



# ADMINISTRATIVE COMMITTEE

## Staff Report

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**File #:** 19-1372

**Agenda Date:** 4/15/2021

**Agenda #:** 3.

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**FROM:** Debby Cherney, Chief Executive Officer

**SUBJECT:** Withdrawal of Employer California Electronic Recording  
Transaction Network Authority (CERTNA) from SBCERA

**RECOMMENDATION:**

Withdrawal of Employer California Electronic Recording Transaction Network Authority (CERTNA) and Termination Liability.

**BACKGROUND:**

CERTNA was formed for the joint development, implementation, and operation of a system for the electronic recording of documents under the authority of the Electronic Recording Delivery Act of 2004. Initially started by the Counties of San Bernardino and Kern, CERTNA joined SBCERA in 2008. Over the years, other California counties joined the CERTNA Joint Powers Authority (JPA).

For most years, CERTNA only had one employee, who had been an employee of San Bernardino County. In recent years, CERTNA added a second employee, who is currently the only employee of CERTNA, under an at will employment contract.

The current members of CERTNA include:

1. County of Santa Cruz
2. County of San Joaquin\*
3. County of El Dorado\*
4. County of Fresno\*
5. County of Kern
6. County of Madera\*
7. County of Merced\*
8. County of Monterey\*
9. County of Santa Clara\*
10. County of Shasta\*
11. County of Solano\*

All of the Counties denoted with an asterisk (\*) intend to withdraw from the CERTNA JPA as of June 30, 2021. The County of San Bernardino already withdrew from the CERTNA JPA with an effective

date of June 30, 2020.

As a result of the changes to the underlying JPA, CERTNA requested that SBCERA proceed with the actuarial calculations needed to determine the liability for termination of membership from SBCERA under SBCERA General Policy No. 2020 - Participating Employer Termination and Terminal Funding Policy.

SBCERA's actuaries from Segal calculated the termination liability, which included an apportionment of the liability between CERTNA and the County of San Bernardino for the legacy County service of CERTNA's first employee. A copy of that estimate, as of March 31, 2021, is attached as Exhibit A, reflecting a Termination Liability of \$2,613,593. Staff and Segal have met with and presented the calculation methodology and information on multiple occasions.

On March 25, 2021, the CERTNA Board voted to withdraw as a participating employer from SBCERA. SBCERA staff is working with the CERTNA Board and its counsel to prepare resolutions for both boards, as well as an agreement memorializing how the Termination Liability will be paid. While SBCERA's policy permits that liability to be financed with interest over up to five years, it does not appear that CERTNA will require a payment plan and will elect to fund its liability in a one-time payment to SBCERA.

Staff will also work with Segal to calculate a final Termination Liability, using an effective date of June 30, 2021. That final Termination Liability will reflect a more up to date market valuation of assets, as well as an additional quarter of payroll contributions.

**BUDGET IMPACT:**

None.

**STRATEGIC PLANNING GOAL/OBJECTIVE:**

Prudent Fiscal Management

**STAFF CONTACT:**

Debby Cherney  
Amy McInerney  
Barbara Hannah

**ATTACHMENTS:**

Exhibit A: Segal Estimate of CERTNA Termination Liability