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August 2, 2022

Dear Mr. Fuller:

Your entity participated in the Public Agency Risk Sharing Authority of California (PARSAC) from July 1, 1986 to June 30, 2017. PARSAC is a joint powers agency (JPA) formed under Government Code Section 6500 et seq. which authorizes two or more public entities to jointly exercise, under an agreement, any power which is common to each of them. While a member of PARSAC, your entity participated in the organization's self insurance programs. In July 2021, PARSAC merged with the Redwood Empire Municipal Insurance Fund to form the California Intergovernmental Risk Authority (CIRA).

In September 2018, former Governor Jerry Brown signed into law AB 1912. This Bill, codified in Government Code 6508.2, established rules for JPAs to meet pension obligations for employees and retirees should the JPA terminate its retirement plan with CalPERS or dissolve. The law requires that all current and former member agencies of a JPA, prior to filing a notice of dissolution or termination of CalPERS participation, must mutually agree (within 60 days) with the public retirement system on how to apportion the retirement liability of the JPA so that the apportionment equals 100% of this liability. **If the member agencies are unable to mutually agree to the apportionment formula, CalPERS's Board would apportion the retirement liability and establish procedures allowing a member agency to challenge the Board's determination through the arbitration process.**

As a result of the merger between PARSAC and REMIF to form CIRA, CIRA became the successor agency and consolidated REMIF's CalPERS pension liabilities into CIRA's contract.

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

Article XII.D. of the CIRA JPA Agreement state: *"As soon as administratively feasible after the Effective Date, the Members of the Authority shall agree on the method of apportioning the CalPERS retirement obligations of the Authority in the event of a default event as defined by Government Code Section 6508.2."*

As of June 30, 2021, PARSAC's termination liability is approximately \$4.5 million. This past May, the CIRA Board of Directors approved the Agreement for Apportionment of Retirement Obligations (Agreement). Although CIRA has no intention of dissolving or terminating its

retirement plan with CalPERS, the CIRA Board felt it is in all members' financial interest to determine the apportionment of pension liabilities rather than defer to CalPERS. **Under the approved apportionment plan, your agency is only liable for the period it participated in the JPA.**

We ask that you review and sign the Agreement and return to CIRA no later than Sept. 30th. Please do not hesitate to give me a call should you have any questions at (916) 956-2158.



Kin Ong
CIRA General Manager