

# **MOUNTAIN VALLEY LIBRARY SYSTEM**

## **Administrative Council Meeting**

**October 29, 2019**

**10:00 a.m. – 12:00 p.m.**

Martin Luther King, Jr. Library  
7340 24th St Bypass  
Sacramento, CA 95822

- |  |             |              |
|--|-------------|--------------|
| 1. Welcome and Roll Call   | Sass, Chair |              |
| 2. Public invited to address the committee   |             |              |
| 3. Approval of Agenda (ACTION ITEM)  | Sass        |              |
| 4. Volunteer for minute taking   | Sass        |              |
| 5. Consent Calendar (ACTION ITEM)  | Sass        |              |
| A. Minutes from May 30, 2019 Meeting   |             | Attachment 1 |
| 6. NLS Allocation of Funds to Each Legacy System for Legal Fees  | Brinkley    | Attachment 2 |
| 7. Legal Obligations of Former Members   | Brinkley    | Attachment 3 |
| 8. CalPERS Response to MVLS Questions About Unfunded Liability Pre-Payments                            | Brinkley    | Attachment 4 |
| 9. Review and Consideration of Adopting a Shared Funding Formula for CalPERS Obligations (ACTION ITEM) | Brinkley    | Attachment 5 |
| 10. Schedule Next MVLS Meeting   |             |              |
| 11. Adjournment  |             |              |

**Brown Act:** The legislative body of a local agency may use teleconferencing in connection with any meeting or proceeding authorized by law. Cal. Gov't Code § 54953(b)(1). A "teleconference" is "a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both." Cal. Gov't Code § 54953(b)(4). A local agency may provide the public with additional teleconference locations. Cal. Gov't Code § 54953(b)(4).

The teleconferenced meeting must meet the following requirements:

- (1) it must comply with all of the Act's requirements applicable to other meetings;
- (2) all votes must be taken by roll call;
- (3) agendas must be posted at all teleconference locations and the meeting must be conducted in a manner that protects the statutory and constitutional rights of the parties or public appearing before the body;
- (4) each teleconference location must be identified in the notice and agenda and each location must be accessible to the public;
- (5) during the teleconferenced meeting, at least a quorum of the members of the legislative body must participate from locations within the boundaries of the body's jurisdiction; and
- (6) the agenda must provide the public with an opportunity to address the legislative body at each teleconference location. Cal. Gov't Code § 54953(b).

#### **Meeting Locations**

NLS Admin office, 2471 Flores Street, San Mateo, CA 94403  
Alpine County Library, 270 Laramie Street, Markleeville, CA 96120  
Colusa County Library, 738 Market Street, Colusa, CA 95932  
El Dorado County Library, 345 Fair Lane, Placerville, CA 95667  
Folsom Public Library, 411 Stafford Street, Folsom, CA 95630  
Lincoln Public Library, 485 Twelve Bridges Drive, Lincoln, CA 95648  
Mono County Free Library, 400 Sierra Park Road, Mammoth Lakes CA 93546  
Nevada County Library, 980 Helling Way, Nevada City, CA 95959  
Placer County Library, 350 Nevada Street, Auburn, CA 95603  
Roseville Public Library, 225 Taylor Street, Roseville, CA 95678  
Sacramento Co. Public Law Library, 609 9th Street, Sacramento, CA 95814  
Sacramento Public Library, 828 I Street, Sacramento, CA 95814  
Sutter County Library, 750 Forbes Aveune, Yuba City, CA 95991  
Woodland Public Library, 250 First Street, Woodland, CA 95695  
Yolo County Library, 226 Buckeye, Woodland, CA 95695  
Yuba County Library, 303 Second Street, Marysville, CA 95901

#### **Conference Call Information**

US: 1-877-216-1555  
Participant Code: 907394

**DRAFT MINUTES**  
**MOUNTAIN VALLEY LIBRARY SYSTEMS**  
**Administrative Council Meeting**  
**May 30, 2019**

1. MVLS Chair, Galindo, called the meeting to order at 10:00 a.m.

Roll Call:

Present	Absent	MEMBER LIBRARY	Representative
	x	Alpine County Library	Rita Lovell
	x	Colusa County Library	Stacey Costello
	x	El Dorado County Library	Jeanne Amos
x		Folsom Public Library	Lori Easterwood
	x	Lincoln Public Library	Kathryn Hunt
	x	Mono County Free Library	Christopher Platt
	x	Nevada County Library	Yolande Wilburn
	x	Placer County Library	Mary George
x		Roseville Public Library	Natasha Martin
x		Sacramento Co. Public Law Lib.	Jean Willis
x		Sacramento Public Library	Cathy Crosthwaite
x		Sutter County Library	James Ochsner
x		Woodland Public Library	Greta Galindo
x		Yolo County Library	Mark Fink
	x	Yuba County Library	Kevin Mallen

Also present was Jacquie Brinkley, NLS Coordinator, Carol Frost, PLP CEO and NLS Administrator, and Andrew Yon, PLP Controller.

2. No public in attendance.
3. **Motion to approve meeting Agenda.** Easterwood moved; Ochsner seconded. Approved.
4. Brinkley volunteered to take minutes.
5. **Motion to approve Minutes of December 15, 2018.** Ochsner moved; Easterwood seconded. Approved.
6. Galindo reported that Sass was incoming Chair. Crosthwaite accepted on behalf of Sass. Call for Vice Chair. Ochsner nominated Easterwood. Easterwood accepted.  
  
**Motion to approve Easterwood as MVLS Vice Chair for FY 2019/20.** Ochsner moved; seconded. Approved.
7. Galindo presented revised delivery cost schedule for AmTran. Revisions required due to Yolo County dropping to a one day per month delivery.

**Motion to approve revised AmTran delivery cost schedule.** Fink moved; Ochsner seconded.  
Approved.

8. Brinkley presented CalPERS memo regarding revised amortization schedule for MVLS as an inactive employer. Amortization now at 15 year, versus 30-year schedule.
9. Galindo presented memo regarding Pre-Payment Option for CalPERS FY 2019/20 annual payment. Fink asked about an accelerated pre-payment plan and any advantages that may provide. He asked if using the MVLS fund balance to pay ahead next 3 to 4 years of obligation might result in CalPERS offering MVLS a larger discount. Discussion ensued regarding this question and it was agreed that if the MVLS Fund Balance was eliminated, individual members would be required to pay in sooner. Easterwood agreed to start paying down as soon as possible and reported that the Folsom legal department advised her to start this pay down process as soon as possible. Easterwood recommended for MVLS to pay the 2019/20 amount now and research additional pre-payment discounts for next year. Galindo concurred and recommended approval of pre-payment for FY 2019/20 and research with CalPERS for future discount options.

**Motion to approve Pre-Payment Option for CalPERS FY 2019/20.** Fink moved; Ochsner seconded.  
Approved.

Galindo asked that PLP/NLS staff follow-up with CalPERS regarding pre-payment with MVLS fund balance.

10. Galindo presented the FY 2019/20 Budget and CalPERS Annual Payment.

**Motion to approve FY 2019/20 Budget and CalPERS Annual Payment.** Ochsner moved;  
Easterwood seconded. Approved.

11. Brinkley presented examples of MVLS cost sharing models for CalPERS fiscal obligations for review and discussion. Easterwood reported that Folsom recognizes liability and possibility of being sued for non-payment, confirming that Folsom would pay their share. Fink confirmed that Yolo County would also pay. Ochsner confirmed that Sutter County would also pay. Crosthwaite noted that she was unable to comment on behalf of Sacramento.

Easterwood asked for a 15-year cost share projection to be included in with research on pay-down with existing fund balance.

Frost recommended that MVLS consider developing and adopting a policy for CalPERS obligations. She reported that North State Cooperative Library System (NSCLS) had adopted a cost sharing formula, and that some of their members became delinquent in their payments. The NSCLS Chair and PLP worked with those agencies to become current, as CalPERS has a zero tolerance for past due accounts.

Fink suggested that MVLS set up a legal fund to use in case members don't pay.

Easterwood suggested using one of the cost-sharing models and adding 5% for 15 years to replenish the fund balance.

Members requested PLP/NLS staff to create cost sharing models to reflect the following:

- Set aside amount for legal fees
- Determine if there is a larger discount for a FY 2020/21 higher payment?
- Use CalPERS 5, 10 and 15-year payment schedule to apply to cost-sharing models

- Consider system size and budget when considering various models
- Combination models using Service Population and Operating Budget

Fink asked about NSCLS budget and Yon explained that their cost-sharing model was tiered based on library budget. Yon noted that the large spread used by NorthState was intended to limit impact on any one library. Fink said he was okay with the proportional approach for cost sharing. Discussion ensued regarding budgets and timeline to consider. Galindo reported that Woodland uses a 2-year budget cycle.

No Action was taken on this item. It will be brought back for further discussion at the next meeting.

## 12. Roundtable Discussion

Fink discussed CalPERS and noted that the Yolo County counsel does not agree with analysis of the NLS contracted attorney (Best, Best & Kreiger) regarding limited liability of MVLS members. Yolo County believes that there is a lack of clarity on the MVLS structure and Yolo County is taking the position that they are individually obligated and are setting aside funds should full payment be required at future date. Fink proposed that MVLS determine cost sharing models using CSL report of Operating Budget and Population Served reported in odd years (to coincide with Woodland's budget cycle), and provide a 5, 10 and 15-year model to review.

All present were in agreement of this proposal.

Recommendation to ask CalPERS if there would be a benefit for at \$50K or \$100K payment in the future.

Easterwood asked when MVLS members could start paying individually. All present agreed that they could begin payment in FY 2020/21 budget.

Request to set an October 2019 MVLS meeting to discuss CalPERS payment plan and review cost-sharing models. Yon acknowledged that he could speak with CalPERS and provide report back to MVLS by October.

Frost noted that additional savings for MVLS could be made if they wanted to consider the CalPERS 10-year payment schedule. All present agreed to stay with the current approved FY 2019/20 payment, based on 15-year amortization schedule.

Discussion to contact Dixon Public Library as former member of MVLS. Colusa County Library and status of its obligation is also in discussion as it does not pay into the NorthState cost-share, but was formerly a member of that legacy system.

Brinkley to schedule next MVLS Administrative Council meeting for October 2019. Sacramento Public Library will host.

Meeting adjourned at 11:03 a.m.

**MOUNTAIN VALLEY LIBRARY SYSTEM**

**To: Mountain Valley Library System**  
**From: Jacquie Brinkley**  
**Subject: NLS Allocation of Funds to Each Legacy System for Legal Fees**  
**Date: October 29, 2019**

At the August 2019 NLS Executive Committee meeting, the Chairs of the Mountain Valley Library System, North State Cooperative Library System and the North Bay Cooperative Library System wrote a joint memo requesting NLS to allocate funds to each of the three legacy systems for attorney fees to examine CalPERS obligations.

The NLS Executive Committee approved \$24,000 that would be available to the three legacy systems, with the cost not to exceed \$8,000 for each legacy system, for attorney fees pertaining to questions about CalPERS issues. These allocated funds can be used beyond FY 2019/20 should the funds not be spent this fiscal year.

Should a system determine they need to use these funds, the scope of work should be agreed upon at the legacy system's meeting. A contract with the attorney which NLS has been using would need to be developed. The system will provide status update of any use of funds at Executive Committee meetings.

**Recommendation**

At the May 2019 MVLS meeting, it was recommended that the Council consider developing a fiscal plan to allocate funds for legal fees. The Council may consider delaying the implementation of this in light of the \$8,000 available from the NLS Executive Committee.

**MOUNTAIN VALLEY LIBRARY SYSTEM**

**To: Mountain Valley Library System**  
**From: Jacquie Brinkley**  
**Subject: Legal Obligations of Former Members**  
**Date: October 29, 2019**

At the August 2019 NLS Executive Committee meeting, there was discussion about the legal obligation of former members, including the Dixon Public Library, should it become part of the Solano County Library System. It was also noted that Colusa County Library has previously belonged to the North State Cooperative Library System and currently is a member of MVLS.

In reviewing the assessments of Best, Best and Krieger, the attorney hired by NLS to provide analysis on CalPERS liabilities, Mountain Valley Library System is not a Joint Powers Authority, and, as such, holds a different requirement for membership contributions than the other two legacy systems within NLS.

**Exhibit A** is the memo dated April 25, 2018, which states:

*Former members of Mountain Valley are not legally obligated to contribute to Mountain Valley's CalPERS obligations since Mountain Valley is not subject to the assumed liability provisions of Government Code §6508.1 and former members did not agree to assume such liability by contract or otherwise.*

When AB1912 was passed, the legal obligation for members changed within some of the system. **Exhibit B** is the report from BB&K, which concludes that there are no changes for MVLS.

**Summary**

MVLS may choose to request that former members participate in the cost of CalPERS obligations, but the members may choose to not provide fiscal assistance.



## Memorandum

**To:** NorthNet Library System  
**From:** Isabel C. Safie  
**Date:** April 25, 2018  
**Re:** CalPERS Liability of Former Members of Legacy Systems

### ISSUE PRESENTED

NorthNet has asked us to confirm whether former members of Mountain-Valley Library System (“Mountain Valley”), North Bay Cooperative Library System (“North Bay”), and the North State Cooperative Library System (“North State”) (collectively, “legacy systems”) are liable for current and future CalPERS liability attributed to the legacy systems.

### SHORT ANSWER

Pursuant to current law,<sup>1</sup> former members of the legacy systems are liable for current and future CalPERS obligations as follows:

1. Former members of North Bay *may not* be held liable for North Bay’s CalPERS obligations since North Bay’s JPA Agreement provides that its members shall not be liable for the debts and obligations of North Bay.
2. Former members of North State *may be* held liable for North State’s CalPERS obligations which are attributable to the former members’ respective periods of membership in North State, in proportion with other members of North State during the same period.
3. Former members of Mountain Valley *may not* be held legally responsible for Mountain Valley’s CalPERS obligations since Mountain Valley is not a joint powers authority, and its members are not subject to JPA law.

### BACKGROUND

As we discussed in our prior memoranda, the current law governing CalPERS, codified in the Public Employees’ Retirement Law (“PERL”) at California Government Code §2000 et. seq., as modified by the Public Employees’ Pension Reform Act of 2013 (“PEPRA”), requires a contracting agency to make ongoing contributions to CalPERS to fund the retirement benefits of its employees. Such contributions include payments for the benefit formula of covered

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<sup>1</sup> Please note, Assembly Bill 1912 (“AB 1912”) as proposed would change our conclusions with regard to North Bay and North State. We address the effects of AB 1912 in the last section of this Memorandum.  
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employees and any unfunded accrued liability payments to fund past service liability.<sup>2</sup> It is the contracting agency alone that is responsible for CalPERS contributions under PERL, unless by operation of law or contract, the obligation is shifted to another entity. Here, each of the legacy systems are contracting agencies of CalPERS, and are thus solely responsible for each of their CalPERS contributions unless, by law or contract, another entity is also liable.

In an effort to present the information requested in a clear manner, we address each of the legacy systems separately in the section below. Please note, our analysis is based on the *current* state of the law applicable to contracting agency obligations and the obligations of members to joint powers authorities (“JPAs”). However, we would be remiss if we did not point out that Assembly Bill 1912 (“AB 1912”), if passed, would retroactively (and prospectively) impose joint and several liability on each member of a JPA, for the liabilities, debts, and obligations of the JPA, including CalPERS obligations even if the JPA agreement includes language that states that the JPA is solely responsible for its liabilities. After the “Analysis” section, we explain how AB 1912, if passed in its current form (as amended April 19, 2018), may change our conclusions.

### ANALYSIS

#### 1. North Bay Cooperative Library System

Former members of North Bay may *not* be held liable for North Bay’s CalPERS obligations under current JPA law.

Government Code §6508.1 provides, “the debts, liabilities, and obligations of the agency shall be the debts, liabilities, and obligations of the parties to the agreement, unless the agreement specifies otherwise.” This means that the constituent members of a JPA agreement will *not* be held liable for the obligations of the JPA if the agreement specifies that the members are not liable. Here, North Bay’s JPA Agreement states that the North Bay’s Council (i.e. Board of Directors) is authorized to “incur debts, liabilities or obligations which *do not* constitute debt, liability or obligations of any of the parties to this instrument.”<sup>3</sup> Additionally, North Bay’s JPA Agreement provides, that in the event of a member’s withdrawal from the Agreement:

“No party shall be entitled by virtue of such withdrawal to receive any payment of money or share of the assets of the agency established by this instrument, except as may be provided in any separate written instrument which has been executed as an agreement between the Council and that party with regard to contributions, payments, or services by that party to the Council.”

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<sup>2</sup> Gov. Code. §20534.

<sup>3</sup> North Bay JPA Agreement, Article III(e). (emphasis added).

**BBK**  
**BEST BEST & KRIEGER**  
**ATTORNEYS AT LAW**

Based on the JPA terms above, a former member of North Bay may not be held liable for any payments unless, a separate written agreement between North Bay and the member provides for such payment in the event of withdrawal from North Bay.

In our review of North Bay's various agreements with its member agencies, none of the member agencies agreed to pay any amount in the event of withdrawal with the exception of the Marin Institute Resource Center ("Marin Institute"). On page 6, Section 6 of the Marin Institute's Agreement for Associate Membership in North Bay Cooperative Library System, the Marin Institute agreed as follows:

"In the event this Agreement is terminated by either party, [the Marin Institute] shall pay to the System any fees or reimbursements due to the System for goods or services provided to [the Marin Institute] or other costs incurred by the System on behalf of [or] at [the Marin Institute's] behest..."

To the extent that North Bay had employees which provided services to the Marin Institute during the period of the Agreement, one could argue that this withdrawal provision constitutes a "separate written agreement" by which the Marin Institute agreed to be pay its proportionate share of North Bay's staffing costs (including CalPERS liabilities), incurred for the benefit of the Marin Institute as an associate member of the JPA. Based on the documents provided, we have not been able to confirm whether the Marin Institute has indeed withdrawn from the North Bay to trigger these withdrawal provisions, and whether North Bay would have waived its right to collect payment if the Marin Institute withdrew long ago. More importantly, we believe it may be more likely that Section 6 was intended to apply narrowly to costs associated with maintaining electronic databases to which Marin Institute had access, or other similar research costs. Ultimately, we do not believe there is enough evidence to suggest that Section 6 applies broadly to pension liabilities.

Aside from the Marin Institute, we did not find any other written agreements whereby member agencies agreed to pay North Bay any amounts upon withdrawal from the JPA.

2. North State Cooperative Library System

We have concluded that former members of North State may be held liable for North State's CalPERS obligations which were accrued during the former members' respective periods of membership in North State, in proportion with other members of North State during the same period.

North State's Bylaws voluntarily subject North State to the Joint Exercise of Powers Act, which is the enabling and governing law for California JPAs. Thus, although North State does not have a formal JPA agreement similar to that of North Bay, North State chose to be governed by JPA law, including Government Code §6508.1 which provides, "the debts, liabilities, and obligations of the agency shall be the debts, liabilities, and obligations of the

**BBK**  
**BEST BEST & KRIEGER**  
ATTORNEYS AT LAW

parties to the agreement, unless the agreement specifies otherwise.” Here, there are no provisions in formative resolutions or the Bylaws which specify that constituent members are not responsible for the debts, obligations and liabilities of North State. Thus, pursuant to Government Code §6508.1, North State’s constituent members are responsible for North State’s CalPERS obligations.

Since there are no cases or statutory authority addressing the effect of Government Code §6508.1 on *former* members of a JPA, we have applied general rules of statutory construction to conclude that §6508.1 requires former members of North State to be proportionately liable for current and future CalPERS obligations which are attributable to their past membership in North State. The general rules of statutory construction are (1) to ascertain the intent of the Legislature to effectuate the purpose of the law, (2) to give the provision a reasonable and common sense interpretation consistent with its apparent purpose, which will result in wise policy rather than mischief or absurdity, (3) to give significance, if possible, to every word or part, and harmonize the parts by considering a particular section in the context of the whole, (4) to take matters such as content, object, evils to be remedied, legislation on the same subject, public policy, and contemporaneous construction into account, and (5) to give great weight to consistent administrative construction.<sup>4</sup>

With the foregoing principles in mind, the primary focus is on the language of the statute, “giving the words their usual and ordinary meaning.” (*Day v. City of Fontana* (2001) 25 Cal. 4th 268, 272). Here, it is clear the Legislature intended, by Government Code §6508.1, to make constituent members of a JPA responsible for the debts of the JPA unless the parties to the JPA agreement contracted otherwise. The statute did not limit responsibility to current members of the JPA, nor did it expressly exclude former members from liability simply because they no longer had active status. Rather, a reasonable interpretation of §6508.1 leads us to the conclusion that a former member of a JPA is responsible for the debts of the JPA, regardless of the member’s non-active status, so long as the debts are attributable to the former member’s proportionate membership in the JPA.

For example, if North State accrued \$100,000 in CalPERS obligations during a ten-year period in which North State had ten members, each member would be responsible for a proportionate share of \$10,000 for that period of time.<sup>5</sup> Please note, since §6508.1 does not include a joint and several liability clause, we do not believe it would be reasonable to hold any former member responsible for debts *greater* than its proportionate membership share in the JPA (i.e. greater than \$10,000 in the example above).

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<sup>4</sup> *DeYoung v. City of San Diego* (1983) 147 Cal.App.3d 11, 17.

<sup>5</sup> The allocation of liability would need to be determined by an actuary since the accrued liability during any period of time would only consider the normal cost portion of liabilities. However, that normal cost could create unfunded liabilities to the extent that current contributions were insufficient to cover the normal cost. This is a complicated determination which would require the input of an actuary.

2. Mountain-Valley Library System

Former members of Mountain Valley are not legally obligated to contribute to Mountain Valley's CalPERS obligations since Mountain Valley is not subject to the assumed liability provisions of Government Code §6508.1 and former members did not agree to assume such liability by contract or otherwise.

**ASSEMBLY BILL 1912**

1. Existing Law

Under the existing Joint Exercise of Powers Act, if a separate agency (i.e. a JPA) is created by a joint powers agreement, the debts, liabilities and obligations of the agency are the debts, liabilities, and obligations of the JPA members, unless the agreement provides otherwise.<sup>6</sup> Existing law also allows one or more parties to a JPA agreement to contract to take responsibility for specific debts, liabilities, or obligations of JPA.<sup>7</sup>

2. Effect of AB 1912

AB 1912 provides that if a JPA participates in a public retirement system, such as CalPERS, all parties, both current and former, would be jointly and severally liable for obligations to the retirement system. Further, this requirement would be retroactive.

To ensure that JPA agreements are consistent with these requirements, AB 1912 would prohibit the Board of Administration of CalPERS from contracting with any joint powers agency created by an agreement unless all parties to the JPA agreement are jointly and severally liable for obligations to the PERS system. For existing JPA agreements, any agreement that does not provide joint and several liability would be required to be "reopened to include a provision holding all member agencies party to the agreement jointly and severally liable" for all of the JPA's CalPERS obligations. We expect that the retroactive element of AB 1912, if it survives further amendments, is likely to experience constitutional challenges.

3. Application to Legacy Systems

In the event AB 1912 passes as currently written and survives constitutional challenges, former members of North Bay would be jointly and severally liable for North Bay's current and future CalPERS obligations. Even though North Bay's current JPA Agreement specifically provides that its members are not responsible for the debts of the JPA, AB 1912 would require a revision of the JPA Agreement to provide that all current and former members are jointly and severally responsible for the debts of the North Bay, including CalPERS obligations.

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<sup>6</sup> Gov. Code § 6508.1.

<sup>7</sup> *Id.*



With regard to former members of North State, we would continue to conclude that former members may be held liable for North State's CalPERS obligations, however, AB 1912 would make this liability joint and several. This means that CalPERS could hold one former member liable for the entirety of its CalPERS obligations. The former member would then have to seek apportionment (i.e. pro rata reimbursement) from other current and former members of North State.

The passage of AB 1912 would have no effect on our conclusion with regard to Mountain Valley because it is not governed by the Joint Exercise of Powers Act. Thus, we would continue to conclude that former members of Mountain Valley may not be held liable for Mountain Valley's CalPERS obligations.



## MEMORANDUM

**To:** Board of Directors  
NORTHNET LIBRARY SYSTEM

**From:** Isabel C. Safie

**Date:** November 29, 2018

**Re:** Update on AB 1912 and Liability of Legacy Systems

### UPDATE ON AB 1912

Since my last presentation to NorthNet Library System (“NorthNet”) on June 15, 2018, AB 1912 was amended several more times, and signed into law by Governor Brown. AB 1912 becomes effective on January 1, 2019. The following is a summary of the most significant aspects of the bill:

- Shared Retirement Liabilities of the JPA. The retirement liabilities of a JPA are the debts of the parties to the JPA agreement. This rule applies on a retroactive and prospective basis. However AB 1912 would not apply to members of a JPA whose retirement contract was terminated prior to AB 1912’s passage or to members of a JPA that dissolved prior to January 1, 2019.
- Apportionment if JPA Winds Down. Member agencies would only be required to apportion retirement liabilities of a JPA *if* (a) the JPA intends to adopt a resolution of intent to terminate its contract with CalPERS, or (b) CalPERS issues a notice of potential termination following the JPA’s default for failure to pay employer contributions or upon its determination that the JPA is no longer in existence, such as in the event of dissolution or cessation of operations. This means that members of a JPA that is not at risk of failing or which is not planning to terminate its CalPERS contract, would not be forced to apportion the JPA’s retirement liability among themselves. **This is a significant change since my presentation to NorthNet on AB 1912.**
- Timing of Apportionment Agreement. For any JPA participating in CalPERS, member agencies would need to apportion retirement liabilities of the JPA and submit a copy of the agreement to the CalPERS Board *prior to filing a notice to terminate*. Additionally, any JPA subject to potential termination for failure to pay employer

contributions would need to provide the Board with a copy of the apportionment agreement within 60 days' notice.

- CalPERS' Determination of Apportionment. If member agencies are unable to agree as to apportionment, the retirement board (i.e., CalPERS for legacy members) would determine apportionment between member agencies based on the share of service received by each member agency, or the population of each member agency. A member agency may challenge the Board's determination, in which case an arbitrator would make the final and binding determination.
- Member Agencies Always Remain Liable. Terminating JPAs and their member agencies will remain liable to CalPERS if there are still inadequate funds available for the benefits promised (e.g. one member agency defaults on its obligations), even after member agencies agree or the Board apportions 100% of the JPA's retirement liabilities. **This is another significant change from my presentation to NorthNet on AB 1912.**

#### APPLICATION OF AB 1912 TO LEGACY SYSTEMS

In our previous Memorandum dated June 12, 2018, we concluded that members of North Bay could not be held liable for the JPA's retirement liabilities since North Bay's JPA agreement specifically provided that members would not be responsible for the debts of the JPA. We also concluded that members of Mountain-Valley could not be held liable for the debts of Mountain-Valley because it is not subject to JPA law and the members have not otherwise agreed to be liable for the system's retirement liabilities. With regard to North State, we concluded that members *are* liable, in proportion with the members' respective periods of membership, because North State's Bylaws voluntarily subject North State to the Joint Exercise of Powers Act, including the shared liability provisions of Government Code section 6508.1.

In light of AB 1912 becoming law, our previous conclusion with regard to North Bay changes significantly—North Bay member agencies would now be liable for the JPA's retirement liabilities in the event North Bay intends to adopt a resolution of intent to terminate its contract with CalPERS or CalPERS gives notice of potential termination. Our conclusion for North State remains essentially the same—North State member agencies are liable, however the proportion of liability would be decided by the members themselves or the CalPERS' Board if the members cannot agree. Lastly our conclusion with regard to Mountain-Valley remains the same (i.e., Mountain-Valley member agencies are not liable) since AB 1912 is not applicable. Below we provide further detail regarding how AB 1912 will apply (or not apply) to the legacy systems.

A. North Bay & North State – Shared Liability Among Member Agencies

Members of North Bay and North State will share liability for the retirement obligations of their respective library system. However neither system will be required to allocate liability unless either intends to adopt a resolution of intent to terminate its contract with CalPERS or CalPERS provides either with a notice of a potential termination. Members of North Bay and North State will not be required to apportion liability if their respective systems are not at risk of failing, continue to pay required employer contributions, and do not plan to terminate their CalPERS contract.

In the event either system decides to terminate its contract with CalPERS, the member agencies would need to decide how to allocate retirement liability amongst themselves and provide CalPERS with a copy of the allocation agreement prior to filing a notice to terminate. Since the entire termination process begins with filing a notice to terminate and can generally last up to one (1) year, member agencies should work on the allocation agreement as soon as possible once it is determined that the system is terminating its contract, to avoid further delays.

If member agencies cannot agree on apportioning liability, CalPERS would determine apportionment between the member agencies based on share of service received from the legacy system by each agency, or the population of each member agency. A member agency may challenge the Board's determination, in which case an arbitrator would make the final and binding determination.

Please keep in mind that North State members may be likely to challenge application of AB 1912 since the system was not explicitly formed pursuant to JPA law, but rather a provision in its Bylaws voluntarily subjects North State to JPA law. Moreover, documents previously provided by NorthNet indicate that North State administrators may be under the mistaken impression that the system is not subject to JPA law. However based on our review, we believe the Bylaws are sufficient to show that parties intended for members to be responsible for the debts of North State, given that JPA law imposed joint liability on member agencies of a JPA absent a clear renunciation of liability pursuant to section 6508.1.

**B. Mountain-Valley Library System – Member Agencies Not Liable**

Since Mountain-Valley is not a JPA and has not elected to be subject to JPA law, its members are not liable for the retirement obligations of the system, regardless of AB 1912's passage.



# MOUNTAIN VALLEY LIBRARY SYSTEM

**To:** Mountain Valley Library System  
**From:** Andrew Yon, PLP Controller  
**Subject:** CalPERS Response to MVLS Questions About Unfunded Liability Pre-Payments  
**Date:** October 29, 2019

At the May MVLS meeting, several questions were asked in relation to the Mountain Valley Library System (MVLS) CalPERS unfunded liability annual payments. CalPERS' newly adopted 15-year amortization period (previously 30-year amortization) has resulted in slight cost increase from FY 2018/19. The FY 2019/20 Unfunded Liability Prepayment Option cost is \$28,848, as compared to \$28,506. At the last meeting, the Council approved the pre-payment option, resulting in a saving of \$1,028.

Below is a summary of the questions and CalPERS's responses.

## Questions and Responses

1. **If MVLS used some of their fund balance to pay down the debt, would there be any benefit to doing that. For instance, they have \$127,621 of fund balance. If they used any of that/most of that, would it benefit them – i.e., is there a “discount” or additional savings.**

*CalPERS Response: Yes, besides the 3.3% prepayment discount for making the next twelve monthly payments in the first month, If a larger pay off was made to the UAL balance, this will save more interest. Please refer to page 12 of the MVLS 2018 Annual Actuarial Valuation Report, the \$300,952 UAL balance is due in 14 amortized payments of \$33,268, which totals \$465,748. So, if full payment of the UAL balance was to be made today, this will result in \$164,795 in interest savings.*

2. **Is there is a larger discount for a FY 2020/21 higher payment?**

*CalPERS Response: Only the 3.3% prepayment discount is available*

3. **Is there a benefit for at \$50K or \$100K payment in the future (e.g. would CalPERS develop a different plan for them since they paid down a portion of it)?**

*CalPERS Response: We do not issue a revised valuation report. We issue something we call a “rate letter”, which shows the effect of the additional payment on the required contribution. We can provide alternate schedules. The following year’s valuation report would reflect the payment and whatever schedule you chose.*

4. **Fink asked about an accelerated pre-payment plan and any advantages that may provide. He asked if using the MVLS fund balance to pay ahead next 3 to 4 years of obligation and if a larger discount would be offered by CalPERS.**

*CalPERS Response: Based on Question #1 reply, interest savings would be the only advantage.*

# **MOUNTAIN VALLEY LIBRARY SYSTEM**

**5. If we pay off the FY2019-20 Unfunded Liability balance to “zero” what factors would cause increases in Unfunded liability balance going forward?**

*CalPERS Response: Unfunded liabilities can result from plan changes, assumption changes, and actuarial experience different than expected. Plan changes are pretty unlikely, because the employer won't be looking to improve benefits, and it's pretty hard to reduce them. It's possible that there could be some change in the law that affects how benefits are calculated, but that's not your biggest worry.*

*Actuarial assumptions can change. We do an experience study every four years and update our mortality table and our inflation assumption, which affects the value of retiree COLAs. The most likely assumption change that could create an unfunded liability would be if CalPERS reduced the discount rate. The additional liability created in that case would be the same regardless of whether you pay off the unfunded liability now. It wouldn't hurt you to pay off the unfunded liability now.*

*The least expensive thing to do in the long run is to pay off the UAL as quickly as possible, and if a new unfunded liability should emerge, pay that off as quickly as possible.*

**6. How do we pay down or pay off the balance? Is there a written procedure?**

*CalPERS Response: There isn't a written procedure. Just let your actuary know the amount and the date of the payment you want to make. We'll send you a form to fill out and you email it back to us. You can pay by check, wire, or do an EFT through myCalPERS like you pay your invoices.*

# MOUNTAIN VALLEY LIBRARY SYSTEM

**To: Mountain Valley Library System**

**From: Andrew Yon, PLP Controller**

**Subject: Review and Consideration of Adopting a Shared Funding Formula for CalPERS Obligations**

**Date: October 29, 2019**

With the recent changes by CalPERS to accelerate the Unfunded Liability amortization schedule from 30 years to 15 years, it is anticipated that the Mountain Valley Library System will deplete its' Fund Balance by FY2022-23. MVLS will need to establish a shared cost formula for the ongoing CalPERS obligations.

Several models were reviewed at the May Council meeting. It was requested that models be presented at this meeting, considering the following factors:

- The formula should include the operating budget and population served, with data from odd years
- Develop 5, 10 and 15-year payment schedule to apply to the cost-sharing models

There was also a discussion about using some of the Fund Balance to pay down the unfunded liability, which could reduce the on-going annual payments.

## **PROPOSED FORMULAS WITHOUT THE USE OF FUND BALANCE**

The following "Pay Off" scenario reflects the full payment of the UAL balance on 6/30/20. Please note that subsequent increases of the Unfunded Liability balance may result due to changes to actuarial assumptions, such as mortality rates, inflationary factors, and lower investment returns.

### **Mountain Valley Library System**

#### **Proposed CalPERS Cost Distribution - Population and Budget Size Cost Share**

#### **PAY OFF OF UNFUNDED ACCRUED LIABILITY 6/30/20 BALANCE**

#### **Unfunded Accrued Liability (UAL) Ending 6/30/20 = \$300,952**

Library	2016-17 CSL Certified Population	FY2016-17 Budget Expenditure	50% Base on Population	50% Based on Budget Size	Total Proposed Unfunded Liability Cost
Alpine	1,166	\$ 264,561	\$ 68	\$ 546	\$ 614
Colusa	21,948	\$ 1,376,132	\$ 1,283	\$ 2,840	\$ 4,123
El Dorado	183,750	\$ 3,430,378	\$ 10,742	\$ 7,080	\$ 17,822
Folsom	77,246	\$ 1,469,889	\$ 4,516	\$ 3,034	\$ 7,550
Lincoln	47,339	\$ 600,851	\$ 2,768	\$ 1,240	\$ 4,008
Mono	13,721	\$ 1,105,792	\$ 802	\$ 2,282	\$ 3,084
Nevada	98,095	\$ 2,981,189	\$ 5,735	\$ 6,153	\$ 11,888
Placer	192,384	\$ 6,709,720	\$ 11,247	\$ 13,849	\$ 25,096
Roseville	134,073	\$ 3,719,679	\$ 7,838	\$ 7,677	\$ 15,515
Sacramento	1,418,051	\$ 40,262,153	\$ 82,900	\$ 83,100	\$ 166,000
Sutter	97,308	\$ 1,403,329	\$ 5,689	\$ 2,896	\$ 8,585
Woodland	57,526	\$ 2,592,688	\$ 3,363	\$ 5,351	\$ 8,714
Yolo	157,029	\$ 6,618,343	\$ 9,180	\$ 13,660	\$ 22,840
Yuba	74,345	\$ 370,965	\$ 4,346	\$ 766	\$ 5,112
<b>Total</b>	<b>2,573,981</b>	<b>\$ 72,905,669</b>	<b>\$ 150,476</b>	<b>\$ 150,476</b>	<b>\$ 300,952</b>

Source: CSL Ready Report - FY16/17 Expenditure

Source: CSL Certified Population 2016-17

# MOUNTAIN VALLEY LIBRARY SYSTEM

## Cost Share Formula Based on Both Population and Library Budget Size - 5 Years

### 5 YEAR AMORTIZATION SCHEDULE ANNUAL PAYMENT

Unfunded Accrued Liability (UAL) Annual Payment = \$70,958

Library	2016-17 CSL Certified Population	FY2016-17 Budget Expenditure	50% Base on Population	50% Based on Budget Size	Proposed Annual Unfunded Liability Cost
Alpine	1,166	\$ 264,561	\$ 16	\$ 129	\$ 145
Colusa	21,948	\$ 1,376,132	\$ 303	\$ 670	\$ 972
El Dorado	183,750	\$ 3,430,378	\$ 2,533	\$ 1,669	\$ 4,202
Folsom	77,246	\$ 1,469,889	\$ 1,065	\$ 715	\$ 1,780
Lincoln	47,339	\$ 600,851	\$ 653	\$ 292	\$ 945
Mono	13,721	\$ 1,105,792	\$ 189	\$ 538	\$ 727
Nevada	98,095	\$ 2,981,189	\$ 1,352	\$ 1,451	\$ 2,803
Placer	192,384	\$ 6,709,720	\$ 2,652	\$ 3,265	\$ 5,917
Roseville	134,073	\$ 3,719,679	\$ 1,848	\$ 1,810	\$ 3,658
Sacramento	1,418,051	\$ 40,262,153	\$ 19,546	\$ 19,593	\$ 39,139
Sutter	97,308	\$ 1,403,329	\$ 1,341	\$ 683	\$ 2,024
Woodland	57,526	\$ 2,592,688	\$ 793	\$ 1,262	\$ 2,055
Yolo	157,029	\$ 6,618,343	\$ 2,164	\$ 3,221	\$ 5,385
Yuba	74,345	\$ 370,965	\$ 1,025	\$ 181	\$ 1,205
<b>Total</b>	<b>2,573,981</b>	<b>\$ 72,905,669</b>	<b>\$ 35,479</b>	<b>\$ 35,479</b>	<b>\$ 70,958</b>

Source: CSL Ready Report - FY16/17 Expenditure

Source: CSL Certified Population 2016-17

## Cost Share Formula Based on Both Population and Library Budget Size - 10 Years

### 10 YEAR AMORTIZATION SCHEDULE ANNUAL PAYMENT

Unfunded Accrued Liability (UAL) Annual Payment = \$41,424

Library	2016-17 CSL Certified Population	FY2016-17 Budget Expenditure	50% Base on Population	50% Based on Budget Size	Proposed Annual Unfunded Liability Cost
Alpine	1,166	\$ 264,561	\$ 9	\$ 75	\$ 85
Colusa	21,948	\$ 1,376,132	\$ 177	\$ 391	\$ 568
El Dorado	183,750	\$ 3,430,378	\$ 1,479	\$ 975	\$ 2,453
Folsom	77,246	\$ 1,469,889	\$ 622	\$ 418	\$ 1,039
Lincoln	47,339	\$ 600,851	\$ 381	\$ 171	\$ 552
Mono	13,721	\$ 1,105,792	\$ 110	\$ 314	\$ 425
Nevada	98,095	\$ 2,981,189	\$ 789	\$ 847	\$ 1,636
Placer	192,384	\$ 6,709,720	\$ 1,548	\$ 1,906	\$ 3,454
Roseville	134,073	\$ 3,719,679	\$ 1,079	\$ 1,057	\$ 2,136
Sacramento	1,418,051	\$ 40,262,153	\$ 11,411	\$ 11,438	\$ 22,849
Sutter	97,308	\$ 1,403,329	\$ 783	\$ 399	\$ 1,182
Woodland	57,526	\$ 2,592,688	\$ 463	\$ 737	\$ 1,199
Yolo	157,029	\$ 6,618,343	\$ 1,264	\$ 1,880	\$ 3,144
Yuba	74,345	\$ 370,965	\$ 598	\$ 105	\$ 704
<b>Total</b>	<b>2,573,981</b>	<b>\$ 72,905,669</b>	<b>\$ 20,712</b>	<b>\$ 20,712</b>	<b>\$ 41,424</b>

Source: CSL Ready Report - FY16/17 Expenditure

Source: CSL Certified Population 2016-17

# MOUNTAIN VALLEY LIBRARY SYSTEM

## Cost Share Formula Based on Both Population and Library Budget Size - 15 Years

### 15 YEAR AMORTIZATION SCHEDULE ANNUAL PAYMENT

Unfunded Accrued Liability (UAL) Annual Payment = \$33,268

Library	2016-17 CSL Certified Population	FY2016-17 Budget Expenditure	50% Base on Population	50% Based on Budget Size	Proposed Annual Unfunded Liability Cost
Alpine	1,166	\$ 264,561	\$ 8	\$ 60	\$ 68
Colusa	21,948	\$ 1,376,132	\$ 142	\$ 314	\$ 456
El Dorado	183,750	\$ 3,430,378	\$ 1,188	\$ 783	\$ 1,970
Folsom	77,246	\$ 1,469,889	\$ 499	\$ 335	\$ 835
Lincoln	47,339	\$ 600,851	\$ 306	\$ 137	\$ 443
Mono	13,721	\$ 1,105,792	\$ 89	\$ 252	\$ 341
Nevada	98,095	\$ 2,981,189	\$ 634	\$ 680	\$ 1,314
Placer	192,384	\$ 6,709,720	\$ 1,243	\$ 1,531	\$ 2,774
Roseville	134,073	\$ 3,719,679	\$ 866	\$ 849	\$ 1,715
Sacramento	1,418,051	\$ 40,262,153	\$ 9,164	\$ 9,186	\$ 18,350
Sutter	97,308	\$ 1,403,329	\$ 629	\$ 320	\$ 949
Woodland	57,526	\$ 2,592,688	\$ 372	\$ 592	\$ 963
Yolo	157,029	\$ 6,618,343	\$ 1,015	\$ 1,510	\$ 2,525
Yuba	74,345	\$ 370,965	\$ 480	\$ 85	\$ 565
<b>Total</b>	<b>2,573,981</b>	<b>\$ 72,905,669</b>	<b>\$ 16,634</b>	<b>\$ 16,634</b>	<b>\$ 33,268</b>

Source: CSL Ready Report - FY16/17 Expenditure

Source: CSL Certified Population 2016-17

## PROPOSED FORMULAS WITH THE USE OF FUND BALANCE

Mountain Valley Library System

PAY DOWN UAL BALANCE: Population and Budget Size Cost Share Distribution

### PAY DOWN OF UNFUNDED ACCRUED LIABILITY (UAL) USING FUND BALANCE

Revised UAL Balance Ending 6/30/20 = \$198,080 (\$300,952 less FB \$102,872)

Library	2016-17 CSL Certified Population	FY2016-17 Budget Expenditure	50% Base on Population	50% Based on Budget Size	Total Proposed Unfunded Liability Cost
Alpine	1,166	\$ 264,561	\$ 45	\$ 359	\$ 404
Colusa	21,948	\$ 1,376,132	\$ 845	\$ 1,869	\$ 2,714
El Dorado	183,750	\$ 3,430,378	\$ 7,070	\$ 4,660	\$ 11,730
Folsom	77,246	\$ 1,469,889	\$ 2,972	\$ 1,997	\$ 4,969
Lincoln	47,339	\$ 600,851	\$ 1,822	\$ 816	\$ 2,638
Mono	13,721	\$ 1,105,792	\$ 528	\$ 1,502	\$ 2,030
Nevada	98,095	\$ 2,981,189	\$ 3,774	\$ 4,050	\$ 7,824
Placer	192,384	\$ 6,709,720	\$ 7,402	\$ 9,115	\$ 16,517
Roseville	134,073	\$ 3,719,679	\$ 5,159	\$ 5,053	\$ 10,212
Sacramento	1,418,051	\$ 40,262,153	\$ 54,563	\$ 54,695	\$ 109,258
Sutter	97,308	\$ 1,403,329	\$ 3,744	\$ 1,906	\$ 5,651
Woodland	57,526	\$ 2,592,688	\$ 2,213	\$ 3,522	\$ 5,736
Yolo	157,029	\$ 6,618,343	\$ 6,042	\$ 8,991	\$ 15,033
Yuba	74,345	\$ 370,965	\$ 2,861	\$ 504	\$ 3,365
<b>Total</b>	<b>2,573,981</b>	<b>\$ 72,905,669</b>	<b>\$ 99,040</b>	<b>\$ 99,040</b>	<b>\$ 198,080</b>

Source: CSL Ready Report - FY16/17 Expenditure

Source: CSL Certified Population 2016-17

# MOUNTAIN VALLEY LIBRARY SYSTEM

## Cost Share Formula Based on Both Population and Library Budget Size - 5 Years

### REVISED UAL BALANCE - 5 YEAR AMORTIZATION SCHEDULE ANNUAL PAYMENT

Unfunded Accrued Liability (UAL) Annual Payment = \$47,514 (EST.)

Library	2016-17 CSL Certified Population	FY2016-17 Budget Expenditure	50% Base on Population	50% Based on Budget Size	Proposed Annual Unfunded Liability Cost
Alpine	1,166	\$ 264,561	\$ 11	\$ 86	\$ 97
Colusa	21,948	\$ 1,376,132	\$ 203	\$ 448	\$ 651
El Dorado	183,750	\$ 3,430,378	\$ 1,696	\$ 1,118	\$ 2,814
Folsom	77,246	\$ 1,469,889	\$ 713	\$ 479	\$ 1,192
Lincoln	47,339	\$ 600,851	\$ 437	\$ 196	\$ 633
Mono	13,721	\$ 1,105,792	\$ 127	\$ 360	\$ 487
Nevada	98,095	\$ 2,981,189	\$ 905	\$ 971	\$ 1,877
Placer	192,384	\$ 6,709,720	\$ 1,776	\$ 2,186	\$ 3,962
Roseville	134,073	\$ 3,719,679	\$ 1,237	\$ 1,212	\$ 2,450
Sacramento	1,418,051	\$ 40,262,153	\$ 13,088	\$ 13,120	\$ 26,208
Sutter	97,308	\$ 1,403,329	\$ 898	\$ 457	\$ 1,355
Woodland	57,526	\$ 2,592,688	\$ 531	\$ 845	\$ 1,376
Yolo	157,029	\$ 6,618,343	\$ 1,449	\$ 2,157	\$ 3,606
Yuba	74,345	\$ 370,965	\$ 686	\$ 121	\$ 807
<b>Total</b>	<b>2,573,981</b>	<b>\$ 72,905,669</b>	<b>\$ 23,757</b>	<b>\$ 23,757</b>	<b>\$ 47,514</b>

Source: CSL Ready Report - FY16/17 Expenditure

Source: CSL Certified Population 2016-17

## Cost Share Formula Based on Both Population and Library Budget Size - 10 Years

### REVISED UAL BALANCE -10 YEAR AMORTIZATION SCHEDULE ANNUAL PAYMENT

Unfunded Accrued Liability (UAL) Annual Payment = \$ 28,088 (EST.)

Library	2016-17 CSL Certified Population	FY2016-17 Budget Expenditure	50% Base on Population	50% Based on Budget Size	Proposed Annual Unfunded Liability Cost
Alpine	1,166	\$ 264,561	\$ 6	\$ 51	\$ 57
Colusa	21,948	\$ 1,376,132	\$ 120	\$ 265	\$ 385
El Dorado	183,750	\$ 3,430,378	\$ 1,003	\$ 661	\$ 1,663
Folsom	77,246	\$ 1,469,889	\$ 422	\$ 283	\$ 705
Lincoln	47,339	\$ 600,851	\$ 258	\$ 116	\$ 374
Mono	13,721	\$ 1,105,792	\$ 75	\$ 213	\$ 288
Nevada	98,095	\$ 2,981,189	\$ 535	\$ 574	\$ 1,110
Placer	192,384	\$ 6,709,720	\$ 1,050	\$ 1,293	\$ 2,342
Roseville	134,073	\$ 3,719,679	\$ 732	\$ 717	\$ 1,448
Sacramento	1,418,051	\$ 40,262,153	\$ 7,737	\$ 7,756	\$ 15,493
Sutter	97,308	\$ 1,403,329	\$ 531	\$ 270	\$ 801
Woodland	57,526	\$ 2,592,688	\$ 314	\$ 499	\$ 813
Yolo	157,029	\$ 6,618,343	\$ 857	\$ 1,275	\$ 2,132
Yuba	74,345	\$ 370,965	\$ 406	\$ 71	\$ 477
<b>Total</b>	<b>2,573,981</b>	<b>\$ 72,905,669</b>	<b>\$ 14,044</b>	<b>\$ 14,044</b>	<b>\$ 28,088</b>

Source: CSL Ready Report - FY16/17 Expenditure

Source: CSL Certified Population 2016-17

# MOUNTAIN VALLEY LIBRARY SYSTEM

## Cost Share Formula Based on Both Population and Library Budget Size - 15 Years

### REVISED UAL BALANCE - 15 YEAR AMORTIZATION SCHEDULE ANNUAL PAYMENT

**Unfunded Accrued Liability (UAL) Annual Payment = \$21,896 (EST.)**

Library	2016-17 CSL Certified Population	FY2016-17 Budget Expenditure	50% Base on Population	50% Based on Budget Size	Proposed Annual Unfunded Liability Cost
Alpine	1,166	\$ 264,561	\$ 5	\$ 40	\$ 45
Colusa	21,948	\$ 1,376,132	\$ 93	\$ 207	\$ 300
El Dorado	183,750	\$ 3,430,378	\$ 782	\$ 515	\$ 1,297
Folsom	77,246	\$ 1,469,889	\$ 329	\$ 221	\$ 549
Lincoln	47,339	\$ 600,851	\$ 201	\$ 90	\$ 292
Mono	13,721	\$ 1,105,792	\$ 58	\$ 166	\$ 224
Nevada	98,095	\$ 2,981,189	\$ 417	\$ 448	\$ 865
Placer	192,384	\$ 6,709,720	\$ 818	\$ 1,008	\$ 1,826
Roseville	134,073	\$ 3,719,679	\$ 570	\$ 559	\$ 1,129
Sacramento	1,418,051	\$ 40,262,153	\$ 6,031	\$ 6,046	\$ 12,077
Sutter	97,308	\$ 1,403,329	\$ 414	\$ 211	\$ 625
Woodland	57,526	\$ 2,592,688	\$ 245	\$ 389	\$ 634
Yolo	157,029	\$ 6,618,343	\$ 668	\$ 994	\$ 1,662
Yuba	74,345	\$ 370,965	\$ 316	\$ 56	\$ 372
<b>Total</b>	<b>2,573,981</b>	<b>\$ 72,905,669</b>	<b>\$ 10,948</b>	<b>\$ 10,948</b>	<b>\$ 21,896</b>

Source: CSL Ready Report - FY16/17 Expenditure

Source: CSL Certified Population 2016-17

## RECOMMENDATION

Although Mountain Valley Library System may not be subject to AB1912 passage, it is recommended that MVLS consider one of the proposed cost share formulas for its members or develop an agreeable cost share formula amongst MVLS members for the foreseeable CalPERS obligations.