



DATE: September 28, 2017

TO: Transportation Authority of Marin Board of Commissioners

FROM: Benefits Consultant to County Counsel - Terry Matsumoto

SUBJECT: Adopt a new Resolution of Intention for TAM to enter into a contract with CalPERS for retirement benefits (Action) - Agenda Item No.11

RECOMMENDATION:

Adopt a new Resolution of Intention for TAM to enter into a contract with CalPERS for retirement benefits, as described below. (Action)

BACKGROUND:

On July 10, 2017, your Board adopted a Resolution of Intention for TAM to enter into a contract with CALPERS for retirement benefits based on the actuarial valuation from CalPERS dated May 30, 2017. The valuation report was prepared under the assumption that all current 9 LGS employees with classic status will be transferred from LGS to TAM's CalPERS contract, and, therefore be able to preserve all their service credit, and the 2 RGS employees will join TAM's CalPERS contract as new PEPRAs members. The report also considered the fact that there is one former LGS employee, who worked at TAM, who is now retired. However, 5 former LGS employees who provided services to TAM but are not currently employed by LGS/TAM and 1 retiree were inadvertently omitted from the valuation. An updated valuation was requested when the oversights were found.

DISCUSSION/ANALYSIS:

This resolution, which is mandated by Government Code Section 20469, is intended to provide the public notice of TAM's intention to adopt a CalPERS Retirement Plan and the updated costs associated with said plan. The new resolution, which is identical to the one adopted on July 10, 2017, will be dated September 28, 2017, after your Board has reviewed the updated valuation described below.

On September 26, 2017, TAM is expecting to receive the updated final actuarial valuation from CalPERS. The May 30, 2017 valuation showed an unfunded liability of \$584,603. With the additional inclusion of the previously omitted individuals the unfunded liability will be greater but the increase is expected to be not more than \$100,000. The estimated FY2017-2018 annual cost of contracting with CalPERS, as calculated for the July 10, 2017 TAM Board meeting, was \$214,192 (a figure that included \$127,047 towards the normal cost of retirement and \$87,145 towards a 9 year paydown plan for the unfunded liability). When we receive the updated actuarial report, this "total annual cost" figure will be slightly higher, to account for a slightly higher paydown cost of the updated unfunded liability. TAM has been paying into the pension fund through our contract payments to LGS and TAM is developing a plan to pay off the liability within 5 years, rather than 9 years.

A supplemental report will be prepared and posted as soon as the valuation is received.

FISCAL CONSIDERATION:

The future costs of contracting with CalPERS are discussed above.

NEXT STEPS:

1. Conduct required employee Election
2. Complete negotiations of Reallocation Agreement
3. Recommend Final Resolution to participate in CalPERS

ATTACHMENTS:

Attachment 1: Resolution of Intention for TAM to enter into a contract with CalPERS for retirement benefits

**RESOLUTION OF INTENTION
TO APPROVE A CONTRACT
BETWEEN THE
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
BOARD OF COMMISSIONERS
TRANSPORTATION AUTHORITY OF MARIN**

WHEREAS, the Public Employees' Retirement Law permits the participation of public agencies in the Public Employees' Retirement System, making their employees members of said System, and sets forth the procedure by which participation may be accomplished; and

WHEREAS, one of the steps required in the procedure is the adoption by the governing body of the public agency of a resolution giving notice of intention to approve a contract for such participation of said agency in the Public Employees' Retirement System, which resolution shall contain a summary of the major provisions of the proposed retirement plan; and

WHEREAS, attached is a summary of the major provisions of the proposed plan;

NOW, THEREFORE, BE IT RESOLVED, that the governing body of the above agency gives, and it does hereby give notice of intention to approve a contract between said governing body and the Board of Administration of the Public Employees' Retirement System, providing for participation of said agency in said retirement system, a copy of said contract and a copy of the summary of the major provisions of the proposed plan being attached hereto, as an "Exhibit", and by this reference made a part hereof.

By: _____
Presiding Officer

Title

Date adopted and approved

(New Agency)
CON-301 (Rev. 3/9/2016 rc)

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