

AGENDA ITEM 2 A
Action Item

MEMORANDUM

DATE: July 9, 2020

TO: El Dorado County Transit Authority

FROM: Julie Petersen, Finance Manager

SUBJECT: California Public Employers' Retirement System (CalPERS) Final Resolution to Amend contract to include Section 20903 (Two Years Additional Service Credit)

REQUESTED ACTION:
BY MOTION,

- 1. Adopt Resolution No. 20-18 Authorizing an Amendment to the CalPERS Contract to include Section 20903**
- 2. Approve the Amendment to the Contract to include Section 20903**
- 3. Authorize the Certification of Final Action of the El Dorado County Transit Authority Governing Board**

BACKGROUND

The El Dorado County Transit Authority (El Dorado Transit) contracts with the California Public Employers' Retirement System (CalPERS) under authority of Resolution No. 94-10, adopted August 4, 1994, to provide retirement benefits to its employees.

- June 4, 2020 Board Adopted Resolution No. 20-16 of Intent to approve an amendment to contract for Government Code Section 20903
- June 4, 2020 Board Adopted Resolution No. 20-17 designating the eligibility period from July 10, 2020 through October 9, 2020 for Section 20903

DISCUSSION

Section 20903 (Two Years Additional Service Credit) of the California Public Employees Retirement Law (PERL) allows for those employers who contract for this section to provide two (2) years additional service credit to members who retire during a designated period if member eligibility requirements are met.

The action requested today is the final step in amending our contract with CalPERS to allow for Section 20903.

FISCAL IMPACT

Providing the additional service credit to eligible members does not immediately impact the budget but it does have an associated cost. The added cost to the retirement fund for all eligible members who elect to retire during the designated period will be included in El Dorado Transit's employer contribution rate for the fiscal year that begins two (2) years after the end of the designated period.

Update: Based on the information available as of July 8, 2020, if approved, the additional El Dorado Transit annual contribution to CalPERS starting in FY 2022/23 is now estimated at \$161,842. Staff will be prepared to discuss the various factors used to estimate the fiscal impact at the meeting.

**BOARD OF DIRECTORS
EL DORADO COUNTY TRANSIT AUTHORITY**

**RESOLUTION
AUTHORIZING AN AMENDMENT TO THE CONTRACT**

No. 20-18

WHEREAS, the Board of Administration of the California Public Employees' Retirement System and the Board of Directors of the El Dorado County Transit Authority entered into a contract effective on August 6, 1994 providing for the participation of said public agency in the California Public Employees' Retirement System; and

WHEREAS, it is now desirable to take advantage of certain benefits provided under said Retirement System and not included in said contract;

NOW, THEREFORE, BE IT RESOLVED, that said governing body authorized, and it does hereby authorize, an amendment to said contract, a copy of said amendment attached hereto and by such reference made a part hereof as though herein set out in full; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the presiding officer of said governing body is hereby authorized, empowered and directed to execute said amendment for and on behalf of said public agency.

Adopted this 9th day of July, 2020.

Presiding Officer

Attest:

Clerk/Secretary



California
Public Employees' Retirement System

AMENDMENT TO CONTRACT

**Between the
Board of Administration
California Public Employees' Retirement System
and the
Board of Directors
El Dorado County Transit Authority**

The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective August 6, 1994, and witnessed August 29, 1994, and as amended effective November 11, 2006 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 10 are hereby stricken from said contract as executed effective November 11, 2006, and hereby replaced by the following paragraphs numbered 1 through 12 inclusive:
1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for classic local miscellaneous members and age 62 for new local miscellaneous members.

2. Public Agency shall participate in the Public Employees' Retirement System from and after August 6, 1994 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.
3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorney fees that may arise as a result of any of the following:
 - (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
 - (b) Any dispute, disagreement, claim, or proceeding (including without limitation arbitration, administrative hearing, or litigation) between Public Agency and its employees (or their representatives) which relates to Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than such employees' existing retirement benefits, provisions or formulas.
 - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
 - a. Employees other than local safety members (herein referred to as local miscellaneous members).
5. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:
 - a. **MEMBERS OF THE GOVERNING BODY; AND**
 - b. **SAFETY MEMBERS.**

6. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local miscellaneous member shall be determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Full).
7. The percentage of final compensation to be provided for each year of credited prior and current service as a new local miscellaneous member shall be determined in accordance with Section 7522.20 of said Retirement Law (2% at age 62 Full).
8. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Section 20042 (One-Year Final Compensation) for classic members only.
 - b. Section 20938 (Limit Prior Service to Members Employed on Contract Date).
 - c. Sections 21624 and 21626 (Post-Retirement Survivor Allowance).
 - d. Section 20903 (Two Years Additional Service Credit).
9. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members of said Retirement System.
10. Public Agency shall also contribute to said Retirement System as follows:
 - a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21573 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members.
 - b. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
 - c. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.

11. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.
12. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the 9th day of July, 2020.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF DIRECTORS
EL DORADO COUNTY TRANSIT
AUTHORITY

BY _____
ARNITA PAIGE, CHIEF
PENSION CONTRACTS AND PREFUNDING
PROGRAMS DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

Attest:

Clerk



California Public Employees' Retirement System
 Financial Office | Pension Contracts and Prefunding Programs Division
 P.O. Box 942703, Sacramento, CA 94229-2703
 888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

**CERTIFICATION
 OF
 FINAL ACTION OF GOVERNING BODY**

I hereby certify that the Board of Directors of the
 (governing body)

El Dorado County Transit Authority
 (public agency)

considered and adopted on July 9, 2020, by an affirmative vote of a
 (date)

majority of the members of said Governing Body, **Ordinance/Resolution** No. 20-18
 approving the attached contractual agreement between the Governing Body of said Agency and
 the Board of Administration of the California Public Employees' Retirement System, a certified
 copy of said **Ordinance/Resolution** in the form furnished by said Board of Administration being
 attached hereto.

Adoption of the retirement benefit increase/change was not placed on the consent calendar.

 Clerk/Secretary

 Title

Date _____