SPECIAL RTA BOARD AGENDA

Wednesday, December 11, 2019 at 8:30 AM
BOARD OF SUPERVISORS' CHAMBERS
COUNTY GOVERNMENT CENTER
1055 Monterey Street, San Luis Obispo, California 93401

The *AGENDA* is available/posted at: http://www.slorta.org

President: Fred Strong **Vice President: John Peschong**

Board Members:

John Peschong (First District – SLO County)	Heather Moreno (Atascadero)
Bruce Gibson (Second District – SLO County)	Jeff Lee (Grover Beach)
Adam Hill (Third District – SLO County)	Robert Davis (Morro Bay)
Lynn Compton (Fourth District – SLO County)	Fred Strong (Paso Robles)
Debbie Arnold (Fifth District – SLO County)	Ed Waage (Pismo Beach)
Jimmy Paulding (Arroyo Grande)	Andy Pease (San Luis Obispo)

Individuals wishing accessibility accommodations at this meeting under the Americans with Disabilities Act (ADA) may request such accommodations to aid hearing, visual, or mobility impairment (including Limited English Proficiency [LEP]) by contacting the RTA offices at 781-4833. Please note that 48 hours advance notice will be necessary to honor a request.

FLAG SALUTE

CALL MEETING TO ORDER, ROLL CALL

PUBLIC COMMENT: The Board reserves this portion of the agenda for members of the public to address the San Luis Obispo Regional Transit Authority Board on any items not on the agenda and within the jurisdiction of the Board. Comments are limited to three minutes per speaker. The Board will listen to all communication, but in compliance with the Brown Act, will not take any action on items that are not on the agenda.

A. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL: It is the intention of the Board to meet in closed session concerning the following items:

Initiation of litigation pursuant to subdivision (c) of Section 54956.9. One case.

B. INFORMATION AGENDA – No information items

C. ACTION AGENDA

C-1 Resolution to Join San Luis Obispo County Pension Trust (Approve)

C-2 Resolution and Agreement to Terminate CalPERS Contract for Administrative, Management and Confidential Employees (Approve)

C-3 Resolution to Adjust Salaries/Benefits and Authorize Settle Agreements for Administrative, Management and Confidential Employees (Approve)

D. CONSENT AGENDA: (Roll Call Vote) the following items are considered routine and non-controversial by staff and will be approved by one motion if no member of the RTA or public wishes an item be removed. If discussion is desired by anyone, the item will be removed from the consent agenda and will be considered separately. Questions of clarification may be made by RTA Board members, without the removal of the item from the Consent Agenda. Staff recommendations for each item are noted following the item.

D-1 Resolution Authorizing Executive Director to Submit Application for Rural Transit Funds (Approve)

D-2 Resolution Authorizing Executive Director to Submit Application for State of Good Repair (SGR) Funds (Approve)

E. BOARD MEMBER COMMENTS

Next regularly-scheduled RTA Board meeting on January 8, 2020

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
DECEMBER 11, 2019
STAFF REPORT

AGENDA ITEM:	**C-1**
TOPIC:	**Administrative, Management and Confidential Employees' Retirement**
ACTION:	**Approve**
PRESENTED BY:	**Geoff Straw, Executive Director**
STAFF RECOMMENDATION:	**Adopt Resolution Authorizing Board President to Execute Contract with SLO County Pension Trust**

BACKGROUND/DISCUSSION:

Executive Summary

The RTA currently provides defined benefit pension benefits for its management, administrative and confidential positions through the California Public Employee Retirement System (CalPERS). On January 9, 2019, the RTA Board provided notice to CalPERS of its intent to withdraw from that retirement system in January 2020. The RTA Board formally requested participation in the San Luis Obispo County Employees Retirement Plan administered by the San Luis Obispo County Pension Trust (SLOCPT) at its October 2, 2019 special meeting.

The SLOCPT Board of Trustees met on November 25, 2019 to consider the RTA's request and to discuss SLOCPT staff's findings. The Board of Trustees voted in favor of recommending to the SLO County Board of Supervisors that the RTA be approved as a Contracting Agency for designated Eligible Employees (i.e., management, administrative and confidential employees). The attached Contract is scheduled to be considered by the SLO County Board of Supervisors at its meeting on December 10, 2019.

Staff recommends adoption of the attached Resolution, which authorizes the RTA Board President to execute the Contract with the SLOCPT.

Background

The RTA and the SLOCPT have both mutual interests and separate organizational goals. Both agencies wish to be good stewards of public resources, while also responsibly providing appropriate retirement benefits for its members/employees. Of particular interest to the SLOCPT Board of Trustees is the protection of the Trust. More specifically, the Board of Trustees requires that inclusion of the RTA in the Pension Trust will have no adverse impacts on existing members. To that end, the attached Contract ensures that the previous service of CalPERS participating RTA employees will be the responsibility of CalPERS. As a result, should the RTA become a Contracting Agency, there will be no accompanying SLOCPT liability for past service. In addition, if the RTA participates as a Contracting Agency in the Retirement Plan on the same terms as other employers participating in the Retirement Plan – including contribution rates – such RTA participation is actuarially neutral to the SLOCPT Retirement Plan.

The attached SLOCPT staff report clearly spells out the following RTA responsibilities as a Contracting Agency:

1. The RTA must pay the costs incurred by the SLOCPT related to such inclusion. Upon completion of the transaction, these costs would include: actuarial fees; pension administration system software modifications; legal fees; SLOCPT staff time directly attributable to the RTA's inclusion; and, miscellaneous administrative costs. Staff estimates these costs will be on the order of $10,000.

2. The RTA must require our payroll service provider (ADP) to make the necessary modifications to its processing software to transmit biweekly payroll and contributions. Based on conversations with ADP representatives, staff estimates the payroll processing costs will increase $23.00 per biweekly pay period, or an additional ~$600 annually.

In terms of financial impacts on the RTA and its Eligible Employees, below is a summary of impacts:

1. The contribution rates for the RTA and Eligible Employees will be equivalent to those included in the SLOCPT Retirement Plan for Miscellaneous members in the comparable bargaining unit for unrepresented employees – BU11 (paragraph 6 of the Contract). The initial rates are those currently published in the rate appendices to the Retirement Plan, and are bound by the following:

    a) The RTA will specify the allocation of the required contribution rates between Employer and Eligible Employee. For Tier 3 members, PEPRA requires that Eligible Employees pay a minimum of 50% of Normal Cost and this is a limit on how RTA may allocate contribution rates.

    b) The RTA may, for any Tier 2 members, specify an Employer Paid Member Contribution (EPMC) also referred to as a "pick up".

    c) The RTA may specify different allocations of pension contribution rates between employer and Eligible Employee for:

        i. Existing members eligible for Tier 2 benefits based on Reciprocity.
        ii. Existing members eligible for Tier 3 benefits.

i. Future new hire members eligible for Tier 3 benefits.

2. The RTA, like other contracting agencies and SLO County, may specify the effective date of contribution rate increases. As a result of the 2019 Actuarial Valuation there is a pension contribution rate increase already approved by the Board of Trustees. The RTA shall include the 2019 rate increase upon initiation of Contracting Agency status in January 2020.

3. Benefit levels, or Tiers, for RTA Eligible Employees are based on their status as new entrants to the Retirement Plan. This is the equivalent treatment for any other new hire into the Plan. This means that the default Miscellaneous benefit level for RTA members will be the post-2013 PEPRA benefit level in Tier 3 (paragraph 7 of the Contract).

4. Reciprocity is expected to be available with CalPERS. However, this is pending confirmation from CalPERS once the RTA withdrawal from that system is finalized. Assuming that CalPERS certifies Reciprocity for the existing RTA Eligible Employees, the normal administration of Reciprocity would place RTA members in:

   a) Tier 3 – for existing RTA Eligible Employees with a date of hire into RTA after the effective date of PEPRA on January1, 2013. These RTA Eligible Employees certified as Reciprocal would have their age-at-entry pension contribution rates set at the age they were hired at the RTA and they would have vesting date adjusted as well.

   b) Tier 2 – for RTA members with a date of hire into RTA before the effective date of PEPRA on January1, 2013. These existing RTA Eligible Employees certified as Reciprocal would have their age-at-entry pension contribution rates set at the age they were hired at the RTA and they would have their vesting date adjusted as well. They would be eligible for Tier 2 benefits. They would also be eligible for an employer paid EPMC or Pick-up at the discretion of the RTA.

Enrolling each existing RTA Eligible Employee into the SLOCPT Retirement Plan initially as a Tier 3 employee would have a sizable impact on the take-home pay for several employees. For that reason, staff recommends that the RTA initially pay the Tier 3 contributions to the SLOCPT for all existing Eligible Employees as discussed above, but that the RTA also "pre-refund" the difference between the higher Tier 3 rates and the lower Reciprocity rates for employees who have been enrolled in CalPERS for many years. If discrepancies emerge between the assumed CalPERS enrollment date and the January 12, 2020 SLOCPT inclusion date, the RTA would deduct the difference from each employee's paycheck over the ensuing four pay periods to settle up the "pre-refund" costs. The long-term financial impact of this strategy is cost-neutral, yet it minimizes short-term impacts to several RTA employees.

The SLOCPT Board of Trustees met on November 25, 2019 to consider the RTA's request and to discuss SLOCPT staff's findings. After deliberations on SLOCPT staff's presentation, the SLOCPT Board of Trustees voted in favor of recommending to the SLO County Board of Supervisors that the RTA be approved as a Contracting Agency for designated Eligible Employees (i.e., management, administrative and confidential employees).

The attached Contract is scheduled to be considered by the SLO County Board of Supervisors at its meeting on December 10, 2019. Readers will note small differences in the Contract (see pages C-1-7 to C-1-12) and the draft included in the attached SLOCPT staff report (see pages C-1-27 to C-1-34). In particular, the list of Eligible Employees in Appendix A has been revised to include the titles the RTA Board adopted as part of the Fiscal Year 2019-2020 Budget (as amended at the November 6, 2019 meeting). This is important, because any future employee position/title changes will require formal consideration by the RTA Board and subsequent notification to the SLOCPT.

Under a separate action (see Agenda Item C-2), the RTA Board will consider termination of the CalPERS contract and the scheduled payment of a withdrawal liability to CalPERS. Staff anticipates the penalty cost to withdraw from CalPERS to be on the order of $4.1 million. However, participation in the SLOCPT retirement program for Eligible Employees is far less expensive than continuing to be a CalPERS contracted agency and enrolling all employees.

The financial impact to the RTA for participation in the SLOCPT retirement program is estimated to require an additional $203,000 annually. This additional cost will be reflected in future annual budget documents. In order to provide equivalent retirement benefits, several employees require salary/benefits adjustments. All of these issues will be considered under a separate RTA Board action (see Agenda Item C-3).

Staff Recommendation

Adopt the attached Resolution authorizing the RTA Board President to execute the Contract between the RTA and the SLOCPT.

RESOLUTION APPROVING CONTRACT FOR PARTICIPATION IN THE SAN LUIS OBISPO COUNTY EMPLOYEES RETIREMENT PLAN BY THE SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

WHEREAS, the Board of Directors ("Board") of the San Luis Obispo Regional Transit Authority ("RTA") entered into a contract with the California Public Employees' Retirement System ("CalPERS") pursuant to Government Code Section 20460, effective July 1, 1994, for participation by the RTA in CalPERS; and

WHEREAS, on January 9, 2019, the Board adopted a Resolution of intention to terminate its contract with CalPERS in order to reduce future financial pension obligations; and

WHEREAS, on October 2, 2019, the Board resolved that participating in the San Luis Obispo County Employees Retirement Plan administered by the San Luis Obispo County Pension Trust ("Pension Trust") provides an equivalent retirement program for RTA employees currently enrolled in CalPERS; and

WHEREAS, on November 25, 2019, the Pension Trust Board of Trustees recommended the San Luis Obispo County Board of Supervisors approve a Contracting Agency contract to allow such participation; and

WHEREAS, on December 10, 2019, the San Luis Obispo County Board of Supervisors authorized a Contracting Agency contract with the RTA.

NOW, THEREFORE, BE IT RESOLVED, that the Board finds that it is in the best interests of the RTA to enter into a Contracting Agency contract to participate in the San Luis Obispo County Employees Retirement Plan upon termination of the CalPERS contract.

BE IT FURTHER RESOLVED, that:

1. The Contract for Participation in the San Luis Obispo County Pension Trust and the Employees Retirement Plan by the RTA attached hereto is approved; and,

2. Effective the pay period that includes January 12, 2020, the pension contribution rates for employees in San Luis Obispo Regional Transit Authority Bargaining Units 71 and 72 attached hereto are approved.

On a motion by Delegate__________, seconded by Delegate ___________, and on the following roll call vote, to wit: the foregoing resolution is hereby adopted this 11th day of December 2019.

AYES:

NOES:

ABSENT:

ABSTAINING:

By:____________________________________

Presiding Officer

____
Title

____
Date adopted and approved

CONTRACT FOR PARTICIPATION
in the
SAN LUIS OBISPO COUNTY PENSION TRUST
and
EMPLOYEES RETIREMENT PLAN

THIS AGREEMENT, is made and entered into this ___ day of ______, 2019, by and between the County of San Luis Obispo ("County") and the San Luis Obispo Regional Transit Authority ("RTA"):

WHEREAS, the San Luis Obispo County Pension Trust ("Pension Trust") has been established by the County pursuant to County Code Chapter 2.56; and

WHEREAS, the San Luis Obispo County Employees Retirement Plan ("Retirement Plan") has been established by the County and its provisions are set forth in the By-Laws of the Pension Trust; and

WHEREAS, pursuant to the authority of California Government Code Section 53216.2, the County is authorized to contract with local agencies within the County whereby certain officers and employees of the local agency are eligible to participate in the San Luis Obispo County Pension Trust and the San Luis Obispo County Employees Retirement Plan; and

WHEREAS, RTA is a local agency within San Luis Obispo County and RTA desires to contract with the County so that the Management, Administrative, and Confidential employees of RTA are eligible to participate in the Pension Trust and the Retirement Plan; and

WHEREAS, the initiation of RTA as a contracting agency in the Pension Trust and the Retirement Plan would be later than the January 1, 2013 effective date of the Public Employees Pension Reform Act (PEPRA) which requires what is currently referred to as the Tier 3 level of retirement benefits under the Retirement Plan or, in the case of Reciprocity pursuant to Article 20 of the Retirement Plan, what is currently referred to as the Tier 2 level of retirement benefits under the Retirement Plan which is the retirement benefit available to Miscellaneous members of the Retirement Plan as of December 31, 2012 as specified by PEPRA; and

WHEREAS, the initiation of RTA as a contracting agency in the Pension Trust and the Retirement Plan would be later than the effective date of PEPRA and what is currently referred to as the Tier 1 level of retirement benefits under the Retirement Plan is not allowable to new entrants in the Miscellaneous class to the Retirement Plan after January 1, 2013 pursuant to PEPRA; and

WHEREAS, Article 25 of the Retirement Plan provides that for all such contracts between the County and a local agency, the Board of Trustees of the Pension Trust shall administer and apply the provisions of such contracts and of the Pension Trust By-Laws and the San Luis Obispo County Employees Retirement Plan.

NOW, THEREFORE, in consideration of the covenants, conditions, agreements, and stipulations herein, the parties hereby agree that, pursuant to the authority of California Government Code Section 53216.2 and pursuant to Article 25 of the San Luis Obispo County Employees Retirement Plan, the Management, Administrative, and Confidential employees of RTA as such positions are designated by RTA (Eligible Employees) and specified in Appendix A to this contract are and shall be eligible to participate in the San Luis Obispo County Pension Trust and Employees Retirement Plan, under the following terms and conditions:

1. This contract and the participation of RTA and the Eligible Employees of RTA in the Pension Trust and Retirement Plan shall be governed by:

a) The provisions of Article 1.5 (Pension Trusts) of Chapter 2 (Officers and Employees) of Part 1 (Powers and Duties Common to Cities, Counties, and other Agencies), of Division 2 (Cities, Counties, and Other Agencies), of Title 5 (Local Agencies) of the California Government Code; and

b) Chapter 2.56 of the San Luis Obispo County Code; and

c) The By-Laws and the Retirement Plan of the Pension Trust, as they presently exist and as they may be amended from time to time.

2. All Eligible Employees of RTA shall be eligible to become Miscellaneous Members of the Pension Trust as set forth in Article 8 of the Retirement Plan except for the RTA Board members, and other RTA employees, who shall not be eligible to participate by reason of this contract.

3. Participation in the Pension Trust shall be mandatory for all Eligible Employees of RTA.

4. RTA shall maintain for each of its Eligible Employees a complete record of each employee's employment with RTA, including: The date of hire, the dates of any approved leaves of absence, the amount and times of the payment of compensation, and termination date and such other employment information as the Pension Trust may from time to time require. RTA shall report such information to the Pension Trust at such times and in such format as shall facilitate the processing of the information by the Pension Trust's record keeping systems.

5. RTA shall deduct from the compensation of each of its Eligible Employees their contributions to the Pension Trust and shall remit those contributions to the Pension Trust each pay period. For those Eligible Employees of RTA, compensation shall be determined pursuant to the provisions of Section 1.14 of the Retirement Plan.

6. The normal rates of contributions for the Eligible Employees of RTA shall be those set forth in Article 5 of the Retirement Plan for Miscellaneous Members. The initial rates of said contributions are set forth in Appendix A of the Retirement Plan equivalent to the rates of

contributions identified in Appendix A for Bargaining Unit 11 with a rate of Employer Pick-Up to be specified by RTA, a copy of which is attached hereto. The normal rates of contribution for the Eligible Employees of RTA shall change when said changes have been incorporated into the Retirement Plan by action of the San Luis Obispo County Board of Supervisors.

7. The Service Retirement Allowance for the Eligible Employees of RTA shall be the same as those set forth in Article 29 (Tier 3) of the Retirement Plan for Miscellaneous Members. For the Eligible Employees of RTA who meet the requirements for Reciprocal Benefits pursuant to Article 20 of the Retirement Plan regardless of their original date of RTA employment, the Service Retirement Allowance shall be the same as those set forth in Article 27 (Tier 2) of the Retirement Plan for Miscellaneous Members. The Service Retirement Allowances for the Eligible Employees of RTA shall not change unless and until RTA and the Pension Trust have entered into a written agreement to do so, or such changes are required by State of California statute, and the said changes have been incorporated into the Retirement Plan by action of the San Luis Obispo County Board of Supervisors.

8. Eligible Employees of RTA shall be entitled to those death benefits set forth for Miscellaneous Members in Article 7 of the Retirement Plan. The death benefits for the Eligible Employees of RTA shall not change unless and until RTA and the Pension Trust have entered into a written agreement to do so and the said changes have been incorporated into the Retirement Plan by action of the San Luis Obispo County Board of Supervisors.

9. Eligible Employees of RTA shall become entitled to receive a service retirement allowance in accordance with the provisions of Article 9 of the Retirement Plan for Miscellaneous Members.

10. Eligible Employees of RTA shall become entitled to receive an Ordinary Disability Retirement Allowance in accordance with the provisions of Article 10 of the Retirement Plan for Miscellaneous Members and the Ordinary Disability Retirement Allowance shall be paid in one of the ways provided for by Article 13 of the Retirement Plan.

11. RTA shall appropriate and pay to the Pension Trust such amounts as are determined by the Pension Trust Board of Trustees, in conjunction with the actuary retained by the Board of Trustees for such purposes, to be necessary to fund and pay the benefits and allowances of Eligible Employees of RTA who become Miscellaneous Members of the Pension Trust. It is understood and agreed that failure by RTA to pay to the Pension Trust those moneys determined by the Pension Trust Board of Trustees to be necessary to fund and pay the benefits and allowances of Eligible Employees of RTA:

(a) shall result in the reduction of the benefits and allowances payable to the Eligible Employees of RTA by the Pension Trust and by the Retirement Plan and the amount of such reductions of the benefits and allowances payable to the Eligible Employees of RTA shall be determined by the Board of Trustees of the Pension Trust on advice of the actuary employed by the Board of Trustees; and

(b) shall authorize the County to terminate this contract effective sixty days after the County shall have mailed written notice of the County's termination of this contract by registered mail to the governing body of RTA.

12. The initial term of this contract shall be for ten years from the date of its execution by the parties. At the end of the initial term, the term of this contract shall be extended for successive five year periods unless and until RTA shall, at least one hundred and eighty days prior to the end of the initial term, or any succeeding five-extension of the term, of this contract gives written notice to the County that the term of this contract shall not be extended.

13. In the event of termination of this contract, the Pension Trust Board of Trustees shall hold for the benefit of the RTA members of the Pension Trust who are credited with service rendered as employees of RTA and for the beneficiaries of the Pension Trust who are entitled to receive benefits on account of that service, the accumulated contributions and appropriations then held by the Pension Trust and credited to or as having been made by RTA for and on the behalf of the said RTA members and their beneficiaries.

14. In the event of termination the Pension Trust shall cause its actuary, at the expense of RTA, to determine the difference between the following, which difference shall be known as the "Termination Difference":

(1) Pension Trust assets attributable to RTA shall be based on past contributions and the assumed investment rate adopted by the Board of Trustees. Pension Trust assets attributable to RTA shall be determined by applying the proportion of actuarial liabilities attributable to RTA members for funding purposes from the last completed actuarial valuation and applying such ratio to the market value of Pension Trust assets as of the end of the calendar year preceding the date of termination of this contract;

(2) Pension Trust assets attributable to RTA <u>shall be reduced</u> by the actuarial value of the liability associated with any remaining obligations of the Pension Trust to Retired and Reserve RTA members as of the date this contract shall terminate.

15. If the Termination Difference shows that the Pension Trust assets attributable to RTA are more than the liability associated with any remaining obligations of the Pension Trust to RTA members and their beneficiaries after the date of the calculation, then the Pension Trust shall pay the Termination Difference to RTA or its successor.

16. If the Termination Difference shows that the Pension Trust assets attributable to RTA are less than the liability associated with any remaining obligations of the Pension Trust to RTA members and their beneficiaries after the date of the calculation, then RTA shall contribute and pay to the Pension Trust an amount equal to the said Termination Difference. The amount of the said Termination Difference shall be subject to interest at a rate equal to the assumed long term

rate of return on Pension Trust assets as recommended by the Pension Trust's actuary and adopted by the Board of Trustees, from time to time, from the date of termination of this contract to the date that RTA pays the said Termination Difference to the Pension Trust. If RTA fails to pay to the Pension Trust the amount of said Termination Difference, all allowances and benefits payable to RTA Eligible Employees, retirees and their beneficiaries under the Retirement Plan shall be proportionally reduced by the amount of the Termination Difference as determined by the Pension Trust's actuary.

17. The rights and benefits of RTA Eligible Employees, retirees, and their beneficiaries, under the Retirement Plan, after the date of the termination of this contract, shall be the same as if RTA had continued as a contracting agency but shall be subject to reduction in the amounts set forth above. No current active member of RTA shall be deemed to be or shall become entitled to Reciprocal Benefits pursuant to Article 20 of the Retirement Plan by reason of the termination of this contract.

18. All costs, including administrative expenses, attendant to the participation of RTA and its Eligible Employees in the Pension Trust and the Retirement Plan shall be borne by RTA and not by the County or the Pension Trust or the Retirement Plan.

19. The Board of Trustees of the Pension Trust shall administer, construe and apply the provisions of this agreement in accordance with, and subject to, the By-Laws of the Pension Trust.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date first set forth above.

County of San Luis Obispo

By: ________________________________
Chair of the Board of Supervisors

ATTEST:

____
Wade Horton
Ex-Officio Clerk of the Board of Supervisors

APPROVED AS TO FORM AND LEGAL EFFECT

Rita Neal, County Counsel

By: ________________________________
Deputy County Counsel

San Luis Obispo Regional Transit Authority

By: ________________________________
Chair of the Board of Directors

____
Clerk of the Regional Transit Authority

APPROVED AS TO FORM AND LEGAL EFFECT

By: ________________________________
Nina Negranti, RTA Counsel

APPENDIX A:

CONTRACT FOR PARTICIPATION in the SAN LUIS OBISPO COUNTY PENSION TRUST and EMPLOYEES RETIREMENT PLAN

Eligible Employees of RTA for Retirement Plan membership shall include only RTA employees in the following positions –

Executive Director
Deputy Director / Chief Financial Officer
Operations Manager
Human Resources Officer
Safety and Training Manager
Grants and Financial Manager
Marketing and Community Relations Manager
Manager, Maintenance and Facilities
Maintenance Assistant Manager
Accounting Technician
Administrative Assistant

Eligible Employee status and participation in the Retirement Plan is mandatory for the above positions.

In the event of approved changes to the position titles of the Eligible Employees of RTA or the creation of new positions that are deemed to be an Eligible Employee, the Pension Trust must be notified by the RTA Executive Director prior to filling such a position or within 30 days of the change of title for an already filled position.

Miscellaneous Bargaining Units

Employer: County

BU #	Employee Association	BU Description
01	SLOCEA Big Unit	Public Services Unit
02	SLOCEA Trades Unit	Trades, Crafts, Services Unit
04	SLOGAU	Deputy District Attorneys
05	SLOCEA Big Unit	Supervisory Unit
07	UEC	Operations/Staff Management
08	UEC	General Management
09	Other Unrepresented	Appointed Department Heads
09 auto	Other Unrepresented	Appointed Department Heads with pensionable Auto Allowance
10	Other Unrepresented	Elected Department Heads
10 auto	Other Unrepresented	Elected Department Heads with pensionable Auto Allowance
11	UEC	Confidential
12	DCCA	Deputy County Counsel Attorneys
13	SLOCEA Big Unit	Clerical Unit
14	DSA	Supervisory Law Enforcement
17	Other Unrepresented	Board of Supervisors
17 auto	Other Unrepresented	Board of Supervisors with pensionable Auto Allowance
21	DSA	Non-Safety Law Enforcement Unit
22	DSA	Dispatcher Unit

Employer: Courts

BU #	Employee Association	BU Description
17	CFI	Interpreter
18	SEIU	Technical
19	SLOCEA	Supervisory
20	SEIU	Court Employees
24	Unrepresented	General Management & Attorneys
25	Unrepresented	Commissioners
26	Unrepresented	Confidential
27	Unrepresented	Professional

Employer: APCD

BU #	Employee Association	BU Description
98	Unrepresented	Public Services
99	Unrepresented	Operations & Staff Management
99 auto	Unrepresented	Operations & Staff Management with pensionable Auto Allowance

Employer: LAFCO

BU #	Employee Association	BU Description
07a	Unrepresented	Analyst
07c	Unrepresented	Clerk
07 auto	Unrepresented	Executive Officer with pensionable Auto Allowance

Employer: RTA

BU #	Employee Association	BU Description
71	Unrepresented	Employees hired before January 12, 2020
72	Unrepresented	Employees hired on or after January 12, 2020

<u>Miscellenous Member Contribution Rates - Tier 2</u>

Employer: RTA

Effective Date: Janaury 12, 2020

		Bargaining Unit
		71
Employer Appropriation		25.48%
Employee Rates:	**Entry Age**	
	18	11.79%
	19	11.91%
	20	12.03%
	21	12.18%
	22	12.29%
	23	12.45%
	24	12.57%
	25	12.71%
	26	12.91%
	27	13.01%
	28	13.20%
	29	13.35%
	30	13.65%
	31	13.81%
	32	14.10%
	33	14.25%
	34	14.43%
	35	14.75%
	36	14.90%
	37	15.11%
	38	15.34%
	39	15.55%
	40	15.75%
	41	15.90%
	42	15.93%
	43	16.16%
	44	16.39%
	45	16.48%
	46	16.76%
	47	17.00%
	48	17.10%
	49	17.38%
	50	17.42%
	51	17.63%
	52	17.69%
	53	17.89%
	54	18.08%
	55	18.38%
	56	18.44%
	57	18.46%
	58	18.48%
	59	18.50%
	60	18.52%
	61	18.54%
	62+	18.56%
Employer Pick-up		11.00%
Pick-up pensionable?		NO

Miscellenous Member Contribution Rates - Tier 3

Employer: RTA

Effective Date: January 12, 2020

		Bargaining Unit	
		71	72
Employer Appropriation		28.99%	24.99%
Employee Rates:	**Entry Age**		
	18	6.17%	10.17%
	19	6.42%	10.42%
	20	6.42%	10.42%
	21	6.67%	10.67%
	22	6.67%	10.67%
	23	6.92%	10.92%
	24	6.92%	10.92%
	25	7.17%	11.17%
	26	7.42%	11.42%
	27	7.42%	11.42%
	28	7.67%	11.67%
	29	7.92%	11.92%
	30	7.92%	11.92%
	31	8.17%	12.17%
	32	8.42%	12.42%
	33	8.67%	12.67%
	34	8.92%	12.92%
	35	8.92%	12.92%
	36	9.17%	13.17%
	37	9.42%	13.42%
	38	9.67%	13.67%
	39	9.92%	13.92%
	40	10.17%	14.17%
	41	10.42%	14.42%
	42	10.42%	14.42%
	43	10.67%	14.67%
	44	10.92%	14.92%
	45	11.17%	15.17%
	46	11.42%	15.42%
	47	11.67%	15.67%
	48	11.92%	15.92%
	49	12.17%	16.17%
	50	12.42%	16.42%
	51	12.67%	16.67%
	52	12.92%	16.92%
	53	13.17%	17.17%
	54	13.42%	17.42%
	55	13.67%	17.67%
	56	13.92%	17.92%
	57+	13.92%	17.92%

Employer Pick-up	0.00%	0.00%
Pick-up pensionable?	N/A	N/A

Board of Trustees

1000 Mill Street
San Luis Obispo, CA 93408
Phone: (805) 781-5465
Fax: (805) 781-5697
www.SLOPensionTrust.org

San Luis Obispo County Pension Trust
SLOCPT

Date: November 25, 2019

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Agenda Item 11: SLO Regional Transit Authority Contracting Agency Recommendation

Recommendation:

Staff recommends that the Board –

1. Recommend to the Board of Supervisors that the San Luis Obispo Regional Transit Authority (RTA) be approved as a Contracting Agency in the San Luis Obispo County Employees Retirement Plan (Retirement Plan) only for RTA designated Eligible Employees (i.e., management, administrative and confidential positions).

2. Recommend the attached Contracting Agency Contract for Board of Supervisors approval.

Contracting Agency Background:

Article 25: Contracting Agencies in the Retirement Plan permits participation in the San Luis Obispo County Pension Trust (Pension Trust) by public agencies that are located within the County of San Luis Obispo. Such participation is authorized by means of a Contracting Agency contract between the agency and San Luis Obispo County. The Contracting Agency contract must be approved by the Board of Supervisors and the governing board of the agency. The role of the Board of Trustees is to evaluate and recommend the terms of such a contract. This includes its actuarial impact on the Retirement Plan, equity relative to the other members of the Plan, and the ability to administer such an arrangement.

The Retirement Plan already has the following agencies participating in the Retirement Plan –

SLO Superior Courts	by contract
SLO Air Pollution Control District	by contract
SLO Local Agency Formation Commission	by contract
SLO County Pension Trust	by Plan By-Laws

The existing Contracting Agencies included by contract all had their origin as County employed members who for various reasons were converted to be employees directly of the agency. In those cases, the transition to contracting agency status just continued the existing Retirement Plan membership of those employees. For the existing contracting agencies membership in the Plan is mandatory for all regular employees.

Should the RTA become a contracting agency it would be the first new entrant to this status. As such, its members are directly comparable to any other new entrant to the Retirement Plan like any other new hire. Also, RTA is proposing to make Retirement Plan membership mandatory only for a specified group of eligible employees in management, administrative and confidential positions.

RTA Request:

The RTA currently provides defined benefit pension benefits for its management, administrative and confidential positions through CalPERS. RTA has given notice to CalPERS of its intent to withdraw from that retirement system in January 2020. The RTA Board has approved such a withdrawal from CalPERS and the scheduled payment of a withdrawal liability to CalPERS. As such, the previous service of CalPERS participating RTA employees will be the responsibility of CalPERS. *As a result, should RTA become a Contract Agency in the SLO Retirement Plan, there will be no accompanying liability for past service.*

The Board of Directors of the RTA at its special meeting held October 2, 2019 formally requested Contract Agency participation in the Retirement Plan as shown on **Attachment A** to this memo.

Pension Trust Evaluation:

Pension Trust staff, General Counsel and Plan Actuary have examined the issue of the RTA becoming a Contracting Agency and find that –

- The requirement for Retirement Plan participation for SLO County and the other Contracting agencies is mandatory for all regular employees. It is permissible under the Retirement Plan for RTA to make its participation requirement mandatory for all regular employees designated as eligible employees based on specified positions.

- RTA as a Contracting Agency is administratively possible.

- If RTA participates as a Contracting Agency in the Retirement Plan on the same terms as other employers participating in the Retirement Plan – including contribution rates – that such RTA participation is *actuarially neutral* to the Retirement Plan. See **Attachment B** to this memo – letter from Gabriel Roeder Smith as the Plan Actuary.

- RTA has been notified that Article 25 of the Retirement Plan requires that a Contracting Agency pay the costs incurred by the Pension Trust related to such inclusion. The Contracting Agency costs to be invoiced by the Pension Trust to the RTA upon completion of the transaction include: actuarial fees; pension administration system software modifications; legal fees; Pension Trust staff time directly attributable to RTA's inclusion; and, miscellaneous administrative costs attributable to RTA. RTA will be responsible for their payroll service provider to make the necessary modifications to transmit biweekly payroll and contributions.

- Financial considerations – given the points noted above, the addition of RTA as a Contracting Agency is expected to have no significant difference in financial considerations when compared to any other new hires into the Retirement Plan.

Contracting Agency contract:

The proposed Contracting Agency contract between the RTA and SLO County is included as **Attachment C** to this memo. Key points of the contract include –

1) **RTA eligible employees** defined as management, administrative and confidential positions specified in Appendix A to the contract. Plan membership is mandatory for all Eligible Employees.

2) **Contribution rates** for RTA and RTA employees will be equivalent to those included in the Retirement Plan for Miscellaneous members in the comparable bargaining unit for unrepresented employees – BU11 (paragraph 6 of the contract). The initial rates are those currently published in the rate appendices to the Retirement Plan.
    a) RTA, like other contracting agencies and SLO County, will specify the allocation of the required contribution rates between Employer and Employee. For Tier 3 members PEPRA requires that Employees pay a minimum of 50% of Normal Cost and this is a limit on how RTA may allocate contribution rates.
    b) RTA may, for any Tier 2 members, specify an Employer Paid Member Contribution (EPMC) also referred to as a "pick up".

c) RTA may specify different allocations of pension contribution rates between employer and employee for –

   i) Existing members eligible for Tier 2 benefits based on Reciprocity (see item below).
   ii) Existing members eligible for Tier 3 benefits
   iii) Future new hire members eligible for Tier 3 benefits

3) **Contribution rate increases** - the RTA, like other contracting agencies and SLO County, may specify the effective date of such increases. As a result of the 2019 Actuarial Valuation there is a pension contribution rate increase already approved by the Board of Trustees. SLO County has indicated that it will implement those 2019 rate increases effective July 1, 2020. The SLO Courts and APCD have indicated they will implement those 2019 rate increases January 1, 2020 (the rate increase is actuarially adjusted to be slightly lower for earlier implementation). RTA has indicated that it intends to include the 2019 rate increase upon initiation of Contract Agency status in January 2020.

4) **Benefit levels, or Tiers**, for the RTA employees are based on their status as new entrants to the Retirement Plan. This is the equivalent treatment for any other new hire into the Plan. *This means that the default Miscellaneous benefit level for RTA members will be the post-2013 PEPRA benefit level in Tier 3* (paragraph 7 of the contract).

5) **Reciprocity** is expected to be available with CalPERS. However, this is pending confirmation from CalPERS once the RTA withdrawal from that system is finalized. If CalPERS will not certify Reciprocity between systems, all RTA members will remain at Tier 3 benefits. Assuming that CalPERS certifies Reciprocity for the existing RTA employees, the normal administration of Reciprocity would place RTA members in –

   a) **Tier 3** – for RTA members with a date of hire into RTA after the effective date of PEPRA on January1, 2013. These RTA members certified as Reciprocal would have their age-at-entry pension contribution rates set at the age they were hired at RTA and they would have vesting date adjusted as well.

   b) **Tier 2** – for RTA members with a date of hire into RTA before the effective date of PEPRA on January1, 2013. These RTA members certified as Reciprocal would have their age-at-entry pension contribution rates set at the age they were hired at RTA and they would have their vesting date adjusted as well. They would be eligible for Tier 2 benefits. They would also be eligible for an employer paid EPMC or Pick-up at the discretion of RTA.

Schedule:

Nov. 25, 2019	Board of Trustees consideration of this recommendation
Dec. 10, 2019	Board of Supervisors - Contracting Agency contract
Dec. 11, 2019	RTA Board of Directors - Contracting Agency contract - Finalize CalPERS withdrawal - Agreements with RTA employees on allocation of pension contribution rates between employer/employee and pick-up of employee contributions for Tier 2 eligible reciprocal members
Jan. 10, 2020	Final day of RTA members under CalPERS
Jan. 12, 2020	Start of RTA members under the SLO Retirement Plan

Respectfully Submitted

This page left blank intentionally.

Attachment A

RESOLUTION REQUESTING
SAN LUIS OBISPO COUNTY PENSION TRUST
AUTHORIZE ENROLLMENT OF
SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
IN COUNTY PENSION SYSTEM

WHEREAS, the Board of Directors ("Board") of the San Luis Obispo Regional Transit Authority ("RTA") entered into a contract with the California Public Employees' Retirement System ("CalPERS") pursuant to Government Code Section 20460, effective July 1, 1994, for participation by the RTA in CalPERS; and

WHEREAS, on January 9, 2019, the Board adopted a Resolution of intention to terminate its contract with CalPERS in order to reduce future financial pension obligations; and

WHEREAS, the Board has determined that becoming a contracting agency under the San Luis Obispo County Employees Retirement Plan ("Plan") administered by the San Luis Obispo County Pension Trust ("Pension Trust") would provide comparable retirement benefits to RTA employees currently enrolled in CalPERS; and

WHEREAS, approval is required from the Pension Trust and the San Luis Obispo County Board of Supervisors for the RTA to become a contracting agency in the Plan.

NOW, THEREFORE, BE IT RESOLVED, that the Board finds that it is in the best interests of the RTA to become a contracting agency under the San Luis Obispo County Employees Retirement Plan administered by the San Luis Obispo County Pension Trust upon termination of the CalPERS contract; and

BE IT FURTHER RESOLVED, that the Board does hereby give notice to the Pension Trust of its request for authorization for the RTA to become a contracting agency under the San Luis Obispo County Employees Retirement Plan.

By: ____________________
Presiding Officer

RTA Board President
Title

10/2/19
Date adopted and approved

This page left blank intentionally.

GRS Retirement Consulting

P: 720.274.7270 | F: 303.694.0633 | www.grsconsulting.com

Attachment B

Date: October 21, 2019

To: Board of Trustees

Re: San Luis Obispo County Regional Transportation Authority - Contracting Agency Agreement

I have reviewed the draft contract between the County of San Luis Obispo ("County") and the San Luis Obispo County Regional Transportation Authority ("RTA") pertaining to the Management, Administrative, and Confidential employees of RTA participating in the San Luis Obispo County Pension Trust ("SLOCPT"). A brief summary of my understanding of the draft agreement is as follows:

- All Management, Administrative, and Confidential employees of RTA will be eligible to become Miscellaneous Members of the SLOCPT. The rank and file represented employees of the RTA are not included in this agreement and are not intended to ever become members of the SLOCPT.
- Participation by the Management, Administrative, and Confidential employees of RTA in the SLOCPT is mandatory.
- All eligible members will enter the SLOCPT as new entrants, therefore, there is no past service liability associated with the group. Furthermore, as these members will be considered new entrants, there is no corresponding asset transfer into the SLOCPT.
- Although there is a high probability of reciprocity, the reciprocity provisions apply just as they would to any other new member in the SLOCPT. Said reciprocity would impact the member's vested status and the age-at-entry contribution rate, but would not directly impact their Final Average Salary for benefit calculation purposes.
- Contribution rates for eligible Management, Administrative, and Confidential employees of RTA are equal to those of other Miscellaneous Members, pursuant to Article 5 of the Retirement Plan, thus preserving equity between these members and any other new entrant that would enter the SLOCPT.
- The initial employee contribution rates are equivalent to the rates of contributions identified in Appendix A of the Retirement Plan for Bargaining Unit 11 with a rate of Employer Pick-Up to be specified by RTA.
- The RTA will pay to the SLOCPT contributions as determined by the Pension Trust Board of Trustees, in conjunction with the actuary retained by the Board of Trustees for such purposes, necessary to fund and pay the benefits and allowances of eligible Management, Administrative, and Confidential employees of RTA who become Miscellaneous Members of the SLOCPT.
- The draft agreement specifies a process by which the contract can be terminated.
- The number of eligible Management, Administrative, and Confidential employees of RTA is approximately 10.

7900 East Union Avenue | Suite 650 | Denver, Colorado 80237-2746

Attachment B

The inclusion of the RTA as a Contracting Agency in the SLOCPT is actuarially neutral to the SLOCPT given that the number of eligible Management, Administrative, and Confidential employees of RTA entering the SLOCPT is not material to the SLOCPT, a large multiple-employer cost sharing plan; new members are entering with no past service liability; appropriate employee and employer contributions are to made; and, a “Termination Difference” calculation is specified in the draft agreement.

The actuary submitting this statement is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

If you have any questions about the information above or need any additional information, please contact me at 720-274-7275 or paul.wood@grsconsulting.com.

Respectfully submitted,

Paul T Wood

Paul Wood, ASA, FCA, MAAA

cc: Thomas Lyle, ASA, EA, MAAA

CONTRACT FOR PARTICIPATION
in the
SAN LUIS OBISPO COUNTY PENSION TRUST
and
EMPLOYEES RETIREMENT PLAN

THIS AGREEMENT, is made and entered into this ___ day of ______, 2019, by and between the County of San Luis Obispo ("County") and the San Luis Obispo County Regional Transportation Authority ("RTA"):

WHEREAS, the San Luis Obispo County Pension Trust ("Pension Trust") has been established by the County pursuant to County Code Chapter 2.56; and

WHEREAS, the San Luis Obispo County Employees Retirement Plan ("Retirement Plan") has been established by the County and its provisions are set forth in the By-Laws of the Pension Trust; and

WHEREAS, pursuant to the authority of California Government Code Section 53216.2, the County is authorized to contract with local agencies within the County whereby certain officers and employees of the local agency are eligible to participate in the San Luis Obispo County Pension Trust and the San Luis Obispo County Employees Retirement Plan; and

WHEREAS, RTA is a local agency within San Luis Obispo County and RTA desires to contract with the County so that the Management, Administrative, and Confidential employees of RTA are eligible to participate in the Pension Trust and the Retirement Plan; and

WHEREAS, the initiation of RTA as a contracting agency in the Pension Trust and the Retirement Plan would be later than the January 1, 2013 effective date of the Public Employees Pension Reform Act (PEPRA) which requires what is currently referred to as the Tier 3 level of retirement benefits under the Retirement Plan or, in the case of Reciprocity pursuant to Article 20 of the Retirement Plan, what is currently referred to as the Tier 2 level of retirement benefits under the Retirement Plan which is the retirement benefit available to Miscellaneous members of the Retirement Plan as of December 31, 2012 as specified by PEPRA; and

WHEREAS, the initiation of RTA as a contracting agency in the Pension Trust and the Retirement Plan would be later than the effective date of PEPRA and what is currently referred to as the Tier 1 level of retirement benefits under the Retirement Plan is not allowable to new entrants in the Miscellaneous class to the Retirement Plan after January 1, 2013 pursuant to PEPRA; and

WHEREAS, Article 25 of the Retirement Plan provides that for all such contracts between the County and a local agency, the Board of Trustees of the Pension Trust shall administer and apply the provisions of such contracts and of the Pension Trust By-Laws and the San Luis Obispo County Employees Retirement Plan.

NOW, THEREFORE, in consideration of the covenants, conditions, agreements, and stipulations herein, the parties hereby agree that, pursuant to the authority of California Government Code Section 53216.2 and pursuant to Article 25 of the San Luis Obispo County Employees Retirement Plan, the Management, Administrative, and Confidential employees of RTA as such positions are designated by RTA (Eligible Employees) and specified in Appendix A to this contract are and shall be eligible to participate in the San Luis Obispo County Pension Trust and Employees Retirement Plan, under the following terms and conditions:

1. This contract and the participation of RTA and the Eligible Employees of RTA in the Pension Trust and Retirement Plan shall be governed by:

a) The provisions of Article 1.5 (Pension Trusts) of Chapter 2 (Officers and Employees) of Part 1 (Powers and Duties Common to Cities, Counties, and other Agencies), of Division 2 (Cities, Counties, and Other Agencies), of Title 5 (Local Agencies) of the California Government Code; and

b) Chapter 2.56 of the San Luis Obispo County Code; and

c) The By-Laws and the Retirement Plan of the Pension Trust, as they presently exist and as they may be amended from time to time.

2. All Eligible Employees of RTA shall be eligible to become Miscellaneous Members of the Pension Trust as set forth in Article 8 of the Retirement Plan except for the RTA Board members, and other RTA employees, who shall not be eligible to participate by reason of this contract.

3. Participation in the Pension Trust shall be mandatory for all Eligible Employees of RTA.

4. RTA shall maintain for each of its Eligible Employees a complete record of each employee’s employment with RTA, including: The date of hire, the dates of any approved leaves of absence, the amount and times of the payment of compensation, and termination date and such other employment information as the Pension Trust may from time to time require. RTA shall report such information to the Pension Trust at such times and in such format as shall facilitate the processing of the information by the Pension Trust’s record keeping systems.

5. RTA shall deduct from the compensation of each of its Eligible Employees their contributions to the Pension Trust and shall remit those contributions to the Pension Trust each pay period. For those Eligible Employees of RTA, compensation shall be determined pursuant to the provisions of Section 1.14 of the Retirement Plan.

6. The normal rates of contributions for the Eligible Employees of RTA shall be those set forth in Article 5 of the Retirement Plan for Miscellaneous Members. The initial rates of said contributions are set forth in Appendix A of the Retirement Plan equivalent to the rates of contributions identified in Appendix A for Bargaining Unit 11 with a rate of Employer Pick-Up to

be specified by RTA, a copy of which is attached hereto. The normal rates of contribution for the Eligible Employees of RTA shall change when said changes have been incorporated into the Retirement Plan by action of the San Luis Obispo County Board of Supervisors.

7. The Service Retirement Allowance for the Eligible Employees of RTA shall be the same as those set forth in Article 29 (Tier 3) of the Retirement Plan for Miscellaneous Members. For the Eligible Employees of RTA who meet the requirements for Reciprocal Benefits pursuant to Article 20 of the Retirement Plan regardless of their original date of RTA employment, the Service Retirement Allowance shall be the same as those set forth in Article 27 (Tier 2) of the Retirement Plan for Miscellaneous Members. The Service Retirement Allowances for the Eligible Employees of RTA shall not change unless and until RTA and the Pension Trust have entered into a written agreement to do so, or such changes are required by State of California statute, and the said changes have been incorporated into the Retirement Plan by action of the San Luis Obispo County Board of Supervisors.

8. Eligible Employees of RTA shall be entitled to those death benefits set forth for Miscellaneous Members in Article 7 of the Retirement Plan. The death benefits for the Eligible Employees of RTA shall not change unless and until RTA and the Pension Trust have entered into a written agreement to do so and the said changes have been incorporated into the Retirement Plan by action of the San Luis Obispo County Board of Supervisors.

9. Eligible Employees of RTA shall become entitled to receive a service retirement allowance in accordance with the provisions of Article 9 of the Retirement Plan for Miscellaneous Members.

10. Eligible Employees of RTA shall become entitled to receive an Ordinary Disability Retirement Allowance in accordance with the provisions of Article 10 of the Retirement Plan for Miscellaneous Members and the Ordinary Disability Retirement Allowance shall be paid in one of the ways provided for by Article 13 of the Retirement Plan.

11. RTA shall appropriate and pay to the Pension Trust such amounts as are determined by the Pension Trust Board of Trustees, in conjunction with the actuary retained by the Board of Trustees for such purposes, to be necessary to fund and pay the benefits and allowances of Eligible Employees of RTA who become Miscellaneous Members of the Pension Trust. It is understood and agreed that failure by RTA to pay to the Pension Trust those moneys determined by the Pension Trust Board of Trustees to be necessary to fund and pay the benefits and allowances of Eligible Employees of RTA:

(a) shall result in the reduction of the benefits and allowances payable to the Eligible Employees of RTA by the Pension Trust and by the Retirement Plan and the amount of such reductions of the benefits and allowances payable to the Eligible Employees of RTA shall be determined by the Board of Trustees of the Pension Trust on advice of the actuary employed by the Board of Trustees; and

(b) shall authorize the County to terminate this contract effective sixty days after the County shall have mailed written notice of the County's termination of this contract by registered mail to the governing body of RTA.

12. The initial term of this contract shall be for ten years from the date of its execution by the parties. At the end of the initial term, the term of this contract shall be extended for successive five year periods unless and until RTA shall, at least one hundred and eighty days prior to the end of the initial term, or any succeeding five-extension of the term, of this contract gives written notice to the County that the term of this contract shall not be extended.

13. In the event of termination of this contract, the Pension Trust Board of Trustees shall hold for the benefit of the RTA members of the Pension Trust who are credited with service rendered as employees of RTA and for the beneficiaries of the Pension Trust who are entitled to receive benefits on account of that service, the accumulated contributions and appropriations then held by the Pension Trust and credited to or as having been made by RTA for and on the behalf of the said RTA members and their beneficiaries.

14. In the event of termination the Pension Trust shall cause its actuary, at the expense of RTA, to determine the difference between the following, which difference shall be known as the "Termination Difference":

(1) Pension Trust assets attributable to RTA shall be based on past contributions and the assumed investment rate adopted by the Board of Trustees. Pension Trust assets attributable to RTA shall be determined by applying the proportion of actuarial liabilities attributable to RTA members for funding purposes from the last completed actuarial valuation and applying such ratio to the market value of Pension Trust assets as of the end of the calendar year preceding the date of termination of this contract;

(2) Pension Trust assets attributable to RTA <u>shall be reduced</u> by the actuarial value of the liability associated with any remaining obligations of the Pension Trust to Retired and Reserve RTA members as of the date this contract shall terminate.

15. If the Termination Difference shows that the Pension Trust assets attributable to RTA are more than the liability associated with any remaining obligations of the Pension Trust to RTA members and their beneficiaries after the date of the calculation, then the Pension Trust shall pay the Termination Difference to RTA or its successor.

16. If the Termination Difference shows that the Pension Trust assets attributable to RTA are less than the liability associated with any remaining obligations of the Pension Trust to RTA members and their beneficiaries after the date of the calculation, then RTA shall contribute and pay to the Pension Trust an amount equal to the said Termination Difference. The amount of the said Termination Difference shall be subject to interest at a rate equal to the assumed long term rate of return on Pension Trust assets as recommended by the Pension Trust's actuary and adopted by the Board of Trustees, from time to time, from the date of termination of this contract to the

date that RTA pays the said Termination Difference to the Pension Trust. If RTA fails to pay to the Pension Trust the amount of said Termination Difference, all allowances and benefits payable to RTA Eligible Employees, retirees and their beneficiaries under the Retirement Plan shall be proportionally reduced by the amount of the Termination Difference as determined by the Pension Trust's actuary.

17. The rights and benefits of RTA Eligible Employees, retirees, and their beneficiaries, under the Retirement Plan, after the date of the termination of this contract, shall be the same as if RTA had continued as a contracting agency but shall be subject to reduction in the amounts set forth above. No current active member of RTA shall be deemed to be or shall become entitled to Reciprocal Benefits pursuant to Article 20 of the Retirement Plan by reason of the termination of this contract.

18. All costs, including administrative expenses, attendant to the participation of RTA and its Eligible Employees in the Pension Trust and the Retirement Plan shall be borne by RTA and not by the County or the Pension Trust or the Retirement Plan.

19. The Board of Trustees of the Pension Trust shall administer, construe and apply the provisions of this agreement in accordance with, and subject to, the By-Laws of the Pension Trust.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date first set forth above.

County of San Luis Obispo

By: ______________________________
Chair of the Board of Supervisors

ATTEST:

____
Tommy Gong, County Clerk-Recorder and ex-Officio Clerk of the Board of Supervisors

APPROVED AS TO FORM AND LEGAL EFFECT

Rita Neal, County Counsel

By: ______________________________
Deputy County Counsel

San Luis Obispo County Regional Transportation Authority

By: ______________________________
Chair of the Board of Directors

____
Clerk of the Regional Transportations Authority

APPROVED AS TO FORM AND LEGAL EFFECT

By: ______________________________
Nina Negranti, RTA Counsel

APPENDIX A:

CONTRACT FOR PARTICIPATION in the SAN LUIS OBISPO COUNTY PENSION TRUST and EMPLOYEES RETIREMENT PLAN

Eligible Employees of RTA for Retirement Plan membership shall include only RTA employees in the following positions –

Executive Director
Deputy Director
Chief Financial Officer
Operations Manager
Human Resources Officer
Administrative Services Officer
Safety Manager
Grants Manager
Marketing Manager
Shop Manager
Shop Assistant Manager
Accountant
Accounting Technician
Administrative Assistant

Eligible Employee status and participation in the Retirement Plan is mandatory for the above positions.

In the event of approved changes to the position titles of the Eligible Employees of RTA or the creation of new positions that are deemed to be an Eligible Employee, the Pension Trust must be notified by the RTA Executive Director prior to filling such a position or within 30 days of the change of title for an already filled position.

This page left blank intentionally.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
DECEMBER 11, 2019
STAFF REPORT

AGENDA ITEM:	**C-2**
TOPIC:	**Administrative & Management Employees' Retirement**
ACTION:	**Approve**
PRESENTED BY:	**Geoff Straw, Executive Director**
STAFF RECOMMENDATION:	**Adopt Resolution Terminating CalPERS Contract**

BACKGROUND/DISCUSSION:

The RTA has contracted with the California Public Employees' Retirement System (CalPERS) since 1994, and administrative, management and confidential employees are offered participation in the CalPERS defined benefit retirement program. To reduce potential future financial obligations, the Board adopted a Resolution of Intention to terminate RTA's contract with CalPERS on January 9, 2019. Staff subsequently investigated the cost to terminate the contract and an ad hoc committee appointed by the Board has determined that joining the San Luis Obispo County Pension Trust (SLOCPT) Retirement Plan provides an equivalent retirement program for employees currently enrolled in CalPERS.

The San Luis Obispo County Board of Supervisors will consider enrollment of the RTA into the SLOCPT Retirement Plan as a Contracting Agency on December 10, 2019. This Resolution authorizes the RTA Board President to terminate the CalPERS contract effective January 11, 2020. A separate RTA Board action today will authorize enrollment into the SLOCPT Retirement Plan, effective January 12, 2020.

As presented at the November 6, 2019 Board meeting, the financial penalty for withdrawing from CalPERS is anticipated to cost approximately $4.1M, subject to a final actuarial study that will be conducted by CalPERS in December 2019. A separate resolution authorizing the RTA to pay the withdrawal penalty, according to the payment terms included in a Payment Plan negotiated with CalPERS, will be presented at a subsequent meeting. Staff will provide an update on the payment plan at the January 8, 2020 meeting. CalPERS has indicated a willingness to allow the RTA to pay the penalty over an extended period (42 months or longer). Staff has worked closely with SLOCOG officials to identify potential funding sources to fund this penalty, including RTA reserves, State Transit Assistance funds, Local Transportation Funds, Rural Transit Funds and other formula transit funds.

Staff Recommendation

Adopt the attached Resolution terminating contract with CalPERS, and authorizing the Board President to enter into an agreement with CalPERS regarding the same.

RESOLUTION TO TERMINATE THE CONTRACT
BETWEEN THE
BOARD OF ADMINISTRATION
CALIFORNIA PULIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
BOARD OF DIRECTORS
SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

WHEREAS, the Board of Directors of the San Luis Obispo Regional Transit Authority entered into a contract with the Board of Administration, Public Employees' Retirement System effective July 1, 1994, providing for the participation of their employees in the Public Employees' Retirement System; and

WHEREAS, the Board of Directors of the San Luis Obispo Regional Transit Authority did declare its intent to terminate said contract by executing a Resolution of Intention on January 9, 2019 to terminate the contract between said governing body and the Board of Administration of the Public Employees' Retirement System;

NOW, THEREFORE, BE IT FURTHER RESOLVED, that an Agreement Terminating the Contract between the Board of Directors of the San Luis Obispo Regional Transit Authority and the Board of Administration of the Public Employee' Retirement System is hereby authorized, a copy of said agreement being attached hereto, marked "Exhibit A" and by such reference made a part hereof as though herein set out in full.

The Presiding Officer of the Board of Directors of the San Luis Obispo Regional Transit Authority is hereby authorized, empowered and directed to execute said agreement for and on behalf of said agency.

Adopted this 11th day of December, 2019.

____
Presiding Officer

Attest:

____
Clerk

“EXHIBIT A”

**AGREEMENT TO TERMINATE THE CONTRACT
BETWEEN THE
BOARD OF ADMINISTRATION
CALIFORNIA PULIC EMPLOYEES’ RETIREMENT SYSTEM
AND THE
BOARD OF DIRECTORS
SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY**

WHEREAS, the **BOARD OF DIRECTORS** of the **SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY** and the Board of Administration, Public Employees' Retirement, entered into a contract pursuant to Sections 20460, et seq. of the Government Code, effective July 1, 1994, for the participation of said Public Agency in the Public Employees' Retirement System; and

WHEREAS, Section 20570 of the Government Code provides that a contract between the Board of Administration of the Public Employees’ Retirement System and a contracting agency may be terminated by the adoption of a resolution by the governing body of the public agency, giving notice of intention to terminate, and by the adoption, not less than one year thereafter, by the affirmative vote of two-thirds of the members of the governing body of the public agency, terminating the contract; and

WHEREAS, the **BOARD OF DIRECTORS** of the **SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY** adopted a Resolution of Intention on January 9, 2019 to withdraw from the Public Employees’ Retirement System effective no earlier than one year thereafter;

NOW, THEREFORE, BE IT AGREED between **BOARD OF DIRECTORS** of the **SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY** and the Board of Administration, Public Employees’ Retirement System that the contract entered into effective July 1, 1994 is terminated effective January 11, 2020, and obligations on and after that date of the agency and its employees who are members under the Public Employees’ Retirement System, are as provided in Government Code Section 20580 which provides that the final compensation at termination shall be used in the calculation of benefits. Failure to meet such obligation on the part of the **SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY** shall be subject to the provisions of Government Code Section 20574.

Witness our hands this 11th day of December, 2019.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES’ RETIREMENT SYSTEM

BY ________________________________
ANITA PAIGE, CHIEF
PENSION CONTRACTS AND PREFUNDING
PUBLIC EMPLOYEES’ RETIREMENT SYSTEM

BOARD OF DIRECTORS
SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

BY ________________________________
PRESIDING OFFICER

Attest:

____
Clerk

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Pension Contract Management Services & Prefunding Programs
P.O. Box 942703
Sacramento, CA 94229-2703

CERTIFICATION
OF
FINAL ACTION OF GOVERNING BODY

I hereby certify that the Board of Directors of the San Luis Obispo Regional Transit Authority adopted on December 11, 2019, by an affirmative vote of two-thirds of the members of said Governing Body Resolution No. _______ approving the attached contractual agreement between the Governing Body of said Agency and the Board of Administration of the California Public Employees' Retirement System, a certified copy of said Resolution and Agreement to Terminate the Contract in the form furnished by said Board of Administration begin attached hereto.

____
Clerk

____
RTA Administrative Assistant

Date: December 11, 2019

This Page Left Intentionally Blank

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
DECEMBER 11, 2019
STAFF REPORT

AGENDA ITEM:	**C-3**
TOPIC:	**Administrative & Management Employees' Retirement**
ACTION:	**Approve**
PRESENTED BY:	**Geoff Straw, Executive Director**
STAFF RECOMMENDATION:	**Adopt Resolution Adjusting Salaries & Benefits and Authorizing Settlement Agreements**

BACKGROUND/DISCUSSION:

In conjunction with terminating the RTA contract with CalPERS and enrolling affected employees in the County Pension Trust retirement system, consideration must be given to ensuring equivalency of retirement benefits for the affected twelve administrative, management and confidential employees who are currently enrolled in CalPERS. The RTA must take steps to ensure that the transition from the CalPERS retirement system to the SLOCPT system will not result in a loss of net benefits to affected employees. Because there are differences between the benefits and costs of the CalPERS and SLOCPT systems, staff worked with outside experts to develop fiscally responsible measures to address the differences.

There are two tiers within CalPERS, generally described as Classic and PEPRA. Classic employees were enrolled in CalPERS or a reciprocal retirement system prior to January 1, 2013. Classic employees' benefits formula is referred to as "2% at 55" – meaning at retirement the Classic enrollee is generally entitled to receive a pension equal to 2% of his or her final compensation for each year of service, assuming retirement at age 55. Final compensation is based on the highest consecutive twelve months of compensation, and the percentage continues to rise annually but maxes out at 2.418% at 63 years of age. The PEPRA program is assigned to employees enrolled after January 1, 2013. Benefits of 2% at 62 are provided, and PEPRA enrollees are required to pay 50% of the program's contribution rates.

The SLOCPT program identified in Agenda Item C-1 provides the same CalPERS PEPRA retirement benefits for SLOCPT Tier 3 employees (2% at 62), albeit at increasing employee contribution rates based on entry into the system. However, the Tier 2 benefits provided to Classic employees are more significantly different – 2% at 60, a higher maximum (2.5% at 65), final compensation based on highest average 36 consecutive months, and survivorship benefits.

In order to determine the overall difference between the benefits Classic employees would be entitled to had the RTA remained in CalPERS until retirement, versus the value of the combined pension the employee will receive as a result of the RTA's transfer to the SLOCPT system, the RTA engaged the services of a highly respected actuarial firm, Bartel Associates (Bartel). Bartel performed a comparison of the value of each Classic employee's total benefits under CalPERS, versus under the combined pension. In some cases, the net present value of the combined pension program is less than under the CalPERS-only system. To ensure retirement benefits equivalency, staff is proposing that the four Classic enrolled employees under the age of 55 be provided an IRS Section 457 deferred compensation plan with a contribution of 4.5% of base salary until each affected employee reaches age 55. The attached Resolution references the Settlement Agreements for the four affected employees, and Appendices A through D provide details. The additional annual cost of this proposal is $21,500; it will decline as these four affected employees reach 55 and are no longer provided the additional compensation.

Staff is proposing additional Section 457 deferred compensation plan contributions be made to make up the difference in the employer pick up when the Classic employee's contribution is above 11% – which is entirely dependent on the employee's age when entering CalPERS or a reciprocal retirement program. The additional annual cost of this recommendation is $18,440 for the seven affected employees.

The annual contribution paid by the RTA (as the employer) rise from $151,310 under CalPERS to $282,540 under the SLOCPT program. The net out-of-pocket effect on the five existing PEPRA employees is an additional $7,910 annually.

In total, when all direct and indirect administrative costs are considered, these compensation allowances will require a net additional $196,600 annually, or an increase of approximately 18.6% of the combined base salary costs of roughly $1.06 million for administrative, management and confidential eligible employees.

Staff Recommendation

Adopt the attached Resolution adopting the additional compensation strategies to ensure equivalent retirement benefits, and authorize the RTA Board President to execute the Settlement Agreements with the four affected employees.

RESOLUTION ADJUSTING SALARIES & BENEFITS
AND
AUTHORIZING SETTLEMENT AGREEMENTS

WHEREAS, the Board of Directors (“Board”) of the San Luis Obispo Regional Transit Authority (“RTA”) entered into a contract with the California Public Employees' Retirement System (“CalPERS”) pursuant to Government Code Section 20460, effective July 1, 1994, for participation by the RTA in CalPERS; and

WHEREAS, on January 9, 2019, the Board adopted a Resolution of intention to terminate its contract with CalPERS in order to reduce future financial pension obligations; and

WHEREAS, on October 2, 2019, the Board resolved that participating in the San Luis Obispo County Employees Retirement Plan administered by the San Luis Obispo County Pension Trust (“Pension Trust”) provides an equivalent retirement program for RTA employees currently enrolled in CalPERS; and

WHEREAS, on December 10, 2019, the San Luis Obispo County Board of Supervisors authorized a Contracting Agency contract with the RTA; and

WHEREAS, there are differences between the retirement benefits available under the CalPERS system and the Pension Trust retirement system for seven existing Eligible Employees who were enrolled in CalPERS or a reciprocal retirement system prior to January 1, 2013 (“Affected Employees,” comprised of Tania Arnold, Patricia Grimes, David Guerrero, Omar McPherson, Melissa Mudgett, David Roessler and Geoff Straw); and

WHEREAS, the RTA desires to take steps to ensure that the transition from the CalPERS retirement system to the Pension Trust system will not result in a loss of net benefits to the seven Affected Employees.

NOW, THEREFORE, BE IT RESOLVED, that the Board finds that it is in the best interests of the RTA to revise the compensation packages to ensure equivalency for the seven Affected Employees who are currently enrolled in the CalPERS Classic “2% at 55” program.

BE IT FURTHER RESOLVED, that:

1. The RTA will provide an IRS Section 457 deferred compensation contribution equivalent to of 4.5% of base salary for four Affected Employees (comprised of Tania Arnold, Melissa Mudgett, Omar McPherson and Geoff Straw) until each reaches age 55; and

2. The RTA will pick up a portion of each Affected Employee’s Pension Trust contribution equivalent to 11% of base salary; and

3. The RTA will provide an IRS Section 457 deferred compensation contribution for Affected Employees equivalent to the difference between the 11% pick up and the Affected Employee's contribution rate required by the Pension Trust; and

4. The RTA Board President is authorized to execute the attached Settlement Agreements with the four Affected Employees.

On a motion by Delegate__________, seconded by Delegate ___________, and on the following roll call vote, to wit: the foregoing resolution is hereby adopted this 11th day of December 2019.

AYES:

NOES:

ABSENT:

ABSTAINING:

By:___________________________________

Presiding Officer

____
Title

____
Date adopted and approved

SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS

This Settlement Agreement and Release of Claims ("Agreement") is entered into by and between the San Luis Obispo Regional Transit Authority ("Authority") and Tania Arnold ("Arnold") (collectively, "Parties").

RECITALS

A. WHEREAS, the Authority is presently a contracting agency with the California Public Employees' Retirement System ("CalPERS") and provides retirement benefits to certain eligible employees pursuant to the Public Employees Retirement Law ("PERL," Cal. Gov. Code § 20000 *et seq.*).

B. WHEREAS, the Authority hired Arnold effective July 12, 2006, and enrolled her as a "Classic" CalPERS member with July 12, 2006 as her original entry date into CalPERS or a reciprocal system.

C. WHEREAS, Arnold is presently eligible to receive a service retirement benefit (i.e., pension) from CalPERS pursuant to a formula referred to as "2% at 55," meaning she is generally entitled to receive a pension equal to two percent of her final compensation for each year of service after her entry into CalPERS or a reciprocal system, assuming retirement occurs at age 55. Under this formula, final compensation is based on the highest consecutive 12 months of compensation with the maximum benefit being 2.418% at a retirement age of 63. A more detailed listing of the maximum benefits available under Arnold's current CalPERS plan is attached as **Exhibit A.**

D. WHEREAS, the Authority has elected to terminate its contract with CalPERS and transfer its pension system to the San Luis Obispo County Pension Trust ("SLOCPT"), effective January 12, 2020. CalPERS and SLOCPT have "reciprocal benefits" and therefore Arnold will not lose any CalPERS or reciprocal service credit when she enters SLOCPT. Additionally, because the Authority has elected the more expensive "unfrozen" option for CalPERS termination, when she retires, Arnold will receive service retirement benefits from both CalPERS and SLOCPT, and both of those benefits will be calculated based on her final compensation when she retires or leaves employment.

E. WHEREAS, the portion of Arnold's service retirement benefit for work performed after the transfer to SLOCPT will be calculated based on SLOCPT's benefit formulas, which are slightly different than CalPERS'. For example, because of legal restrictions, the Authority will have to place "Classic" CalPERS members, including Arnold, in Tier 2 of the SLOCPT plan, which provides a service retirement benefit that is calculated using a formula referred to as "2% at 60." Under Tier 2 of the SLOCPT plan, Arnold's final compensation will be based upon an average of her highest 36 months of compensation and the maximum benefit provided is 2.5% at a retirement age of 65. A more detailed listing of the maximum benefits available under the Tier 2 SLOCPT plan is attached as **Exhibit B**.

F. WHEREAS, the Authority retained the services of a highly-respected actuarial firm, Bartel Associates ("Bartel"), to determine the overall differences in benefits Arnold would receive had she remained in CalPERS until retirement versus the value of the combined pension she will receive as a result of the Authority's transfer to SLOCPT. Based on Bartel's calculations (which are reflected in the attached **Exhibit C**), the present value of Arnold's CalPERS pension assuming retirement at age 55 is $117,000, while the present value of her pension under the combined CalPERS/SLOCPT plan is $99,000. However, if for example, Arnold were to retire at age 62, a typical retirement age for non-safety employees, her pension under CalPERS is estimated to be $209,000, while her pension under the combined CalPERS/SLOCPT is estimated to be $200,000. However, because the SLOCPT pension trust plan has other more favorable benefits, the net present value of the combined CalPERS/SLOCPT plan assuming retirement at age 62 is $654,000 while the next present value the CalPERS plan alone is $661,000.

G. WHEREAS, in exchange for the releases, promises, covenants and other guarantees made by Arnold in this Agreement, the Authority wishes to provide Arnold with additional compensation in the form of contributions to an IRS 457 plan to account for the differences in her retirement benefits that may come about as a result of Authority's transfer to SLOCPT.

NOW THEREFORE, in consideration of the mutual promises and undertakings of the Parties as set forth below, the Parties enter this Agreement and agree as follows:

TERMS

1. Agreement Subject to Board Approval and Effective Date. This Agreement shall only become effective upon its approval by the Authority's Board of Directors ("Board"), and its execution by the Parties. Should the Board fail to approve this Agreement, this Agreement and all of its terms and provisions shall become null and void and the Parties will revert to their respective rights, obligations and positions that existed prior to this Agreement. This Agreement shall become effective immediately upon approval by the Board and execution by the Parties.

2. Contributions to IRS 457 Plan. Effective the first full pay period following Arnold's enrollment into the SLOCPT Tier 2 plan, the Authority will establish an IRS 457 plan on her behalf and begin making contributions to that plan in an amount equal to 4.5% of her base salary. The Authority shall continue making such additional contributions during Arnold's employment with the Authority until she reaches the age of 55, at which time such contributions will cease.

3. Release of Claims. In consideration of the IRS 457 plan contributions set forth in Paragraph 2, and for other promises in this Agreement, and for other good and sufficient consideration, Arnold, her heirs, executors, administrators, assigns and successors irrevocably and unconditionally releases and discharges the Authority, its past and present Board, employees, officers, directors, trustees, agents, attorneys, and assigns, in their individual or official capacities and their successors, from any and all claims, actions, demands or other legal responsibilities of any kind which Arnold has, or may have, against the Authority relating to the potential change in her retirement benefits stemming from the Authority's election to transfer its pension system to SLOCPT. Further, Arnold acknowledges the Authority reserves its right to assert as a defense in any court, administrative and/or other proceeding that the contributions it has made to her IRS 457 plan under this Agreement constitute comparable advantages to offset any disadvantages stemming from the Authority's decision to transfer its pension system to SLOCPT. Arnold acknowledges and agrees that this release is an essential and material term of this Agreement and without such release, no settlement would have been reached by the Parties.

4. Release of Unknown Claims. Arnold expressly acknowledges that any and all rights granted to her under Section 1542 of the California Civil Code are hereby expressly waived as to the claims being released by Arnold in Paragraph 3. Section 1542 of the California Civil Code provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

Arnold hereby agrees to accept and assume the risk that any fact with respect to any matter in this Agreement may hereafter be found to be other than or different from the facts she believes at the time of this Agreement to be true, and she agrees that this Agreement shall be and will remain effective notwithstanding any such differences in fact.

Arnold's Initials: ~~AA~~ ______

5. Unanticipated Consequences. The Parties recognize and acknowledge that factors which have induced them to enter into this Agreement may turn out to be incorrect or to be different from what they had previously anticipated, and the Parties hereby expressly assume any and all of the risks thereof and further expressly assume the risks of waiving the rights provided by California Civil Code Section 1542.

6. No Admissions. The Parties hereby agree, acknowledge and recognize that this Agreement is a "no fault" settlement in light of potentially disputed claims. Neither this Agreement nor any part of this Agreement shall be construed to be an admission by any party of any violation of law or of any lack of conformity with any law, nor shall this Agreement nor nay part of it, nor any settlement negotiations or earlier drafts of this Agreement, be admissible in any proceedings as evidence of such an admission.

7. Non-Precedential. The Parties agree that the terms of this Agreement will not establish any precedent, nor will this Agreement be used as a basis by the Parties to seek or justify similar terms in any subsequent case and it may not be used by anyone else to seek to justify similar terms in any subsequent case.

8. Knowledge of the Parties. The Parties understand and agree to the terms and conditions contained herein, and enter into this agreement knowingly and voluntarily. Arnold has been advised that she has the right to seek legal advice with respect this Agreement, including the release, and has had the opportunity to consult with counsel. The Parties have investigated the facts pertaining to the Agreement and all matters pertaining thereto as deemed necessary. By signing this document, the Parties signify their full understanding and acceptance of the Agreement.

9. Binding on Successors and Assigns. This Agreement and all documents referred to herein shall bind and inure to the benefit of each of the Parties hereto, their spouses, domestic partners, children, heirs, estates, administrators, representatives, executors, attorneys, successors and assigns.

10. Warranty of Non-Assignment. The Parties warrant that they have not assigned any of the claims or portions of the claims that are the subject of this Agreement.

11. Governing Law and Venue. This Agreement shall be governed by and construed with the laws of the State of California. Any claim or action arising out of this Agreement shall be venued in the Superior Court of California, County of San Luis Obispo.

12. Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter of the Agreement. No other promise or inducement has been offered for this Agreement. Unless ordered otherwise by a court of competent jurisdiction, any amendments to this Agreement must be in writing, signed by duly authorized representatives of the Parties, and must state that the Parties intend to amend the Agreement.

13. Partial Invalidity. The invalidity or unenforceability of any provision of this Agreement shall in no way affect the validity of any other provision of this Agreement.

14. Authority to Execute. Each Party hereto warrants to the other Party or Parties that he, she or it has the full power and authority to execute, deliver and perform under this Agreement and all documents referred to herein, and that any needed consent or approval form any other person has been obtained.

15. Disclosure of Terms. The Parties understand and consent that the Authority may be required to disclose the terms of this Agreement pursuant to the California Public Records Act (Cal. Gov. Code § 6250 *et seq.*) and the provisions of any other law or regulation requiring the disclosure of information by public entities.

16. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute on-in-the-same document.

DATED: 12/2/19

Tania Arnold
TANIA ARNOLD

DATED: ____________

____
FRED STRONG
BOARD PRESIDENT
SAN LUIS OBISPO REGIONAL
TRANSIT AUTHORITY

EXHIBIT A

2 percent @ 55

RETIREMENT FORMULAS AND BENEFIT FACTORS

The chart below shows how the benefit factor increases for each quarter year of age from 50 to 63.

2% at 55 Benefit Formula Minimum Age for Retirement 50				
Age	Exact Year	¼ Year	½ Year	¾ Year
50	1.426%	1.450%	1.474%	1.498%
51	1.522%	1.550%	1.576%	1.602%
52	1.628%	1.656%	1.686%	1.714%
53	1.742%	1.772%	1.804%	1.834%
54	1.866%	1.900%	1.932%	1.966%
55	2.000%	2.014%	2.026%	2.040%
56	2.052%	2.066%	2.078%	2.092%
57	2.104%	2.118%	2.130%	2.144%
58	2.156%	2.170%	2.182%	2.196%
59	2.210%	2.222%	2.236%	2.248%
60	2.262%	2.274%	2.288%	2.300%
61	2.314%	2.326%	2.340%	2.352%
62	2.366%	2.378%	2.392%	2.404%
63 or older	2.418%	—	—	—

or after December 26, 2010, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan.

c. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 1, 5 or 13 on or after April 17, 2011; or

d. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 1, 5 or 13 on or after April 17, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan.

e. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 2, on or after July 24, 2011; or

f. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 2 on or after July 24, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan.

g. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 4 or Bargaining Unit 12 on or after September 4, 2011; or

h. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 4 or Bargaining Unit 12 on or after September 4, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan; or

i. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 14, 21 or 22 on or after September 4, 2011; or

j. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 14, 21 or 22 on or after September 4, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan.

k. Becomes a Tier Two Miscellaneous Member employed by the Air Pollution Control District on or after December 25, 2011; or

l. Becomes a Tier Two Miscellaneous Member employed by the Air Pollution Control District on or after December 25, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan .

(r) A Tier Two Reserve Participant is entitled to a service retirement allowance after he or she reaches the age at which he or she would be eligible for the service retirement allowance, except that a Tier Two Reserve Participant shall not be entitled to the minimum retirement allowance provided by Section 6.05 of this Retirement Plan. The service retirement allowance of a Tier Two Reserve Participant, shall be based on his or her Pension Trust Service Credit and Tier Two Final Compensation prior to his or her termination from County Employment. A Tier Two Reserve Participant may, before applying for retirement, withdraw his or her accumulated contributions in lieu of any and all other rights and benefits he or she may be entitled to under this Retirement Plan and shall then cease to have any membership affiliation with the Pension Trust. A Tier Two Reserve Participant is not entitled to any disability retirement allowance under this Retirement Plan except as provided in Article 20 of this Retirement Plan.

Section 27.02: Tier Two Miscellaneous Member Service Retirement Allowance.

(a) Notwithstanding the provisions of Article 6, the Service Retirement Allowance for a Tier Two Miscellaneous Member shall be a retirement allowance equal to the Member's Tier Two Final Compensation as provided in Section 27.03 of this

Retirement Plan multiplied by the Member's Tier Two Attained Age Percentage Factor as shown below, multiplied by the Member's Pension Trust Service Credit accrued in accordance with the provisions of Section 27.01.

(b) The Tier Two Attained Age Percentage Factor to be used under this Section 27.02 shall be based on the Tier Two Member's last attained quarter year of age as of the effective date of retirement as set forth in the following table:

Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)
50.00	1.092	54.00	1.376	58.00	1.758	62.00	2.272
50.25	1.108	54.25	1.396	58.25	1.786	62.25	2.308
50.50	1.124	54.50	1.418	58.50	1.816	62.50	2.346
50.75	1.140	54.75	1.438	58.75	1.846	62.75	2.382
51.00	1.156	55.00	1.460	59.00	1.874	63.00	2.418
51.25	1.172	55.25	1.482	59.25	1.906	63.25	2.428
51.50	1.190	55.50	1.506	59.50	1.938	63.50	2.438
51.75	1.206	55.75	1.528	59.75	1.970	63.75	2.448
52.00	1.224	56.00	1.552	60.00	2.000	64.00	2.458
52.25	1.242	56.25	1.576	60.25	2.034	64.25	2.468
52.50	1.260	56.50	1.600	60.50	2.068	64.50	2.478
52.75	1.278	56.75	1.626	60.75	2.100	64.75	2.488
53.00	1.296	57.00	1.650	61.00	2.134	65 & older	2.500
53.25	1.316	57.25	1.678	61.25	2.168		
53.50	1.336	57.50	1.704	61.50	2.202		
53.75	1.356	57.75	1.730	61.75	2.238		

(c) In no event shall the Service Retirement Allowance accrued by Members Employed in Bargaining Unit 1, 2, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 17, 21 or 22 or by the Pension Trust pursuant to this Section be greater than 90% of the Tier Two Member's Tier Two Final Compensation.

Section 27.03: Tier Two Compensation means the remuneration for a County Employee's services paid to the County Employee by the County of San Luis Obispo, from the funds of the County of San Luis Obispo according to the County of San Luis Obispo's basic salary schedule, but "compensation" shall not include differential pay, and/or overtime pay, and/or pick up of Normal Contributions furnished by the County pursuant to Internal Revenue Code 414 (h), and/or the monetary value of board, lodging, fuel, laundry, auto allowances or other pay or advantages furnished to a County Employee by the County of San Luis Obispo, unless otherwise determined by the Board of Trustees with the concurrence of the Board of Supervisors. For an elected officer,

EXHIBIT C

BARTEL ASSOCIATES, LLC

November 21, 2019

Geoff Straw
Executive Director
San Luis Obispo Regional Transit Authority
179 Cross St
San Luis Obispo, CA 93401

Re: CalPERS vs. CalPERS/SLOCPT Split Pension Benefit Estimate

Dear Mr. Straw:

We have estimated the projected pension benefit under the current CalPERS plan and the new CalPERS/SLOCPT split plan for the following employee as requested.

Name:	Tania Arnold
Classic or PEPRA:	Classic
Assumed CalPERS Enrollment Date:	July 12, 2006
Birthdate:	November 15, 1979
Most recent salary:	$66.75/hour

1. Assumed retirement age of 55

Projected Benefit (numbers may not add due to rounding):

	Current Plan	New Plan		
	CalPERS	CalPERS / SLOCPT Split		
	Total	CalPERS	SLOCPT	Total
Final Average Salary at Retirement[1]	$209,000	$209,000	$203,000	
Years of Service at Retirement	28	13	15	
Benefit Age Factor at Retirement	2.00%	2.00%	1.46%	
Estimated Annual Retirement Benefit	$117,000	$54,000	$44,000	$99,000
Annuity Factor at Retirement[2]	15.7	15.7	16.3	
Present Value of Benefits (at Retirement)	$1,835,000	$852,000	$726,000	$1,578,000
Present Value of Benefits (in 2019)	$665,000			$572,000

Contribution needed to make up the difference in present values is estimated to be 5.9% of the future salary.

[1] Final average salary over 1 year for CalPERS and 3 years for SLOCPT.
[2] Single life annuity for CalPERS; 50% joint & survivor for SLOCPT.

411 Borel Avenue, Suite 101 • San Mateo, California 94402
main: 650/377-1600 • *fax:* 650/345-8057 • *web:* www.bartel-associates.com

2. Assumed retirement age of 62

Projected Benefit (numbers may not add due to rounding):

	Current Plan	New Plan		
	CalPERS	CalPERS / SLOCPT Split		
	Total	CalPERS	SLOCPT	Total
Final Average Salary at Retirement[3]	$252,000	$252,000	$245,000	
Years of Service at Retirement	35	13	22	
Benefit Age Factor at Retirement	2.37%	2.37%	2.27%	
Estimated Annual Retirement Benefit	$209,000	$78,000	$123,000	$200,000
Annuity Factor at Retirement[4]	14.0	14.0	14.7	
Present Value of Benefits (at Retirement)	$2,929,000	$1,088,000	$1,809,000	$2,897,000
Present Value of Benefits (in 2019)	$661,000			$654,000

Contribution needed to make up the difference in present values is estimated to be 0.4% of the future salary.

....

Above estimates are based on 7% discount rate and assumptions used in SLOCPT's January 1, 2019 actuarial valuation. SLOCPT benefits are assumed to be Tier 2 for Classic and Tier 3 for PEPRA. Present value of SLOCPT benefits includes estimated value of continuance of 50% of retirement benefit to surviving spouse.

The estimates in this letter are based on the information above, our understanding of CalPERS and SLOCPT retirement plan provisions, and actuarial assumptions used in the most recent actuarial valuations. Actual benefit amounts may differ due to changes in any of these items. These calculations are estimates. Final benefit calculations will be performed by each retirement system based on the plan, policies, and procedures in effect at that time. We are members of the American Academy of Actuaries and meet the Academy Qualification Standards to perform these calculations.

Mary Elizabeth Redding
FSA, EA, FCA, MAAA
Vice President
Bartel Associates, LLC
November 21, 2019

Tak Frazita
FSA, EA, FCA, MAAA
Associate Actuary
Bartel Associates, LLC
November 21, 2019

O:\Clients\San Luis Obispo County Pension Trust\Projects\Pension\2019 SLORTA\Reports\Individual Statements\BA SLORTA 19-11-21 CalPERS vs SLOCPT Benefit Comparison Letter RA 55 & 62.docx

[3] Final average salary over 1 year for CalPERS and 3 years for SLOCPT.
[4] Single life annuity for CalPERS; 50% joint & survivor for SLOCPT.

411 Borel Avenue, Suite 101 • San Mateo, California 94402
main: 650/377-1600 • fax: 650/345-8057 • web: www.bartel-associates.com

SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS

This Settlement Agreement and Release of Claims ("Agreement") is entered into by and between the San Luis Obispo Regional Transit Authority ("Authority") and Omar McPherson ("McPherson") (collectively, "Parties").

RECITALS

A. WHEREAS, the Authority is presently a contracting agency with the California Public Employees' Retirement System ("CalPERS") and provides retirement benefits to certain eligible employees pursuant to the Public Employees Retirement Law ("PERL," Cal. Gov. Code § 20000 *et seq.*).

B. WHEREAS, the Authority hired McPherson effective July 16, 2008, and enrolled him as a "Classic" CalPERS member with July 16, 2008 as his original entry date into CalPERS or a reciprocal system.

C. WHEREAS, McPherson is presently eligible to receive a service retirement benefit (i.e., pension) from CalPERS pursuant to a formula referred to as "2% at 55," meaning he is generally entitled to receive a pension equal to two percent of his final compensation for each year of service after his entry into CalPERS or a reciprocal system, assuming retirement occurs at age 55. Under this formula, final compensation is based on the highest consecutive 12 months of compensation with the maximum benefit being 2.418% at a retirement age of 63. A more detailed listing of the maximum benefits available under McPherson's current CalPERS plan is attached as **Exhibit A.**

D. WHEREAS, the Authority has elected to terminate its contract with CalPERS and transfer its pension system to the San Luis Obispo County Pension Trust ("SLOCPT"), effective January 12, 2020. CalPERS and SLOCPT have "reciprocal benefits" and therefore McPherson will not lose any CalPERS or reciprocal service credit when he enters SLOCPT. Additionally, because the Authority has elected the more expensive "unfrozen" option for CalPERS termination, when she retires, McPherson will receive service retirement benefits from both CalPERS and SLOCPT, and both of those benefits will be calculated based on his final compensation when he retires or leaves employment.

E. WHEREAS, the portion of McPherson's service retirement benefit for work performed after the transfer to SLOCPT will be calculated based on SLOCPT's benefit formulas, which are slightly different than CalPERS'. For example, because of legal restrictions, the Authority will have to place "Classic" CalPERS members, including McPherson, in Tier 2 of the SLOCPT plan, which provides a service retirement benefit that is calculated using a formula referred to as "2% at 60." Under Tier 2 of the SLOCPT plan, McPherson's final compensation will be based upon an average of his highest 36 months of compensation and the maximum benefit provided is 2.5% at a retirement age of 65. A more detailed listing of the maximum benefits available under the Tier 2 SLOCPT plan is attached as **Exhibit B**.

F. WHEREAS, the Authority retained the services of a highly-respected actuarial firm, Bartel Associates ("Bartel"), to determine the overall differences in benefits McPherson would receive had he remained in CalPERS until retirement versus the value of the combined pension he will receive as a result of the Authority's transfer to SLOCPT. Based on Bartel's calculations (which are reflected in the attached **Exhibit C**), had the Authority remained in CalPERS until McPherson's retirement at age 55 and had he remained employed by the Authority until that time, his estimated annual retirement benefit would be $65,000. In contrast, his estimated annual retirement benefit under the combined CalPERS/SLOCPT arrangement would be $55,000. However, if McPherson were to retire at age 62, his estimated pension had the Authority remained in CalPERS would be $122,000 versus $117,000 in the combined CalPERS/SLOCPT plan. Moreover, because the SLOCPT plan has other more favorable benefits, the preset value of the combined CalPERS/SLOCPT plan assuming retirement at age 62 is $500,000 while the net present value of CalPERS alone is $450,000.

G. WHEREAS, in exchange for the releases, promises, covenants and other guarantees made by McPherson in this Agreement, the Authority wishes to provide McPherson with additional compensation in the form of contributions to an IRS 457 plan to account for the differences in his retirement benefits that may come about as a result of Authority's transfer to SLOCPT.

NOW THEREFORE, in consideration of the mutual promises and undertakings of the Parties as set forth below, the Parties enter this Agreement and agree as follows:

TERMS

1. **Agreement Subject to Board Approval and Effective Date.** This Agreement shall only become effective upon its approval by the Authority's Board of Directors ("Board"), and its execution by the Parties. Should the Board fail to approve this Agreement, this Agreement and all of its terms and provisions shall become null and void and the Parties will revert to their respective rights, obligations and positions that existed prior to this Agreement. This Agreement shall become effective immediately upon approval by the Board and execution by the Parties.

2. **Contributions to IRS 457 Plan.** Effective the first full pay period following McPherson's enrollment into the SLOCPT Tier 2 plan, the Authority will establish an IRS 457 plan on his behalf and begin making contributions to that plan in an amount equal to 4.5% of his base salary. The Authority shall continue making such additional contributions during McPherson's employment with the Authority until he reaches the age of 55, at which time such contributions will cease.

3. **Release of Claims.** In consideration of the IRS 457 plan contributions set forth in Paragraph 2, and for other promises in this Agreement, and for other good and sufficient consideration, McPherson, his heirs, executors, administrators, assigns and successors irrevocably and unconditionally releases and discharges the Authority, its past and present Board, employees, officers, directors, trustees, agents, attorneys, and assigns, in their individual or official capacities and their successors, from any and all claims, actions, demands or other legal responsibilities of any kind which McPherson has, or may have, against the Authority relating to the potential change in his retirement benefits stemming from the Authority's election to transfer its pension system to SLOCPT. Further, McPherson acknowledges the Authority reserves its right to assert as a defense in any court, administrative and/or other proceeding that the contributions it has made to his IRS

457 plan under this Agreement constitute comparable advantages to offset any disadvantages stemming from its decision to transfer its pension system to SLOCPT. McPherson acknowledges and agrees that this release is an essential and material term of this Agreement and without such release, no settlement would have been reached by the Parties.

4. Release of Unknown Claims. McPherson expressly acknowledges that any and all rights granted to him under Section 1542 of the California Civil Code are hereby expressly waived as to the claims being released by McPherson in Paragraph 3. Section 1542 of the California Civil Code provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

McPherson hereby agrees to accept and assume the risk that any fact with respect to any matter in this Agreement may hereafter be found to be other than or different from the facts he believes at the time of this Agreement to be true, and he agrees that this Agreement shall be and will remain effective notwithstanding any such differences in fact.

McPherson's Initials: __________

5. Unanticipated Consequences. The Parties recognize and acknowledge that factors which have induced them to enter into this Agreement may turn out to be incorrect or to be different from what they had previously anticipated, and the Parties hereby expressly assume any and all of the risks thereof and further expressly assume the risks of waiving the rights provided by California Civil Code Section 1542.

6. No Admissions. The Parties hereby agree, acknowledge and recognize that this Agreement is a "no fault" settlement in light of potentially disputed claims. Neither this Agreement nor any part of this Agreement shall be construed to be an admission by any party of any violation of law or of any lack of conformity with any law, nor shall this Agreement nor nay part of it, nor any settlement negotiations or earlier drafts of this Agreement, be admissible in any proceedings as evidence of such an admission.

7. Non-Precedential. The Parties agree that the terms of this Agreement will not establish any precedent, nor will this Agreement be used as a basis by the Parties to seek or justify similar terms in any subsequent case and it may not be used by anyone else to seek to justify similar terms in any subsequent case.

8. Knowledge of the Parties. The Parties understand and agree to the terms and conditions contained herein, and enter into this agreement knowingly and voluntarily. Mudgett has been advised that she has the right to seek legal advice with respect this Agreement, including the release, and has had the opportunity to consult with counsel. The Parties have investigated the facts pertaining to the Agreement and all matters pertaining thereto as deemed necessary. By signing this document, the Parties signify their full understanding and acceptance of the Agreement.

9. Binding on Successors and Assigns. This Agreement and all documents referred to herein shall bind and inure to the benefit of each of the Parties hereto, their spouses, domestic partners, children, heirs, estates, administrators, representatives, executors, attorneys, successors and assigns.

10. Warranty of Non-Assignment. The Parties warrant that they have not assigned any of the claims or portions of the claims that are the subject of this Agreement.

11. Governing Law and Venue. This Agreement shall be governed by and construed with the laws of the State of California. Any claim or action arising out of this Agreement shall be venued in the Superior Court of California, County of San Luis Obispo.

12. Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter of the Agreement. No other promise or inducement has been offered for this Agreement. Unless ordered otherwise by a court of competent jurisdiction, any amendments to this Agreement must be in writing, signed by duly authorized representatives of the Parties, and must state that the Parties intend to amend the Agreement.

13. Partial Invalidity. The invalidity or unenforceability of any provision of this Agreement shall in no way affect the validity of any other provision of this Agreement.

14. Authority to Execute. Each Party hereto warrants to the other Party or Parties that he, she or it has the full power and authority to execute, deliver and perform under this Agreement and all documents referred to herein, and that any needed consent or approval form any other person has been obtained.

15. Disclosure of Terms. The Parties understand and consent that the Authority may be required to disclose the terms of this Agreement pursuant to the California Public Records Act (Cal. Gov. Code § 6250 *et seq.*) and the provisions of any other law or regulation requiring the disclosure of information by public entities.

16. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute on-in-the-same document.

DATED:____________________ ______________________________
OMAR McPHERSON

DATED:____________________ ______________________________
FRED STRONG
BOARD PRESIDENT
SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

2 percent @ 55

EXHIBIT A

RETIREMENT FORMULAS AND BENEFIT FACTORS

The chart below shows how the benefit factor increases for each quarter year of age from 50 to 63.

2% at 55 Benefit Formula Minimum Age for Retirement 50				
Age	Exact Year	¼ Year	½ Year	¾ Year
50	1.426%	1.450%	1.474%	1.498%
51	1.522%	1.550%	1.576%	1.602%
52	1.628%	1.656%	1.686%	1.714%
53	1.742%	1.772%	1.804%	1.834%
54	1.866%	1.900%	1.932%	1.966%
55	2.000%	2.014%	2.026%	2.040%
56	2.052%	2.066%	2.078%	2.092%
57	2.104%	2.118%	2.130%	2.144%
58	2.156%	2.170%	2.182%	2.196%
59	2.210%	2.222%	2.236%	2.248%
60	2.262%	2.274%	2.288%	2.300%
61	2.314%	2.326%	2.340%	2.352%
62	2.366%	2.378%	2.392%	2.404%
63 or older	2.418%	—	—	—

or after December 26, 2010, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan.

c. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 1, 5 or 13 on or after April 17, 2011; or
d. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 1, 5 or 13 on or after April 17, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan.
e. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 2, on or after July 24, 2011; or
f. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 2 on or after July 24, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan.
g. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 4 or Bargaining Unit 12 on or after September 4, 2011; or
h. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 4 or Bargaining Unit 12 on or after September 4, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan; or
i. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 14, 21 or 22 on or after September 4, 2011; or
j. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 14, 21 or 22 on or after September 4, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan.
k. Becomes a Tier Two Miscellaneous Member employed by the Air Pollution Control District on or after December 25, 2011; or
l. Becomes a Tier Two Miscellaneous Member employed by the Air Pollution Control District on or after December 25, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan .

(r) A Tier Two Reserve Participant is entitled to a service retirement allowance after he or she reaches the age at which he or she would be eligible for the service retirement allowance, except that a Tier Two Reserve Participant shall not be entitled to the minimum retirement allowance provided by Section 6.05 of this Retirement Plan. The service retirement allowance of a Tier Two Reserve Participant, shall be based on his or her Pension Trust Service Credit and Tier Two Final Compensation prior to his or her termination from County Employment. A Tier Two Reserve Participant may, before applying for retirement, withdraw his or her accumulated contributions in lieu of any and all other rights and benefits he or she may be entitled to under this Retirement Plan and shall then cease to have any membership affiliation with the Pension Trust. A Tier Two Reserve Participant is not entitled to any disability retirement allowance under this Retirement Plan except as provided in Article 20 of this Retirement Plan.

Section 27.02: Tier Two Miscellaneous Member Service Retirement Allowance.

(a) Notwithstanding the provisions of Article 6, the Service Retirement Allowance for a Tier Two Miscellaneous Member shall be a retirement allowance equal to the Member's Tier Two Final Compensation as provided in Section 27.03 of this

Retirement Plan multiplied by the Member's Tier Two Attained Age Percentage Factor as shown below, multiplied by the Member's Pension Trust Service Credit accrued in accordance with the provisions of Section 27.01.

(b) The Tier Two Attained Age Percentage Factor to be used under this Section 27.02 shall be based on the Tier Two Member's last attained quarter year of age as of the effective date of retirement as set forth in the following table:

Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)
50.00	1.092	54.00	1.376	58.00	1.758	62.00	2.272
50.25	1.108	54.25	1.396	58.25	1.786	62.25	2.308
50.50	1.124	54.50	1.418	58.50	1.816	62.50	2.346
50.75	1.140	54.75	1.438	58.75	1.846	62.75	2.382
51.00	1.156	55.00	1.460	59.00	1.874	63.00	2.418
51.25	1.172	55.25	1.482	59.25	1.906	63.25	2.428
51.50	1.190	55.50	1.506	59.50	1.938	63.50	2.438
51.75	1.206	55.75	1.528	59.75	1.970	63.75	2.448
52.00	1.224	56.00	1.552	60.00	2.000	64.00	2.458
52.25	1.242	56.25	1.576	60.25	2.034	64.25	2.468
52.50	1.260	56.50	1.600	60.50	2.068	64.50	2.478
52.75	1.278	56.75	1.626	60.75	2.100	64.75	2.488
53.00	1.296	57.00	1.650	61.00	2.134	65 & older	2.500
53.25	1.316	57.25	1.678	61.25	2.168		
53.50	1.336	57.50	1.704	61.50	2.202		
53.75	1.356	57.75	1.730	61.75	2.238		

(c) In no event shall the Service Retirement Allowance accrued by Members Employed in Bargaining Unit 1, 2, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 17, 21 or 22 or by the Pension Trust pursuant to this Section be greater than 90% of the Tier Two Member's Tier Two Final Compensation.

Section 27.03: Tier Two Compensation means the remuneration for a County Employee's services paid to the County Employee by the County of San Luis Obispo, from the funds of the County of San Luis Obispo according to the County of San Luis Obispo's basic salary schedule, but "compensation" shall not include differential pay, and/or overtime pay, and/or pick up of Normal Contributions furnished by the County pursuant to Internal Revenue Code 414 (h), and/or the monetary value of board, lodging, fuel, laundry, auto allowances or other pay or advantages furnished to a County Employee by the County of San Luis Obispo, unless otherwise determined by the Board of Trustees with the concurrence of the Board of Supervisors. For an elected officer,

EXHIBIT C

BARTEL ASSOCIATES, LLC

November 21, 2019

Geoff Straw
Executive Director
San Luis Obispo Regional Transit Authority
179 Cross St
San Luis Obispo, CA 93401

Re: CalPERS vs. CalPERS/SLOCPT Split Pension Benefit Estimate

Dear Mr. Straw:

We have estimated the projected pension benefit under the current CalPERS plan and the new CalPERS/SLOCPT split plan for the following employee as requested.

Name:	Omar McPherson
Classic or PEPRA:	Classic
Assumed CalPERS Enrollment Date:	July 16, 2008
Birthdate:	September 26, 1975
Most recent salary:	$52.30/hour

1. Assumed retirement age of 55

Projected Benefit (numbers may not add due to rounding):

	Current Plan	**New Plan**		
	CalPERS	**CalPERS / SLOCPT Split**		
	Total	**CalPERS**	**SLOCPT**	**Total**
Final Average Salary at Retirement[1]	$147,000	$147,000	$143,000	
Years of Service at Retirement	22	11	11	
Benefit Age Factor at Retirement	2.00%	2.00%	1.46%	
Estimated Annual Retirement Benefit	$65,000	$32,000	$23,000	$55,000
Annuity Factor at Retirement[2]	15.5	15.5	16.5	
Present Value of Benefits (at Retirement)	$997,000	$499,000	$378,000	$876,000
Present Value of Benefits (in 2019)	$474,000			$416,000

Contribution needed to make up the difference in present values is estimated to be 5.9% of the future salary.

[1] Final average salary over 1 year for CalPERS and 3 years for SLOCPT.
[2] Single life annuity for CalPERS; 50% joint & survivor for SLOCPT.

2. Assumed retirement age of 62

Projected Benefit (numbers may not add due to rounding):

	Current Plan	New Plan		
	CalPERS	CalPERS / SLOCPT Split		
	Total	CalPERS	SLOCPT	Total
Final Average Salary at Retirement[3]	$177,000	$177,000	$173,000	
Years of Service at Retirement	29	11	18	
Benefit Age Factor at Retirement	2.37%	2.37%	2.27%	
Estimated Annual Retirement Benefit	$122,000	$46,000	$71,000	$117,000
Annuity Factor at Retirement[4]	13.8	13.8	15.0	
Present Value of Benefits (at Retirement)	$1,674,000	$635,000	$1,056,000	$1,691,000
Present Value of Benefits (in 2019)	$495,000			$500,000

Contribution needed to make up the difference in present values is estimated to be -0.4% of the future salary.

....

Above estimates are based on 7% discount rate and assumptions used in SLOCPT's January 1, 2019 actuarial valuation. SLOCPT benefits are assumed to be Tier 2 for Classic and Tier 3 for PEPRA. Present value of SLOCPT benefits includes estimated value of continuance of 50% of retirement benefit to surviving spouse.

The estimates in this letter are based on the information above, our understanding of CalPERS and SLOCPT retirement plan provisions, and actuarial assumptions used in the most recent actuarial valuations. Actual benefit amounts may differ due to changes in any of these items. These calculations are estimates. Final benefit calculations will be performed by each retirement system based on the plan, policies, and procedures in effect at that time. We are members of the American Academy of Actuaries and meet the Academy Qualification Standards to perform these calculations.

Mary Elizabeth Redding

Mary Elizabeth Redding
FSA, EA, FCA, MAAA
Vice President
Bartel Associates, LLC
November 21, 2019

Tak Frazita
FSA, EA, FCA, MAAA
Associate Actuary
Bartel Associates, LLC
November 21, 2019

O:\Clients\San Luis Obispo County Pension Trust\Projects\Pension\2019 SLORTA\Reports\Individual Statements\BA SLORTA 19-11-21 CalPERS vs SLOCPT Benefit Comparison Letter RA 55 & 62.docx

[3] Final average salary over 1 year for CalPERS and 3 years for SLOCPT.
[4] Single life annuity for CalPERS; 50% joint & survivor for SLOCPT.

SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS

This Settlement Agreement and Release of Claims ("Agreement") is entered into by and between the San Luis Obispo Regional Transit Authority ("Authority") and Melissa Mudgett ("Mudgett") (collectively, "Parties").

RECITALS

A. WHEREAS, the Authority is presently a contracting agency with the California Public Employees' Retirement System ("CalPERS") and provides retirement benefits to certain eligible employees pursuant to the Public Employees Retirement Law ("PERL," Cal. Gov. Code § 20000 *et seq.*).

B. WHEREAS, the Authority hired Mudgett effective August 5, 2019, and enrolled her as a "Classic" CalPERS member with June 9, 1997 as her original entry date into CalPERS or a reciprocal system.

C. WHEREAS, Mudgett is presently eligible to receive a service retirement benefit (i.e., pension) from CalPERS pursuant to a formula referred to as "2% at 55," meaning she is generally entitled to receive a pension equal to two percent of her final compensation for each year of service after her entry into CalPERS or a reciprocal system, assuming retirement occurs at age 55. Under this formula, final compensation is based on the highest consecutive 12 months of compensation with the maximum benefit being 2.418% at a retirement age of 63. A more detailed listing of the maximum benefits available under Mudgett's current CalPERS plan is attached as **Exhibit A.**

D. WHEREAS, the Authority has elected to terminate its contract with CalPERS and transfer its pension system to the San Luis Obispo County Pension Trust ("SLOCPT"), effective January 12, 2020. CalPERS and SLOCPT have "reciprocal benefits" and therefore Mudgett will not lose any CalPERS or reciprocal service credit when she enters SLOCPT. Additionally, because the Authority has elected the more expensive "unfrozen" option for CalPERS termination, when she retires, Mudgett will receive service retirement benefits from both CalPERS and SLOCPT, and both of those benefits will be calculated based on her final compensation when she retires or leaves employment.

E. WHEREAS, the portion of Mudgett's service retirement benefit for work performed after the transfer to SLOCPT will be calculated based on SLOCPT's benefit formulas, which are slightly different than CalPERS'. For example, because of legal restrictions, the Authority will have to place "Classic" CalPERS members, including Mudgett, in Tier 2 of the SLOCPT plan, which provides a service retirement benefit that is calculated using a formula referred to as "2% at 60." Under Tier 2 of the SLOCPT plan, Mudgett's final compensation will be based upon an average of her highest 36 months of compensation and the maximum benefit provided is 2.5% at a retirement age of 65. A more detailed listing of the maximum benefits available under the Tier 2 SLOCPT plan is attached as **Exhibit B**.

F. WHEREAS, the Authority retained the services of a highly-respected actuarial firm, Bartel Associates ("Bartel"), to determine the overall differences in benefits Mudgett would receive had she remained in CalPERS until retirement versus the value of the combined pension she will receive as a result of the Authority's transfer to SLOCPT. Based on Bartel's calculations (which are reflected in the attached **Exhibit C**), had the Authority remained in CalPERS until Mudgett's retirement at age 55 and had Mudgett remained employed by the Authority until that time, her estimated annual retirement benefit would be $64,000. In contrast, her annual retirement benefit under the combined CalPERS/SLOCPT arrangement is estimated to be $58,000. If Mudgett were to retire at age 62, the typical retirement age of non-safety employees, her pension under CalPERS is estimated to be $111,000, while her pension under the combined CalPERS/SLOCPT program is estimated to be $108,000.

G. WHEREAS, in exchange for the releases, promises, covenants and other guarantees made by Mudgett in this Agreement, the Authority wishes to provide Mudgett with additional compensation in the form of contributions to an IRS 457 plan to account for the differences in her retirement benefits that may come about as a result of Authority's transfer to SLOCPT.

NOW THEREFORE, in consideration of the mutual promises and undertakings of the Parties as set forth below, the Parties enter this Agreement and agree as follows:

TERMS

1. **Agreement Subject to Board Approval and Effective Date.** This Agreement shall only become effective upon its approval by the Authority's Board of Directors ("Board"), and its execution by the Parties. Should the Board fail to approve this Agreement, this Agreement and all of its terms and provisions shall become null and void and the Parties will revert to their respective rights, obligations and positions that existed prior to this Agreement. This Agreement shall become effective immediately upon approval by the Board and execution by the Parties.

2. **Contributions to IRS 457 Plan.** Effective the first full pay period following Mudgett's enrollment into the SLOCPT Tier 2 plan, the Authority will establish an IRS 457 plan on her behalf and begin making contributions to that plan in an amount equal to 4.5% of her base salary. The Authority shall continue making such additional contributions during Mudgett's employment with the Authority until she reaches the age of 55, at which time such contributions will cease.

3. **Release of Claims.** In consideration of the IRS 457 plan contributions set forth in Paragraph 2, and for other promises in this Agreement, and for other good and sufficient consideration, Mudgett, her heirs, executors, administrators, assigns and successors irrevocably and unconditionally releases and discharges the Authority, its past and present Board, employees, officers, directors, trustees, agents, attorneys, and assigns, in their individual or official capacities and their successors, from any and all claims, actions, demands or other legal responsibilities of any kind which Mudgett has, or may have, against the Authority relating to the potential change in her retirement benefits stemming from the Authority's election to transfer its pension system to SLOCPT. Further, Mudgett acknowledges the Authority reserves its right to assert as a defense in any court, administrative and/or other proceeding that the contributions it has made to her IRS 457 plan under this Agreement constitute comparable advantages to offset any disadvantages stemming from its decision to transfer its pension system to SLOCPT. Mudgett acknowledges and agrees

that this release is an essential and material term of this Agreement and without such release, no settlement would have been reached by the Parties.

4. Release of Unknown Claims. Mudgett expressly acknowledges that any and all rights granted to her under Section 1542 of the California Civil Code are hereby expressly waived as to the claims being released by Mudgett in Paragraph 3. Section 1542 of the California Civil Code provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

Mudgett hereby agrees to accept and assume the risk that any fact with respect to any matter in this Agreement may hereafter be found to be other than or different from the facts she believes at the time of this Agreement to be true, and she agrees that this Agreement shall be and will remain effective notwithstanding any such differences in fact.

Mudgett's Initials: MCW

5. Unanticipated Consequences. The Parties recognize and acknowledge that factors which have induced them to enter into this Agreement may turn out to be incorrect or to be different from what they had previously anticipated, and the Parties hereby expressly assume any and all of the risks thereof and further expressly assume the risks of waiving the rights provided by California Civil Code Section 1542.

6. No Admissions. The Parties hereby agree, acknowledge and recognize that this Agreement is a "no fault" settlement in light of potentially disputed claims. Neither this Agreement nor any part of this Agreement shall be construed to be an admission by any party of any violation of law or of any lack of conformity with any law, nor shall this Agreement nor nay part of it, nor any settlement negotiations or earlier drafts of this Agreement, be admissible in any proceedings as evidence of such an admission.

7. Non-Precedential. The Parties agree that the terms of this Agreement will not establish any precedent, nor will this Agreement be used as a basis by the Parties to seek or justify similar terms in any subsequent case and it may not be used by anyone else to seek to justify similar terms in any subsequent case.

8. Knowledge of the Parties. The Parties understand and agree to the terms and conditions contained herein, and enter into this agreement knowingly and voluntarily. Mudgett has been advised that she has the right to seek legal advice with respect this Agreement, including the release, and has had the opportunity to consult with counsel. The Parties have investigated the facts pertaining to the Agreement and all matters pertaining thereto as deemed necessary. By signing this document, the Parties signify their full understanding and acceptance of the Agreement.

9. Binding on Successors and Assigns. This Agreement and all documents referred to herein shall bind and inure to the benefit of each of the Parties hereto, their spouses, domestic partners, children, heirs, estates, administrators, representatives, executors, attorneys, successors and assigns.

10. Warranty of Non-Assignment. The Parties warrant that they have not assigned any of the claims or portions of the claims that are the subject of this Agreement.

11. Governing Law and Venue. This Agreement shall be governed by and construed with the laws of the State of California. Any claim or action arising out of this Agreement shall be venued in the Superior Court of California, County of San Luis Obispo.

12. Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter of the Agreement. No other promise or inducement has been offered for this Agreement. Unless ordered otherwise by a court of competent jurisdiction, any amendments to this Agreement must be in writing, signed by duly authorized representatives of the Parties, and must state that the Parties intend to amend the Agreement.

13. Partial Invalidity. The invalidity or unenforceability of any provision of this Agreement shall in no way affect the validity of any other provision of this Agreement.

14. Authority to Execute. Each Party hereto warrants to the other Party or Parties that he, she or it has the full power and authority to execute, deliver and perform under this Agreement and all documents referred to herein, and that any needed consent or approval form any other person has been obtained.

15. Disclosure of Terms. The Parties understand and consent that the Authority may be required to disclose the terms of this Agreement pursuant to the California Public Records Act (Cal. Gov. Code § 6250 *et seq.*) and the provisions of any other law or regulation requiring the disclosure of information by public entities.

16. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute on-in-the-same document.

DATED: 11.27.19

Melissa C. Mudgett
MELISSA MUDGETT

DATED:__________________

FRED STRONG
PRESIDENT
SAN LUIS OBISPO REGIONAL
TRANSIT AUTHORITY

EXHIBIT A

RETIREMENT FORMULAS AND BENEFIT FACTORS

The chart below shows how the benefit factor increases for each quarter year of age from 50 to 63.

2% at 55 Benefit Formula Minimum Age for Retirement 50				
Age	**Exact Year**	**¼ Year**	**½ Year**	**¾ Year**
50	1.426%	1.450%	1.474%	1.498%
51	1.522%	1.550%	1.576%	1.602%
52	1.628%	1.656%	1.686%	1.714%
53	1.742%	1.772%	1.804%	1.834%
54	1.866%	1.900%	1.932%	1.966%
55	2.000%	2.014%	2.026%	2.040%
56	2.052%	2.066%	2.078%	2.092%
57	2.104%	2.118%	2.130%	2.144%
58	2.156%	2.170%	2.182%	2.196%
59	2.210%	2.222%	2.236%	2.248%
60	2.262%	2.274%	2.288%	2.300%
61	2.314%	2.326%	2.340%	2.352%
62	2.366%	2.378%	2.392%	2.404%
63 or older	2.418%	—	—	—

or after December 26, 2010, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan.

c. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 1, 5 or 13 on or after April 17, 2011; or
d. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 1, 5 or 13 on or after April 17, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan.
e. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 2, on or after July 24, 2011; or
f. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 2 on or after July 24, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan.
g. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 4 or Bargaining Unit 12 on or after September 4, 2011; or
h. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 4 or Bargaining Unit 12 on or after September 4, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan; or
i. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 14, 21 or 22 on or after September 4, 2011; or
j. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 14, 21 or 22 on or after September 4, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan.
k. Becomes a Tier Two Miscellaneous Member employed by the Air Pollution Control District on or after December 25, 2011; or
l. Becomes a Tier Two Miscellaneous Member employed by the Air Pollution Control District on or after December 25, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan .

(r) A Tier Two Reserve Participant is entitled to a service retirement allowance after he or she reaches the age at which he or she would be eligible for the service retirement allowance, except that a Tier Two Reserve Participant shall not be entitled to the minimum retirement allowance provided by Section 6.05 of this Retirement Plan. The service retirement allowance of a Tier Two Reserve Participant, shall be based on his or her Pension Trust Service Credit and Tier Two Final Compensation prior to his or her termination from County Employment. A Tier Two Reserve Participant may, before applying for retirement, withdraw his or her accumulated contributions in lieu of any and all other rights and benefits he or she may be entitled to under this Retirement Plan and shall then cease to have any membership affiliation with the Pension Trust. A Tier Two Reserve Participant is not entitled to any disability retirement allowance under this Retirement Plan except as provided in Article 20 of this Retirement Plan.

Section 27.02: Tier Two Miscellaneous Member Service Retirement Allowance.

(a) Notwithstanding the provisions of Article 6, the Service Retirement Allowance for a Tier Two Miscellaneous Member shall be a retirement allowance equal to the Member's Tier Two Final Compensation as provided in Section 27.03 of this

Retirement Plan multiplied by the Member's Tier Two Attained Age Percentage Factor as shown below, multiplied by the Member's Pension Trust Service Credit accrued in accordance with the provisions of Section 27.01.

(b) The Tier Two Attained Age Percentage Factor to be used under this Section 27.02 shall be based on the Tier Two Member's last attained quarter year of age as of the effective date of retirement as set forth in the following table:

Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)
50.00	1.092	54.00	1.376	58.00	1.758	62.00	2.272
50.25	1.108	54.25	1.396	58.25	1.786	62.25	2.308
50.50	1.124	54.50	1.418	58.50	1.816	62.50	2.346
50.75	1.140	54.75	1.438	58.75	1.846	62.75	2.382
51.00	1.156	55.00	1.460	59.00	1.874	63.00	2.418
51.25	1.172	55.25	1.482	59.25	1.906	63.25	2.428
51.50	1.190	55.50	1.506	59.50	1.938	63.50	2.438
51.75	1.206	55.75	1.528	59.75	1.970	63.75	2.448
52.00	1.224	56.00	1.552	60.00	2.000	64.00	2.458
52.25	1.242	56.25	1.576	60.25	2.034	64.25	2.468
52.50	1.260	56.50	1.600	60.50	2.068	64.50	2.478
52.75	1.278	56.75	1.626	60.75	2.100	64.75	2.488
53.00	1.296	57.00	1.650	61.00	2.134	65 & older	2.500
53.25	1.316	57.25	1.678	61.25	2.168		
53.50	1.336	57.50	1.704	61.50	2.202		
53.75	1.356	57.75	1.730	61.75	2.238		

(c) In no event shall the Service Retirement Allowance accrued by Members Employed in Bargaining Unit 1, 2, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 17, 21 or 22 or by the Pension Trust pursuant to this Section be greater than 90% of the Tier Two Member's Tier Two Final Compensation.

Section 27.03: Tier Two Compensation means the remuneration for a County Employee's services paid to the County Employee by the County of San Luis Obispo, from the funds of the County of San Luis Obispo according to the County of San Luis Obispo's basic salary schedule, but "compensation" shall not include differential pay, and/or overtime pay, and/or pick up of Normal Contributions furnished by the County pursuant to Internal Revenue Code 414 (h), and/or the monetary value of board, lodging, fuel, laundry, auto allowances or other pay or advantages furnished to a County Employee by the County of San Luis Obispo, unless otherwise determined by the Board of Trustees with the concurrence of the Board of Supervisors. For an elected officer,

EXHIBIT C

BARTEL ASSOCIATES, LLC

November 21, 2019

Geoff Straw
Executive Director
San Luis Obispo Regional Transit Authority
179 Cross St
San Luis Obispo, CA 93401

Re: CalPERS vs. CalPERS/SLOCPT Split Pension Benefit Estimate

Dear Mr. Straw:

We have estimated the projected pension benefit under the current CalPERS plan and the new CalPERS/SLOCPT split plan for the following employee as requested.

Name:	Melissa Mudgett
Classic or PEPRA:	Classic
Assumed CalPERS Enrollment Date:	June 9, 1997
Birthdate:	April 4, 1975
Most recent salary:	$34.56/hour

1. Assumed retirement age of 55

Projected Benefit (numbers may not add due to rounding):

	Current Plan	New Plan		
	CalPERS	CalPERS / SLOCPT Split		
	Total	CalPERS	SLOCPT	Total
Final Average Salary at Retirement[1]	$97,000	$97,000	$94,000	
Years of Service at Retirement	33	22	11	
Benefit Age Factor at Retirement	2.00%	2.00%	1.46%	
Estimated Annual Retirement Benefit	$64,000	$43,000	$15,000	$58,000
Annuity Factor at Retirement[2]	15.7	15.7	16.3	
Present Value of Benefits (at Retirement)	$1,004,000	$670,000	$247,000	$917,000
Present Value of Benefits (in 2019)	$477,000			$436,000

Contribution needed to make up the difference in present values is estimated to be 6.4% of the future salary.

[1] Final average salary over 1 year for CalPERS and 3 years for SLOCPT.
[2] Single life annuity for CalPERS; 50% joint & survivor for SLOCPT.

411 Borel Avenue, Suite 101, San Mateo, California 94402
main: 650/377-1600 • *fax:* 650/345-8057 • *web:* www.bartel-associates.com

2. Assumed retirement age of 62

Projected Benefit (numbers may not add due to rounding):

	Current Plan	New Plan		
	CalPERS	CalPERS / SLOCPT Split		
	Total	CalPERS	SLOCPT	Total
Final Average Salary at Retirement[3]	$117,000	$117,000	$114,000	
Years of Service at Retirement	40	22	18	
Benefit Age Factor at Retirement	2.37%	2.37%	2.27%	
Estimated Annual Retirement Benefit	$111,000	$61,000	$47,000	$108,000
Annuity Factor at Retirement[4]	14.0	14.0	14.7	
Present Value of Benefits (at Retirement)	$1,555,000	$855,000	$688,000	$1,543,000
Present Value of Benefits (in 2019)	$460,000			$456,000

Contribution needed to make up the difference in present values is estimated to be 0.4% of the future salary.

....

Above estimates are based on 7% discount rate and assumptions used in SLOCPT's January 1, 2019 actuarial valuation. SLOCPT benefits are assumed to be Tier 2 for Classic and Tier 3 for PEPRA. Present value of SLOCPT benefits includes estimated value of continuance of 50% of retirement benefit to surviving spouse.

The estimates in this letter are based on the information above, our understanding of CalPERS and SLOCPT retirement plan provisions, and actuarial assumptions used in the most recent actuarial valuations. Actual benefit amounts may differ due to changes in any of these items. These calculations are estimates. Final benefit calculations will be performed by each retirement system based on the plan, policies, and procedures in effect at that time. We are members of the American Academy of Actuaries and meet the Academy Qualification Standards to perform these calculations.

Mary Elizabeth Redding

Mary Elizabeth Redding
FSA, EA, FCA, MAAA
Vice President
Bartel Associates, LLC
November 21, 2019

Tak Frazita
FSA, EA, FCA, MAAA
Associate Actuary
Bartel Associates, LLC
November 21, 2019

O:\Clients\San Luis Obispo County Pension Trust\Projects\Pension\2019 SLORTA\Reports\Individual Statements\BA SLORTA 19-11-21 CalPERS vs SLOCPT Benefit Comparison Letter RA 55 & 62.docx

[3] Final average salary over 1 year for CalPERS and 3 years for SLOCPT.
[4] Single life annuity for CalPERS; 50% joint & survivor for SLOCPT.

SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS

This Settlement Agreement and Release of Claims ("Agreement") is entered into by and between the San Luis Obispo Regional Transit Authority ("Authority") and Geoffrey Straw ("Straw") (collectively, "Parties").

RECITALS

A. WHEREAS, the Authority is presently a contracting agency with the California Public Employees' Retirement System ("CalPERS") and provides retirement benefits to certain eligible employees pursuant to the Public Employees Retirement Law ("PERL," Cal. Gov. Code § 20000 *et seq.*).

B. WHEREAS, the Authority hired Straw as its Executive Director effective January 30, 2012, and enrolled him as a "Classic" CalPERS member with an original entry date into CalPERS or a reciprocal system of September 1, 2004.

C. WHEREAS, Straw is presently eligible to receive a service retirement benefit (i.e., pension) from CalPERS pursuant to a formula referred to as "2% at 55," meaning he is generally entitled to receive a pension equal to two percent of his final compensation for each year of service after his entry into CalPERS or a reciprocal system, assuming retirement occurs at age 55. Under this formula, final compensation is based on the highest consecutive 12 months of compensation with the maximum benefit being 2.418% at a retirement age of 63. A more detailed listing of the maximum benefits available under Straw's current CalPERS plan is attached as **Exhibit A.**

D. WHEREAS, the Authority has elected to terminate its contract with CalPERS and transfer its pension system to the San Luis Obispo County Pension Trust ("SLOCPT"), effective January 12, 2020. CalPERS and SLOCPT have "reciprocal benefits" and therefore Straw will not lose any CalPERS or reciprocal service credit when he enters SLOCPT. Additionally, because the Authority has elected the more expensive "unfrozen" option for CalPERS termination, when he retires, Straw will receive service retirement benefits from both CalPERS and SLOCPT, and both of those benefits will be calculated based on his final compensation when he retires or leaves employment.

E. WHEREAS, the portion of Straw's service retirement benefit for work performed after the transfer to SLOCPT will be calculated based on SLOCPT's benefit formulas, which are slightly different than CalPERS'. For example, because of legal restrictions, the Authority will have to place "Classic" CalPERS members, including Straw, in Tier 2 of the SLOCPT plan, which provides a service retirement benefit that is calculated using a formula referred to as "2% at 60." Under Tier 2 of the SLOCPT plan, Straw's final compensation will be based upon an average of his highest 36 months of compensation and the maximum benefit provide is 2.5% at a retirement age of 65. A more detailed listing of the maximum benefits available under the Tier 2 SLOCPT plan is attached as **Exhibit B**.

F. WHEREAS, the Authority retained the services of a highly-respected actuarial firm, Bartel Associates ("Bartel"), to determine the overall differences in benefits Straw would receive had he remained in CalPERS until retirement versus the value of the combined pension he will receive as a result of the Authority's transfer to SLOCPT. Based on Bartel's calculations (which are reflected in the attached **Exhibit C**), the present value of Straw's CalPERS pension assuming retirement at age 55 is $712,000, while the present value of the combined pension is $692,000. However, if for example, Straw were to retire at age 62, a typical retirement age for non-safety employees, the present value of his pension benefits would be slightly higher in the combined CalPERS/SLOCPT arrangement than had he remained in CalPERS.

G. WHEREAS, in exchange for the releases, promises, covenants and other guarantees made by Straw in this Agreement, the Authority wishes to provide Straw with additional contributions to his IRS 457 plan to account for the differences in pension benefits that may come about as a result of Authority's transfer to SLOCPT.

NOW THEREFORE, in consideration of the mutual promises and undertakings of the Parties as set forth below, the Parties enter this Agreement and agree as follows:

TERMS

1. **Agreement Subject to Board Approval and Effective Date.** This Agreement shall only become effective upon its approval by the Authority's Board of Directors ("Board"), and its execution by the Parties. Should the Board fail to approve this Agreement, this Agreement and all of its terms and provisions shall become null and void and the Parties will revert to their respective rights, obligations and positions that existed prior to this Agreement. This Agreement shall become effective immediately upon approval by the Board and execution by the Parties.

2. **Additional Contributions to IRS 457 Plan.** Effective the first full pay period following Straw's enrollment into the SLOCPT Tier 2 plan, the Authority will begin making additional contributions to his IRS 457 plan in an amount equal to 4.5% of his base salary. The Authority shall continue making such additional contributions during Straw's employment with the Authority until he reaches the age of 55, at which time such additional contributions will cease.

3. **Release of Claims.** In consideration of the additional contributions to Straw's IRS 457 plan in Paragraph 2, and for other promises in this Agreement, and for other good and sufficient consideration, Straw, his heirs, executors, administrators, assigns and successors irrevocably and unconditionally releases and discharges the Authority, its past and present Board, employees, officers, directors, trustees, agents, attorneys, and assigns, in their individual or official capacities and their successors, from any and all claims, actions, demands or other legal responsibilities of any kind which Straw has, or may have, against the Authority relating to the potential change in his retirement benefits stemming from the Authority's election to transfer its pension system to SLOCPT. Further, Straw acknowledges that the Authority reserves its right to assert as a defense in any court, administrative and/or other proceeding the additional contributions it has made to his IRS 457 plan under this Agreement to demonstrate the Authority has provided comparable advantages to offset any disadvantages stemming from its decision to transfer its pension system to SLOCPT. Straw acknowledges and agrees that this release is an essential and material term of this Agreement and without such release, no settlement would have been reached by the Parties.

4. **Release of Unknown Claims.** Straw expressly acknowledges that any and all rights granted to him under Section 1542 of the California Civil Code are hereby expressly waived as to the claims being released by Straw in Paragraph 3. Section 1542 of the California Civil Code provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

Straw hereby agrees to accept and assume the risk that any fact with respect to any matter in this Agreement may hereafter be found to be other than or different from the facts he believes at the time of this Agreement to be true, and he agrees that this Agreement shall be and will remain effective notwithstanding any such differences in fact.

Straw's Initials: GS

5. **Unanticipated Consequences.** The Parties recognize and acknowledge that factors which have induced them to enter into this Agreement may turn out to be incorrect or to be different from what they had previously anticipated, and the Parties hereby expressly assume any and all of the risks thereof and further expressly assume the risks of waiving the rights provided by California Civil Code Section 1542.

6. **No Admissions.** The Parties hereby agree, acknowledge and recognize that this Agreement is a "no fault" settlement in light of potentially disputed claims. Neither this Agreement nor any part of this Agreement shall be construed to be an admission by any party of any violation of law or of any lack of conformity with any law, nor shall this Agreement nor nay part of it, nor any settlement negotiations or earlier drafts of this Agreement, be admissible in any proceedings as evidence of such an admission.

7. **Non-Precedential.** The Parties agree that the terms of this Agreement will not establish any precedent, nor will this Agreement be used as a basis by the Parties to seek or justify similar terms in any subsequent case and it may not be used by anyone else to seek to justify similar terms in any subsequent case.

8. **Knowledge of the Parties.** The Parties understand and agree to the terms and conditions contained herein, and enter into this agreement knowingly and voluntarily. Straw has been advised that he has the right to seek legal advice with respect this Agreement, including the release, and has had the opportunity to consult with counsel. The Parties have investigated the facts pertaining to the Agreement and all matters pertaining thereto as deemed necessary. By signing this document, the Parties signify their full understanding and acceptance of the Agreement.

9. **Binding on Successors and Assigns.** This Agreement and all documents referred to herein shall bind and inure to the benefit of each of the Parties hereto, their spouses, domestic

partners, children, heirs, estates, administrators, representatives, executors, attorneys, successors and assigns.

10. Warranty of Non-Assignment. The Parties warrant that they have not assigned any of the claims or portions of the claims that are the subject of this Agreement.

11. Governing Law and Venue. This Agreement shall be governed by and construed with the laws of the State of California. Any claim or action arising out of this Agreement shall be venued in the Superior Court of California, County of San Luis Obispo.

12. Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter of the Agreement. No other promise or inducement has been offered for this Agreement. Unless ordered otherwise by a court of competent jurisdiction, any amendments to this Agreement must be in writing, signed by duly authorized representatives of the Parties, and must state that the Parties intend to amend the Agreement.

13. Partial Invalidity. The invalidity or unenforceability of any provision of this Agreement shall in no way affect the validity of any other provision of this Agreement.

14. Authority to Execute. Each Party hereto warrants to the other Party or Parties that he, she or it ahs the full power and authority to execute, deliver and perform under this Agreement and all documents referred to herein, and that any needed consent or approval form any other person has been obtained.

15. Disclosure of Terms. The Parties understand and consent that the Authority may be required to disclose the terms of this Agreement pursuant to the California Public Records Act (Cal. Gov. Code § 6250 *et seq.*) and the provisions of any other law or regulation requiring the disclosure of information by public entities.

16. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute on-in-the-same document.

DATED: 11-19-19

GEOFFREY STRAW

DATED:________________

Fred Strong
President
SAN LUIS OBISPO COUNTY
REGIONAL TRANSIT AUTHORITY

EXHIBIT A

2 percent @ 55

The chart below shows how the benefit factor increases for each quarter year of age from 50 to 63.

2% at 55 Benefit Formula Minimum Age for Retirement 50				
Age	Exact Year	¼ Year	½ Year	¾ Year
50	1.426%	1.450%	1.474%	1.498%
51	1.522%	1.550%	1.576%	1.602%
52	1.628%	1.656%	1.686%	1.714%
53	1.742%	1.772%	1.804%	1.834%
54	1.866%	1.900%	1.932%	1.966%
55	2.000%	2.014%	2.026%	2.040%
56	2.052%	2.066%	2.078%	2.092%
57	2.104%	2.118%	2.130%	2.144%
58	2.156%	2.170%	2.182%	2.196%
59	2.210%	2.222%	2.236%	2.248%
60	2.262%	2.274%	2.288%	2.300%
61	2.314%	2.326%	2.340%	2.352%
62	2.366%	2.378%	2.392%	2.404%
63 or older	2.418%	—	—	—

EXHIBIT B

or after December 26, 2010, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan.

c. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 1, 5 or 13 on or after April 17, 2011; or
d. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 1, 5 or 13 on or after April 17, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan.
e. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 2, on or after July 24, 2011; or
f. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 2 on or after July 24, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan.
g. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 4 or Bargaining Unit 12 on or after September 4, 2011; or
h. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 4 or Bargaining Unit 12 on or after September 4, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan; or
i. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 14, 21 or 22 on or after September 4, 2011; or
j. Becomes a Tier Two Miscellaneous Member employed by the County of San Luis Obispo in Bargaining Unit 14, 21 or 22 on or after September 4, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan.
k. Becomes a Tier Two Miscellaneous Member employed by the Air Pollution Control District on or after December 25, 2011; or
l. Becomes a Tier Two Miscellaneous Member employed by the Air Pollution Control District on or after December 25, 2011, and then becomes a Member of a reciprocal system under the provisions of Article 20 of this Plan .

(r) A Tier Two Reserve Participant is entitled to a service retirement allowance after he or she reaches the age at which he or she would be eligible for the service retirement allowance, except that a Tier Two Reserve Participant shall not be entitled to the minimum retirement allowance provided by Section 6.05 of this Retirement Plan. The service retirement allowance of a Tier Two Reserve Participant, shall be based on his or her Pension Trust Service Credit and Tier Two Final Compensation prior to his or her termination from County Employment. A Tier Two Reserve Participant may, before applying for retirement, withdraw his or her accumulated contributions in lieu of any and all other rights and benefits he or she may be entitled to under this Retirement Plan and shall then cease to have any membership affiliation with the Pension Trust. A Tier Two Reserve Participant is not entitled to any disability retirement allowance under this Retirement Plan except as provided in Article 20 of this Retirement Plan.

Section 27.02: Tier Two Miscellaneous Member Service Retirement Allowance.

(a) Notwithstanding the provisions of Article 6, the Service Retirement Allowance for a Tier Two Miscellaneous Member shall be a retirement allowance equal to the Member's Tier Two Final Compensation as provided in Section 27.03 of this

Retirement Plan multiplied by the Member's Tier Two Attained Age Percentage Factor as shown below, multiplied by the Member's Pension Trust Service Credit accrued in accordance with the provisions of Section 27.01.

(b) The Tier Two Attained Age Percentage Factor to be used under this Section 27.02 shall be based on the Tier Two Member's last attained quarter year of age as of the effective date of retirement as set forth in the following table:

Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)
50.00	1.092	54.00	1.376	58.00	1.758	62.00	2.272
50.25	1.108	54.25	1.396	58.25	1.786	62.25	2.308
50.50	1.124	54.50	1.418	58.50	1.816	62.50	2.346
50.75	1.140	54.75	1.438	58.75	1.846	62.75	2.382
51.00	1.156	55.00	1.460	59.00	1.874	63.00	2.418
51.25	1.172	55.25	1.482	59.25	1.906	63.25	2.428
51.50	1.190	55.50	1.506	59.50	1.938	63.50	2.438
51.75	1.206	55.75	1.528	59.75	1.970	63.75	2.448
52.00	1.224	56.00	1.552	60.00	2.000	64.00	2.458
52.25	1.242	56.25	1.576	60.25	2.034	64.25	2.468
52.50	1.260	56.50	1.600	60.50	2.068	64.50	2.478
52.75	1.278	56.75	1.626	60.75	2.100	64.75	2.488
53.00	1.296	57.00	1.650	61.00	2.134	65 & older	2.500
53.25	1.316	57.25	1.678	61.25	2.168		
53.50	1.336	57.50	1.704	61.50	2.202		
53.75	1.356	57.75	1.730	61.75	2.238		

(c) In no event shall the Service Retirement Allowance accrued by Members Employed in Bargaining Unit 1, 2, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 17, 21 or 22 or by the Pension Trust pursuant to this Section be greater than 90% of the Tier Two Member's Tier Two Final Compensation.

Section 27.03: Tier Two Compensation means the remuneration for a County Employee's services paid to the County Employee by the County of San Luis Obispo, from the funds of the County of San Luis Obispo according to the County of San Luis Obispo's basic salary schedule, but "compensation" shall not include differential pay, and/or overtime pay, and/or pick up of Normal Contributions furnished by the County pursuant to Internal Revenue Code 414 (h), and/or the monetary value of board, lodging, fuel, laundry, auto allowances or other pay or advantages furnished to a County Employee by the County of San Luis Obispo, unless otherwise determined by the Board of Trustees with the concurrence of the Board of Supervisors. For an elected officer,

EXHIBIT C

BARTEL ASSOCIATES, LLC

November 18, 2019

Geoff Straw
Executive Director
San Luis Obispo Regional Transit Authority
179 Cross St
San Luis Obispo, CA 93401

Re: CalPERS vs. CalPERS/SLOCPT Split Pension Benefit Estimate

Dear Mr. Straw:

We have estimated the projected pension benefit under the current CalPERS plan and the new CalPERS/SLOCPT split plan for the following employee as requested.

Name:	Geoffrey Straw
Classic or PEPRA:	Classic
Assumed CalPERS Enrollment Date:	September 1, 2004
Birthdate:	February 14, 1966
Most recent salary:	$70.64/hour

1. Assumed retirement age of 55

Projected Benefit (numbers may not add due to rounding):

	Current Plan	New Plan		
	CalPERS	CalPERS / SLOCPT Split		
	Total	CalPERS	SLOCPT	Total
Final Average Salary at Retirement[1]	$155,000	$155,000	$151,000	
Years of Service at Retirement	17	15	2	
Benefit Age Factor at Retirement	2.00%	2.00%	1.46%	
Estimated Annual Retirement Benefit	$53,000	$47,000	$4,000	$51,000
Annuity Factor at Retirement[2]	15.5	15.5	16.5	
Present Value of Benefits (at Retirement)	$816,000	$720,000	$73,000	$792,000
Present Value of Benefits (in 2019)	$712,000			$692,000

Contribution needed to make up the difference in present values is estimated to be 7.1% of the future salary.

[1] Final average salary over 1 year for CalPERS and 3 years for SLOCPT.
[2] Single life annuity for CalPERS; 50% joint & survivor for SLOCPT.

411 Borel Avenue, Suite 101 • San Mateo, California 94402
main: 650/377-1600 • *fax:* 650/345-8057 • *web:* www.bartel-associates.com

2. Assumed retirement age of 62

Projected Benefit (numbers may not add due to rounding):

	Current Plan CalPERS	New Plan CalPERS / SLOCPT Split		
	Total	CalPERS	SLOCPT	Total
Final Average Salary at Retirement[3]	$188,000	$188,000	$183,000	
Years of Service at Retirement	24	15	9	
Benefit Age Factor at Retirement	2.37%	2.37%	2.27%	
Estimated Annual Retirement Benefit	$107,000	$67,000	$37,000	$104,000
Annuity Factor at Retirement[4]	13.8	13.8	15.0	
Present Value of Benefits (at Retirement)	$1,466,000	$916,000	$559,000	$1,475,000
Present Value of Benefits (in 2019)	$797,000			$802,000

Contribution needed to make up the difference in present values is estimated to be -0.4% of the future salary.

Above estimates are based on 7% discount rate and assumptions used in SLOCPT's January 1, 2019 actuarial valuation. SLOCPT benefits are assumed to be Tier 2 for Classic and Tier 3 for PEPRA. Present value of SLOCPT benefits includes estimated value of continuance of 50% of retirement benefit to surviving spouse.

O:\Clients\San Luis Obispo County Pension Trust\Projects\Pension\2019 SLORTA\Reports\Individual Statements\BA SLORTA 19-11-18 CalPERS vs SLOCPT Benefit Comparison Letter RA 55 & 62 DRAFT.docx

[3] Final average salary over 1 year for CalPERS and 3 years for SLOCPT.
[4] Single life annuity for CalPERS; 50% joint & survivor for SLOCPT.

411 Borel Avenue, Suite 101 • San Mateo, California 94402
main: 650/377-1600 • *fax:* 650/345-8057 • *web:* www.bartel-associates.com

SAN LUIS OBISPO REGIONAL TRANIST AUTHORITY
DECEMBER 11, 2019
STAFF REPORT

AGENDA ITEM:	**D-1**
TOPIC:	**Resolution Authorizing Executive Director to Submit Application for Rural Transit Funds**
ACTION:	**Approve**
PRESENTED BY:	**Melissa C. Mudgett, Grants and Finance Manager**

BACKGROUND/DISCUSSION:

In 2003, the San Luis Obispo Council of Governments and the RTA agreed to exchange Federal Transit Administration (FTA) Section 5311 funds for Transportation Development Act (TDA) funds to create the local Rural Transit Fund (RTF) Program. The new RTF program included the same eligibility of recipients and projects as the Section 5311 program, and made the access and availability of funds much easier for the rural transit operators, including the RTA.

SLOCOG has estimated the total available funding of $474,000 for fiscal year 2020-21. Eligible recipients of the rural transit funds include the RTA, the City of Morro Bay, County services, Runabout and Ride-on Transportation. RTF grant applications are due to SLOCOG by February 7, 2020. The RTA is seeking a total of $344,000 in RTF funds to partially support RTA operating expenses for fiscal year 2020-21 and to use as a local funding match for three upcoming vehicle replacements for rural route 15 and the Nipomo Dial-A-Ride services.

STAFF RECOMMENDATION:

Approve the attached resolution authorizing the Executive Director to submit an RTF grant application of up to $344,000 for operational costs ($304,400) and the local match for the purchase of three replacement vehicles and related equipment ($39,600).

This Page Left Intentionally Blank

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
RESOLUTION NO. 19-____

A RESOLUTION OF THE SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY BOARD OF DIRECTORS, AUTHORIZING SUBMITTAL OF A GRANT APPLICATION TO THE SAN LUIS OBISPO COUNCIL OF GOVERNMENTS RURAL TRANSIT FUND PROGRAM

WHEREAS, the San Luis Obispo Regional Transit Authority is under contract to fully administer transit services for the County of San Luis Obispo; and

WHEREAS, the San Luis Obispo Regional Transit Authority and the County of San Luis Obispo are eligible applicants for Rural Transit Program funds (RTF, formerly FTA Section 5311); and,

WHEREAS, the San Luis Obispo Regional Transit Authority and the County of San Luis Obispo are in need of various materials, supplies, and equipment, all of which are eligible for purchase under the Rural Transit Fund Program Policies and Procedures; and

WHEREAS, the San Luis Obispo Regional Transit Authority and the County of San Luis Obispo will continue to provide transportation services, including complementary ADA paratransit service, in San Luis Obispo County; and

WHEREAS, the San Luis Obispo Regional Transit Authority and the County of San Luis Obispo are seeking grant funding to optimize the use of local TDA funds provided by the various agencies included in the Joint Powers Agency Agreement; and

WHEREAS, the San Luis Obispo Regional Transit Authority and the County of San Luis Obispo are requesting up to **$304,400** from the Rural Transit Fund Program in support of operational expenses; and

WHEREAS, the San Luis Obispo Regional Transit Authority and the County of San Luis Obispo are requesting up to **$39,600** for the local funding match in the purchase of replacement vehicles and related equipment;

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the San Luis Obispo Regional Transit Authority Board of Directors authorizes the Executive Director to submit a proposal to the San Luis Obispo Council of Governments for the Rural Transit Fund Program of up to **$344,000** for operational costs and the local match for the purchase of replacement vehicles and related equipment.

BE IT FURTHER RESOLVED, that the President of the Board is directed to sign this resolution to authorize the submittal of said funding requests.

BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized to submit said funding requests.

Upon motion of Director _____________, seconded by Director ____________, and on the following roll call, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

The foregoing resolution is hereby adopted this 11th day of December 2019.

____
President of the RTA Board of Directors

ATTEST:

____
Geoff Straw, Executive Director
San Luis Obispo Regional Transit Authority

APPROVED AS TO FORM AND LEGAL EFFECT:

Rita L. Neal
County Counsel

By: _____________________________________
Nina Negranti, Counsel
San Luis Obispo Regional Transit Authority

Date: ______________________

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
December 11, 2019
STAFF REPORT

AGENDA ITEM:	**D-2**
TOPIC:	**Resolution Authorizing Executive Director to Submit Application for State of California SB-1 State of Good Report (SGR) Grant Program Funds**
ACTION:	**Approve**
PRESENTED BY:	**Melissa C. Mudgett, Grants and Finance Manager**

BACKGROUND/DISCUSSION:

Senate Bill 1 (SB-1) is a transportation measure that provides over $50 billion in the next decade to maintain and improve California's transportation system. SB-1's State of Good Repair (SGR) program will provide approximately $105 million annually to transit operators in California for eligible transit maintenance, rehabilitation and capital projects. The SGR is funded from Transportation Improvement Fees on vehicles registrations Public Utilities Code (PUC) section 99312.1 allocations according to population and transit operator revenues. The SGR Program benefits the public by providing public transportation agencies with a consistent and dependable revenue source to invest in the upgrade, repair and improvement of their agency's transportation infrastructure, and in turn improve transportation services.

Each SGR recipient are subject to a one-time requirement to authorize executive authority on behalf of the agency and provide Board approved Certifications and Assurances. This requirement was fulfilled in January 2019. Additionally, as a recipient agency and pursuant to Public Utilities Code 99312.1(d)(1), the RTA reports annually on all activities completed with SGR funds to the Department and includes the SGR revenues and expenditures in its annual Transportation Development Act Audit.

The San Luis Obispo Council of Governments (SLOCOG) anticipates $378,000 in SGR regional discretionary funding will be available for programming. These funds may only be used for transit capital projects. Applications for SGR funding are due to SLOCOG by February 7, 2020. Staff recommends applying the SGR funding toward the New RTA Bus Maintenance Facility in the amount of $378,000.

STAFF RECOMMENDATION:

Approve the attached resolution authorizing the Executive Director to submit a grant application of up to $378,000 for the RTA Bus Maintenance Facility capital project.

This Page Left Intentionally Blank

ATTACHMENT A

Resolution No. 19-______

AUTHORIZATION FOR THE SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY (RTA) PROJECT LIST FOR THE FY 2020-21 CALIFORNIA STATE OF GOOD REPAIR (SGR) PROGRAM

WHEREAS, the San Luis Obispo Regional Transit Authority, hereinafter referred to as the RTA, is a recipient of SB-1 SGR funds in the San Luis Obispo region; and

WHEREAS, the RTA is an eligible project sponsor and may receive State Transit Assistance funding from the State of Good Repair (SGR) Account now or sometime in the future for transit projects; and

WHEREAS, the statutes related to state-funded transit projects require a local or regional implementing agency to abide by various regulations; and

WHEREAS, Senate Bill 1 (2017) named the Department of Transportation (Department) as the administrative agency for the SGR; and

WHEREAS, the Department has developed guidelines for the purpose of administering and distributing SGR funds to eligible project sponsors; and

WHEREAS, the Department requires eligible SGR recipient agencies to submit an annual list of proposed SGR projects.

NOW, THEREFORE, BE IT RESOLVED that the RTA acting as the recipient, does hereby authorize the FY 2020-21 RTA SGR Project List to include the New San Luis Obispo Regional Transit Authority (RTA) Bus Maintenance Facility.

On a motion by Delegate_________, seconded by Delegate __________, and on the following roll call vote, to wit: the foregoing resolution is hereby adopted this 11th day of December 2019.

AYES:

NOES:

ABSENT:

ABSTAINING:

____

RTA Board President

ATTEST:

____
Geoff Straw, Executive Director

APPROVED AS TO FORM AND LEGAL EFFECT:

____
Nina Negranti, RTA Legal Counsel

Date: ____________________________