



# Mendocino County

## Legislation Text

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File #: 22-0859, Version: 1

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**To: Board of Supervisors**

**From:** Mendocino County Employees Retirement Association

**Meeting Date:** June 21, 2022

**Department Contact:** Doris Rentschler

**Phone:** 463-4328

**Department Contact:** Judy Zeller

**Phone:** 463-4328

**Item Type:** Regular Agenda

**Time Allocated for Item:** 10 Min

**Agenda Title:**

Discussion and Possible Action Including Adoption of Resolution Making Government Code Sections 31641.1, 31641.2, 31641.3, 31641.4, 31641.8, 31641.9, 31641.95, 31470.7, 31478, 31479, and 31480, Applicable in Mendocino County from July 3, 1979 Through December 31, 2009 to Conform the Mendocino County Employees' Retirement Association (MCERA) Plan Documents to Plan Operations During Those Periods of Time, Therefore Authorizing Formally and Ratifying Purchases of Service Credits Pursuant to Those Sections Previously Permitted by MCERA

(Sponsor: Mendocino County Employees Retirement Association)

**Recommended Action/Motion:**

Adopt Resolution making Government Code Sections 31641.1, 31641.2, 31641.3, 31641.4, 31641.8, 31641.9, 31641.95, 31470.7, 31478, 31479, and 31480, applicable in Mendocino County from July 3, 1979 through December 31, 2009 to conform the Mendocino County Employees' Retirement Association (MCERA) plan documents to plan operations during those periods of time, therefore authorizing formally and ratifying purchases of service credits pursuant to those sections previously permitted by MCERA; and authorize Chair to sign same.

**Previous Board/Board Committee Actions:**

On May 6, 1958, the Mendocino County Board of Supervisors signed Resolution 3108 adopting Government Code sections 31641.1, 31641.2, 31641.3, 31641.4, 31641.8, 31641.9, 31641.95, 31470.7, 31478, 31479, and 31480, which authorized MCERA members to purchase credit for prior public service. On July 3, 1979, in accordance with County Employees Retirement Law (CERL) section 31641.95, the Board of Supervisors signed Resolution 79-216 rescinding the right to purchase service credit for prior public service for employees hired on or after such date. Resolution 79-216 contained scrivener's errors that misidentified CERL sections 31641.2-31641.9 as sections 31461.2-31461.9. After the July 3, 1979, effective date of Resolution 79-216 and until December 31, 2009, MCERA permitted employees hired on or after July 3, 1979 to purchase some types of prior public service due to the confusion resulting from the scrivener's error.

**Summary of Request:**

MCERA is recommending adoption of Government Code sections 31641.1, 31641.2, 31641.3, 31641.4, 31641.8, 31641.9, 31641.95, 31470.7, 31478, 31479, and 31480, for the period July 3, 1979 through December 31, 2009 to conform the plan to past practice and permit only the service purchase agreements contracted during that

time period.

Prior public service purchases do not have an inherent employer subsidy, unlike other service purchases, since the employee pays twice the employee contributions with interest for prior public service purchases. The cost of this practice is already included in the retirement contribution rates calculated as to the County, as the purchased service has been included in total service for actuarial valuation purposes. Therefore, there is no additional cost to the County by adoption of the resolution conforming the plan to past practice. In addition, the impacted members already paid for the referenced service credit, and those funds would need to be returned to such members, with interest, if the plan is not conformed to MCERA's prior practice as described above.

Adoption of the resolution making Government Code sections 31641.1, 31641.2, 31641.3, 31641.4, 31641.8, 31641.9, 31641.95, 31470.7, 31478, 31479, and 31480, applicable will amend MCERA's plan document to formally authorize and ratify the past practice. The resolution will only apply to those service purchase contracts signed during the periods referenced; ongoing application of those sections is not being requested or considered.

There is no additional Net County Cost associated with conforming MCERA's plan document to past practice. The County's retirement contribution rates have been calculated with the inclusion of the service credit already purchased under these sections for the impacted members.

Final acceptance of the conformed plan rests with the Internal Revenue Service (IRS). If the IRS does not accept the action to conform the plan, MCERA will be required to remove the purchased service credits and refund the contributions members paid with interest.

**Alternative Action/Motion:**

Choose not to adopt the resolution presented which would result in the refunding of the member purchases with interest, and the recalculation of retired member benefits due to the reduction in service credit.

**Does This Item Support the General Plan?** No

**Supervisory District:** All

**vote requirement:** Majority

**Supplemental Information Available Online At:**

**Fiscal Details:**

**source of funding:** N/A

**current f/y cost:** N/A

**annual recurring cost:** N/A

**budget clarification:** N/A

**budgeted in current f/y:** N/A

**if no, please describe:**

**revenue agreement:** Choose an item.

**Agreement/Resolution/Ordinance Approved by County Counsel:** Yes

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**CEO Liaison:** Darcie Antle, Interim CEO

**CEO Review:** Yes

**CEO Comments:**

**FOR COB USE ONLY**

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Executed By: Atlas Pearson, Deputy Clerk II

Date: June 21, 2022

Final Status: Approved with Modification

Executed Item Type: Resolution Number: 22-148

