provided an overview of the economy and the capital markets during the quarter to provide context to the performance of the investment options in the Plan. He further provided a quantitative and qualitative review of the funds offered in the Plan, in accordance with the Evaluation Methodology criteria set forth in the Plan’s Investment Policy Statement. The average and Plan-weighted fund rankings totaled 24 and 18 – both of which are considered “outperform.”

The following noteworthy funds were discussed in more detail.

*Invesco Growth and Income* – A longtime manager retired at the end of 2019. The fund’s deep value style coupled with an underweight to Technology and an overweight to Energy weighed on relative performance. The fund continues to lag its category peers over the 3-and 5-year periods. The overall Evaluation Methodology ranking score remained “underperform” as of the end of the reporting period. BFSG prepared a Fund Search which will be reviewed later in the meeting. In the

meantime, the Committee members in attendance unanimously agreed to keep the fund on the Watch List.

*Vanguard Selected Value* - Although the fund outperformed in 2019, management is experiencing turnover. Donald Smith of Donald Smith & Co. recently passed away and left his two co-managers in charge of the allocation. Also, Vanguard recently announced the replacement of Barrow Hanley, the fund's longest tenured and largest sub-advisor, with Cooke & Bieler. Due to this development, the Committee members in attendance unanimously agreed to keep the fund on the Watch List.

MFS International New Discovery trailed both the index benchmark and category peers for the quarter, in part due to management's conservative investment approach. On a longer-term basis, performance remains strong.

T. Rowe Price Retirement Funds predominantly outperformed their respective benchmarks across all measured time periods noted in the Report. Mr. Stewart noted the Funds' longtime manager, Jerome Clark, will step down at the start of 2021. Two T. Rowe Price veterans – each of whom have over 20 years of investment experience at the firm – will take over.

The Committee reviewed performance of the Target Date Models. As of the end of the reporting period, the Models had approximately \$2.3 million on Plan assets, representing 37 participants. The Model expense ratios were noted as being competitive versus the category averages.

Other items reviewed in the Report included Plan-weighted, point-in-time portfolio returns and estimated recordkeeping fees paid to MassMutual.

- 3. Fund Search Analysis:** Due to Mr. Gilchrist's absence, the Committee members in attendance unanimously agreed to table a review of the Fund Search to a future meeting.

## **SETTLOR AGENDA**

- 4. Legislative Update (SECURE Act):** BFSG provided an update on the newly passed Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019. The focus was on provisions that directly impacted the District's Plans. Amendment adoption deadline dates were covered, and it was noted that the Department of Labor still needs to issue guidance on various provisions.
- 5. Employee Education Meetings Update:** Ms. Munoz provided an update on recent onsite workshops conducted by BFSG's Certified Financial Planner, Mr. Johnson for the District's employees. The December meeting had approximately 40 attendees, 13 of which had one-on-one consultations with Mr. Johnson. The first quarter 2019

meeting resulted in over 30 individual appointments. Over 50 employees attended that meeting. It was noted all meetings were well received by the District's employees.

- 6. Quarterly Review 457 and 401(a) Plans:** It was noted Mr. Gleason replaced Mr. Gomez as the new Relationship Manager for the Plans. Mr. Gleason distributed and briefly reviewed the Quarterly Review report for the quarter ending December 31, 2019. The Committee was presented with a quarter-over-quarter comparison of the following statistics for the 457 Plan: demographics, participant diversification, participant interactions, assets, rollovers, contributions, withdrawals, asset allocation, and loan utilization statistics. The Committee also reviewed and filed the 401(a) Plan activity for the reporting quarter.
- 7. Expense Budget Account Quarterly Activity Review:** The Committee received and filed the quarterly activity report for the Plan Expense Budget Account (the "EBA"). Mr. Gleason noted the remaining balance in the EBA was distributed back to participant pro rata at the end of December.

**OTHER MATTERS:**

- 8. Public Comments** – There were no public comments.
- 9. Other Business** – There was no other business.

**Adjournment** - The meeting adjourned at 3:30 p.m.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
DEFERRED COMPENSATION PLAN COMMITTEE  
SPECIAL MEETING MINUTES

April 9, 2020

**Members Present:** John Olvera, Deputy Executive Officer/Admin and Human Resources  
Sujata Jain, Chief Financial Officer  
Bill Richards, Human Resources Manager  
Bayron Gilchrist, General Counsel

**Committee Consultants:** Darren Stewart, Benefit Financial Services Group (“BFSG”)  
Aksana Munoz, BFSG  
Robert Gleason, MassMutual  
Dario Gomez, MassMutual

**Call to Order:** The special meeting of the Deferred Compensation Plan Committee (the “Committee”) was called to order by Mr. Olvera on April 9, 2020 at 9:00 am. The purpose of the meeting was to review a Fund Search and to discuss recent legislative developments in the retirement plan industry. The meeting was conducted via a Zoom web conference.

### **Investment Agenda**

#### **1. Fund Search**

To address concerns with the underperforming Invesco Equity & Income fund, BFSG prepared and presented a Fund Search analysis of available alternatives in the Allocation – 50%-70% Equity category. Each investment option was reviewed qualitatively and quantitatively in accordance with the Investment Policy Statement criteria, which included performance, risk-adjusted performance, style consistency, and expense. After review and discussion, the Committee unanimously agreed to make the following changes in the 457 and 401(a) Plans:

- Replace Invesco Equity & Income with the American Funds American Balanced. The American Balanced fund was selected for its strong historical performance, style consistency, and strong risk-adjusted performance as measured by the Sharpe ratio.

### **Settlor Agenda**

#### **2. CARES Act Discussion**

Mr. Gleason provided the Committee with an update on the recently passed Coronavirus, Relief, and Economic Security Act (the “CARES Act”). The new legislation is a \$2 trillion stimulus bill aimed at helping individuals, states and businesses facing financial hardship caused by the COVID-19 pandemic. Among other relief, the Act included provisions which affected retirement plans. Those provisions are optional and may be adopted at the

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
DEFERRED COMPENSATION PLAN COMMITTEE  
SPECIAL MEETING MINUTES

discretion of plan sponsors. If adopted, a plan amendment would need to be executed by the end of 2024. These optional changes include:

- Coronavirus related distributions are allowed penalty-free and can be repaid to a qualified plan within 3 years, or have taxes spread over a 3-year period;
- Temporary maximum loan amounts may be increased up to \$100,000;
- Loan repayments may be suspended until at December 31, 2020. Loan interest will continue to accrue during the suspension of payments.
- Required minimum distributions may be suspended.

Per the CARES Act, participants must certify that they are qualified individuals, and a plan administrator can rely solely on that certification. Each optional provision and the definition of a “qualified individual” were discussed in detail.

After consideration, the Committee agreed to adopt all these optional provisions.

**Other Matters**

- 3. Public Comments** – There were no public comments.

**Adjournment**

With no further items to address, Mr. Olvera adjourned the meeting at 10:30 am.



**South Coast  
Air Quality Management District**

21865 Copley Drive, Diamond Bar, CA 91765  
(909) 396-2000, [www.aqmd.gov](http://www.aqmd.gov)

MEETING DATE: June 9, 2020

REPORT: Deferred Compensation Plan Committee

SYNOPSIS: The Deferred Compensation Plan Committee met on Tuesday, June 9, 2020 at 2:00 pm. The meeting was conducted via a Zoom web conference. The following is a summary of that meeting.

RECOMMENDED ACTION:  
Receive and file.

A. John Olvera, Chair  
Deferred Compensation Plan

AJO:RH:tc

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### **Committee Members Present**

John Olvera – Deputy Executive Officer/Admin and Human Resources  
Sujata Jain - Chief Financial Officer  
Bill Richards – Human Resources Manager  
Bayron Gilchrist – General Counsel

### **Committee Members Absent**

None

### **Guests**

Robert Gleason, MassMutual  
Dario Gomez, Mass Mutual  
Darren Stewart, Benefit Financial Services Group (“BFSG”)  
Aksana Munoz, BFSG

### **Call to Order**

Chair Olvera called the meeting to order at 2: 05 pm.

### **FIDUCIARY AGENDA**

- 1. Approval of Prior Meeting Minutes:** The Committee members unanimously approved the minutes of the meetings held on March 3, 2020 and April 9, 2020.
- 2. 457 and 401(a) Plans Quarterly Investment Review – 1<sup>st</sup> Quarter 2020:** The Committee members received and unanimously approved the Retirement Plan Quarterly Investment Review (the “Report”) for the 457 Deferred Compensation Plan and the 401(a) Defined Contribution Plan (collectively the “Plans”) for the quarter ending March 31, 2020.

BFSG presented the Report. The presentation included an overview of the economy and capital markets during the reporting period, followed by a qualitative and quantitative review of the investments offered in the Plan, in accordance with the Investment Policy Statement (the “IPS”) Evaluation Methodology. Of the fourteen funds receiving a methodology ranking score, seven funds were ranked as “outperform,” four were ranked as “perform,” and three funds were ranked as “underperform.” The average and Plan-weighted rank totaled 30 (“perform”) and 21 (“outperform”), respectively.

The previously agreed upon removal of Invesco Equity Income and its subsequent replacement with American Funds American Balanced Fund will be completed on June 15, 2020.

The following noteworthy funds were discussed in more detail.

Metropolitan West Total Return bond was one of the best performing actively managed funds in the Plans during the quarter. The fund's overweight to Treasuries helped boost returns and improved its Evaluation Methodology ranking from 25 ("outperform") to 1 ("outperform") against the Intermediate Core-Plus Bond category.

DFA US Large Cap Value Portfolio trailed both benchmarks during the quarter, largely due to its deep value investment style. An underweight to Consumer Staples and Utilities coupled with an overweight to the underperforming Energy sector also detracted from recent performance. Long-term performance remains strong.

Vanguard Selected Value is currently on the Watch List. The fund continues to trail both benchmarks, largely due to its deep value investment style. The fund has a significant overweight to Industrials which was also a detractor from recent performance. The portfolio's largest three holdings were in airlines, each of which was down significantly during the quarter due to the COVID-19 events. As a result of recent sub-advisor changes, Morningstar downgraded the fund rating from Silver to Bronze. After discussion, the Committee unanimously agreed to keep the fund on the Watch List to continue monitoring its performance closely.

Goldman Sachs Small Cap Growth Insights underperformed both benchmarks during the quarter, mainly due to its value-tilted portfolio. As a result of the portfolio's value tilt, management overweights the Financials and Energy sectors. This impacted recent performance as both sectors struggled during the quarter. Within Financial, the portfolio's exposure to regional banks, was also a detractor from performance during the quarter. On a longer-term basis, fund performance remains strong.

The Committee reviewed performance of the T. Rowe Price Retirement Funds (the "Funds"). The shorter-dated Funds underperformed both benchmarks during the quarter in part due to an overweight to domestic and foreign equities. Performance over the 3-, 5-, 10-, and 15-year periods remain strong. T. Rowe Price has recently announced a few changes to the Funds, including a change in its equity glidepath, the addition of two new underlying funds, and the departure of a longtime manager in 2021, Jerome Clark. Two T. Rowe veterans – each of whom have over 20 years of investment experience at the firm – will take over.

The Committee reviewed performance and utilization of the Target Date Models. The Model expense ratios were noted as being competitive versus the category averages.

Plan - weighted returns, as allocated by participants on March 31, 2020, outpaced the custom active benchmark over all measured time periods noted in the Report. Results were mixed relative to the custom passive benchmark which does not include investment fees. The Plans demonstrated better risk-adjusted returns than the active benchmark, as measured by the 3-year Sharpe ratio, and had a lower expense ratio than the active peer group.

The Committee reviewed fees paid to MassMutual for recordkeeping and administration of the District's Plans. The Committee will continue to monitor the fees on an ongoing basis.

- 3. Default Investment Option:** The Committee unanimously affirmed default investment options for both Plans. Effective June 15, 2020, an age-appropriate T. Rowe Price Target Date fund will be the primary default investment option in each Plan. The American Balanced fund will be utilized if the participant's age is not available.

### **SETTLOR AGENDA**

- 4. Consultant Services Contract Approval:** On March 6, 2020, a Request for Proposal ("RFP") was released to solicit proposals for qualified firms to represent and advise South Coast Air Quality Management District ("SCAQMD") on the administration of its 457 (b) Deferred Compensation and its 401(a) Defined Contribution Plans. After thorough review and evaluation of all submitted proposals, the proposal review Committee agreed to recommend to the Executive Officer that the contract be awarded to BFSG.
- 5. SECURE Act Provision Adoption:** BFSG recapped major provisions of the Setting Every Community Up for Retirement Enhancement ("SECURE") Act of 2019. After review and discussion of provisions available under the SECURE Act, the Committee unanimously agreed to table this discussion to a future meeting as warranted.
- 6. Employee Education Meetings Update:** Ms. Munoz provided an update on recent workshops conducted by BFSG's Certified Financial Planner, Mr. Johnson for the District's employees. During the first quarter of 2020, Mr. Johnson conducted 2 workshops followed by 19 one-on-one consultations. Over 60 employees attended these workshops. On a year-to-date basis, BFSG conducted 3 workshops which had a total of approximately 130 attendees. The workshop topics were Medicare, Seven Key Components of Financial Planning, and Stock Market Volatility.
- 7. Quarterly Review 457 and 401(a) Plans:** Mr. Gleason presented MassMutual's Plan Review report for the quarter ending March 31, 2020. The Committee reviewed a quarter-over-quarter comparison of the following statistics for the 457 Plan: demographics, participant diversification, Plan assets, contributions, withdrawals, asset allocation, and loan utilization. The average account balance remains strong and the average loan balance was noted as being low. MassMutual's Mutual Voice program was also reviewed.

The Committee also reviewed and filed the 401(a) Plan Review for the reporting quarter.

**8. Expense Budget Account Quarterly Activity Review:** The Committee reviewed the accounting activity report for the Plan Expense Budget Account for the period ending April 3, 2020.

**OTHER MATTERS:**

**9. Public Comments** – There were no public comments.

**10. Other Business** – There was no other business.

**Adjournment** - The meeting adjourned at 3:30 p.m.



**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**REQUEST FOR PROPOSALS**  
**DEFERRED COMPENSATION PLAN RECORDKEEPING**  
**AND ADMINISTRATION SERVICES**

**P2021-11**

South Coast Air Quality Management District (“South Coast AQMD”) requests proposals for the following purpose according to terms and conditions attached. In the preparation of this Request for Proposals (“RFP”) the words “Proposer,” “Contractor,” “Consultant,” “Bidder” and “Firm” are used interchangeably.

**PURPOSE**

The purpose of this Request for Proposals (RFP) is to solicit qualified firms to provide bundled recordkeeping and administration services for South Coast AQMD’s 457(b), 401(a), and OBRA Plans (collectively the “Plan”) to control participant expenses, enhance the participant experience, ensure participant account security, ease administrative burden, and ensure Plan compliance.

Funding for this RFP will be generated through asset-based levelized charges to participant accounts.

**INDEX - The following are contained in this RFP:**

Section I	Background/Information
Section II	Contact Person
Section III	Schedule of Events
Section IV	Participation in the Procurement Process
Section V	Statement of Work
Section VI	Minimum Requirements
Section VII	Proposal Submittal Requirements
Section VIII	Proposal Submission
Section IX	Proposal Evaluation/Contractor Selection Criteria

Attachment A - Participation in the Procurement Process

Attachment B - Certifications and Representations

**SECTION I: BACKGROUND/INFORMATION**

South Coast AQMD is a regional air quality regulatory agency with jurisdiction in a four-county area of Southern California, including metropolitan Los Angeles. South Coast AQMD’s major areas of activities include developing rules and regulations to reduce air pollution, monitoring and analyzing air quality data from stations throughout the region, reviewing permits to construct and operate for facilities which emit air pollution, and inspecting commercial and industrial facilities for compliance with South Coast AQMD, state, and federal rules and regulations.

Operations of the Plan are overseen by the Deferred Compensation Plan Committee (“Committee”) as appointed by the South Coast AQMD Governing Board. Membership includes the Deputy Executive Officer – Administrative & Human Resources, Deputy Executive Officer / Chief Financial Officer, General Counsel, and Human Resources Manager for Employee

Benefits. The Plan is currently administered by MassMutual and consulting services are provided by Benefit Financial Services Group.

The following Plan statistics are as of December 31, 2020:

	<b>457(b) Plan</b>	<b>401(a) Plan</b>	<b>OBRA</b>
Assets (including SDB)	\$210,910,145	\$136,632	\$78,551
SDB Assets	\$715,028	\$0	\$0
# of Participant Accounts	1,029	1	179
# of Eligible Employees	765	1	101
# of Contributing EEs	475	0	0
Contributions (2019)	\$8,276,948	\$25,000	\$13,433
Contributions (2020)	\$8,356,822	\$26,000	\$84
Distributions (2019)	\$10,373,340	\$0	\$4,087
Distributions (2020)	\$10,843,808	\$0	\$2,670
Outstanding Loans	78	0	0
Outstanding Loan Balance	\$1,205,535	\$0	\$0

As of December 31, 2020, Plan assets are allocated as follows:

<b>Investment Option</b>	<b>Combined (All Plans) Assets</b>
Guaranteed Interest Account	\$91,707,273
Metropolitan West TI Rtn Bd Fd	\$4,686,994
Vanguard Totl Bnd Mrkt Indx d	\$3,133,890
American Funds Balanced Fund	\$4,200,231
T. Rowe Price Retirmnt 2005 Fd	\$1
T. Rowe Price Retirmnt 2010 Fd	\$4,588
T. Rowe Price Retirmnt 2015 Fd	\$17,538
T. Rowe Price Retirmnt 2020 Fd	\$143,271
T. Rowe Price Retirmnt 2025 Fd	\$511,648
T. Rowe Price Retirmnt 2030 Fd	\$156,768
T. Rowe Price Retirmnt 2035 Fd	\$3,072,595
T. Rowe Price Retirmnt 2040 Fd	\$763,912
T. Rowe Price Retirmnt 2045 Fd	\$4,291,934
T. Rowe Price Retirmnt 2050 Fd	\$439,694
T. Rowe Price Retirmnt 2055 Fd	\$397,346
T. Rowe Price Retirmnt 2060 Fd	\$298,425
DFA US Large Cap Value Fund	\$364,449
Hartford Dividend & Growth Fd	\$6,812,758
Vanguard Institutional Indx Fd	\$10,982,383
American Funds Fndmntl Invs Fd	\$15,258,431
T. Rowe Price Bl Chp Grwth Fnd	\$27,999,886
Vanguard FTSE Social Index Fd	\$1,103,788
Vanguard Selected Value Fund	\$2,241,564
Vanguard Mid Cap Index Fund	\$2,171,836
Hartford Midcap Fund	\$8,088,324
Vanguard Small-Cap Val Indx Fd	\$297,565
American Beacon Sm Cap Val Fd	\$1,478,917
Vanguard Small Cap Index Fund	\$1,490,350
Goldman Sachs SmCap Gr Inst Fd	\$3,328,613
Vanguard Dvlpd Mrkts Indx Fd	\$1,105,527
Hartford Intl Opportunities Fd	\$5,306,536
MFS Int'l New Discovery Fund	\$1,895,014
Vngrd Emrg Mrkts Stck Indx Fd	\$455,855
Vanguard Real Estate Index Fd	\$667,082
Hartford Healthcare Fund	\$4,147,733
Vanguard Utilities Index Fund	\$1,387,581
<b>Total Assets (excluding SDB)</b>	<b>\$210,410,300</b>

Assets invested in the Guaranteed Interest Account are subject to liquidity restrictions for sponsor-initiated withdrawals. Upon termination, South Coast AQMD may choose between six (6) equal annual installment payments beginning no later than six (6) months following termination during which time no benefit payments will be allowed, eleven (11) equal annual installments beginning no later than six (6) months following termination during which time no

benefit payments will be allowed, or the market value paid in in a maximum of ten (10) monthly installments.

During the December 2, 2020 meeting, the Committee elected to make the following investment changes which are awaiting implementation:

- T. Rowe Price Retirement funds will be mapped to the I share class
- T. Rowe Price Retirement 2065 will be added as an investment option
- Hartford Mid Cap will be replaced by Carillon Eagle Mid Cap Growth A
- Goldman Sachs Small Growth will be replaced with Fidelity Adv Small Cap Growth Z

The investment options offered in the 401(a) and 457(b) Plan are mirrored while all of the OBRA assets are invested in the general account. All full-time employees are eligible to defer into the 457(b) Plan while certain groups receive varying match amounts. The 401(a) is currently only offered to one employee and funded entirely by employer contributions.

## **SECTION II: CONTACT PERSON:**

Questions regarding the content or intent of this RFP or on procedural matters should be addressed to:

A. John Olvera, Deputy Executive Officer  
 South Coast AQMD, Administrative and Human Resources  
 21865 Copley Drive  
 Diamond Bar, CA 91765-4178  
 (909) 396-2309

## **SECTION III: SCHEDULE OF EVENTS**

<b>Date</b>	<b>Event</b>
February 5, 2021	RFP Released
February 19, 2021	Questions Due
February 26, 2021	Responses Issued
March 19, 2021	Proposals Due to South Coast AQMD - <b>No Later Than 5:00 pm</b>
April 2021 – May 2021	Proposal Review
June 2021	Finalist Interviews (if necessary)
June 30, 2021	Committee Recommendation Finalized
September 3, 2021	Governing Board Approval
January 1, 2022	Anticipated Contract Effective Date

## **SECTION IV: PARTICIPATION IN THE PROCUREMENT PROCESS**

It is the policy of South Coast AQMD to ensure that all businesses including minority business enterprises, women business enterprises, disabled veteran business enterprises and small businesses have a fair and equitable opportunity to compete for and participate in South Coast AQMD contracts. Attachment A to this RFP contains definitions and further information.

**SECTION V: STATEMENT OF WORK**

The contracted Firm's services will include, but are not limited to, the following:

1. Establish and maintain participant and Plan-level accounts
2. Ensure timely processing of participant directed transactions
3. Provide, or cause to be provided, trust and custodial services
4. Provide participant access to investment information including prospectuses
5. Offer in-person and electronic investment and financial education
6. Ensure the security of participant accounts and data
7. Provide outsourcing of administrative functions with minimal involvement
8. Offer an open-architecture investment platform (except for capital preservation)
9. Attend quarterly Committee meetings

**SECTION VI: MINIMUM REQUIREMENTS**

To be considered, proposing Firms must meet the following requirements:

1. Currently provide recordkeeping and administration to a minimum of 25 governmental 457(b) plans, each with assets above \$100 million.
2. Currently provide recordkeeping and administration to a minimum of 25 governmental 401(a) plans.
3. Provided recordkeeping and administration services to governmental 457(b) plans for more than 10 years.
4. Able to provide fee disclosures similar to those required under ERISA 408(b)(2) to South Coast AQMD.
5. Able to provide fee disclosures similar to those required under ERISA 404(a)(5) to participants.
6. Able to administer and allow Roth contributions and in-plan conversions.
7. Able to offer a self-directed brokerage account.
8. Able to rebate revenue sharing payments to participants with balances in the fund.
9. Able to apply an asset-based fee determined by South Coast AQMD to participant accounts to offset recordkeeping and other plan expenses.

## **SECTION VII: PROPOSAL SUBMITTAL REQUIREMENTS**

Submitted proposals must follow the format outlined below and all requested information must be supplied. Failure to submit proposals in the required format will result in elimination from proposal evaluation. South Coast AQMD may modify the RFP or issue supplementary information or guidelines during the proposal preparation period prior to the due date. Please check our website for updates (<http://www.aqmd.gov/grants-bids>). The cost for developing the proposal is the responsibility of the Contractor, and shall not be chargeable to South Coast AQMD.

Each proposal must be submitted in four separate volumes:

- Volume I - Technical Proposal (complete proposal including Participant Experience)
- Volume II – Participant Experience (reprint of responses to questions 103-161 only)
- Volume III - Certifications and Representations included in Attachment B to this RFP, must be completed and executed by an authorized official of the Contractor.
- Volume IV – Exhibits:
  - Sample participant statement
  - Sample quarterly review provided to plan sponsors
  - Sample trust agreement
  - Sample service agreement
  - Sample fee disclosures similar to those required under ERISA 404(a)(5)
  - Sample fee disclosures similar to those required under ERISA 408(b)(2)
  - SAS-70 / SSAE 16
  - Sample Education Materials

A separate cover letter including the name, address, and telephone number of the contractor, and signed by the person or persons authorized to represent the Firm should accompany the proposal submission. Firm contact information as follows should also be included in the cover letter:

1. Address and telephone number of office in, or nearest to, Diamond Bar, California.
2. Name and title of Firm's representative designated as contact.
3. Confirmation that the Firm meets the RFP's Minimum Requirements.

### **VOLUME I - TECHNICAL PROPOSAL**

**Please restate the question in bold and provide your answer below. Also, provide your name and address in the top left corner of each page.**

#### **Provider Background**

- 1. State the name and address of your company. Provide the name, title, address, email address, and telephone number(s) of the person(s) from your company whom should contact with questions regarding your response.**
- 2. Give a brief history of your company.**
- 3. Is your company a subsidiary or affiliate of another company? Give full disclosure of all direct or indirect ownership, and the type of relationship with affiliate companies.**
- 4. Is the package of services being quoted provided under a joint venture arrangement? If so, describe the arrangement, its terms and conditions, and whether**

your company and the other companies have been involved in similar joint ventures in the past.

5. Indicate ALL services that will be subcontracted to another company and provide the names of the service providers.

6. Does your company have any pending agreements to merge or sell your company (e.g.: demutualization, I.P.O)?

7. Has your company ever filed a petition in bankruptcy, been petitioned into bankruptcy or insolvency, or made any assignment for the benefit of your creditors? If so, provide complete details.

8. What percentage of your Board of Directors are women? What percentage of your Board of Directors are minorities (as defined in Attachment A, Section B.10.)?

9. Do you have any initiatives currently formalized to expand the diversity of your Board of Directors?

10. Do you have any initiatives currently formalized to expand diversity across all levels of your organization?

11. In the last five (5) years, has your company been involved in any litigation related to your servicing of a deferred compensation plan? Has your company settled any litigation? Has your company been found liable through judgement?

12. In the last five (5) years, has your company been cited or threatened with a citation by any federal or state regulator for violations of any state or federal law or impending regulations?

13. In the last five (5) years, has your company been denied a license or had a license revoked or suspended to do business? If so, describe.

14. For how many years has your company been providing recordkeeping and administration services to governmental 457(b) plans?

15. Please complete the chart below based on your clientele as of the most recent quarter end.

Client Size (assets)	Governmental 457(b) Plans (#)	Governmental 457(b) Plans (\$)
< \$25 million		
\$25 - \$50 million		
\$50 - \$100 million		
\$100 - \$250 million		
\$250 - \$500 million		
\$500 - \$1 billion		
> \$1 billion		
Total		

16. Please complete the chart below based on your clientele as of the most recent quarter end.

Client Size (ptpt)	Governmental 457(b) Plans (#)	Governmental 457(b) Plans (ptpt)
> 100		
101 - 250		
251 - 500		
501 – 1,000		
1,001 – 2,500		
2,501 – 5,000		
> 5,000		
Total		

17. Over each of the last three (3) years, what has been your organic growth rate (excluding acquisitions) on governmental 457(b) assets?

18. Over each of the last three (3) years, what has been your overall growth rate on governmental 457(b) assets?

19. Please provide five (5) references of clients similar in size to South Coast AQMD. Include the name of the client, size of plan, length of relationship, contact name, contact email, and contact phone number.

### Plan Sponsor Services

20. What recordkeeping system do you currently use? Was the system purchased or developed, or is it currently leased from an outside vendor? If so, from whom?

21. If purchased, how has your company modified the system? If leased, who has responsibility for system maintenance and enhancements?

22. How many full-service governmental 457 clients use the system?

23. How long has the system been used by your firm?

24. In the last three (3) years, what enhancements have you made to the system?

25. In the last three (3) years, what was the average annual dollar amount spent on system enhancements?

26. What percentage of your overall retirement services budget is allocated to system enhancements?

27. Are you currently going through any system conversions or do you expect to in the next three (3) years? If so, describe and give the schedule. What effect will this have on your clients and their plan participants?

28. If elected by the Plan Sponsor, can participants elect to defer either percentage or hard dollar contributions?

- 29. What is the maximum number of loans your system will allow a participant to have on file at any time?**
- 30. Can loans be re-amortized if the plan document / loan policy allows the provision?**
- 31. Can loans be refinanced if the plan document / loan policy allows the provision?**
- 32. Can the loan amount be increased when refinancing if the plan document / loan policy allows the provision?**
- 33. What is the process for loan defaults, and what involvement is required by the plan sponsor?**
- 34. What is the process for loan payoffs? What methods of payment (check/ACH) are accepted?**
- 35. Following termination, can participants continue to repay their loans directly to you? What methods of payment are accepted?**
- 36. If elected by the Plan Sponsor, can participants roll loans into the Plan?**
- 37. If elected by the Plan Sponsor, can participants roll loans out of the Plan post-termination?**
- 38. Can loans be administered without Plan Sponsor involvement?**
- 39. Can hardship withdrawals be administered without Plan Sponsor involvement?**
- 40. Do you collect and store participant backup documentation for hardship withdrawal requests?**
- 41. If you do not require back-up documentation, how are participants asked to verify their need for a hardship withdrawal request?**
- 42. Can QDROs be administered without Plan Sponsor involvement?**
- 43. Can you calculate an employer contribution? Please include any costs and typical time frame to complete calculations.**
- 44. Can you calculate and issue required minimum distributions without Plan Sponsor involvement?**
- 45. Can distributions of low balance (<\$5,000) participant accounts be fully outsourced to your firm, without ongoing Plan Sponsor involvement? How frequently can the distributions be processed?**
- 46. Will you provide trust/custodial services for the Plan? If not, please provide name of trust/custodian.**

**47. Describe your standard for performance (# of days) in participant service. Assume all data, wires or other requests are received in good condition and before your cutoff time for the day.**

<b>Activity</b>	<b>Standard (# of days)</b>
Contribution Reconciliation	
Contribution Posting	
Distributions Paid	
Loans Funded	
Investment Transfers Processed	
Rollovers into Plan Processed	
Confirmations Mailed	
Participant Statement Mailed	

**48. Do you monitor 402(g) limits? What is your process to ensure they are not exceeded?**

**49. Do you provide a Summary Plan Description or similar document?**

**50. Do you provide participant fee disclosures similar to ERISA 404(a)(5) notices?**

**51. If requested, will you provide a participant with a prospectus for one of the investment options offered under the Plan? How may a participant request a prospectus?**

**52. Do you provide a fund change notice to participants? How many days prior to the fund change will it be communicated? May South Coast AQMD add language to the communication?**

**53. What assistance do you provide in the preparation and distribution of a Summary Plan Description or similar document?**

**54. What assistance do you provide in the preparation and distribution of an annual default investment notice similar to those required for a Qualified Default Investment Alternative under ERISA.**

**55. What assistance do you provide in the preparation and distribution of an annual participant fee disclosure similar to those required under ERISA 404(a)(5)?**

**56. Do you provide assistance in locating missing participants? If so, please provide details. Is there a charge for this service?**

**57. Are you proposing a dedicated Compliance Consultant to work with South Coast AQMD?**

**58. Is your legal staff available to speak directly with clients?**

**59. Do you maintain a volume-submitter or prototype plan document?**

**60. Do you handle your IT in-house or is it outsourced? If outsourced, please provide**

detail on the company and your relationship, including how long they have been providing the service for you.

**61. What operating systems and versions are currently in use for your home office and satellite offices?**

**62. What is your computer and related equipment replacement policy? Do you carry a warranty/maintenance agreement?**

**63. What type and number of servers do you have deployed and what role do they serve?**

**64. Do you have any form of redundancies in place should your primary connection fail?**

**65. What is the remote access policy and how are users accessing the network remotely?**

**66. What types of firewalls, routers, and switches are installed? Who has full access rights to those hardware devices?**

**67. Are your physical facilities access-controlled through biometrics or key cards, in order to prevent unauthorized access?**

**68. Do you have any form of intrusion detection solutions in place? If so, what is the platform and provider?**

**69. What kind of anti-virus solution is in place at the server and client levels?**

**70. Do you scan incoming and outgoing mail for viruses as well as other modes of transmission?**

**71. Do you utilize any form of drive control? For example, are there explicit rules for uploading/downloading information using USB flash drives?**

**72. Do your systems run automatic and routine virus scans?**

**73. Do you run spyware/malware detection software on your servers and on end user computers?**

**74. What is your data retention policy?**

**75. Do you maintain offsite backups? How many and where are they located? How frequently are they tested to verify they are working correctly?**

**76. In the event of a disaster or significant disruption does your organization have a documented Business Contingency plan?**

**77. Do you have a hot site or any other alternatives to continue the operations of the firm in any business interruption situation?**

- 78. Do you have a Disaster Recovery Plan? How often are the tests conducted?**
- 79. In the event of a systems failure, who is liable for damages to participants?**
- 80. Describe the insurance you have available to cover losses to participants in the event of a breach of your system.**
- 81. Have you received any awards or certifications for your recordkeeping system (i.e. ISO certified)?**
- 82. Do offer multi-factor authentication for participant account access? Do you require it?**
- 83. Describe any other security measures in place to reduce fraudulent account access. (i.e. voice recognition)**
- 84. Who is your proposed Relationship Manager?**
- 85. Which time zone are they located in? What are their working hours in PT?**
- 86. What is their tenure with your company?**
- 87. What is their tenure in this role at your company?**
- 88. How many years of industry experience do they have?**
- 89. Do they have a Bachelor's Degree?**
- 90. Please list any licenses they currently hold.**
- 91. Please list any credentials and/or designations they currently hold.**
- 92. How many clients do they currently serve?**
- 93. What is the typical number of clients that this position services?**
- 94. How often will the Relationship Manager be available to meet with South Coast AQMD in person?**
- 95. If the Client is not satisfied with their Relationship Manager, will they have a role in selecting a new one?**
- 96. Who is your proposed Day-to-Day Administrator?**
- 97. Which time zone are they located in? What are their working hours in PT?**
- 98. What is their tenure with your company?**
- 99. What is their tenure in this role at your company?**

- 100. How many years of industry experience do they have?
- 101. Do they have a Bachelor's Degree?
- 102. Please list any licenses they currently hold.
- 103. Please list any credentials and/or designations they currently hold.
- 104. How many clients do they currently serve?
- 105. What is the typical number of clients that this position services?

**Participant Experience (Include an additional copy of this Section as Volume II)**

- 106. As it relates to your live customer service operators and voice response system, can participants transfer to a Client Service Representative midway through a voice response conversation?
- 107. During what days/hours (Pacific Time) is a Client Service Representative available?
- 108. Provide your minimum qualifications for service representatives answering participant calls - Including Industry experience, licensing, and education requirements.
- 109. Provide the following statistics for your participant 800 service line for the 12-month period ending with the most recent calendar quarter.

Measurement	Statistic
Number of Call Received	
Average Response Time (service rep pickup – in seconds)	
Call Abort Rate	
Average Length of Calls	
Percentage of Call Requiring Call-Back	
Percentage of Call Elevated from VRS to Operator Assistance	

- 110. Are any participant calls routed outside of the United States?
- 111. Is there a live chat box available for participants to use on your website?
- 112. Is a Retirement Income Calculator available for participants to use on your website? If so what assumptions can be changed?
- 113. Can the Retirement Income Calculator incorporate pension plan information?
- 114. Is a Paycheck Estimator available for participants to use on your website?
- 115. Please provide login information to sample your participant website.

**116. Do you have a mobile application for smart phones?**

**117. Is your mobile application available on iOS and Android devices?**

**118. Please provide a login information to sample your mobile application.**

**119. Can a participant exchange money between funds using the mobile app?**

**120. Can a participant change investment elections using the mobile app?**

**121. In the following chart, indicate with an “X” which services are available through each communication medium. Only transactions which can be completely processed through that medium should be classified as available. For example, if a participant can request enrollment forms by voice response system but cannot actually enroll by VRS, this does not qualify as a VRS transaction.**

Measurement	VRS	Operator Assisted	Website	Mobile Application	Written (Paper Request)
Enroll in the Plan					
Change Contributions					
Investment Transfers					
Rebalancing					
Request a Loan					
Request an Unforeseen Emergency Withdrawal					
Initiate QDRO					
Request Distribution					
Add / Update Beneficiaries					
Acquire Account PIN					

**122. Will you provide a custom URL for participant website access?**

**123. Will you work with South Coast AQMD to determine methods, content and goals of the communication campaign?**

**124. Are you proposing a dedicated individual, other than the relationship manager or day to day contact, to develop the communication campaign? If so, please provide a brief biography for the individual and their main responsibilities.**

**125. If you are tracking eligibility for South Coast AQMD, will you automatically send an enrollment package to a newly eligible employees’ home without any plan sponsor involvement? Is there a fee for this service?**

**126. If you are not tracking eligibility for South Coast AQMD, how will you provide**

**enrollment packages to newly eligible employees?**

**127. Can enrollment materials be modified or customized to include the Client's logo, look and feel?**

**128. Does your education campaign include targeted emails based on participant demographics? If so, please provide details including the frequency and how you track success.**

**129. Does your education campaign include targeted emails based on participant life events? If so, please provide details including the frequency and how you track success.**

**130. Does your education campaign include postal mail? If so, please provide details including the frequency and how you track success.**

**131. Does your education campaign include flyers, posters or other types of print materials? If so, please provide details including the frequency and how you track success.**

**132. Does your education campaign include pop up messages on the participant website? If so, please provide details including the frequency and how you track success.**

**133. Are your education materials available in Spanish? If available in any additional language, please provide.**

**134. Does your education campaign utilize any methods to provide inclusive outreach to various diverse groups of participants?**

**135. What accommodations does your participant outreach provide for participants with hearing or vision impairments?**

**136. Does your education campaign include in-person education?**

**137. How often do you report the success of an education campaign to the client (monthly, quarterly, semi-annually, annually)? And what type of metrics are tracked and communicated?**

**138. Does your education campaign include webinars?**

**139. How many annual on-site education days are included in your bid?**

**140. How many additional on-site education days are included in your bid during the transition?**

**141. Do education days include group seminars in addition to one-on-one consultations?**

**142. Can education days be split between locations in the same geographic area?**

- 143. What is your on-site Communications Specialist's name and what are their credentials?**
- 144. Are they able to provide advice or guidance to assist participants with asset allocation?**
- 145. Are they able to earn any commissions or bonuses from product or service sales?**
- 146. Are they fluent in any other languages? If so, please describe**
- 147. What is your overall Financial Wellness strategy?**
- 148. Is your Financial Wellness offering integrated into the recordkeeping platform?**
- 149. Have you partnered with a 3rd party vendor to provide any of your Financial Wellness services? If yes, please describe what the relationship entails and how it fits into your overall strategy?**
- 150. Which financial topics are covered (and focused on) in the program? (i.e., budgeting, college planning, etc.)**
- 151. Which languages is the financial wellness content available in?**
- 152. Is there a cost to the program?**
- 153. If so, please state the cost and if it is based on all eligible employees or if only those who enroll in the program are charged a fee?**
- 154. Are there any costs for additional services? (e.g., 1 on 1 consultations, payments to 3rd party vendors)**
- 155. What tools are available online to participants? (i.e., student loan management, budgeting, account aggregation, calculators, coaching, etc.)**
- 156. Describe the type of reporting and metrics available for the plan sponsor.**
- 157. How are outcomes measured and how do you define program success?**
- 158. What enhancements are scheduled for the program over the next 2 years?**
- 159. Please provide login information to sample the financial wellness program.**
- 160. Do you provide single sign on?**
- 161. If the program offers employee education where participants can engage a professional, what credentials are required of the professionals that will deliver the employee education? Is there national coverage?**
- 162. Does the Financial Wellness vendor allow customization to include the Client's**

total benefits package?

**163. What is the implementation process to add your Financial Wellness program?**

**164. What is the ongoing schedule of communications after the program is implemented?**

**165. Can employees utilize your Financial Wellness services without employer contact?**

**166. If yes, can employees continue to use your Financial Wellness solution after they have terminated from their employer or the employer moves to another recordkeeper?**

### **Investments**

**167. Are you offering an open architecture fund lineup?**

**168. If South Coast AQMD, desires a fund that is not currently on your platform, will you add it? Approximately, how long will the process take?**

**169. Are you able to accommodate the current investment lineup including share classes? If not, identify each fund you are not able to accommodate and why.**

**170. Are you requiring any proprietary investment options?**

**171. Do you offer point-in-time asset allocation advice? If so, who provides the advice, through what mediums is it available, and what is the cost associated?**

**172. Do you offer customized non-unitized portfolio models using the Plan's core investment options? If so, who designs the models/allocation (e.g. Morningstar, Financial Engines etc.)?**

**173. Can you support customized non-unitized target date portfolio models (designed by Consultant) using the Plan's core investment options?**

**174. Can the portfolio models be used as the default investment option?**

**175. Will you be able to default participants into the age-appropriate model based on their birthday, or will one model have to be chosen to default all participants?**

**176. How many portfolio models can your system accommodate?**

**177. Do you offer auto-rebalancing on the portfolio models?**

**178. Are there fees for non-unitized customized portfolio models? Please provide any associated fees.**

**179. Can a participant elect to contribute to a custom portfolio model AND the core funds at the same time (OR, are the models an all-or-nothing option)?**

**180. If the models are not all-or-nothing, can the Plan Sponsor elect to make them so?**

- 181. Can the models be offered if your Managed Account program is offered?**
- 182. Do you offer managed accounts that enable participants to receive discretionary account management services (i.e. Financial Engines, Morningstar, Mesirow, etc.)? Please provide an overview of the program.**
- 183. Who serves as the discretionary Investment Manager on your Managed Accounts offering?**
- 184. Is there an option for the Consultant to be the discretionary Investment Manager?**
- 185. Can your Managed Accounts be used as the default investment option?**
- 186. How many distinct portfolios does your program offer?**
- 187. What basic data is required to be provided by the participant in order to sign up?**
- 188. What additional data (beyond the basic data) can a participant add on their own toward creating the output?**
- 189. Is the ability to add additional data automated such that participants can provide outside account numbers for “scraping” data?**
- 190. Please describe the types of information you are able to report back to South Coast AQMD regarding your Managed Accounts.**
- 191. Is there a required capital preservation fund even if South Coast AQMD wants full open architecture? If so, what is the product’s name? Please answer the questions below based on your required fund, or your proposed fund, if pricing concessions are offered for using it.**
- 192. Are competing funds allowed?**
- 193. What liquidity provision applies to plan sponsor withdrawals?**
- 194. Once a withdrawal is initiated, does the crediting rate calculation change? If Yes, please specify.**
- 195. Once a withdrawal is initiated are contributions still allowed?**
- 196. On what other platforms is your product available?**
- 197. How is the crediting rate determined? (formula and frequency)**
- 198. Are you able to recordkeep the plan’s current option during the liquidity lock-up period? Do you have other clients that are currently doing this?**
- 199. Is there a crediting rate floor? If so, what is the rate?**
- 200. If a market value adjustment (“MVA”) applies to South Coast AQMD’s current**

option, will the plan have the ability to amortize any MVA into the new option's crediting rate?

201. How much revenue sharing, if any, is included in the capital preservation option that is being proposed?

202. Is your product benefit sensitive?

203. If competing funds are allowed, are they subject to a 90-day equity wash?

204. Other than an equity wash, are there any other fund transfer restrictions?

205. What is the effective duration as of most recent quarter end?

206. What is average maturity as of most recent quarter end?

207. What is the annualized crediting rate as of most recent quarter end?

208. Is the crediting rate artificially elevated as the result of a sales incentive or other short-term increase?

209. Please provide ten (10) years of monthly returns as of most recent quarter end. The performance should be based on a zero revenue share class and the effect proposed guaranteed or contractual floors above the product's normal floor should be disregarded.

210. What is the average portfolio S&P credit quality as of most recent quarter end? For general account products, what is the S&P credit quality for the insurance provider?

211. What percentage of the portfolio is below investment grade bonds as of the most recent quarter end?

212. What is the market-to-book value as of most recent quarter end?

213. What is the expense ratio of the lowest cost, zero revenue share, available share class?

## Fees

214. Can you track and reallocate revenue sharing received by each fund on a per participant level? (Fee leveling)

215. How long have you been able to support Fee Leveling?

216. In determining how much revenue to rebate to each participant, do you utilize an average daily, average monthly, or point-in-time methodology?

217. How frequently are revenue sharing amounts credited back to applicable participants?

**218. Do revenue sharing credits appear as a separate line item on participant statements?**

**219. Can the Plan Sponsor add additional participant fees to fund a reimbursement account?**

**220. How frequently are fees deducted from participant accounts?**

**221. Can fees be deducted pro rata? Per capita?**

**222. How long are the fees proposed in this RFP guaranteed not to increase after the transition? (Includes recordkeeping and transactional fees).**

**223. During the RFP process, how long are the quoted fees in this proposal valid?**

**224. Are there any fees associated if South Coast AQMD terminates service with your company? If so, please define.**

**225. Can South Coast AQMD pay Plan expenses out of the Expense Reimbursement Account?**

**226. Are you able to reallocate excess (unused) monies in such accounts back to participant accounts at South Coast AQMD's request?**

**227. Please set forth all of your assumptions in determining your revenue requirement, including whether fixed accounts will be subjected to the same revenue requirement or any other plan sponsor level fee.**

**228. Describe any agreement you are willing to make (including applicable amounts) putting a portion of your revenue requirement at risk if performance standards are not met?**

**229. For clarity, please complete the chart below for sponsor level fees. If the service is not available, check the N/A box. If the service is included in your revenue requirement, check the Included in Rev Requirement box. If the service is available for a fee, type the fee in the Additional Fee box.**

Service	N/A	Included	Additional Fee
Conversion / Setup / Implementation			
Trustee			
402(g) Testing			
Fund Changes			
Fund Change Notice Delivery			
Self-Directed Brokerage Setup (Plan Sponsor)			
Complete Loan Outsourcing			
Complete Unforeseen Emergency Outsourcing			
Complete QDRO Outsourcing			
Enrollment Kit			

Enrollment Kit Delivery			
Onsite Employee Meetings (Above # of Days Included)			
Participant Statement Delivery			
Participant Fee Disclosure Delivery			
Annual Default Investment Notice Delivery			
General Education Materials Delivery			
Customized Communications			
SPD or Similar Delivery			
Missing Participant Location Service			
Any Other Sponsor Fees (Describe)			

**230. Please complete the fee table below for participant level fees in the same manner as the previous question:**

Service	N/A	Included	Additional Fee
Loan Setup			
Annual Loan Maintenance			
Distribution / 1099			
Unforeseen Emergency Withdrawal			
QDRO (Processing Only)			
QDRO (Complete Outsourcing)			
Managed Accounts			
Self-Directed Brokerage Setup			
Self-Directed Brokerage Annual			
Any Other Participant Fees (Describe)			

**231. Indicate your overall basis point revenue requirement on total assets (or specify any exclusions) for providing recordkeeping and administrative services to the Plan, assuming complete open architecture (including capital preservation) and a five-year contract.**

**232. Based on the above open architecture scenario, please indicate any scenarios where the Plan may receive pricing concessions and the impact to pricing (in basis points). Examples may include using proprietary products and services.**

**233. If the South Coast AQMD wishes to pay a flat dollar fee as opposed to a basis point fee, indicate your overall per-head revenue requirement to provide plan recordkeeping/administration services for the Plan, assuming complete open architecture (including capital preservation) and a five-year contract.**

**234. Based on the above open architecture scenario, please indicate any scenarios where the Plan may receive pricing concessions and the impact to pricing (in \$/participant). Examples include using proprietary products and services.**

## **SECTION VIII: PROPOSAL SUBMISSION**

All proposals must be submitted according to specifications set forth in the section above, and

this section. Failure to adhere to these specifications may be cause for rejection of the proposal.

Signature - All proposals must be signed by an authorized representative of the Proposer.

Due Date - **All proposals are due no later than 5:00 p.m., March 19, 2021, and should be directed to:**

Procurement Unit  
 South Coast Air Quality Management District  
 21865 Copley Drive  
 Diamond Bar, CA 91765-4178  
 (909) 396-3520

Submittal - Submit five (5) complete copies of the proposal in a sealed envelope, plainly marked in the upper left-hand corner with the name and address of the Proposer and the words "Request for Proposals P2021-11."

**Late bids/proposals will not be accepted under any circumstances.**

Grounds for Rejection - A proposal may be immediately rejected if:

- It is not prepared in the format described, or
- It is signed by an individual not authorized to represent the Firm.

Modification or Withdrawal - Once submitted, proposals cannot be altered without the prior written consent of South Coast AQMD. All proposals shall constitute firm offers and may not be withdrawn for a period of ninety (90) days following the last day to accept proposals.

**SECTION IX: PROPOSAL EVALUATION/CONTRACTOR SELECTION CRITERIA**

- A. Proposals will be evaluated by the Committee after considering advisory scoring from a select group of representative employees on responses in the Participant Experience section. Consultant will assist the Committee in interpreting and evaluating the proposals but will not score the proposals. The Committee will make a recommendation to the Executive Officer and/or the Governing Board of South Coast AQMD for final selection and negotiation of a contract.
- B. Each member of the Committee shall be accorded equal weight in his or her rating of proposals. The Committee shall evaluate the proposals according to the weightings set forth below.

Section	Weight
Provider Background	10
Plan Sponsor Services	20
Investment Platform	20
Fees	30
Participant Experience	20
<b>Total Score</b>	<b>100</b>

- C. Additional points will be awarded for small business, DVBE, use of small business or DVBE subcontractors, Zero or Near-Zero emission vehicle business, local business, and off-peak hours delivery business which shall not exceed 15 points.

Two additional points will be awarded for Most Favored Customer status.

- D. At its discretion and to further its evaluation of the proposals, the Committee may select finalists for interviews / presentations. Information provided should expand on what was provided in the proposal and not introduce new products, services, or pricing that was not originally included. If the Committee elects to hold interviews / presentation, finalists will be provided with a time and date, agenda, and scoring methodology at least two weeks prior to the scheduled date.
- E. The Executive Officer or Governing Board may award the contract to a Proposer other than the Proposer receiving the highest rating in the event the Governing Board determines that another Proposer from among those technically qualified would provide the best value to South Coast AQMD considering cost and technical factors. The determination shall be based solely on the Evaluation Criteria contained in the Request for Proposal (RFP), on evidence provided in the proposal and on any other evidence provided during the bid review process.
- F. Selection will be made based on the above-described criteria and rating factors. The selection will be made by and is subject to Executive Officer or Governing Board approval. Proposers may be notified of the results by letter.
- G. The Governing Board has approved a Bid Protest Procedure which provides a process for a Bidder or prospective Bidder to submit a written protest to South Coast AQMD Procurement Manager in recognition of two types of protests: Protest Regarding Solicitation and Protest Regarding Award of a Contract. Copies of the Bid Protest Policy can be secured through a request to South Coast AQMD Procurement Department.
- H. Disposition of Proposals – Pursuant to South Coast AQMD’s Procurement Policy and Procedure, South Coast AQMD reserves the right to reject any or all proposals. All proposals become the property of South Coast AQMD, and are subject to the California Public Records Act. One copy of the proposal shall be retained for South Coast AQMD files. Additional copies of materials will be returned only if requested and at the proposer’s expense.

# ATTACHMENT A

## PARTICIPATION IN THE PROCUREMENT PROCESS

A. It is the policy of South Coast Air Quality Management District (South Coast AQMD) to ensure that all businesses including minority business enterprises, women business enterprises, disabled veteran business enterprises and small businesses have a fair and equitable opportunity to compete for and participate in South Coast AQMD contracts.

B. Definitions:

The definition of minority, women or disadvantaged business enterprises set forth below is included for purposes of determining compliance with the affirmative steps requirement described in Paragraph G below on procurements funded in whole or in part with federal grant funds which involve the use of subcontractors. The definition provided for disabled veteran business enterprise, local business, small business enterprise, Zero or Near-Zero emission vehicle business and off-peak hours delivery business are provided for purposes of determining eligibility for point or cost considerations in the evaluation process.

1. "Women business enterprise" (WBE) as used in this policy means a business enterprise that meets all of the following criteria:
  - a. a business that is at least 51 percent owned by one or more women, or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.
  - b. a business whose management and daily business operations are controlled by one or more women.
  - c. a business which is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.
2. "Disabled veteran" as used in this policy is a United States military, naval, or air service veteran with at least 10 percent service-connected disability who is a resident of California.
3. "Disabled veteran business enterprise" (DVBE) as used in this policy means a business enterprise that meets all of the following criteria:
  - a. is a sole proprietorship or partnership of which at least 51 percent is owned by one or more disabled veterans or, in the case of a publicly owned business, at least 51 percent of its stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation but only if at least 51 percent of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51 percent of the joint venture's management and control and earnings are held by one or more disabled veterans.
  - b. the management and control of the daily business operations are by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business.

- c. is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.
4. "Local business" as used in this policy means a company that has an ongoing business within geographical boundaries of South Coast AQMD at the time of bid or proposal submittal and performs 90% of the work related to the contract within the geographical boundaries of South Coast AQMD and satisfies the requirements of subparagraph H below. Proposals for legislative representation, such as in Sacramento, California or Washington D.C. are not eligible for local business incentive points.
5. "Small business" as used in this policy means a business that meets the following criteria:
  - a. 1) an independently owned and operated business; 2) not dominant in its field of operation; 3) together with affiliates is either:
    - A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or
    - A manufacturer with 100 or fewer employees.
  - b. Manufacturer means a business that is both of the following:
    - 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.
    - 2) Classified between Codes 311000 and 339000, inclusive, of the North American Industrial Classification System (NAICS) Manual published by the United States Office of Management and Budget, 2007 edition.
6. "Joint ventures" as defined in this policy pertaining to certification means that one party to the joint venture is a DVBE or small business and owns at least 51 percent of the joint venture.
7. "Zero or Near-Zero Emission Vehicle Business" as used in this policy means a company or contractor that uses Zero or Near-Zero emission vehicles in conducting deliveries to South Coast AQMD. Zero or Near-Zero emission vehicles include vehicles powered by electric, compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas (LPG), ethanol, methanol and hydrogen and are certified to 90% or lower of the existing standard.
8. "Off-Peak Hours Delivery Business" as used in this policy means a company or contractor that commits to conducting deliveries to South Coast AQMD during off-peak traffic hours defined as between 10:00 a.m. and 3:00 p.m.

9. "Benefits Incentive Business" as used in this policy means a company or contractor that provides janitorial, security guard or landscaping services to South Coast AQMD and commits to providing employee health benefits (as defined below in Section VIII.D.2.d) for full time workers with affordable deductible and co-payment terms.
  10. "Minority Business Enterprise" as used in this policy means a business that is at least 51 percent owned by one or more minority person(s), or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more or minority persons.
    - a. a business whose management and daily business operations are controlled by one or more minority persons.
    - b. a business which is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.
    - c. "Minority person" for purposes of this policy, means a Black American, Hispanic American, Native-American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian (including a person whose origins are from India, Pakistan, and Bangladesh), Asian-Pacific-American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, and Taiwan).
  11. "Most Favored Customer" as used in this policy means that the South Coast AQMD will receive at least as favorable pricing, warranties, conditions, benefits and terms as other customers or clients making similar purchases or receiving similar services.
  12. "Disadvantaged Business Enterprise" as used in this policy means a business that is an entity owned and/or controlled by a socially and economically disadvantaged individual(s) as described by Title X of the Clean Air Act Amendments of 1990 (42 U.S.C. 7601 note) (10% statute), and Public Law 102-389 (42 U.S.C. 4370d)(8% statute), respectively;  
a Small Business Enterprise (SBE);  
a Small Business in a Rural Area (SBRA);  
a Labor Surplus Area Firm (LSAF); or  
a Historically Underutilized Business (HUB) Zone Small Business Concern, or a concern under a successor program.
- C. Under Request for Quotations (RFQ), DVBEs, DVBE business joint ventures, small businesses, and small business joint ventures shall be granted a preference in an amount equal to 5% of the lowest cost responsive bid. Zero or Near-Zero Emission Vehicle Businesses shall be granted a preference in an amount equal to 5 percent of the lowest cost responsive bid. Off-Peak Hours Delivery Businesses shall be granted a preference in an amount equal to 2 percent of the lowest cost responsive bid. Local businesses (if the procurement is not funded in whole or in part by federal grant funds) shall be granted a preference in an amount equal to 2% of the lowest cost responsive bid. Businesses offering

Most Favored Customer status shall be granted a preference in an amount equal to 2 percent of the lowest cost responsive bid.

- D. Under Request for Proposals, DVBEs, DVBE joint ventures, small businesses, and small business joint ventures shall be awarded ten (10) points in the evaluation process. A non-DVBE or large business shall receive seven (7) points for subcontracting at least twenty-five (25%) of the total contract value to a DVBE and/or small business. Zero or Near-Zero Emission Vehicle Businesses shall be awarded five (5) points in the evaluation process. On procurements which are not funded in whole or in part by federal grant funds local businesses shall receive five (5) points. Off-Peak Hours Delivery Businesses shall be awarded two (2) points in the evaluation process. Businesses offering Most Favored Customer status shall be awarded two (2) points in the evaluation process.
- E. South Coast AQMD will ensure that discrimination in the award and performance of contracts does not occur on the basis of race, color, sex, national origin, marital status, sexual preference, creed, ancestry, medical condition, or retaliation for having filed a discrimination complaint in the performance of South Coast AQMD contractual obligations.
- F. South Coast AQMD requires Contractor to be in compliance with all state and federal laws and regulations with respect to its employees throughout the term of any awarded contract, including state minimum wage laws and OSHA requirements.
- G. When contracts are funded in whole or in part by federal funds, and if subcontracts are to be let, the Contractor must comply with the following, evidencing a good faith effort to solicit disadvantaged businesses. Contractor shall submit a certification signed by an authorized official affirming its status as a MBE or WBE, as applicable, at the time of contract execution. South Coast AQMD reserves the right to request documentation demonstrating compliance with the following good faith efforts prior to contract execution.
  - 1. Ensure Disadvantaged Business Enterprises (DBEs) are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local Government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
  - 2. Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
  - 3. Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and Local Government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
  - 4. Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.
  - 5. Using the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.

6. If the prime contractor awards subcontracts, require the prime contractor to take the above steps.
- 
- H. To the extent that any conflict exists between this policy and any requirements imposed by federal and state law relating to participation in a contract by a certified MBE/WBE/DVBE as a condition of receipt of federal or state funds, the federal or state requirements shall prevail.
  - I. When contracts are not funded in whole or in part by federal grant funds, a local business preference will be awarded. For such contracts that involve the purchase of commercial off-the-shelf products, local business preference will be given to suppliers or distributors of commercial off-the-shelf products who maintain an ongoing business within the geographical boundaries of South Coast AQMD. However, if the subject matter of the RFP or RFQ calls for the fabrication or manufacture of custom products, only companies performing 90% of the manufacturing or fabrication effort within the geographical boundaries of South Coast AQMD shall be entitled to the local business preference. Proposals for legislative representation, such as in Sacramento, California or Washington D.C. are not eligible for local business incentive points.
  - J. In compliance with federal fair share requirements set forth in 40 CFR Part 33, South Coast AQMD shall establish a fair share goal annually for expenditures with federal funds covered by its procurement policy.

ATTACHMENT B



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178  
(909) 396-2000 • [www.aqmd.gov](http://www.aqmd.gov)

## **Business Information Request**

Dear South Coast AQMD Contractor/Supplier:

South Coast Air Quality Management District (South Coast AQMD) is committed to ensuring that our contractor/supplier records are current and accurate. If your firm is selected for award of a purchase order or contract, it is imperative that the information requested herein be supplied in a timely manner to facilitate payment of invoices. In order to process your payments, we need the enclosed information regarding your account. **Please review and complete the information identified on the following pages, remember to sign all documents for our files, and return them as soon as possible to the address below:**

**Attention: Accounts Payable, Accounting Department  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178**

If you do not return this information, we will not be able to establish you as a vendor. This will delay any payments and would still necessitate your submittal of the enclosed information to our Accounting department before payment could be initiated. Completion of this document and enclosed forms would ensure that your payments are processed timely and accurately.

If you have any questions or need assistance in completing this information, please contact Accounting at (909) 396-3777. We appreciate your cooperation in completing this necessary information.

Sincerely,

Sujata Jain  
Chief Financial Officer

DH:tm

Enclosures: Business Information Request  
Disadvantaged Business Certification  
W-9  
Form 590 Withholding Exemption Certificate  
Federal Contract Debarment Certification  
Campaign Contributions Disclosure  
Direct Deposit Authorization

REV 5/20



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178  
(909) 396-2000 • [www.aqmd.gov](http://www.aqmd.gov)

## BUSINESS INFORMATION REQUEST

Business Name	
Division of	
Subsidiary of	
Website Address	
Type of Business <i>Check One:</i>	Individual DBA, Name _____, County Filed in _____ Corporation, ID No. _____ LLC/LLP, ID No. _____ Other _____

## REMITTING ADDRESS INFORMATION

Address			
City/Town			
State/Province		Zip	
Phone	(     )     -     Ext	Fax	(     )     -
Contact		Title	
E-mail Address			
Payment Name if Different			

All invoices must reference the corresponding Purchase Order Number(s)/Contract Number(s) if applicable and mailed to:

**Attention: Accounts Payable, Accounting Department  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178**

**BUSINESS STATUS CERTIFICATIONS**

Federal guidance for utilization of disadvantaged business enterprises allows a vendor to be deemed a small business enterprise (SBE), minority business enterprise (MBE) or women business enterprise (WBE) if it meets the criteria below.

- is certified by the Small Business Administration or
- is certified by a state or federal agency or
- is an independent MBE(s) or WBE(s) business concern which is at least 51 percent owned and controlled by minority group member(s) who are citizens of the United States.

Statements of certification:

As a prime contractor to South Coast AQMD, \_\_\_\_\_ (name of business) will engage in good faith efforts to achieve the fair share in accordance with 40 CFR Section 33.301, and will follow the six affirmative steps listed below **for contracts or purchase orders funded in whole or in part by federal grants and contracts.**

1. Place qualified SBEs, MBEs, and WBEs on solicitation lists.
2. Assure that SBEs, MBEs, and WBEs are solicited whenever possible.
3. When economically feasible, divide total requirements into small tasks or quantities to permit greater participation by SBEs, MBEs, and WBEs.
4. Establish delivery schedules, if possible, to encourage participation by SBEs, MBEs, and WBEs.
5. Use services of Small Business Administration, Minority Business Development Agency of the Department of Commerce, and/or any agency authorized as a clearinghouse for SBEs, MBEs, and WBEs.
6. If subcontracts are to be let, take the above affirmative steps.

**Self-Certification Verification: Also for use in awarding additional points, as applicable, in accordance with South Coast AQMD Procurement Policy and Procedure:**

Check all that apply:

- |   |  |
|---|--|
| <input type="checkbox"/> Small Business Enterprise/Small Business Joint Venture | <input type="checkbox"/> Women-owned Business Enterprise                               |
| <input type="checkbox"/> Local business   | <input type="checkbox"/> Disabled Veteran-owned Business Enterprise/DVBE Joint Venture |
| <input type="checkbox"/> Minority-owned Business Enterprise                     | <input type="checkbox"/> Most Favored Customer Pricing Certification                   |

Percent of ownership: \_\_\_\_\_ %

Name of Qualifying Owner(s): \_\_\_\_\_

**State of California Public Works Contractor Registration No. \_\_\_\_\_ . MUST BE INCLUDED IF BID PROPOSAL IS FOR PUBLIC WORKS PROJECT.**

I, the undersigned, hereby declare that to the best of my knowledge the above information is accurate. Upon penalty of perjury, I certify information submitted is factual.

\_\_\_\_\_  
*NAME*

\_\_\_\_\_  
*TITLE*

\_\_\_\_\_  
*TELEPHONE NUMBER*

\_\_\_\_\_  
*DATE*

## Definitions

**Disabled Veteran-Owned Business Enterprise** means a business that meets all of the following criteria:

- is a sole proprietorship or partnership of which is at least 51 percent owned by one or more disabled veterans, or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation but only if at least 51 percent of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51 percent of the joint venture's management and control and earnings are held by one or more disabled veterans.
- the management and control of the daily business operations are by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business.
- is a sole proprietorship, corporation, partnership, or joint venture with its primary headquarters office located in the United States and which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.

**Joint Venture** means that one party to the joint venture is a DVBE and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that DVBE will receive at least 51 percent of the project dollars.

**Local Business** means a business that meets all of the following criteria:

- has an ongoing business within the boundary of South Coast AQMD at the time of bid application.
- performs 90 percent of the work within South Coast AQMD's jurisdiction.

**Minority-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more minority persons or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more minority persons.
- is a business whose management and daily business operations are controlled or owned by one or more minority person.
- is a business which is a sole proprietorship, corporation, partnership, joint venture, an association, or a cooperative with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.

“Minority” person means a Black American, Hispanic American, Native American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian American (including a person whose origins are from India, Pakistan, or Bangladesh), Asian-Pacific American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, or Taiwan).

**Small Business Enterprise** means a business that meets the following criteria:

- a. 1) an independently owned and operated business; 2) not dominant in its field of operation; 3) together with affiliates is either:
  - **A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or**
  - A manufacturer with 100 or fewer employees.
- b. Manufacturer means a business that is both of the following:
  - 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.
  - 2) Classified between Codes 311000 to 339000, inclusive, of the North American Industrial Classification System (NAICS) Manual published by the United States Office of Management and Budget, 2007 edition.

**Small Business Joint Venture** means that one party to the joint venture is a Small Business and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that the Small Business will receive at least 51 percent of the project dollars.

**Women-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more women or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.
- is a business whose management and daily business operations are controlled or owned by one or more women.
- is a business which is a sole proprietorship, corporation, partnership, or a joint venture, with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.

**Most Favored Customer** as used in this policy means that the South Coast AQMD will receive at least as favorable pricing, warranties, conditions, benefits and terms as other customers or clients making similar purchases or receiving similar services.



By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting*, later, for further information.

**Note:** If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States.

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

**Foreign person.** If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items.

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

## Backup Withholding

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS 24% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

**Payments you receive will be subject to backup withholding if:**

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the instructions for Part II for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code*, later, and the separate instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships*, earlier.

## What is FATCA Reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code*, later, and the Instructions for the Requester of Form W-9 for more information.

## Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

## Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

## Specific Instructions

### Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account (other than an account maintained by a foreign financial institution (FFI)), list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9. If you are providing Form W-9 to an FFI to document a joint account, each holder of the account that is a U.S. person must provide a Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

**Note: ITIN applicant:** Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C corporation, or S corporation.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

### Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

### Line 3

Check the appropriate box on line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box on line 3.

IF the entity/person on line 1 is a(n) . . .	THEN check the box for . . .
• Corporation	Corporation
• Individual • Sole proprietorship, or • Single-member limited liability company (LLC) owned by an individual and disregarded for U.S. federal tax purposes.	Individual/sole proprietor or single-member LLC
• LLC treated as a partnership for U.S. federal tax purposes, • LLC that has filed Form 8832 or 2553 to be taxed as a corporation, or • LLC that is disregarded as an entity separate from its owner but the owner is another LLC that is not disregarded for U.S. federal tax purposes.	Limited liability company and enter the appropriate tax classification. (P= Partnership; C= C corporation; or S= S corporation)
• Partnership	Partnership
• Trust/estate	Trust/estate

### Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space on line 4 any code(s) that may apply to you.

#### Exempt payee code.

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

- 1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
- 2—The United States or any of its agencies or instrumentalities
- 3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
- 4—A foreign government or any of its political subdivisions, agencies, or instrumentalities
- 5—A corporation
- 6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession
- 7—A futures commission merchant registered with the Commodity Futures Trading Commission
- 8—A real estate investment trust
- 9—An entity registered at all times during the tax year under the Investment Company Act of 1940
- 10—A common trust fund operated by a bank under section 584(a)
- 11—A financial institution
- 12—A middleman known in the investment community as a nominee or custodian
- 13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 5 <sup>2</sup>
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

<sup>1</sup> See Form 1099-MISC, Miscellaneous Income, and its instructions.

<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

**Exemption from FATCA reporting code.** The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K—A broker

L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

**Note:** You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

### Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns. If this address differs from the one the requester already has on file, write NEW at the top. If a new address is provided, there is still a chance the old address will be used until the payor changes your address in their records.

### Line 6

Enter your city, state, and ZIP code.

## Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN.

If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

**Note:** See *What Name and Number To Give the Requester*, later, for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at [www.SSA.gov](http://www.SSA.gov). You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at [www.irs.gov/Businesses](http://www.irs.gov/Businesses) and clicking on Employer Identification Number (EIN) under Starting a Business. Go to [www.irs.gov/Forms](http://www.irs.gov/Forms) to view, download, or print Form W-7 and/or Form SS-4. Or, you can go to [www.irs.gov/OrderForms](http://www.irs.gov/OrderForms) to place an order and have Form W-7 and/or SS-4 mailed to you within 10 business days.

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note:** Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

## Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, 4, or 5 below indicates otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code*, earlier.

**Signature requirements.** Complete the certification as indicated in items 1 through 5 below.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to [phishing@irs.gov](mailto:phishing@irs.gov). You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at [spam@uce.gov](mailto:spam@uce.gov) or report them at [www.ftc.gov/complaint](http://www.ftc.gov/complaint). You can contact the FTC at [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft) or 877-IDTHEFT (877-438-4338). If you have been the victim of identity theft, see [www.IdentityTheft.gov](http://www.IdentityTheft.gov) and Pub. 5027.

Visit [www.irs.gov/identitytheft](http://www.irs.gov/identitytheft) to learn more about identity theft and how to reduce your risk.

## Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

# 2020 Withholding Exemption Certificate

590

The payee completes this form and submits it to the withholding agent. The withholding agent keeps this form with their records.

**Withholding Agent Information**

Name \_\_\_\_\_

**Payee Information**

Name \_\_\_\_\_

SSN or ITIN  FEIN  CA Corp no.  CA SOS file no.

Address (apt./ste., room, PO box, or PMB no.) \_\_\_\_\_

City (if you have a foreign address, see Instructions.) \_\_\_\_\_

State \_\_\_\_\_ ZIP code \_\_\_\_\_

**Exemption Reason**

**Check only one box.**

By checking the appropriate box below, the payee certifies the reason for the exemption from the California income tax withholding requirements on payment(s) made to the entity or individual.

- Individuals — Certification of Residency:**  
I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly notify the withholding agent. See instructions for General Information D, Definitions.
- Corporations:**  
The corporation has a permanent place of business in California at the address shown above or is qualified through the California Secretary of State (SOS) to do business in California. The corporation will file a California tax return. If this corporation ceases to have a permanent place of business in California or ceases to do any of the above, I will promptly notify the withholding agent. See instructions for General Information D, Definitions.
- Partnerships or Limited Liability Companies (LLCs):**  
The partnership or LLC has a permanent place of business in California at the address shown above or is registered with the California SOS, and is subject to the laws of California. The partnership or LLC will file a California tax return. If the partnership or LLC ceases to do any of the above, I will promptly inform the withholding agent. For withholding purposes, a limited liability partnership (LLP) is treated like any other partnership.
- Tax-Exempt Entities:**  
The entity is exempt from tax under California Revenue and Taxation Code (R&TC) Section 23701 \_\_\_\_\_ (insert letter) or Internal Revenue Code Section 501(c) \_\_\_\_\_ (insert number). If this entity ceases to be exempt from tax, I will promptly notify the withholding agent. Individuals cannot be tax-exempt entities.
- Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified Pension/Profit-Sharing Plans:**  
The entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.
- California Trusts:**  
At least one trustee and one noncontingent beneficiary of the above-named trust is a California resident. The trust will file a California fiduciary tax return. If the trustee or noncontingent beneficiary becomes a nonresident at any time, I will promptly notify the withholding agent.
- Estates — Certification of Residency of Deceased Person:**  
I am the executor of the above-named person's estate or trust. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return.
- Nonmilitary Spouse of a Military Servicemember:**  
I am a nonmilitary spouse of a military servicemember and I meet the Military Spouse Residency Relief Act (MSRRA) requirements. See instructions for General Information E, MSRRA.

**CERTIFICATE OF PAYEE:** Payee must complete and sign below.

To learn about your privacy rights, how we may use your information, and the consequences for not providing the requested information, go to [ftb.ca.gov/forms](http://ftb.ca.gov/forms) and search for 1131. To request this notice by mail, call 800.852.5711.

Under penalties of perjury, I declare that I have examined the information on this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare under penalties of perjury that if the facts upon which this form are based change, I will promptly notify the withholding agent.

Type or print payee's name and title \_\_\_\_\_ Telephone \_\_\_\_\_

Payee's signature ► \_\_\_\_\_ Date \_\_\_\_\_

7061203

Form 590 2019

# 2020 Instructions for Form 590

## Withholding Exemption Certificate

References in these instructions are to the California Revenue and Taxation Code (R&TC).

### General Information

California Revenue and Taxation Code (R&TC) Section 18662 requires withholding of income or franchise tax on payments of California source income made to nonresidents of California. For more information, See General Information B, Income Subject to Withholding.

**Registered Domestic Partners (RDP)** – For purposes of California income tax, references to a spouse, husband, or wife also refer to a California RDP unless otherwise specified. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

### A Purpose

Use Form 590, Withholding Exemption Certificate, to certify an exemption from nonresident withholding.

Form 590 does not apply to payments of backup withholding. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

Form 590 does not apply to payments for wages to employees. Wage withholding is administered by the California Employment Development Department (EDD). For more information, go to [edd.ca.gov](http://edd.ca.gov) or call 888.745.3886.

**Do not** use Form 590 to certify an exemption from withholding if you are a **seller of California real estate**. Sellers of California real estate use Form 593, Real Estate Withholding Statement, to claim an exemption from the real estate withholding requirement.

The following are excluded from withholding and completing this form:

- The United States and any of its agencies or instrumentalities.
- A state, a possession of the United States, the District of Columbia, or any of its political subdivisions or instrumentalities.
- A foreign government or any of its political subdivisions, agencies, or instrumentalities.

### B Income Subject to Withholding

Withholding is required on the following, but is not limited to:

- Payments to nonresidents for services rendered in California.
- Distributions of California source income made to domestic nonresident partners, members, and S corporation shareholders and allocations of California source income made to foreign partners and members.
- Payments to nonresidents for rents if the payments are made in the course of the withholding agent's business.
- Payments to nonresidents for royalties from activities sourced to California.

- Distributions of California source income to nonresident beneficiaries from an estate or trust.
- Endorsement payments received for services performed in California.
- Prizes and winnings received by nonresidents for contests in California.

However, withholding is optional if the total payments of California source income are \$1,500 or less during the calendar year.

For more information on withholding, get FTB Pub. 1017, Resident and Nonresident Withholding Guidelines. To get a withholding publication, see Additional Information.

### C Who Certifies this Form

Form 590 is certified (completed and signed) by the payee. California residents or entities exempt from the withholding requirement should complete Form 590 and submit it to the withholding agent before payment is made. The withholding agent is then relieved of the withholding requirements if the agent relies in good faith on a completed and signed Form 590 unless notified by the Franchise Tax Board (FTB) that the form should not be relied upon.

An incomplete certificate is invalid and the withholding agent should not accept it. If the withholding agent receives an incomplete certificate, the withholding agent is required to withhold tax on payments made to the payee until a valid certificate is received. In lieu of a completed exemption certificate, the withholding agent may accept a letter from the payee as a substitute explaining why they are not subject to withholding. The letter must contain all the information required on the certificate in similar language, including the under penalty of perjury statement and the payee's taxpayer identification number (TIN).

The certification does not need to be renewed annually. The certification on Form 590 remains valid until the payee's status changes. The withholding agent must retain a copy of the certification or substitute for at least five years after the last payment to which the certification applies. The agent must provide it to the FTB upon request.

If an entertainer (or the entertainer's business entity) is paid for a performance, the entertainer's information must be provided. **Do not** submit the entertainer's agent or promoter information.

The grantor of a grantor trust shall be treated as the payee for withholding purposes. Therefore, if the payee is a grantor trust and one or more of the grantors is a nonresident, withholding is required. If all of the grantors on the trust are residents, no withholding is required. Resident grantors can check the box on Form 590 labeled "Individuals— Certification of Residency."

### D Definitions

For California nonwage withholding purposes, **nonresident** includes all of the following:

- Individuals who are not residents of California.
- Corporations not qualified through the California Secretary of State (CA SOS) to do business in California or having no permanent place of business in California.
- Partnerships or limited liability companies (LLCs) with no permanent place of business in California.
- Any trust without a resident grantor, beneficiary, or trustee, or estates where the decedent was not a California resident.

Foreign refers to non-U.S.

For more information about determining resident status, get FTB Pub. 1031, Guidelines for Determining Resident Status. Military servicemembers have special rules for residency. For more information see General Information E, Military Spouse Residency Relief Act (MSRRA), and FTB Pub. 1032, Tax Information for Military Personnel.

#### Permanent Place of Business:

A corporation has a permanent place of business in California if it is organized and existing under the laws of California or it has qualified through the CA SOS to transact intrastate business. A corporation that has not qualified to transact intrastate business (e.g., a corporation engaged exclusively in interstate commerce) will be considered as having a permanent place of business in California only if it maintains a permanent office in California that is permanently staffed by its employees.

### E Military Spouse Residency Relief Act (MSRRA)

Generally, for tax purposes you are considered to maintain your existing residence or domicile. If a military servicemember and nonmilitary spouse have the same state of domicile, the MSRRA provides:

- A spouse shall not be deemed to have lost a residence or domicile in any state solely by reason of being absent to be with the servicemember serving in compliance with military orders.
- A spouse shall not be deemed to have acquired a residence or domicile in any other state solely by reason of being there to be with the servicemember serving in compliance with military orders.

**Domicile** is defined as the one place:

- Where you maintain a true, fixed, and permanent home.
- To which you intend to return whenever you are absent.

A military servicemember's nonmilitary spouse is considered a nonresident for tax purposes if the servicemember and spouse have the same domicile outside of California and the spouse is in California solely to be with the servicemember who is serving in compliance with Permanent Change of Station orders.

California may require nonmilitary spouses of military servicemembers to provide proof that they meet the criteria for California personal income tax exemption as set forth in the MSRRRA.

Income of a military servicemember's nonmilitary spouse for services performed in California is not California source income subject to state tax if the spouse is in California to be with the servicemember serving in compliance with military orders, and the servicemember and spouse have the same domicile in a state other than California.

For additional information or assistance in determining whether the applicant meets the MSRRRA requirements, get FTB Pub. 1032.

## Specific Instructions

### Payee Instructions

Enter the withholding agent's name.

Enter the payee's information, including the TIN and check the appropriate TIN box.

You must provide a valid TIN as requested on this form. The following are acceptable TINs: social security number (SSN); individual taxpayer identification number (ITIN); federal employer identification number (FEIN); California corporation number (CA Corp no.); or CA SOS file number.

**Private Mail Box (PMB)** – Include the PMB in the address field. Write "PMB" first, then the box number. Example: 111 Main Street PMB 123.

**Foreign Address** – Follow the country's practice for entering the city, county, province, state, country, and postal code, as applicable, in the appropriate boxes. Do not abbreviate the country name.

**Exemption Reason** – Check the box that reflects the reason why the payee is exempt from the California income tax withholding requirement.

### Withholding Agent Instructions

Do not send this form to the FTB. The certification on Form 580 remains valid until the payee's status changes. The withholding agent must retain a copy of the certificate or substitute for at least five years after the last payment to which the certificate applies. The agent must provide it to the FTB upon request.

The payee must notify the withholding agent if any of the following situations occur:

- The individual payee becomes a nonresident.
- The corporation ceases to have a permanent place of business in California or ceases to be qualified to do business in California.
- The partnership ceases to have a permanent place of business in California.
- The LLC ceases to have a permanent place of business in California.
- The tax-exempt entity loses its tax-exempt status.

If any of these situations occur, then withholding may be required. For more information, get Form 582, Resident and Nonresident Withholding Statement, Form 592-B, Resident and Nonresident Withholding Tax Statement, Form 592-PTE, Pass-Through Entity Annual Withholding Return, Form 582-Q Payment Voucher for Pass-Through Entity Withholding, and Form 592-V, Payment Voucher for Resident or Nonresident Withholding.

## Additional Information

**Website:** For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **nonwage**.

**MyFTB** offers secure online tax account information and services. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and login or register for MyFTB.

**Telephone:** 888.792.4900 or 916.845.4900, Withholding Services and Compliance phone service

**Fax:** 916.845.9512

**Mail:** WITHHOLDING SERVICES AND COMPLIANCE MS F182  
FRANCHISE TAX BOARD  
PO BOX 942857  
SACRAMENTO CA 94267-0651

For questions unrelated to withholding, or to download, view, and print California tax

forms and publications, or to access the TTY/TDD numbers, see the Internet and Telephone Assistance section.

### Internet and Telephone Assistance

**Website:** [ftb.ca.gov](http://ftb.ca.gov)

**Telephone:** 800.852.5711 from within the United States  
916.845.6500 from outside the United States

**TTY/TDD:** 800.822.6268 for persons with hearing or speech disability  
711 or 800.735.2929 California relay service

### Asistencia Por Internet y Teléfono

**Sitio web:** [ftb.ca.gov](http://ftb.ca.gov)

**Teléfono:** 800.852.5711 dentro de los Estados Unidos  
916.845.6500 fuera de los Estados Unidos

**TTY/TDD:** 800.822.6268 para personas con discapacidades auditivas o de habla  
711 ó 800.735.2929 servicio de relevo de California

## **Certification Regarding Debarment, Suspension, and Other Responsibility Matters**

The prospective participant certifies to the best of its knowledge and belief that it and the principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) Have not within a three year period preceding this proposal been convicted of or had a civil judgement rendered against them or commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction: violation of Federal or State antitrust statute or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property:
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and
- (d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

I understand that a false statement on this certification may be grounds for rejection of this proposal or termination of the award. In addition, under 18 USC Sec. 1001, a false statement may result in a fine of up to \$10,000 or imprisonment for up to 5 years, or both.

---

Typed Name & Title of Authorized Representative

---

Signature of Authorized Representative Date

I am unable to certify to the above statements. My explanation is attached.

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## CAMPAIGN CONTRIBUTIONS DISCLOSURE

In accordance with California law, bidders and contracting parties are required to disclose, at the time the application is filed, information relating to any campaign contributions made to South Coast Air Quality Management District (South Coast AQMD) Board Members or members/alternates of the MSRC, including: the name of the party making the contribution (which includes any parent, subsidiary or otherwise related business entity, as defined below), the amount of the contribution, and the date the contribution was made. 2 C.C.R. §18438.8(b).

California law prohibits a party, or an agent, from making campaign contributions to South Coast AQMD Governing Board Members or members/alternates of the Mobile Source Air Pollution Reduction Review Committee (MSRC) of more than \$250 while their contract or permit is pending before South Coast AQMD; and further prohibits a campaign contribution from being made for three (3) months following the date of the final decision by the Governing Board or the MSRC on a donor's contract or permit. Gov't Code §84308(d). For purposes of reaching the \$250 limit, the campaign contributions of the bidder or contractor plus contributions by its parents, affiliates, and related companies of the contractor or bidder are added together. 2 C.C.R. §18438.5.

In addition, South Coast AQMD Board Members or members/alternates of the MSRC must abstain from voting on a contract or permit if they have received a campaign contribution from a party or participant to the proceeding, or agent, totaling more than \$250 in the 12-month period prior to the consideration of the item by the Governing Board or the MSRC. Gov't Code §84308(c).

The list of current South Coast AQMD Governing Board Members can be found at South Coast AQMD website ([www.aqmd.gov](http://www.aqmd.gov)). The list of current MSRC members/alternates can be found at the MSRC website (<http://www.cleantransportationfunding.org>).

### **SECTION I.**

**Contractor (Legal Name):** \_\_\_\_\_

DBA, Name _____, County Filed in _____ Corporation, ID No. _____ LLC/LLP, ID No. _____
--

**List any parent, subsidiaries, or otherwise affiliated business entities of Contractor:**  
*(See definition below).*

\_\_\_\_\_  
\_\_\_\_\_

### **SECTION II.**

Has Contractor and/or any parent, subsidiary, or affiliated company, or agent thereof, made a campaign contribution(s) totaling \$250 or more in the aggregate to a current member of the South Coast Air Quality Management Governing Board or member/alternate of the MSRC in the 12 months preceding the date of execution of this disclosure?

Yes     No    **If YES, complete Section II below and then sign and date the form. If NO, sign and date below. Include this form with your submittal.**

Campaign Contributions Disclosure, *continued:*

Name of Contributor \_\_\_\_\_

\_\_\_\_\_  
Governing Board Member or MSRC Member/Alternate                      Amount of Contribution                      Date of Contribution

Name of Contributor \_\_\_\_\_

\_\_\_\_\_  
Governing Board Member or MSRC Member/Alternate                      Amount of Contribution                      Date of Contribution

Name of Contributor \_\_\_\_\_

\_\_\_\_\_  
Governing Board Member or MSRC Member/Alternate                      Amount of Contribution                      Date of Contribution

Name of Contributor \_\_\_\_\_

\_\_\_\_\_  
Governing Board Member or MSRC Member/Alternate                      Amount of Contribution                      Date of Contribution

**I declare the foregoing disclosures to be true and correct.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**DEFINITIONS**

Parent, Subsidiary, or Otherwise Related Business Entity (2 Cal. Code of Regs., §18703.1(d).)

- (1) Parent subsidiary. A parent subsidiary relationship exists when one corporation directly or indirectly owns shares possessing more than 50 percent of the voting power of another corporation.
- (2) Otherwise related business entity. Business entities, including corporations, partnerships, joint ventures and any other organizations and enterprises operated for profit, which do not have a parent subsidiary relationship are otherwise related if any one of the following three tests is met:
  - (A) One business entity has a controlling ownership interest in the other business entity.
  - (B) There is shared management and control between the entities. In determining whether there is shared management and control, consideration should be given to the following factors:
    - (i) The same person or substantially the same person owns and manages the two entities;
    - (ii) There are common or commingled funds or assets;
    - (iii) The business entities share the use of the same offices or employees, or otherwise share activities, resources or personnel on a regular basis;
    - (iv) There is otherwise a regular and close working relationship between the entities; or
  - (C) A controlling owner (50% or greater interest as a shareholder or as a general partner) in one entity also is a controlling owner in the other entity.



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178  
(909) 396-2000 • [www.aqmd.gov](http://www.aqmd.gov)

## Direct Deposit Authorization

### STEP 1: Please check all the appropriate boxes

- |  |  |
|--|--|
| <input type="checkbox"/> Individual (Employee, Governing Board Member) | <input type="checkbox"/> New Request           |
| <input type="checkbox"/> Vendor/Contractor                             | <input type="checkbox"/> Cancel Direct Deposit |
| <input type="checkbox"/> Changed Information                           |  |

### STEP 2: Payee Information

Last Name		First Name		Middle Initial	Title
Vendor/Contractor Business Name (if applicable)					
Address				Apartment or P.O. Box Number	
City		State	Zip	Country	
Taxpayer ID Number		Telephone Number		Email Address	

### Authorization

- I authorize South Coast Air Quality Management District (South Coast AQMD) to direct deposit funds to my account in the financial institution as indicated below. I understand that the authorization may be rejected or discontinued by South Coast AQMD at any time. If any of the above information changes, I will promptly complete a new authorization agreement. If the direct deposit is not stopped before closing an account, funds payable to me will be returned to South Coast AQMD for distribution. This will delay my payment.
- This authorization remains in effect until South Coast AQMD receives written notification of changes or cancellation from you.
- I hereby release and hold harmless South Coast AQMD for any claims or liability to pay for any losses or costs related to insufficient fund transactions that result from failure within the Automated Clearing House network to correctly and timely deposit monies into my account.

### STEP 3:

You must verify that your bank is a member of an Automated Clearing House (ACH). Failure to do so could delay the processing of your payment. You must attach a voided check or have your bank complete the bank information and the account holder must sign below.

### To be Completed by your Bank

<b>Staple Voided Check Here</b>	Name of Bank/Institution		
	Account Holder Name(s)		
	<input type="checkbox"/> Saving <input type="checkbox"/> Checking	Account Number	Routing Number
	Bank Representative Printed Name	Bank Representative Signature	Date
	ACCOUNT HOLDER SIGNATURE:		Date

For South Coast AQMD Use Only

Input By

Date