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Special District Alternate

Bob Richardson
Public Member Alternate

George Williamson
Executive Officer

James M. Underwood
General Counsel

Kathy Bull
Office Manager

Agenda Item: 9.d.

Meeting Date: February 1, 2018

From: George Williamson, Executive Officer & Kathy Bull, Office Manager

Subject: CalPERS Change to Amortization Schedule

Background:

Shasta LAFCO has contributed into the CalPERS retirement system for a former employee's pension plan since November 2007 and will continue until the former employee has retired. Annually, CalPERS produces a valuation report on these contributions. A current Amortization Schedule with Alternative Schedules was provided in their Annual Valuation Report as of June 30, 2016. Staff provided the valuation report with alternate schedules at the October 5, 2017 Commission Meeting.

Discussion:

The annual contributions from Shasta LAFCO change each year depending on a range of variables. These variables have caused an increase in these annual contributions without decreasing the total balance owed. One way to possibly lower the contribution and pay off the balance quicker would be to change the amortization schedule.

Shasta LAFCO's projected unfunded liability balance is \$48,125 as of June 30, 2018. This amount can fluctuate depending on the variables used by CalPERS. Attached is the 30-Year Amortization Schedule with Alternative Schedules of a 15-Year and a 10-Year showing the balance, scheduled payments and interest paid. The interest to be paid for the current 30-Year Amortization Schedule shows \$35,996 while the 10-Year Amortization Schedule shows \$19,150. A change to the 10-Year Amortization Schedule would provide a significant savings of approximately \$16,846 overall.

Shasta LAFCO can request a "Fresh Start" from CalPERS changing the 30-Year Amortization Schedule to a 10-Year Amortization Schedule. There is no fee from CalPERS to make this change, however, CalPERS does not allow an agency to change back to a 30-Year Amortization Schedule making this action a permanent 10-Year Amortization Schedule.

Recommendation:

It is recommended the Commission direct staff to request CalPERS change the current 30-Year Amortization Schedule to a 10-Year Amortization Schedule, or provide staff with further direction.

Attachment: CalPERS Amortization Schedule and Alternatives

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30-Year Amortization Schedule and Alternatives

Date	<u>Current Amortization Schedule</u>		<u>Alternate Schedules</u>			
	Balance	Payment	15 Year Amortization		10 Year Amortization	
			Balance	Payment	Balance	Payment
6/30/2018	48,125	4,652	48,125	5,221	48,125	6,728
6/30/2019	46,854	5,058	46,265	5,221	44,703	6,728
6/30/2020	45,069	5,220	44,267	5,221	41,029	6,728
6/30/2021	42,984	5,367	42,122	5,221	37,084	6,728
6/30/2022	40,593	5,444	39,819	5,221	32,847	6,728
6/30/2023	37,946	5,444	37,346	5,221	28,299	6,728
6/30/2024	35,104	5,444	34,690	5,221	23,414	6,728
6/30/2025	32,052	5,444	31,839	5,221	18,170	6,728
6/30/2026	28,775	5,444	28,777	5,221	12,539	6,728
6/30/2027	25,257	5,444	25,490	5,221	6,492	6,728
6/30/2028	21,479	5,444	21,960	5,221		
6/30/2029	17,422	2,557	18,170	5,221		
6/30/2030	16,058	2,557	14,100	5,221		
6/30/2031	14,593	2,557	9,730	5,221		
6/30/2032	13,020	2,425	5,038	5,221		
6/30/2033	11,467	2,294				
6/30/2034	9,936	2,127				
6/30/2035	8,464	1,961				
6/30/2036	7,057	1,269				
6/30/2037	6,262	1,234				
6/30/2038	5,446	1,199				
6/30/2039	4,605	1,199				
6/30/2040	3,702	1,199				
6/30/2041	2,733	954				
6/30/2042	1,945	827				
6/30/2043	1,232	629				
6/30/2044	671	389				
6/30/2045	317	149				
6/30/2046	186	154				
6/30/2047	40	42				
Totals		84,121		78,310		67,275
Interest Paid		35,996		30,185		19,150
Estimated Savings				5,812		16,846

* This schedule does not reflect the impact of adopted discount rate changes that will become effective beyond June 30, 2016. For Projected Employer Contributions, please see Page 5.