

MOUNTAIN VALLEY LIBRARY SYSTEM

Administrative Council Meeting

May 31, 2023
11:00 a.m.

Join Zoom Meeting

<https://us02web.zoom.us/j/87292865485?pwd=OHlhbU1LV1I3ZURPYmF6R3Q5SlllUT09>

Meeting ID: 872 9286 5485

Passcode: 927006

Phone: +1 669 900 6833

- | | | |
|--|-------------|----------------------|
| 1. Call to Order | Hunt, Chair | |
| 2. Welcome and Roll Call | Hunt | |
| 3. Public Invited to Address the Council | | |
| 4. Approval of Consent Calendar (ACTION ITEM) | Hunt | |
| A. Approval of Agenda | | |
| B. Approval of Minutes of Administrative Council Meeting June 7, 2022 | | Attachment 1, pg. 3 |
| 5. Nominations and Election of FY 2023-24 Officers (ACTION ITEM) | Hunt | |
| 6. Approve the Renewal of Am-Tran Delivery Contract for FY 2023-24 (ACTION ITEM) | Hunt | Attachment 2, pg. 7 |
| 7. Review of the MVLS CalPERS FY 2023-24 Position and Approval of FY 2023-24 Budget (ACTION ITEM) | Hunt | Attachment 3, pg. 10 |
| 8. Review of Yuba College Library Memo and Discussion of MVLS Membership for Future Inquiries | Hunt | Attachment 4, pg. 42 |
| 9. Schedule Next MVLS Meeting | | |
| 10. Announcements | | |
| 11. Adjournment | | |

MOUNTAIN VALLEY LIBRARY SYSTEM

Brown Act: This meeting abides by Cal. Gov't Code § 54953.

Cal. Gov't Code § 54953(b)(1) "Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding."

Cal. Gov't Code § 54953(j)(6) 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."

Gov't Code § 54953 (b)(2) "Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. If the legislative body of a local agency elects to use teleconferencing, the legislative body of a local agency shall comply with all of the following:

- (A) All votes taken during a teleconferenced meeting shall be by rollcall.
- (B) The teleconferenced meetings shall be conducted in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency.
- (C) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.
- (D) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3."

Gov't Code § 54953 (3) "If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivisions (d) and (e)."

Meeting Locations

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
Nevada County Library, 980 Helling Way, Nevada City, CA 95959
Placer County Library, 145 Fulweiler Avenue Suite 150, Auburn, CA 95603
Roseville Public Library, 316 Vernon Street, Suite 400, 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 Avenue, 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
NLS Administrative Office, 32 West 25th Avenue, Suite 201, San Mateo, CA 94403

MOUNTAIN VALLEY LIBRARY SYSTEM

DRAFT MINUTES

MOUNTAIN VALLEY LIBRARY SYSTEM

June 7, 2022

1. MVLS Vice Chair, Hunt, called the meeting to order at 1:02 p.m.

2. Roll Call:

Present	Absent	MEMBER LIBRARY	Representative
	x	Alpine County Library	Rita Lovell
x		Colusa County Library	Stacey Costello
	x	CSU Chico University Library	John Wang
x		El Dorado County Library	Carolyn Brooks
x		Folsom Public Library	Andrew Tweet
x		Lincoln Public Library	Kathryn Hunt
x		Mono County Free Library	Christopher Platt
x		Nevada County Library	Nick Wilczek
x		Placer County Library	Mary George
	x	Roseville Public Library	Natasha Martin
x		Sacramento Co. Public Law Library	Pete Rooney
	x	Sacramento Public Library	Peter Coyl
	x	Sutter County Library	James Ochsner
x		Woodland Public Library	Greta Galindo
x		Yolo County Library	Mark Fink
	x	Yuba County Library	Michael Lee

Also present from Pacific Library Partnership were Carol Frost, Andrew Yon and Jacquie Brinkley.

Note: Mono County had a change in meeting location after Agenda was posted, thereby unable to vote on Action Items.

3. No Public in attendance

4. Approval of Consent Calendar

Motion to approve the Consent Calendar.

Fink moved; Brooks seconded. Vote taken by roll call, all votes in favor, motion passed unanimously.

MOUNTAIN VALLEY LIBRARY SYSTEM

5. Nomination and Election of FY 2022-23 Officers

Hunt agreed to move from Vice Chair to Chair. Wilczek volunteered to serve as Vice Chair.

**Motion to elect Hunt as Chair and Wilczek as Vice-Chair for MVLS Officers FY 2022-23.
George moved; Rooney seconded. Vote taken by roll call, all votes in favor, motion passed unanimously.**

6. Approve Renewal of Am-Tran Delivery Contract

Yon presented the NLS staff recommendation to renew the 3-year contract with Am-Tran for MVLS delivery beginning July 1, 2022. The new contract reflects a change for El Dorado County to one stop per month (from 1 stop per week), and also includes a fuel surcharge for increased fuel costs. The contract amount used a 5% Consumer Price Index calculation based on figures of April 2022. Yon also noted that MVLS members could use CLSA funds to offset courier service charges.

**Motion to approve renewal of a 3-year Am-Tran Delivery Contract beginning July 1, 2022 through June 30, 2025 for a total of \$63,672 for July 1, 2022 through June 30, 2023.
Costello moved; Wilczek seconded. Vote taken by roll call, all votes in favor, motion passed unanimously.**

7. Approve the CalPERS FY 2022-23 Pre-Payment Option for Annual Payment

Yon presented the CalPERS memo and recommended that MVLS approve the pre-payment discount available if payment to CalPERS is received by July 31, 2022.

Fink asked Yon if the MVLS Unfunded Liability continued after annual payments and if MVLS would continue to be billed.

Yon confirmed that CalPERS carries the MVLS retirees as active in their records and accrued liabilities for those retirees are the obligation of MVLS. Yon noted that CalPERS uses a formula to determine annual unfunded liabilities and the amount owed increases or decreases annually depending on CalPERS investment activity.

Fink acknowledged that once the MVLS fund balance is fully spent, individual MVLS members (other than Colusa County) will be billed for the annual Unfunded Liability payment. Fink suggested that MVLS make a higher payment now to lower the future cost to members.

George noted that MVLS had established a mechanism that would trigger individual member payments and believed that to be when the fund balance was depleted. George asked about any contingency funds and paying from that first.

Yon confirmed that MVLS had historically used the fund balance to pay down the Unfunded Liability.

Fink noted that he recalled the contingency funds were to be used for legal fees or dues unpaid by libraries. He continued to note that considering the current and stronger financial situation, it might be better to pay now an increased amount of the existing Unfunded Liability rather than waiting until later.

MOUNTAIN VALLEY LIBRARY SYSTEM

Rooney asked if Fink was suggesting paying at the 5-year amortization rate.

Fink confirmed that payment at this more aggressive rate would be recommended.

Discussion ensued regarding advantages and risks of higher payment at this time. Considerations in the discussion included CPI, market, inflation rate, interest rates, ability of libraries to pay, etc.

George agreed to keep the momentum going to pay down now and to reduce interest payments in the future. George also noted that MVLS could adjust to a lower payment in the future, if unable to maintain more aggressive and higher payments.

Yon stated that he would contact the CalPERS actuary to discuss commitment to MVLS if higher payment was made year-to-year as an "Additional Discretionary Payment," versus committing to the 5-year payment plan.

Frost asked Yon to confirm the MVLS budget – that the current Fund Balance includes the \$20,000 as contingency and a Reserve Balance of \$18,496.

Fink recommended that MVLS move to the 5-year amortization payment schedule.

Platt asked if MVLS wanted to retain the "Contingency" funding.

Frost noted that if MVLS used the amount owed at end of the 5-year amortization schedule, the current fund balance would cover the 5 years of Unfunded Liability.

George asked what the \$350 per year payment was for. Yon reported that the required annual GASB report charges \$350 per year. George stated that this amount would need to be factored into the payments from the fund balance.

Motion to move \$20,000 of Contingency Funds into the MVLS budget and apply the Fund Balance to pay off the CalPERS Unfunded Liability, including the 5 years of GASB reports at approximately \$1,750. If there is a remaining CalPERS bill to pay off the Unfunded Liability once the payoff amount is reported by CalPERS, any balance due is to be invoiced to member libraries for payment.

Fink moved; George seconded. Vote taken by roll call. Colusa abstained. All votes in favor, motion passed unanimously.

8. Approve the MVLS FY 2021-22 Budget

Motion to approve MVLS budget as amended in Item 7 above.

Wilczek moved; Brooks seconded. Vote taken by roll call, all votes in favor, motion passed unanimously.

9. Next MVLS meeting TBD – May or June 2023, unless a Special Meeting is required. Brinkley will send out a Doodle Poll after beginning of new FY.

MOUNTAIN VALLEY LIBRARY SYSTEM

Wilczek suggested adding the MVLS meeting to before or after the Annual NLS Administrative Council meeting.

10. Announcements

Discussion regarding CLA and value of returning to the in-person conference. Fink encouraged CPLA/CLA dual membership.

11. Meeting adjourned at 2:05 p.m.

DRAFT

MOUNTAIN VALLEY LIBRARY SYSTEM

To: MVLS Administrative Council
From: Jacquie Brinkley, NLS System Coordinator
Subject: Am-Tran Courier Contract – FY 2023-24
Date: May 31, 2023

Background

MVLS executed a three-year contract with Am-Tran for courier services for July 1, 2022 through June 30, 2025, with two years of one-year options to renew, for a total of five years.

The contract states that an annual applicable CPI increase will be applied to the contract, to be agreed upon by both parties. CPI should be based on the San Francisco-Oakland-San Jose Index for All Urban Consumers published by the Bureau of Labor Statistics of US Labor Dept. The change in CPI for All Urban Consumers will be for the month of April preceding the fiscal year. The CPI increase shall not exceed 3% annually. Negotiated contract extensions without formal competition is an NLS prerogative, not a contractual right.

FY2023-24 Renewal Agreement

A **3% CPI** increase based on the contractual CPI Index maximum will be added July 1, 2023. The contract total for **FY 2023-24 is \$63,329**, which excludes costs for gas surcharges. **The attached revised Mountain Valley Library System Delivery Schedule dated July 1, 2022** shall supersede the previous version.

Recommendation

It is recommended that the MVLS Board of Directors approve the second year of the contract with a 3% CPI adjustment from **July 1, 2023 through June 30, 2024**, for a total of **\$63,329**.

The MVLS libraries will utilize some of their CLSA funds to offset courier costs.

<u>MOUNTAIN VALLEY LIBRARY SYSTEM DELIVERY SCHEDULE</u>							<i>Revised 7/1/2022</i>
Monday						Unload/Load	Approx. Time
Sacramento Public Library	828 I Street Sacramento CA 95814					30 min	8:30 AM
Woodland Public Library	250 First Street Woodland CA 95695					30 min	9:30 AM
Solano County Library - Dixon	230 North First Street Dixon CA 95620					15 min	10:30 AM
Sacramento Public Library	828 I Street Sacramento CA 95814					30 min	11:30 AM
3 hours							
Tuesday						Unload/Load	
Sacramento Public Library	828 I Street Sacramento CA 95814					30 min	8:30 AM
Woodland Public Library	250 First Street Woodland CA 95695					30 min	9:30 AM
Yolo County Library (3rd Tuesday ONLY)	226 Buckeye Woodland CA 95695					15 min	10:15 AM
Colusa County Library	738 Market Street Colusa CA 95932					15 min	11:15 AM
Sutter County Library	750 Forbes Ave Yuba City CA 95991					30 min	12:00 PM
Folsom Public Library	411 Stafford Street Folsom CA 95630					30 min	1:15 PM
Sacramento Central Public Library	828 I Street Sacramento CA 95814					30 min	2:45 PM
5 hours							
Wednesday							
						UnloadLoad	
Sacramento Public Library	828 I Street Sacramento CA 95814					30 min	8:30 AM
El Dorado County Library (3rd Wednesday ONLY)	7455 Silva Valley Pkwy El Dorado Hills CA 95762					15 min	9:45AM
Folsom Public Library	411 Stafford Street Folsom CA 95630					30 min	10:45 AM
Roseville Public Library	225 Taylor Street Roseville CA 95678					15 min	11:30 AM
Lincoln Public Library	485 Twelve Bridges Dr Lincoln CA 95648					15 min	12:00 PM
Sutter County Library	750 Forbes Avenue Yuba City CA 95991					30 min	1:00 PM
Woodland Public Library	250 First Street Woodland CA 95695					30 min	2:30 PM
Sacramento Central Public Library	828 I Street Sacramento CA 95814					30 min	3:00 PM
Approx. 6 hours							
Thursday						Unload/Load	
Sacramento Public Library	828 I Street Sacramento CA 95814					30 min	8:30 AM
Woodland Public Library	250 First Street Woodland CA 95695					30 min	9:30 AM
Colusa County Library	738 Market Street Colusa CA 95932					15 min	11:15 AM
Sutter County Library	750 Forbes Ave Yuba City CA 95991					30 min	12:00 PM
Folsom Public Library	411 Stafford Street Folsom CA 95630					30 min	1:15 PM
Sacramento Central Public Library	828 I Street Sacramento CA 95814					30 min	2:30 PM
Approx. 5 hours							

<u>MOUNTAIN VALLEY LIBRARY SYSTEM DELIVERY SCHEDULE</u>							<i>Revised 7/1/2022</i>
Friday						Unload/load	
Sacramento Public Library	828 I Street Sacramento CA 95814					30 min	8:30 AM
California State Library	900 N Street Sacramento CA 95819					15 min	9:15 AM
Folsom Public Library	411 Stafford Street Folsom CA 95630					30 min	10:00 AM
Placer County Library	350 Nevada Street Auburn CA 95603					15 min	11:15 AM
Sutter County Library	750 Forbes Avenue Yuba City CA 95991					30 min	12:30 PM
Sacramento Public Library (Sort/Hold)	828 I Street Sacramento CA 95814					30 min	2:00 PM
Approx. 6 hours							

MOUNTAIN VALLEY LIBRARY SYSTEM

To: Mountain Valley Library System
From: Andrew Yon, PLP Controller
Subject: Review of MVLS CalPERS FY 2023-24 Position and Approval of FY 2023-24 Budget
Date: May 31, 2023

Each year the Mountain Valley Library System (MVLS) is notified of any CalPERS Unfunded Accrued Liability (UAL). At the October 29, 2019 meeting, the Council approved paying off the June 30, 2018 Unfunded Accrued Liability balance of \$360,952, with the acknowledgement that there may be future obligations.

At the June 7, 2022 meeting, the Council approved the payoff of the Unfunded Accrued Liability balance in the amount of \$30,763 ending 6/30/2020 for FY 2022-23 employer contributions, including the Prepayment amount of \$3,626. This amount was the result of MVLS plan's share of CalPERS investment pool's losses. The Unfunded Accrued Liability balance was paid using \$20,000 of contingency funds as well as use of \$10,763 of the MVLS Fund Balance.

The CalPERS Annual Valuation Report ending 6/30/2021 reflects a \$0 balance for FY 2023-24 Unfunded Accrued Liability. The MVLS plan's share of the CalPERS investment pool resulted in net investment gains.

Recommendation

It is recommended that MVLS Council approve the FY 2023-24 MVLS Budget of \$350 for the GASB 68 Annual Valuation report. The MVLS CalPERS estimated Fund Balance for 6/30/23 is \$6,686 which may be used to meet current and future obligations.

NorthNet Library System
Mountain Valley Library System
FY 2023-24 Proposed Budget

Mountain Valley Library System (922)

		Adopted FY 22/23	Proposed FY 23/24	Note
<u>GL Acct</u>	<u>Revenue</u>			
3000	Fund Balance	\$30,963	\$200	Use of Fund Balance for CalPERS Obligations
3510	Interest Income	150	150	
	TOTAL REVENUE	\$31,113	\$350	(98.88%)
	<u>Expenditure</u>			
4448	Reimbursable-Retiree Benefits	\$31,113	\$350	GASB Report \$350; Note: FY22/23 CalPERS Annual Prepayment \$3,626 & UAL Balance Payoff \$27,137
	TOTAL EXPENDITURE	\$31,113	\$350	(98.88%)
	Fund Balance as of 7/1/22	\$ 37,679		
	Interest Income	\$ 120		
	FY22/32 Expenditure	\$ (31,113)		
	Fund Balance as of 6/30/23	\$ 6,686	<i>Estimated</i>	

Note: CalPERS Unfunded Liability balance for FY23/24 is \$0 due to CalPERS Plan's Projected Net Investment Gains



California Public Employees' Retirement System

Actuarial Office

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744

888 CalPERS (or **888-225-7377**) | TTY: (877) 249-7442 | www.calpers.ca.gov

July 2022

**Miscellaneous Plan of the Mountain-Valley Library System (CalPERS ID: 1035483646)
Annual Valuation Report as of June 30, 2021**

Dear Employer,

Attached to this letter, you will find the June 30, 2021 actuarial valuation report for the rate plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2023-24.** In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2021.

Section 2 can be found on the CalPERS website (www.calpers.ca.gov). From the home page, go to "Forms & Publications" and select "View All". In the search box, enter "Risk Pool" and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2021.

Your June 30, 2021 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. The plan actuary whose signature is in the Actuarial Certification is available to discuss.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration (board) adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution requirements as needed. This valuation is based on an investment return assumption of 6.8%, which was adopted by the board in November 2021. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021.

Required Contribution

The table below shows the minimum required employer contributions for FY 2023-24 along with estimates of the required contributions for FY 2024-25. Employee contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. **The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2023-24	0.00%	\$0
<i>Projected Results</i>		
2024-25	0.0%	\$0

The actual investment return for FY 2021-22 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 6.8%. ***To the extent the actual investment return for FY 2021-22 differs from 6.8%, the actual contribution requirements for FY 2024-25 will differ from those shown above.*** For additional details regarding the assumptions and methods used for these projections, please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through FY 2028-29.

Changes from Previous Year's Valuation

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for FY 2020-21. Since the return exceeded the 7.00% discount rate sufficiently, the CalPERS Funding Risk Mitigation policy allows CalPERS to use a portion of the investment gain to offset the cost of reducing the expected volatility of future investment returns. Based on the thresholds specified in the policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate of 0.20%, from 7.00% to 6.80%.

On November 17, 2021, the board adopted new actuarial assumptions based on the recommendations in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for public agencies. These new assumptions are incorporated in this actuarial valuation and will impact the required contribution for FY 2023-24. In addition, the board adopted a new strategic asset allocation as part of its Asset Liability Management process. The new asset allocation along with the new capital market assumptions and economic assumptions support a discount rate of 6.80%. This includes a reduction in the price inflation assumption from 2.50% to 2.30%.

Besides the above noted changes, there may also be changes specific to the plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A of the Section 2 report, "Actuarial Methods and Assumptions."

Questions

We understand that you might have questions about these results, and the plan actuary whose signature is on the valuation report is available to discuss. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or (888-225-7377).

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Terando", with a long horizontal flourish extending to the right.

SCOTT TERANDO, ASA, EA, MAAA, FCA, CFA
Chief Actuary



**Actuarial Valuation
as of June 30, 2021**

**for the
Miscellaneous Plan
of the
Mountain-Valley Library System
(CalPERS ID: 1035483646)**

**Required Contributions
for Fiscal Year
July 1, 2023 - June 30, 2024**

Table of Contents

Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information for the Miscellaneous Plan of the Mountain-Valley Library System

**(CalPERS ID: 1035483646)
(Rate Plan ID: 1693)**

Table of Contents

Actuarial Certification	1
Highlights and Executive Summary	
Introduction	3
Purpose of Section 1	3
Required Contributions	4
Additional Discretionary Employer Contributions	5
Plan's Funded Status	6
Projected Employer Contributions	6
Other Pooled Miscellaneous Risk Pool Rate Plans	7
Cost	8
Changes Since the Prior Year's Valuation	9
Subsequent Events	9
Assets and Liabilities	
Breakdown of Entry Age Accrued Liability	11
Allocation of Plan's Share of Pool's Experience/Assumption Change	11
Development of Plan's Share of Pool's Market Value of Assets	11
Schedule of Plan's Amortization Bases	12
Amortization Schedule and Alternatives	13
Employer Contribution History	15
Funding History	15
Risk Analysis	
Future Investment Return Scenarios	17
Discount Rate Sensitivity	18
Mortality Rate Sensitivity	18
Maturity Measures	19
Maturity Measures History	20
Hypothetical Termination Liability	21
Participant Data	22
List of Class 1 Benefit Provisions	22
Plan's Major Benefit Options	23

Actuarial Certification

To the best of our knowledge, this report, comprising of Sections 1 and 2, is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the Miscellaneous Plan of the Mountain-Valley Library System and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation is based on the member and financial data as of June 30, 2021 provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Mountain-Valley Library System, while Section 2 is based on the corresponding information for all agencies participating in the Miscellaneous Risk Pool to which the plan belongs.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the Miscellaneous Risk Pool has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the rate plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2021 and employer contribution as of July 1, 2023 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary who satisfies the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.



MAY SHUANG YU, ASA, MAAA
Senior Pension Actuary, CalPERS

Highlights and Executive Summary

- **Introduction**
- **Purpose of Section 1**
- **Required Contributions**
- **Additional Discretionary Employer Contributions**
- **Plan's Funded Status**
- **Projected Employer Contributions**
- **Other Pooled Miscellaneous Risk Pool Rate Plans**
- **Cost**
- **Changes Since the Prior Year's Valuation**
- **Subsequent Events**

Introduction

This report presents the results of the June 30, 2021 actuarial valuation of the Miscellaneous Plan of the Mountain-Valley Library System of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for (FY) 2023-24.

Purpose of Section 1

This Section 1 report for the Miscellaneous Plan of the Mountain-Valley Library System of CalPERS was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2021;
- Determine the minimum required employer contribution for this plan for the FY July 1, 2023 through June 30, 2024; and
- Provide actuarial information as of June 30, 2021 to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact the plan actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Required Contributions

Required Employer Contributions		Fiscal Year 2023-24
Employer Normal Cost Rate		0.00%
<i>Plus</i>		
Required Payment on Amortization Bases ¹		\$0
<i>Paid either as</i>		
1) Monthly Payment		\$0.00
<i>Or</i>		
2) Annual Prepayment Option*		\$0
<p><i>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).</i></p> <p><i>* Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).</i></p>		

	Fiscal Year 2022-23	Fiscal Year 2023-24
Development of Normal Cost as a Percentage of Payroll		
Base Total Normal Cost for Formula	0.00%	0.00%
Surcharge for Class 1 Benefits ²		
None	0.00%	0.00%
Phase out of Normal Cost Difference ³	0.00%	0.00%
Plan's Total Normal Cost	0.00%	0.00%
Formula's Expected Employee Contribution Rate	0.00%	0.00%
Employer Normal Cost Rate	0.00%	0.00%

¹ The required payment on amortization bases does not take into account any additional discretionary payment made after April 29, 2022.

² Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

³ The normal cost change is phased out over a five-year period in accordance with the CalPERS contribution allocation policy.

Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for the 2023-24 FY is \$0. CalPERS allows agencies to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Agencies can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during FY 2023-24 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the "Amortization Schedule and Alternatives" section of the report.

Agencies considering making an ADP should contact CalPERS for additional information.

Minimum Required Employer Contribution for Fiscal Year 2023-24

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
\$0	\$0	\$0	\$0	\$0

Alternative Fiscal Year 2023-24 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP ¹	Total UAL Contribution	Estimated Total Contribution
N/A	N/A	N/A	N/A	N/A	N/A

¹ The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2023 as determined in the June 30, 2021 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Plan's Funded Status

	June 30, 2020	June 30, 2021
1. Present Value of Projected Benefits (PVB)	\$1,031,547	\$1,030,086
2. Entry Age Accrued Liability (AL)	1,031,547	1,030,086
3. Plan's Market Value of Assets (MVA)	1,003,858	1,122,472
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	27,689	(92,386)
5. Funded Ratio [(3) / (2)]	97.3%	109.0%

The UAL and funded ratio are assessments of the need for future employer contributions based on the actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. The funded ratio, on the other hand, is a relative measure of funded status that allows for comparison between plans of different sizes. For measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2021-22 is assumed to be 6.80% per year, net of investment and administrative expenses. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2021-22 and Beyond)				
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	Rate Plan 1693 Results					
Normal Cost %	0.00%	0.0%	0.0%	0.0%	0.0%	0.0%
UAL Payment	\$0	\$0	\$0	\$0	\$0	\$0

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

Other Pooled Miscellaneous Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown below, correspond to rate plan 1693. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Miscellaneous Risk Pool are shown below and assume that the payroll for each rate plan will grow according to the overall payroll growth assumption of 2.80% per year for three years.

	Fiscal Year 2022-23	Fiscal Year 2023-24
Estimated Combined Employer Contributions for all Pooled Miscellaneous Rate Plans		
Projected Payroll for the Contribution Year	\$0	\$0
Estimated Employer Normal Cost	\$0	\$0
Required Payment on Amortization Bases	\$3,751	\$0
Estimated Total Employer Contributions	\$3,751	\$0
Estimated Total Employer Contribution Rate (illustrative only)	0.00%	0.00%

Cost

Actuarial Determination of Plan Cost

Contributions to fund the plan are comprised of two components:

- Normal Cost, expressed as a percentage of total active payroll
- Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2016-17, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with FY 2016-17, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There continues to be an option to prepay this amount during July of each fiscal year.

The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature. We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 6.9% over the 20 years ending June 30, 2021, yet individual fiscal year returns have ranged from -23.6% to +21.3%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2021.

Changes Since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

On November 17, 2021, the board adopted new actuarial assumptions based on the recommendations in the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for Public Agencies. These new assumptions are incorporated in this actuarial valuation and will impact the required contribution for FY 2023-24. In addition, the board adopted a new asset portfolio as part of its Asset Liability Management process. The new asset mix supports a 6.80% discount rate, which reflects a change in the price inflation assumption to 2.30%.

Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2021. Changes subsequent to that date are not reflected. Investment returns below the assumed rate of return may increase future required contributions while investment returns above the assumed rate of return may decrease future required contributions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 6.8% going forward and that the realized rate of return on assets for FY 2021-22 is 6.8%.

This actuarial valuation report reflects statutory changes, regulatory changes and board actions through January 2022. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- **Breakdown of Entry Age Accrued Liability**
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's Market Value of Assets**
- **Schedule of Plan's Amortization Bases**
- **Amortization Schedule and Alternatives**
- **Employer Contribution History**
- **Funding History**

Breakdown of Entry Age Accrued Liability

Active Members	\$0
Transferred Members	0
Terminated Members	0
Members and Beneficiaries Receiving Payments	<u>1,030,086</u>
Total	\$1,030,086

Allocation of Plan's Share of Pool's Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1. Plan's Accrued Liability	\$1,030,086
2. Projected UAL balance at 6/30/2021	28,804
3. Pool's Accrued Liability ¹	20,794,529,023
4. Sum of Pool's Individual Plan UAL Balances at 6/30/2021 ¹	4,597,734,264
5. Pool's 2020/21 Investment (Gain)/Loss ¹	(2,338,185,055)
6. Pool's 2020/21 Non-Investment (Gain)/Loss ¹	(84,077,623)
7. Plan's Share of Pool's Investment (Gain)/Loss: $[(1) - (2)] \div [(3) - (4)] \times (5)$	(144,546)
8. Plan's Share of Pool's Non-Investment (Gain)/Loss: $(1) \div (3) \times (6)$	(4,165)
9. Plan's New (Gain)/Loss as of 6/30/2021: $(7) + (8)$	(148,711)
10. Increase in Pool's Accrued Liability due to Change in Assumptions ¹	60,407,898
11. Plan's Share of Pool's Change in Assumptions: $(1) \div (3) \times (10)$	2,992
12. Increase in Pool's Accrued Liability due to Funding Risk Mitigation ¹	495,172,731
13. Plan's Share of Pool's Change due to Funding Risk Mitigation: $(1) \div (3) \times (12)$	24,529
14. Offset due to Funding Risk Mitigation	(24,529)
15. Plan's Net Investment (Gain): $(7) - (14)$	(120,017)

¹ Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market Value of Assets

16. Plan's UAL: $(2) + (9) + (11) + (13)$	(\$92,386)
17. Plan's Share of Pool's MVA: $(1) - (16)$	\$1,122,472

Schedule of Plan's Amortization Bases

Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2021.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2023-24.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2023-24	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Expected Payment 2022-23	Balance 6/30/23	Minimum Required Payment 2023-24
Fresh Start	6/30/21				N/A	(92,386)	0	(98,668)	3,751	(109,254)	0
Total						(92,386)	0	(98,668)	3,751	(109,254)	0

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a Fresh Start, please contact the plan actuary.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over an appropriate period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives (continued)

Date	<u>Current Amortization</u>		<u>Alternate Schedules</u>			
	<u>Schedule</u>		<u>N/A Year Amortization</u>		<u>N/A Year Amortization</u>	
	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2023	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2024						
6/30/2025						
6/30/2026						
6/30/2027						
6/30/2028						
6/30/2029						
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6/30/2049						
6/30/2050						
6/30/2051						
6/30/2052						
Total		N/A		N/A		N/A
Interest Paid		N/A		N/A		N/A
Estimated Savings				N/A		N/A

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan. The amounts are based on the actuarial valuation from two years prior and does not account for prepayments or benefit changes made during a fiscal year. Additional discretionary payments before July 1, 2019 or after June 30, 2021 are not included.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment (\$)	Additional Discretionary Payments
2016 - 17	0.000%	\$12,955	N/A
2017 - 18	0.000%	22,786	N/A
2018 - 19	0.000%	28,506	N/A
2019 - 20	0.000%	29,876	300,952
2020 - 21	0.000%	33,268	782
2021 - 22	0.00%	95	
2022 - 23	0.00%	3,751	
2023 - 24	0.00%	0	

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2012	\$859,372	\$637,854	\$221,518	74.2%	\$0
06/30/2013	870,617	667,622	202,995	76.7%	0
06/30/2014	929,526	740,105	189,421	79.6%	0
06/30/2015	945,521	715,042	230,479	75.6%	0
06/30/2016	935,937	645,445	290,492	69.0%	0
06/30/2017	1,013,685	724,852	288,833	71.5%	0
06/30/2018	1,039,341	721,927	317,414	69.5%	0
06/30/2019	1,037,480	719,792	317,688	69.4%	0
06/30/2020	1,031,547	1,003,858	27,689	97.3%	0
06/30/2021	1,030,086	1,122,472	(92,386)	109.0%	0

Risk Analysis

- **Future Investment Return Scenarios**
- **Discount Rate Sensitivity**
- **Mortality Rate Sensitivity**
- **Maturity Measures**
- **Maturity Measures History**
- **Hypothetical Termination Liability**

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation policy. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2041.

Assumed Annual Return FY 2021-22 through 2040-41	Projected Employer Contributions				
	2024-25	2025-26	2026-27	2027-28	2028-29
3.0% (5th percentile)					
Normal Cost Rate	0.0%	0.0%	0.0%	0.0%	0.0%
UAL Contribution	\$0	\$0	\$6,500	\$19,000	\$31,000
10.8% (95th percentile)					
Normal Cost Rate	0.0%	0.0%	0.0%	0.0%	0.0%
UAL Contribution	\$0	\$0	\$0	\$0	\$0

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of a one or two standard deviation investment loss in FY 2021-22 on the FY 2024-25 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2024-25.

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions
	2023-24	2024-25
(17.2)% (2 standard deviation loss)		
Normal Cost Rate	0.00%	0.0%
UAL Contribution	\$0	\$45,000
(5.2)% (1 standard deviation loss)		
Normal Cost Rate	0.00%	0.0%
UAL Contribution	\$0	\$8,800

- Without investment gains (returns higher than 6.8%) in year FY 2022-23 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2021-22.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2024-25 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2021 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	0.00%	0.00%	0.00%
b) Accrued Liability	\$1,129,444	\$1,030,086	\$945,243
c) Market Value of Assets	\$1,122,472	\$1,122,472	\$1,122,472
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$6,972	(\$92,386)	(\$177,229)
e) Funded Ratio	99.4%	109.0%	118.7%

Sensitivity to the Price Inflation Assumption

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	0.00%	0.00%	0.00%
b) Accrued Liability	\$1,057,470	\$1,030,086	\$954,923
c) Market Value of Assets	\$1,122,472	\$1,122,472	\$1,122,472
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$65,002)	(\$92,386)	(\$167,549)
e) Funded Ratio	106.1%	109.0%	117.5%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2021 plan costs and funded status under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	0.00%	0.00%	0.00%
b) Accrued Liability	\$1,055,817	\$1,030,086	\$1,006,592
c) Market Value of Assets	\$1,122,472	\$1,122,472	\$1,122,472
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$66,655)	(\$92,386)	(\$115,880)
e) Funded Ratio	106.3%	109.0%	111.5%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only.

One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2020	June 30, 2021
1. Retired Accrued Liability	\$1,031,547	\$1,030,086
2. Total Accrued Liability	1,031,547	1,030,086
3. Ratio of Retiree AL to Total AL [(1) / (2)]	1.00	1.00

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above. For comparison, the support ratio for all CalPERS public agency plans is 0.82 and is calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2020	June 30, 2021
1. Number of Actives	0	0
2. Number of Retirees	6	6
3. Support Ratio [(1) / (2)]	0.00	0.00

Maturity Measures (Continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with LVR ratio of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2020	June 30, 2021
1. Market Value of Assets	\$1,003,858	\$1,122,472
2. Payroll	0	0
3. Asset Volatility Ratio (AVR) [(1) / (2)]	N/A	N/A
4. Accrued Liability	\$1,031,547	\$1,030,086
5. Liability Volatility Ratio (LVR) [(4) / (2)]	N/A	N/A

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	1.00	0.00	N/A	N/A
06/30/2018	1.00	0.00	N/A	N/A
06/30/2019	1.00	0.00	N/A	N/A
06/30/2020	1.00	0.00	N/A	N/A
06/30/2021	1.00	0.00	N/A	N/A

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2021. The plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to seven months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability^{1,2} at 1.00%	Funded Ratio	Unfunded Termination Liability at 1.00%	Hypothetical Termination Liability^{1,2} at 2.25%	Funded Ratio	Unfunded Termination Liability at 2.25%
\$1,122,472	\$1,986,283	56.5%	\$863,811	\$1,744,849	64.3%	\$622,377

¹ The hypothetical liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A.

² The discount rate used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 2.00% on June 30, 2021, the valuation date.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. Before beginning this process, please consult with the plan actuary.

Participant Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2020	June 30, 2021
Active Members		
Counts	0	0
Average Attained Age	0.00	0.00
Average Entry Age to Rate Plan	0.00	0.00
Average Years of Credited Service	0.00	0.00
Average Annual Covered Pay	\$0	\$0
Annual Covered Payroll	\$0	\$0
Present Value of Future Payroll	\$0	\$0
Transferred Members	0	0
Separated Members	0	0
Retired Members and Beneficiaries		
Counts*	6	6
Average Annual Benefits*	\$14,179	\$14,379

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Benefit Group		
Member Category	Misc	
Demographics		
Actives	No	
Transfers/Separated	No	
Receiving	Yes	
Benefit Provision		
Benefit Formula		
Social Security Coverage		
Full/Modified		
Employee Contribution Rate		
Final Average Compensation Period		
Sick Leave Credit		
Non-Industrial Disability		
Industrial Disability		
Pre-Retirement Death Benefits		
Optional Settlement 2		
1959 Survivor Benefit Level		
Special		
Alternate (firefighters)		
Post-Retirement Death Benefits		
Lump Sum	\$500	
Survivor Allowance (PRSA)	No	
COLA	2%	

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Risk Pool Actuarial Valuation Information

**Section 2 may be found on the CalPERS website
(www.calpers.ca.gov) in the Forms and
Publications section**



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www.northnetlibs.org

To: Elena Flacks, Yuba College Library
From: Carol Frost, CEO, Pacific Library Partnership/NorthNet Library System
Subject: Inquiry regarding Yuba College Library Membership with NorthNet
Date: May 1, 2023

This memo is in response to your phone call on April 13, 2023 requesting information about Yuba College rejoining the NorthNet Library System (NLS), and the potential of Yuba College Library joining the NLS shared OverDrive collection.

To prepare for our conversation, we reviewed historical files and determined that Yuba College Library became a member of the Mountain Valley System (MVLS) in FY 1973-74 under a federal grant to the California State Library.

You provided us with a copy of an email you sent to NorthNet Library System (NLS) in January 2010 where Yuba College Library notified NLS that Yuba College Library would no longer pay membership fees. We can find no formal letter of withdrawal from Yuba College Library to either Mountain Valley or NorthNet, nor was any record of acknowledging the withdrawal found in system meeting minutes, as per the Bylaws of MVLS. It may be assumed that the intent was to withdraw from MVLS, but it would need to be determined by the MVLS Council to confirm that, since no formal record can be found.

Based on your inquiry as to how Yuba College Library could reinstate their membership with the NLS in order to access the NLS Library-to-Go OverDrive collection, we have confirmed that OverDrive would not allow an academic library to join the public library consortia. According to the NLS OverDrive representative, *"the sales and distribution rights granted to OverDrive by the supplying publishers require public libraries and colleges/universities to be treated as separate channels."* We can provide you with the OverDrive academic representative's contact information.

In 2009, the NorthNet Library System (NLS) was formed. The Mountain Valley Library System became a member of the NorthNet Library System at that time.

We have reviewed the NLS Bylaws, which state that an associate member (such as a college or other institution that is not a public library), can join NLS if there are no other obligations to one of the systems, such as MVLS.

We have reviewed the MVLS Bylaws to determine Yuba College's membership in MVLS, and have spoken with the Chair of MVLS, and the Chair of NLS. The Chairs of MVLS and NLS have expressed that should Yuba College Library wish to rejoin, they would rejoin MVLS, rather than NLS.

At this time, if Yuba College Library were to request reinstatement with MVLS, the following process would be required:

1. Submit a formal letter of intent (on agency letterhead) to request re-entry to MVLS agreeing to adhere to NLS and MVLS Bylaws, and provide a description of value that the agency would bring to the library system.
2. The MVLS Council of Librarians would review the agency's request and, should MVLS consider this request, would provide an estimate of fees for reinstatement including any CalPERS obligations and other consortia obligations since 2010.
3. Yuba College Library would need to also agree to pay the annual NLS membership fee for associate members (approximately \$600).
4. Should both parties agree to the terms, the MVLS Council of Librarians would develop a Resolution to allow Yuba College Library to rejoin, and it would be adopted at an MVLS Council of Librarians meeting.

Should you have any questions about this, please feel free to contact me at frost@plpinfo.org or at 650-349-5538.