



CITY OF WHEATLAND

CITY COUNCIL MEETING STAFF REPORT

August 23, 2022

SUBJECT: Council consideration and adoption of Resolution approving the Agreement for Apportionment of Retirement Obligations for California Integrated Risk Authority (CIRA)

PREPARED BY: Jim Goodwin, City Manager

Recommendation

Adopt Resolution 33-22 as presented approving the Agreement for Apportionment of Retirement Obligations for California Integrated Risk Authority (CIRA) and directing the Mayor to sign the agreement.

Background/Discussion

In September 2018, former Governor Jerry Brown signed into law AB 1912. This Bill, codified in Government Code 6508.2, established rules for Joint Powers Authorities (JPA) to meet pension obligations for employees and retirees should the JPA terminate its retirement plan with CalPERS or dissolve. The law requires that member agencies of a JPA, prior to filing a notice of termination of CalPERS participation, must mutually agree (within 60 days) with the public retirement system on how to apportion the retirement liability of the JPA so that the apportionment equals 100% of this liability.

As a result of the merger between PARSAC and REMIF to form CIRA, PARSAC became the successor agency and absorbed REMIF's CalPERS pension liabilities into its contract. The contracting agency is now CIRA.

Article XV.B. of the CIRA JPA Agreement state: *"The debts, liabilities or obligations incurred by either the PARSAC or the REMIF prior to the effective date of this Agreement shall not constitute the debts, liabilities or obligations of the other".*

Article XII.D. of the CIRA JPA Agreement state: *"As soon as administratively feasible after the Effective Date, the Members of the Authority shall agree on the method of apportioning the CalPERS retirement obligations of the Authority in the event of a default event as defined by Government Code Section 6508.2. Until such time, and in the event of a default event, the terms of the Public Agency Risk Sharing Authority of California (PARSAC) Agreement for Apportion of Retirement Obligations dated May 25, 2017, and attached hereto as Exhibit "C", shall apply with respect to all Members of the Authority."*

This past May, CIRA's Board of Directors approved the attached Agreement for Apportionment of Retirement Obligations.

The agreement states that should CIRA dissolve, property owned would be sold and used first to pay any outstanding PERS liability obligations. The CIRA property has been sold and the funds from the sale have been specifically set aside to pay for unfunded liability should the pool dissolve. Any remaining balance at the time of dissolution would then be apportioned among members based on each member's pro rata share of the historical Deposit Premium in the Worker's Compensation and Liability self-funded programs. Wheatland is among the smallest agencies in CIRA and would hence have a relatively small share of the unfunded liability.

Failure to obtain 100 percent agreement among members would leave apportionment up to the State of California. As a member of CIRA, Wheatland is obligated to pay its fair share of the unfunded liability.

Alternatives

The City Council may choose not to approve the agreement. However, as stated above, failure for all CIRA members to approve the agreement will trigger State of California control of the apportionment of the unfunded liability.

Fiscal Impact

No immediate impact. Reduced future liability based on the set aside of funding from the CIRA property sales.

Attachments

1. Resolution No. 33-22

RESOLUTION NO. 33-22

A RESOLUTION APPROVING THE AGREEMENT FOR APPORTIONMENT OF RETIRMENT OBLIGATIONS FOR CALIFORNIA INTEGRATED RISK AUTHORITY (CIRA)

WHEREAS, in 2018 the California Legislature passed and the Governor signed AB 1912, a bill that codified Government Code Section 65089.2 requiring that member agencies of a Joint Powers Authority (JPA) must mutually agree on how to apportion the PERS retirement liability of the JPA should its plan be terminated; and

WHEREAS the City of Wheatland City Council approved Resolution 45-20 on November 10, 2020 approving the California Integrated Risk Authority (CIRA) JPA agreement and is a member of CIRA; and

WHEREAS, effective July 1, 2021 the Public Agency Risk Sharing Association of California (PARSAC) merged with the Redwood Empire Municipal Insurance Fund (REMIF) to form CIRA; and

WHEREAS Article XII.D. of the CIRA JPA Agreement states: *“As soon as administratively feasible after the Effective Date, the Members of the Authority shall agree on the method of apportioning the CalPERS retirement obligations of the Authority in the event of a default event as defined by Government Code Section 6508.2. Until such time, and in the event of a default event, the terms of the Public Agency Risk Sharing Authority of California (PARSAC) Agreement for Apportionment of Retirement Obligations dated May 25, 2017, and attached hereto as Exhibit “C”, shall apply with respect to all Members of the Authority.”*; and

WHEREAS, CIRA’s Board of Directors has approved the CIRA Agreement for Apportionment of Retirement Obligations (Attachment 1).

NOW, THEREFORE, BE IT RESOLVED the City Council of the City of Wheatland approves the CIRA Agreement for Apportionment of Retirement Obligations and directs the Mayor to sign the agreement.

PASSED AND ADOPTED by the City Council of the City of Wheatland on this 23rd day of August 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Rick West, Mayor

Lisa J. Thomason, City Clerk

CIRA
AGREEMENT FOR APPORTIONMENT OF
RETIREMENT OBLIGATIONS

California Intergovernmental Risk Authority

CALIFORNIA INTERGOVERNMENTAL RISK AUTHORITY
AGREEMENT FOR APPORTIONMENT OF RETIREMENT OBLIGATIONS

Adopted May 20, 2022

THIS AGREEMENT is made in the State of California by and among those municipalities organized and existing under the laws of the State of California, hereinafter referred to as "Member Entity[ies]," which are parties' signatory to the Joint Powers Authority Agreement hereafter "JPA Agreement. All such Member Entities are listed in Appendix "A", which is attached hereto and made a part hereof.

RECITALS

Whereas the California Intergovernmental Risk Authority (CIRA), formerly the Public Agency Risk Sharing Authority of California (PARSAC), is an entity formed under California Government Code Section 6500 which permits two or more public agencies by agreement to jointly exercise any power common to the contracting parties.

Whereas the Redwood Empire Municipal Insurance Fund (REMIF) is an entity formed under California Government Code Section 6500 which permits two or more public agencies by agreement to jointly exercise any power common to the contracting parties.

Whereas, the jurisdiction of PARSAC was expanded with the addition of member agencies of REMIF, and its name changed to the California Intergovernmental Risk Authority, effective July 1, 2021.

Whereas, to avoid the involuntary termination of the REMIF CalPERS pension contract as a result of the transfer of all employees to CIRA, the CalPERS pension contract of REMIF was merged into the CIRA CalPERS contract, effective July 1, 2021.

Whereas California Government Code § 6508.2 requires that the member agencies of a joint powers agency ("AGENCY") that contracts with CalPERS, mutually agree to a 100% apportionment of the AGENCY's retirement liability prior to the adoption of an notice of termination of the AGENCY's participation in CalPERS.

Now, therefore, in consideration of the above facts and the mutual benefits, promises and agreements set forth below, the Member Entities hereby agree as follow:

AGREEMENT

**ARTICLE I
DEFINITIONS**

The following terms shall have the following definitions:

- A. **“Agreement”** shall mean this California Intergovernmental Risk Authority Agreement for Apportionment of Retirement Obligations.
- B. **“Board”** or **“Board of Directors”** shall mean the governing body of CIRA.
- C. **“CIRA”** shall mean the California Intergovernmental Risk Authority created by that certain Joint Powers Agreement dated May 25, 2017, then known as PARSAC, most recently amended effective July 1, 2021 (JPA Agreement).
- D. **“Deposit Premium”** shall mean the estimated amount determined for each Member Entity necessary to fund each layer of coverage for each Policy Year of each Program of CIRA and REMIF.
- E. **“Member Entity”** shall mean any California public entity which is a party signatory to the JPA Agreement including any other agency for which the governing body of the Member Entity sits as the governing board of such other agency.
- F. **“Program Year”** shall mean a period of time, usually 12 months, for which each Program is to determine Deposit Premiums, Retrospective Premiums, and Retrospective Premium Adjustments.
- G. **“Program”** shall mean arrangements to cover specific types of claims which may include, but not be limited to, property, workers' compensation, and comprehensive liability claims.

H. **“Public Entity”** shall mean a county, city, whether general law or chartered, city and county, town, district, political subdivision, joint powers authority, or any board, commission, or agency thereof providing a municipal service, excluding school districts.

I. **“CalPERS”** shall mean California Public Employees’ Retirement System.

J. **“Retirement Liability”** shall mean the liability that CIRA possesses to all former or current employees of CIRA for retirement benefits owed to them pursuant to a contract between CIRA and CalPERS and arising by reason of those employees participation in CalPERS calculated on a terminated basis pursuant to sections 20570 -20593 of the Government Code.

K. **“Retrospective Premium”** shall mean, the amount determined retrospectively as each Member Entity's share of losses, reserves, expenses and interest income as may be determined periodically for any Program.

L. **“Retrospective Premium Adjustment”** shall mean the amount necessary to periodically adjust the Deposit Premium, or prior Retrospective Premiums if any, to the newly calculated Retrospective Premium amount.

ARTICLE II

PARTIES TO THE AGREEMENT

Each Member Entity is a party to this Agreement . Each Member Entity also agrees that the expulsion or withdrawal of any Member Entity from the JPA Agreement shall not affect this Agreement nor the remaining parties as to the other Member Entities then remaining.

ARTICLE III

PURPOSE

This Agreement is entered into by the Member Entities in order to:

- A. Provide for an apportionment among current and former CIRA and REMIF Member Entities of 100% of CIRA's Retirement Liability consistent with the requirements of Government Code sections 6508.1 and 6508.2 as enacted and amended effective January 1, 2019. The Member Entities of CIRA, as of the date of this Agreement, are set forth in Appendix A. The following are set forth in Appendix B:
- Former Member Entities of CIRA on or after July 1, 2021;
 - Members of CIRA prior to July 1, 2021; and
 - Members of REMIF prior to July 1, 2021 .
- B. The debts, liabilities or obligations incurred by either PARSAC or REMIF prior to July 1, 2021 shall not constitute the debts, liabilities or obligations of the other. Notwithstanding the preceding, CIRA is the successor to the CalPERS pension obligations of REMIF pursuant to California Government Code section 20508. As such, the liability to CalPERS with respect to service credited under REMIF's CalPERS contract, and the continuing liability to CalPERS of CIRA with respect to service credit accrued both prior to and after July 1, 2021 under CIRA's CalPERS contract, shall be the contractual liability of CIRA. Periodically, but not more than every three years, CIRA will retain an actuary to determine the share of the estimated termination liability of CIRA which is allocable to CIRA and REMIF for service accrued prior to July 1, 2021. The allocation of liability, and

the payment of related contributions, with respect to service credit accrued prior to July 1, 2021 and thereafter is set forth below.

ARTICLE IV

METHOD OF APPORTIONMENT OF RETIREMENT LIABILITY

A. In the event of a decision by the governing Board of CIRA to adopt a notice of intent to terminate its contract with CalPERS, the Member Entities agree that 100% of CIRA's Retirement Liability shall be funded by all current and former CIRA, and REMIF Member Entities based on a pro rata share of the former and current Member Entities' historical Deposit Premium in the Workers' Compensation and Liability self-funded Programs. The apportionment of the Retirement Liability shall be calculated as set forth above, and the unfunded Retirement Liability then existing shall be paid as follows: The unfunded Retirement Liability then existing shall be paid prior to any distribution of assets as provided in ARTICLE XIV and XV of the JPA Agreement and prior to the payment of any equity that may be determined as the result of the Retrospective Premium Adjustment process as set forth in ARTICLE XIV. (For example, should a Member Entity have remaining equity in either the Workers' Compensation or Liability program, at the time of CIRA's dissolution or CIRA's termination of CIRA's contract with a public retirement system, the Member Entity's equity shall first be applied to reduce that Member Entity's share of the apportionment of the Unfunded Retirement Liability.)

B. Any unfunded Retirement Liability allocated to CIRA for serviced accrued prior to July 1, 2021, shall first be reduced by applying the proceeds from the sale of real property identified as 1525 Response Road, Sacramento, CA, 95815 (the "CIRA Property") as provided in

Resolution No. 2019-03, attached hereto as Exhibit C, prior to the determination of the amounts owed by the members of CIRA prior to July 1, 2021 under the apportionment provided herein.

In the event that REMIF disposes of the real property identified as 414 West Napa Street, Sonoma, CA 95476 (REMIF Property), any unfunded Retirement Liability allocated to REMIF for service accrued prior to July 1, 2021 shall first be reduced by applying the proceeds from the sale of the REMIF Property as provided in Resolution 2019-03, attached hereto as Exhibit C, prior to the determination of the amounts owed by the members of REMIF prior to July 1, 2021 under the apportionment provided herein.

C. The apportionment of the Retirement Liability of CIRA among the former and current members of CIRA and REMIF, as identified in Appendix A and B, and the obligation to pay their share of the CIRA Retirement Liability as provided herein, shall be a separate and independent obligation from the obligation of the Member Entities arising upon termination, expulsion or withdrawal of a Member Entity or upon termination of the JPA Agreement including but not limited to ARTICLES XII, XIII, XIV, and XV of that Agreement.

ARTICLE V TERM OF AGREEMENT

This Agreement shall become effective as of the date hereof and shall continue in full force and effect for the purpose of paying 100% of the Retirement Liability of CIRA pursuant to the apportionment among former and current members of CIRA and REMIF, as identified in Appendix A and B,, as provided for herein.

ARTICLE VI
SEVERABILITY

Should any portion, term, condition or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions and provisions shall not be affected thereby.

ARTICLE VII
AGREEMENT COMPLETE

The foregoing constitutes the full and complete agreement of the parties. There are no oral understandings or agreements not set forth in writing herein, except as noted with respect to the Bylaws and Memoranda of Coverage. If any provision of this Agreement conflicts with a provision of the Bylaws, Memoranda of Coverage or other document, such conflicting provisions shall be interpreted to avoid any such conflict, but this Agreement shall govern.

ARTICLE VIII
AMENDMENTS

This Agreement may be amended by a two-thirds vote of the Board present and voting at any duly convened regular or special meeting; provided that, any such amendment has been submitted to the directors and the Member Entities at least thirty [30] days in advance of such meeting. Member Entities may, by resolution or ordinance, grant their director and alternate on the Board explicit authorization to approve and execute amendments to this Agreement on behalf of the Member Entity without the necessity of a resolution or ordinance of the legislative body of the

Member Entity confirming or ratifying such amendment. Any such amendment shall become effective immediately, unless otherwise stated therein.

ARTICLE IX

EXECUTION OF COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but altogether shall constitute one and the same Agreement.

California Intergovernmental Risk Authority [“CIRA”]

Date:

By: _____

CIRA General Manager

Attest: _____

CIRA Deputy Secretary

Member Entity: _____

Date:

By: _____

Name/Title

Attest: _____

City/Town Clerk

APPENDIX A
CALIFORNIA INTERGOVERNMENT RISK AUTHORITY
(CIRA)

MEMBER ENTITIES

City of Amador City
City of Arcata
City of Avalon
City of Belvedere
City of Blue Lake
City of California City
City of Calimesa
City of Calistoga
City of Citrus Heights
City of Clearlake
City of Cloverdale
City of Coalinga
City of Cotati
City of Eureka
City of Ferndale
City of Fort Bragg
City of Fortuna
City of Grass Valley
City of Healdsburg
City of Highland
City of Lakeport
City of Menifee
City of Nevada City
City of Placentia
City of Placerville
City of Plymouth
City of Point Arena
City of Rancho Cucamonga
Rancho Cucamonga Fire Protection District
City of Rancho Santa Margarita
City of Rohnert Park
City of San Juan Bautista
City of Sebastopol
City of Sierra Madre
City of Sonoma
City of St. Helena
City of South Lake Tahoe
City of Tehama

City of Trinidad
Town of Truckee
City of Twentynine Palms
City of Ukiah
City of Watsonville
City of Wheatland
City of Wildomar
City of Wilits
City of Windsor
Town of Yountville
City of Yucaipa
Town of Yucca Valley

APPENDIX “B”

**PUBLIC AGENCY RISK SHARING AUTHORITY OF CALIFORNIA
[PARSAC]**

MEMBER ENTITIES

City of Amador City
City of Avalon
City of Belvedere
City of Blue Lake
City of California City
City of Calimesa
City of Calistoga
City of Citrus Heights
City of Clearlake
City of Coalinga
City of Ferndale
City of Grass Valley
City of Highland
City of Menifee
City of Nevada City
City of Placentia
City of Placerville
City of Plymouth
City of Point Arena
City of Rancho Cucamonga
Rancho Cucamonga Fire Protection District
City of Rancho Santa Margarita
City of San Juan Bautista
City of South Lake Tahoe
City of Tehama
City of Trinidad
Town of Truckee
City of Twentynine Palms
City of Watsonville
City of Wheatland
City of Wildomar
Town of Yountville
City of Yucaipa
Town of Yucca Valley

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
(REMIF)

City of Arcata
City of Cloverdale
City of Cotati
City of Eureka
City of Fort Bragg
City of Fortuna
City of Healdsburg
City of Lakeport
City of Rohnert Park
City of Sebastopol
City of Sonoma
City of St. Helena
City of Ukiah
City of Willits
City of Windsor

APPENDIX “B”

**PUBLIC AGENCY RISK SHARING AUTHORITY OF CALIFORNIA
[PARSAC]**

FORMER MEMBER ENTITIES

City of Alturas
City of Canyon Lake
City of Carlsbad
City of Elk Grove
City of Hesperia
City of Pacific Grove
City of Rialto
City of Ridgecrest
City of Rio Dell
City of West Hollywood

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

(REMIF)

City of Crescent City

APPENDIX C

RESOLUTION NO. 2019-03

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PUBLIC AGENCY RISK SHARING AUTHORITY OF CALIFORNIA ESTABLISHING PROCEDURES FOR DISPOSITION OF REAL PROPERTY

WHEREAS, PARSAC owns real property located at 1525 Response Road, Sacramento, California 95815, (the "Property"), which was purchased on January 5, 1995 for \$974,938; and

WHEREAS, the Revised and Restated Joint Powers Agreement, dated May 25, 2017, provides the Retrospective Premium Adjustment as the sole process for distributing assets to members; and

WHEREAS, the Retrospective Premium Adjustment calculation does not consider the value of the Property; and

WHEREAS, the full purchase price of the Property was previously returned to members who participated in PARSAC at the time the Property was purchased; and;

WHEREAS, Resolution No. 2014-06 allowed for the distribution of funds to "Eligible Members" as defined in Resolution No. 2014-06 upon sale of the Property; and

WHEREAS, AB 1912 requires the member agencies of a Joint Powers Authority ("JPA") that participate in a public retirement system to reach mutual agreement on the apportionment of 100 percent of the JPA's retirement obligations prior to the termination of its retirement contract.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Public Agency Risk Sharing Authority of California (the "Authority") that, in the event the Authority terminates its retirement contract in the public retirement system:

- A. Should the Authority dissolve, prior to dissolution, the Authority shall sell the Property and all proceeds from the sale shall be applied on a pro rata basis to reduce the unfunded pension liability of those members participating in the Authority at the time of the sale of the Property. After application of the funds from the proceeds of the sale, 100 percent of the remaining unfunded pension liability of the Authority will be allocated to members pursuant to the mutual agreement of the members required under AB 1912.
- B. Should the Authority decide to terminate its contract with the public retirement system but continue in existence, the Authority may elect not to sell the Property. In such event, 100 percent of the unfunded pension liability of the Authority will be allocated to members pursuant to the mutual agreement of the members required under AB 1912.

C. This Resolution supersedes Resolution No. 2014-06

Effective Date. This Resolution shall become effective upon approval by two-thirds of the Board of Directors present and voting.

ADOPTED this 30th day of May, 2019.

ATTEST:



Kin Ong/PARSAC Board Secretary



John Gillison, President
PARSAC Board of Directors