

AGENDA ITEM 1G
Consent Item

MEMORANDUM

DATE: May 5, 2022

TO: El Dorado County Transit Authority

FROM: Julie Petersen, Finance Manager

SUBJECT: Authorize Fiscal Year 2021/22 Contribution to the California Employers' Pension Prefund Trust (CEPPT) fund and Authorize Additional Payments towards Unfunded Accrued Liabilities

REQUESTED ACTION:
BY MOTION,

- 1. Authorize a Contribution in the amount of \$200,000 for Fiscal Year 2021/22 to the California Employers' Pension Prefund Trust (CEPPT) fund**
- 2. Authorize Additional Contributions to pay down the Unfunded Accrued Liability of \$117,359 in Classic and \$11,520 in Public Employees' Pension Reform Act (PEPRA)**
- 3. Authorize the Executive Director to execute all documents necessary for payments**

BACKGROUND

In September of 2018, the California State Legislature passed Senate Bill 1413 (SB 1413) which created the California Employers' Pension Prefunding Trust (CEPPT). The CEPPT is a special irrevocable trust fund, in the California State Treasury, that allows State and local public agencies that provide a defined benefit pension plan to their employees to prefund their pension contributions. A defined benefit plan is prefunded when it is a trust fund for the purpose of investing employer payments toward future required pension contributions. Required pension contributions include any pension liabilities, ongoing payroll contributions and administrative costs.

DISCUSSION

On June 3, 2021, the Board approved the participation in the CEPPT program to help offset future liabilities of the California Public Retirement System (CalPERS). Staff is recommending the contribution amount of \$200,000 to match last years' amount.

The El Dorado County Transit Authority (El Dorado Transit) has prefunded a portion of the Unfunded Accrued Liability for retirement benefits on an annual basis since formation in 1994. The current balance is \$3,849,387 as determined by the Actuarial Valuations prepared by

CalPERS as of June 30, 2020. Staff is recommending additional contributions to pay down targeted Unfunded Accrued Liability of \$117,359 in Classic and \$11,520 in PEPRAs plans.

FISCAL IMPACT

With the requested action, staff recommends El Dorado Transit contribute to the California Employers' Pension Prefund Trust (CEPPT) fund in the amount of \$200,000 in FY 2021/22, and additional unfunded liability payments totaling \$128,879.

The financial position of El Dorado Transit will be reviewed each year in the fourth quarter to advise the Board if funding is available and warranted for additional contributions on an annual basis.