



# ADMINISTRATIVE COMMITTEE

## Staff Report

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**File #:** 19-1375

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

**Agenda #:** 4.

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

**SUBJECT:** Withdrawal of Employer Inland Library System from SBCERA

**RECOMMENDATION:**

Withdrawal of Employer Inland Library System from SBCERA and Termination Liability.

**BACKGROUND:**

Inland Library System (ILS) was established in 1966 and consists of 19 member libraries throughout Riverside, San Bernardino and Inyo Counties. ILS joined SBCERA in 1979 and currently has six retirees receiving retirement benefit payments from SBCERA.

On May 27, 2019, ILS ceased to have any direct employees, and informed SBCERA that it did not intend to operate with its own employees in the future. As a result, SBCERA requested that Segal 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. A copy of that final calculation, as of May 31, 2019, is attached as Exhibit A, reflecting a Termination Liability of \$2,506,253. Staff provided this calculation to ILS, and met with them in 2020 to discuss their termination liability and potential payment plans. Staff informed ILS that as they have no employees and no intention to hire any future employees, that they must be considered a terminated employer.

To date, ILS has not taken actions to either (a) formalize their withdrawal from SBCERA; or to (b) make provisions for the payment of their Termination Liability. ILS has a very small annual budget. Staff is working with ILS to identify potential funding sources and process for withdrawal from SBCERA; staff intends to bring an item to a future SBCERA Board meeting to adopt a resolution deeming ILS a terminated employer and directing staff to pursue collection of the Termination Liability.

**BUDGET IMPACT:**

None.

**STRATEGIC PLANNING GOAL/OBJECTIVE:**

Prudent Fiscal Management

**STAFF CONTACT:**

Debby Cherney  
Amy McInerney

Barbara Hannah

**ATTACHMENTS:**

Exhibit A: Inland Library System Termination Liability Calculation