

Program Overview

Pension Contracts Management Program (PCMP) works with public agencies to establish, amend, and/or terminate contracts for pension benefits as well as determine charter schools' eligibility to participate in the CalPERS pension program. The PCMP team consults potential new contracting public agencies on the eligibility requirements to participate in the CalPERS pension system. We work with contracting agencies in requesting valuations and contract amendments to increase, change, or decrease optional benefits.

During fiscal year 2022-23, PCMP completed the following contract activities:

Summary of Pension Contract Activities for Fiscal Year 2022-23

| Category | No. of Contracts |
|-----------------------|------------------|
| New Pension Contract | 2 |
| Contract Amendment | 50 |
| Contract Merger | 1 |
| Reciprocity Agreement | 1 |
| Contract Termination | 1 |

PCMP also provides education to contracting agencies regarding the process of pension contract terminations and addressing outstanding receivables related to contracted benefits and employer contributions. PCMP met its strategic measure by maintaining an average of 98.4 percent of employers' current on their pension obligations for each quarter.

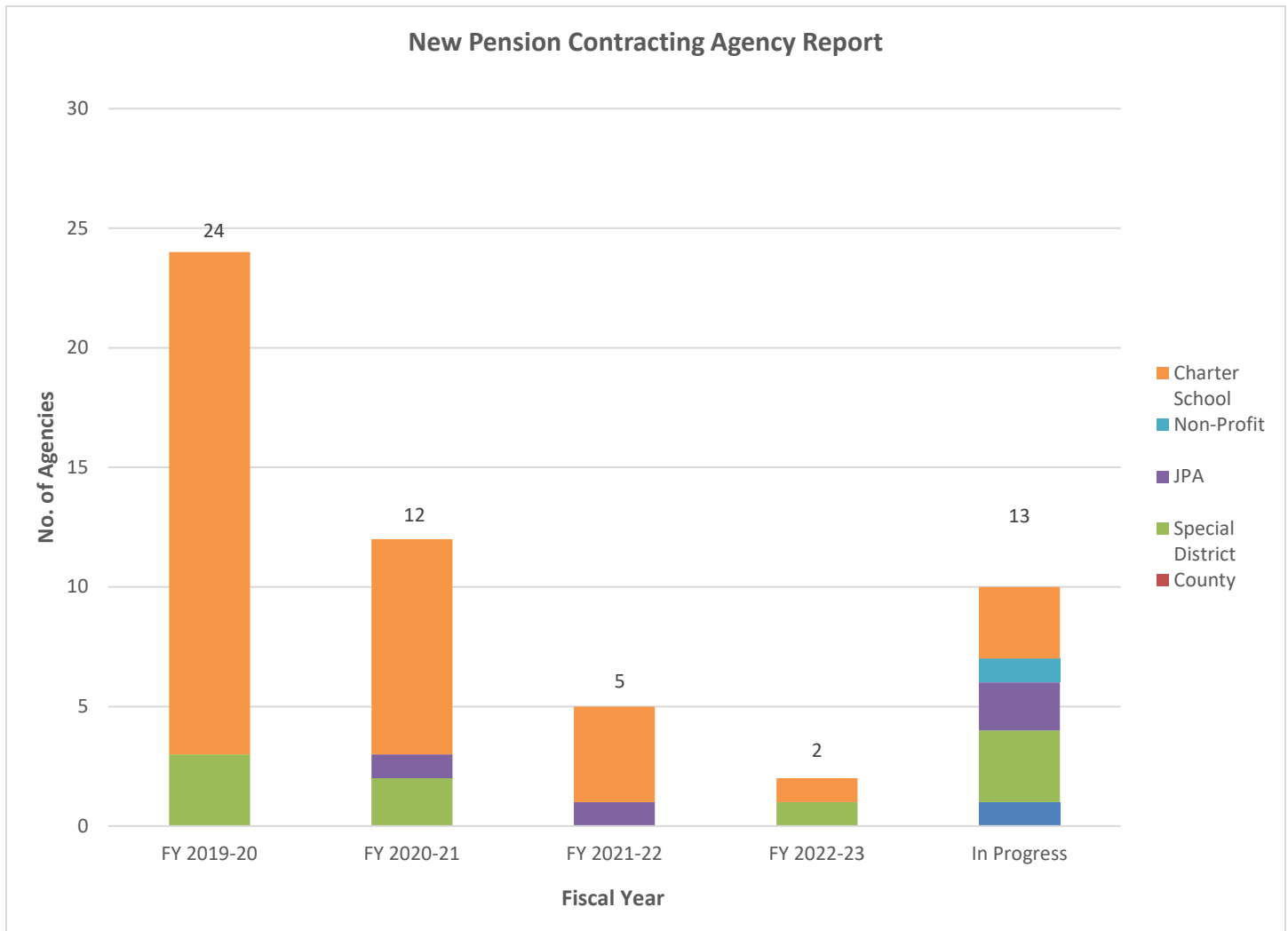
Pension Contracts Activity Section

New Contracting Agencies

Two new agencies contracted with CalPERS for pension benefits during fiscal year 2022-23:

- Mirus Secondary School
- Penryn Fire Protection District

Charter schools made up the largest number of new participants in the system for the past four years. The following chart shows the number of new pension contracts with CalPERS for the past four fiscal years and the in-progress contracts for the current fiscal year.

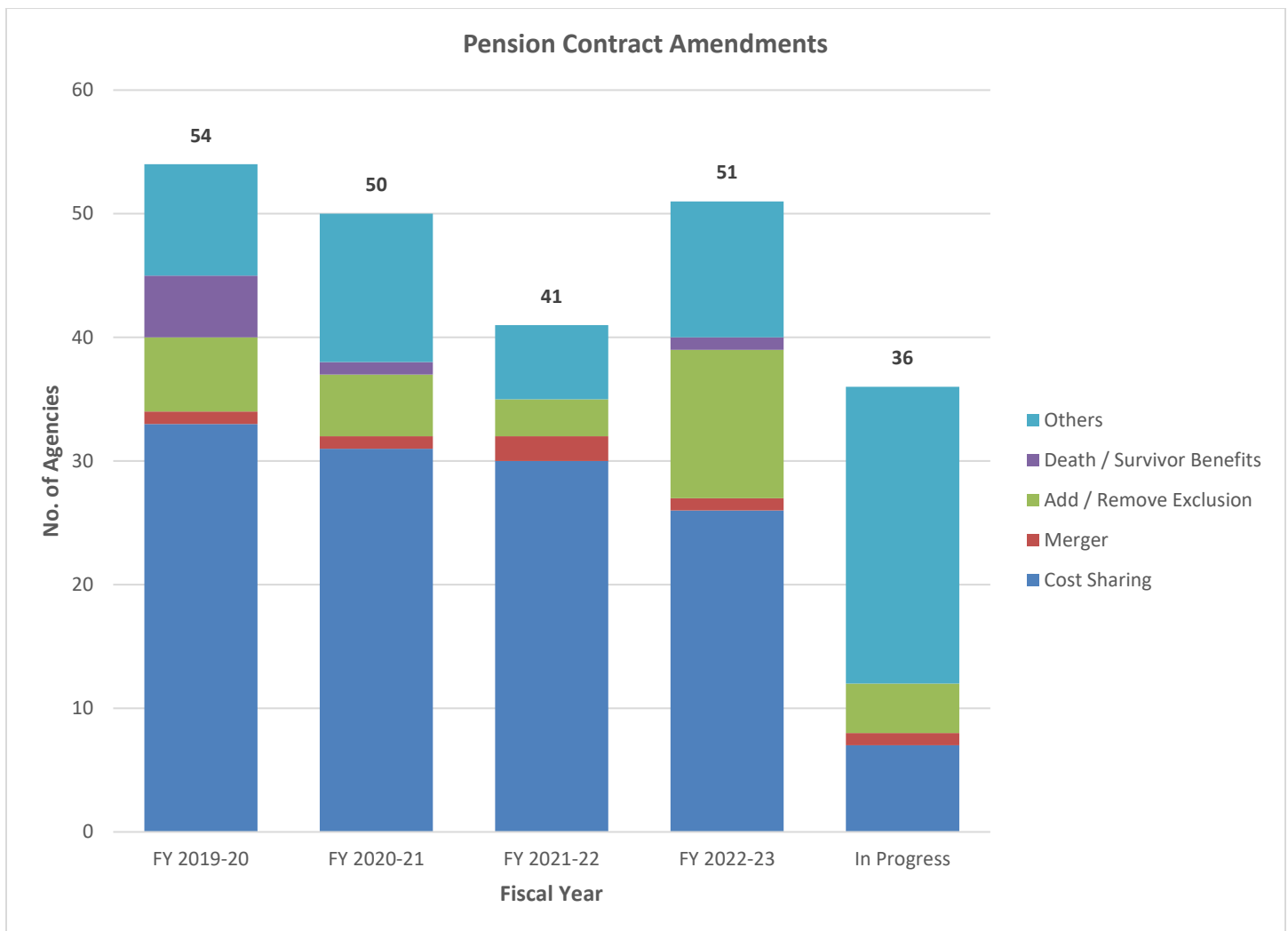


Contract Amendments

PCMP processed 50 pension contract amendments and one merger during fiscal year 2022-23:

- 26 Cost Sharing
- 12 Add/Remove Exclusion
- 1 Death/Survivor Benefits
- 11 Others
- 1 Merger for Bodega Bay Fire Protection District who merged into Sonoma County Fire District

Appendix 2 provides the complete list of amendments. The following chart shows the total number of amendments PCMP processed for the past four years and the in-progress amendments for the current fiscal year.

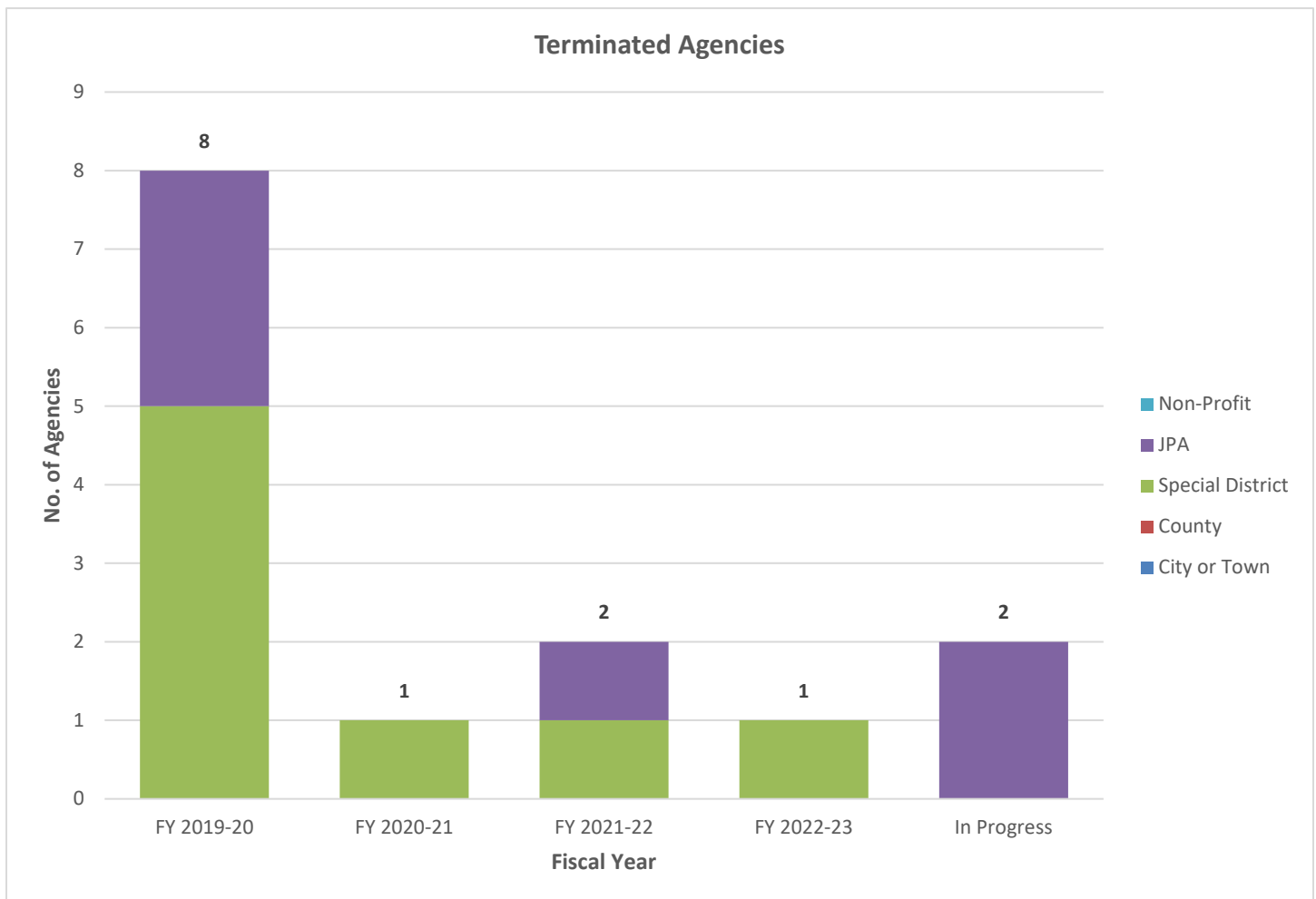


Contract Terminations

PCMP processed one involuntary termination effective 4/29/23 for the Samoa Peninsula Fire Protection District. The following two voluntary terminations were received in fiscal year 2022-23 and may become effective in fiscal year 2023-24:

- Plumas Local Agency Formation Commission submitted the Resolution of Intent to Terminate on 2/13/2023.
- Local Government Services Authority submitted the Resolution of Intent to Terminate on 6/7/23.

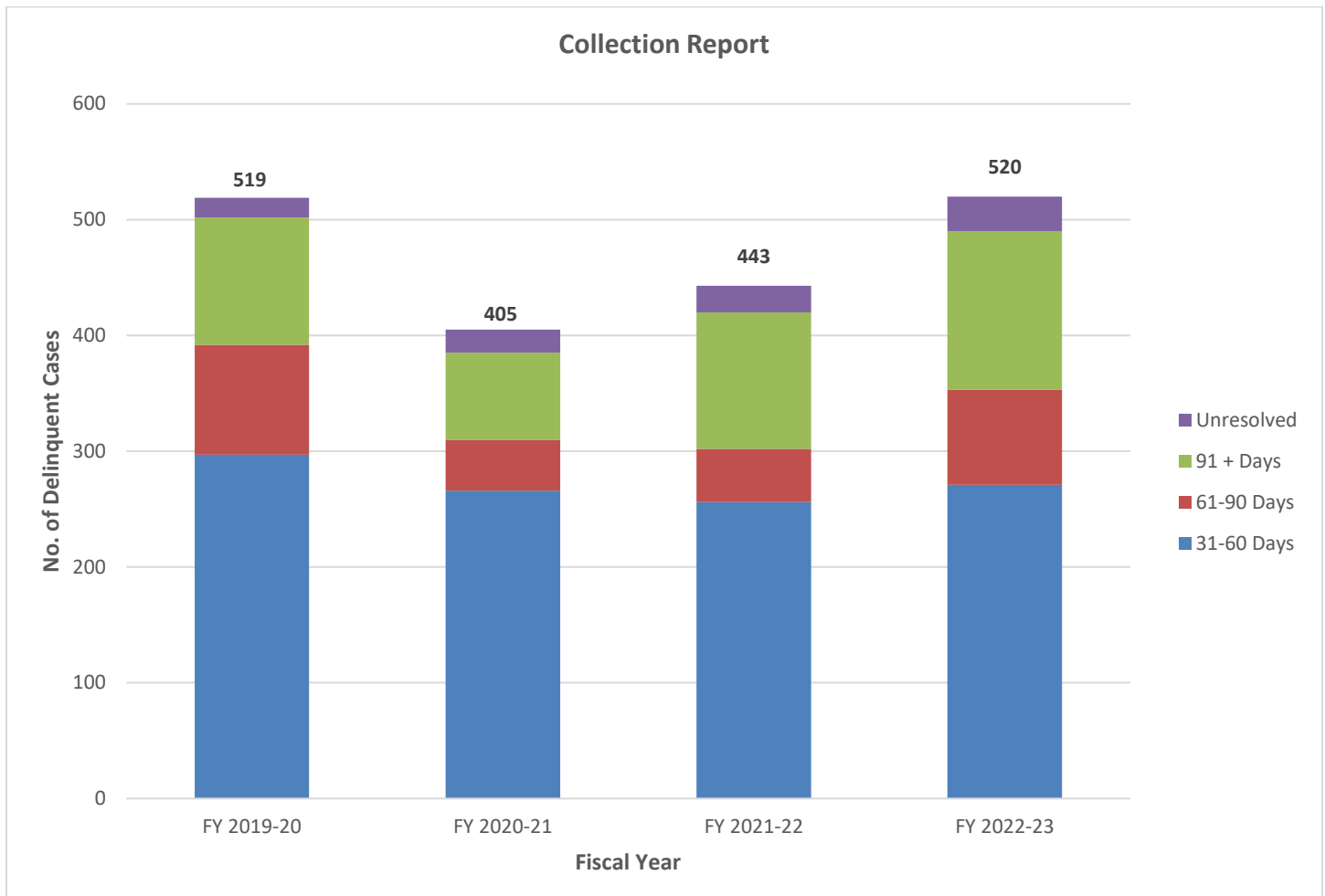
The following chart shows the total number of terminations PCMP processed for the past four years and the in-progress termination for the current fiscal year.



Delinquency and Collection Activity Section

Collection Activities

During the fiscal year 2022-23, we reached out to 183 employers to collect 520 delinquent cases. Throughout the year, the delinquency rate was consistently below 2%, which met our enterprise performance objective. The average quarterly delinquency rate for the fiscal year 2022-23 was 1.6%. The following chart shows the number of delinquent cases for the past four fiscal years.



The table below shows the breakout of the collection activities during the past four fiscal years. During fiscal year 2022-23, we experienced higher delinquent cases for arrears contributions due to late enrollment or reporting payrolls.

Collection Report by Type

| Collection Type | Fiscal Year 2019-20 | Fiscal Year 2020-21 | Fiscal Year 2021-22 | Fiscal Year 2022-23 |
|---|---------------------|---------------------|---------------------|---------------------|
| Arrears Contribution | 43 | 80 | 147 | 222 |
| Golden Handshake | N/A | N/A | N/A | 5 |
| Normal Cost Contribution | 384 | 261 | 178 | 229 |
| Termination Cost | 6 | 0 | 4 | 4 |
| UAL Payment | 69 | 44 | 91 | 30 |
| Unresolved Case at the end of the fiscal year | 17 | 20 | 23 | 30 |
| Total | 519 | 405 | 443 | 520 |

Active Payment Plans

PCMP utilizes two primary repayment approaches for a case-by-case remedy for employers experiencing financial challenges.

For employers experiencing acute and temporary financial challenges, PCMP may provide a short-term payment arrangement not to exceed three to four months within the collections process. Currently, there are no contracting agencies utilizing short-term payment arrangements.

For employers with longer-term but still temporary and surmountable financial challenges, PCMP, in conjunction with the Actuarial and Legal Offices, may offer a payment plan that sustains the employer and protects their members' accrued benefits. Currently, there are four employers with special circumstances on formal payment plans, all four are related to the payments for their termination costs. These employers are current in their payment schedules. The following table shows the list of agencies currently with payment plans.

Active Pension Payment Plans as of June 30, 2023

| Agency Name | Type of Payment | Total Outstanding Amount | Payment Term | Payment Plan End Date |
|--|--------------------------------|--------------------------|--------------|-----------------------|
| Central Sierra Planning Council | Termination Unfunded Liability | \$202,423 | 5-Year | 12/1/2025 |
| City of Placentia (Safety Fire Plan Only) | Termination Unfunded Liability | \$573,866 | 5-Year | 5/1/2025 |
| San Luis Obispo Regional Transit Authority | Termination Unfunded Liability | \$486,962 | 5-Year | 6/1/2026 |
| Shasta LAFCO | Termination Unfunded Liability | \$135,691 | 7-Year | 8/1/2026 |

Appendix 1 – Public Agency Contract Demographics and Funded Status Report¹

The public agency demographic information provided in the tables below are based on the most recent available actuarial valuation data from the June 30, 2021, valuation reports. When updated valuation data for 2022 becomes available in September 2023, that information will be included in the subsequent PCMP report.

Public Agency Demographics Summary As of June 30, 2021

| Agency Type | # of Agencies | % of Total Agencies | Total Participants ² | % of Total Participants | Current UAL (\$ in Millions) | Funded Status (%) |
|-------------------------------|---------------|---------------------|---------------------------------|-------------------------|------------------------------|-------------------|
| City and Town | 451 | 29.95% | 431,292 | 51.03% | \$25,282 | 82.48% |
| County | 38 | 2.52% | 230,922 | 27.32% | \$11,395 | 80.47% |
| Special District ³ | 798 | 52.99% | 134,888 | 15.96% | \$6,135 | 85.02% |
| JPA | 157 | 10.42% | 28,468 | 3.37% | \$513 | 89.26% |
| Non-Profit | 62 | 4.12% | 19,593 | 2.32% | \$207 | 91.54% |
| Total | 1,506 | 100.00% | 845,163 | 100.00% | \$43,532 | 82.65% |

¹Data Source: June 30, 2021, Annual Valuation Reports

²Includes members who have service in more than one rate plan.

³Represents special districts in California who formed and are governed under a specific California government Code, such as fire protection districts, sanitation districts, transit district, and utility district and water district.

The table below provides the funded status of the contracting public agencies breakout by agency type.

Public Agency Demographics Summary As of June 30, 2021

| Agency Type | 0% - 50% | >50%- 60% | >60%-70% | >70%-80% | >80%-90% | >90%-100% | >100% | Total |
|-------------------------------|----------|-----------|-----------|------------|------------|------------|------------|--------------|
| City or Town | 0 | 0 | 4 | 163 | 196 | 31 | 57 | 451 |
| County | 0 | 0 | 2 | 23 | 13 | 0 | 0 | 38 |
| Special District ² | 4 | 0 | 10 | 124 | 396 | 155 | 109 | 798 |
| JPA | 1 | 1 | 1 | 19 | 73 | 34 | 28 | 157 |
| Non-Profit | 0 | 0 | 1 | 14 | 21 | 20 | 6 | 62 |
| Total | 5 | 1 | 18 | 343 | 699 | 240 | 200 | 1,506 |

¹Data Source: June 30, 2021, Annual Valuation Reports

²Represents special districts in California who formed and are governed under a specific California government Code, such as fire protection districts, sanitation districts, transit district, and utility district and water district.

Appendix 2 – Pension Contract Amendments

Report by Employer for Fiscal Year 2022-23

| Agency Name | Agency Type | Amendment Effective Date | Amendment Type |
|--------------------------------|---------------|--------------------------|--|
| Alameda County Fire Department | Fire District | 3/9/2023 | GC 21548 (Pre-Retirement Optional Settlement 2W Death Benefit) |
| City of Berkeley | City or Town | 7/24/2022 | GC 20516 (Employees Sharing Additional Cost) |
| City of Carlsbad | City or Town | 10/1/2022 | GC 20502 (Add Exclusion(s)) |
| City of Chula Vista | City or Town | 7/1/2022 | GC 20516 (Employees Sharing Additional Cost) |
| City of Concord | City or Town | 7/11/2022 | GC 20516 (Employees Sharing Additional Cost) |
| City of Cotati | City or Town | 10/14/2022 | GC 20503 (Removal of the Contract Exclusion) |
| City of El Segundo | City or Town | 6/17/2023 | GC 20516 (Employees Sharing Additional Cost) |
| City of Fountain Valley | City or Town | 6/24/2023 | GC 20516 (Employees Sharing Additional Cost) |
| City of Gardena | City or Town | 7/24/2022 | GC 20516 (Employees Sharing Additional Cost) |
| City of Glendale | City or Town | 11/6/2022 | GC 20516 (Employees Sharing Additional Cost) |
| City of Glendale | City or Town | 6/18/2023 | GC 20516 (Employees Sharing Additional Cost) |
| City of Imperial Beach | City or Town | 11/4/2022 | GC 20516 (Employees Sharing Additional Cost) |
| City of La Mesa | City or Town | 7/22/2022 | GC 20516 (Employees Sharing Additional Cost) |
| City of Lompoc | City or Town | 9/24/2022 | GC 20516 (Employees Sharing Additional Cost) |
| City of Long Beach | City or Town | 1/14/2023 | GC 20516 (Employees Sharing Additional Cost) |
| City of Martinez | City or Town | 7/1/2022 | GC 20516 (Employees Sharing Additional Cost) |
| City of Mendota | City or Town | 5/22/2023 | GC 7522.25 (d) (New Safety Member Category) |
| City of Morro Bay | City or Town | 11/26/2022 | GC 20516 (Employees Sharing Additional Cost) |
| City of Oroville | City or Town | 10/17/2022 | GC 20516 (Employees Sharing Additional Cost) |
| City of Palos Verdes Estates | City or Town | 8/15/2022 | GC 20516 (Employees Sharing Additional Cost) |

Appendix 2 Continued

| Agency Name | Agency Type | Amendment Effective Date | Amendment Type |
|--|--|--------------------------|--|
| City of Redding | City or Town | 8/21/2022 | GC 20516 (Employees Sharing Additional Cost) |
| City of Redding | City or Town | 1/8/2023 | GC 20516 (Employees Sharing Additional Cost) |
| City of Redwood City | City or Town | 11/7/2022 | GC 20516 (Employees Sharing Additional Cost) |
| City of Ridgecrest | City or Town | 8/20/2022 | GC 20503 (Removal of the Contract Exclusion) |
| City of Riverside | City or Town | 4/28/2023 | GC 20516 (Employees Sharing Additional Cost) |
| City of San Leandro | City or Town | 5/1/2023 | GC 20516 (Employees Sharing Additional Cost) |
| City of San Marino | City or Town | 1/15/2023 | GC 7522.25 (d) (2.7% @ 57 Full Formula for second tier new local fire members) |
| City of Santa Clara | City or Town | 12/16/2022 | GC 20503 (Removal of the Contract Exclusion) |
| City of Seaside | City or Town | 2/18/2023 | GC 20516 (Employees Sharing Additional Cost) |
| City of South Gate | City or Town | 3/26/2023 | GC 20516 (Employees Sharing Additional Cost) |
| City of Stanton | City or Town | 4/15/2023 | GC 20503 (Removal of the Contract Exclusion) |
| City of Tracy | City or Town | 6/2/2023 | GC 21023.5 (Public Service Credit for Peace Corps, AmeriCorps VISTA, or AmeriCorps Service for local miscellaneous members and local police members) |
| City of Twentynine Palms | City or Town | 7/18/2022 | GC 21118 (Application for Partial Service Retirement) |
| City of West Covina | City or Town | 8/6/2022 | GC 20516 (Employees Sharing Additional Cost) |
| City of Willows | City or Town | 10/28/2022 | GC 20503 (Removal of the Contract Exclusion) |
| County of Humboldt | County | 1/8/2023 | GC 20516 (Employees Sharing Additional Cost) |
| Greater Los Angeles County Vector District | Vector Control District | 7/15/2022 | GC 20503 (Removal of the Contract Exclusion) |
| Housing Authority of the County of Kern | Housing Authority / Redevelopment Agency | 7/14/2022 | GC 20503 (Removal of the Contract Exclusion) |

Appendix 2 Continued

| Agency Name | Agency Type | Amendment Effective Date | Amendment Type |
|--|--|--------------------------|---|
| Lake County Vector Control District | Vector Control District | 7/22/2022 | GC 20503 (Removal of the Contract Exclusion) |
| Placer County Water Agency | Water / Flood Control District | 7/15/2022 | GC 20503 (Removal of the Contract Exclusion) |
| Sacramento Area Council of Governments | Miscellaneous | 10/21/2022 | GC 20503 (Removal of the Contract Exclusion) |
| Sacramento City Housing Authority | Housing Authority / Redevelopment Agency | 3/15/2023 | GC 21118 (Application for Partial Service Retirement) |
| San Mateo County Transit District | Transportation/Transit District | 4/7/2023 | GC 21024 (Military Service Credit as Public Service) |
| San Miguel Community Services District | Municipal Improvement/CSD District | 12/26/2022 | GC 7522.25 (d) (New Safety Member Category) |
| Santa Clara County Housing Authority | Housing Authority / Redevelopment Agency | 4/7/2023 | GC 20903 (Two Years Additional Service Credit) |
| Sonoma County Fire District | Fire District | 4/1/2023 | GC 20434 (Any officers or employees of a fire department employed to perform duties of firefighting, fire prevention, fire training, hazardous materials, emergency medical services, or fire or arson investigation services as "Local Fire Fighters") |
| Sonoma County Fire District | Fire District | 1/1/2023 | GC 20508 (Merger) |
| Town of Los Altos Hills | City or Town | 10/16/2022 | GC 20503 (Removal of the Contract Exclusion) |
| Twentynine Palms Water District | Water / Flood Control District | 4/27/2023 | GC 20571.5 (Termination of Inactive Member Group) |
| Walnut Valley Water District | Water / Flood Control District | 6/24/2023 | GC 20516 (Employees Sharing Additional Cost) |