

BACKGROUND

Government Code Section 31582 permits the County to prepay its contributions to SCERS. Additionally, Government Code Section 31585 states, "When any district becomes a part of the retirement system, the same appropriations and transfers of funds shall be made as those required of the county in this article, and such charges are legal charges against the funds of the district." Based on Section 31582, SCERS has permitted the County to prepay its employer contributions for several years; and based on Sections 31582 and 31585, SCERS has permitted the Superior Court to prepay its contributions in the past.

ATTACHMENTS

- Letter from Lloyd G. Connelly, Court Executive Officer, Superior Court of California, County of Sacramento
- Letter from Segal Consulting Dated June 6, 2018

/S/

Kathryn T. Regalia
Chief Operations Officer

/S/

Eric Stern
Chief Executive Officer



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Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary
ayeung@segalco.com

June 6, 2018

Mr. Eric Stern
Chief Executive Officer
Sacramento County Employees' Retirement System
980 9th Street, Suite 1900
Sacramento, CA 95814-2738

**Re: Prepayment of Employer Contributions by Superior Court of California,
County of Sacramento for Fiscal Year 2018-2019**

Dear Eric:

As requested by the System, we have calculated the discounted contribution amount for the Superior Court of California, County of Sacramento for fiscal year 2018-2019.

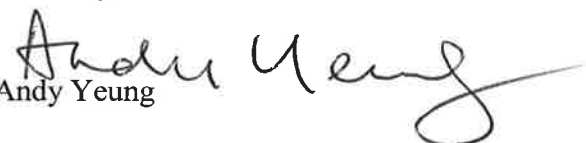
We understand that the Superior Court wants to prepay their fiscal year 2018-2019 employer contributions in a lump sum on July 27, 2018. In an e-mail dated June 4, 2018 sent by the Superior Court to your office, the Superior Court provided projected payroll of \$48,900,000 for 26 pay periods in fiscal year 2018-2019. We then took the payroll of \$48,900,000 and calculated a biweekly payroll of \$1,880,769. Using the \$1,880,769 of biweekly payroll together with the tier-by-tier employer rates calculated using the proportion of payroll for members in each category as reported in the data for the June 30, 2017 valuation, we determined the prepayment required to be \$10,723,412. Our calculations are provided in the enclosed table. The effective discount factor, which is calculated by taking the discounted contribution amount and dividing by the undiscounted contribution amount, is about 96.82%.

Any differences between the biweekly projected and actual payroll should be tracked by the System. Those differences should be used by the System to "true-up" the contributions at the end of the fiscal year.

I am a member of the American Academy of Actuaries and I meet the qualification requirements to render the actuarial opinion contained herein.

Please let us know if you have any questions.

Sincerely,


Andy Yeung

JAC/hy

cc: Kathryn T. Regalia, CPA

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SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

Prepayment of Employer Contributions by Superior Court of California, County of Sacramento

Fiscal Year 2018-2019
ASSUMES PAYMENT ON July 27, 2018

Discount Rate = 7.00%

Biweekly Pay Period	Biweekly Payroll Estimate	Normal Cost Contribution Rate	UAAL Contribution Rate	Discount Factor	Total Biweekly Normal Cost Discounted	Total Biweekly UAAL Contrib. Discounted	Total Biweekly Contribution Discounted
1	\$1,880,769	15.09%	7.56%	1.0000000	\$283,808	\$142,186	\$425,994
2	\$1,880,769	15.09%	7.56%	0.9974011	\$283,070	\$141,817	\$424,887
3	\$1,880,769	15.09%	7.56%	0.9948090	\$282,335	\$141,448	\$423,783
4	\$1,880,769	15.09%	7.56%	0.9922236	\$281,601	\$141,080	\$422,681
5	\$1,880,769	15.09%	7.56%	0.9896450	\$280,869	\$140,714	\$421,583
6	\$1,880,769	15.09%	7.56%	0.9870730	\$280,139	\$140,348	\$420,487
7	\$1,880,769	15.09%	7.56%	0.9845077	\$279,411	\$139,983	\$419,394
8	\$1,880,769	15.09%	7.56%	0.9819491	\$278,685	\$139,620	\$418,305
9	\$1,880,769	15.09%	7.56%	0.9793972	\$277,961	\$139,257	\$417,218
10	\$1,880,769	15.09%	7.56%	0.9768518	\$277,238	\$138,895	\$416,133
11	\$1,880,769	15.09%	7.56%	0.9743131	\$276,518	\$138,534	\$415,052
12	\$1,880,769	15.09%	7.56%	0.9717810	\$275,799	\$138,174	\$413,973
13	\$1,880,769	15.09%	7.56%	0.9692555	\$275,083	\$137,815	\$412,898
14	\$1,880,769	15.09%	7.56%	0.9667365	\$274,368	\$137,457	\$411,825
15	\$1,880,769	15.09%	7.56%	0.9642241	\$273,655	\$137,099	\$410,754
16	\$1,880,769	15.09%	7.56%	0.9617182	\$272,943	\$136,743	\$409,686
17	\$1,880,769	15.09%	7.56%	0.9592188	\$272,234	\$136,388	\$408,622
18	\$1,880,769	15.09%	7.56%	0.9567259	\$271,527	\$136,033	\$407,560
19	\$1,880,769	15.09%	7.56%	0.9542395	\$270,821	\$135,680	\$406,501
20	\$1,880,769	15.09%	7.56%	0.9517595	\$270,117	\$135,327	\$405,444
21	\$1,880,769	15.09%	7.56%	0.9492860	\$269,415	\$134,975	\$404,390
22	\$1,880,769	15.09%	7.56%	0.9468190	\$268,715	\$134,625	\$403,340
23	\$1,880,769	15.09%	7.56%	0.9443583	\$268,016	\$134,275	\$402,291
24	\$1,880,769	15.09%	7.56%	0.9419040	\$267,320	\$133,926	\$401,246
25	\$1,880,769	15.09%	7.56%	0.9394561	\$266,625	\$133,578	\$400,203
26	\$1,880,769	15.09%	7.56%	0.9370146	\$265,932	\$133,230	\$399,162
Annual Payroll	\$48,900,000						
Rate		15.09%	7.56%				
Contribution Amount		\$7,379,009	\$3,696,840		\$7,144,205	\$3,579,207	\$10,723,412
		(Undiscounted)	(Undiscounted)		(Discounted)	(Discounted)	(Discounted)
Discount Percentage					96.82%	96.82%	

(1) These rates were calculated by taking the Tier specific contribution rates adopted by the Board for the June 30, 2017 valuation, the projected payroll of \$48,900,000 for Miscellaneous members as provided by the Superior Court of California, County of Sacramento for this prepayment calculation and compositing them using the proportion of the Court's payroll in Miscellaneous Tier 1, Tier 2, Tier 3 and Tier 5 as reported for the June 30, 2017 valuation.



SUPERIOR COURT OF CALIFORNIA
COUNTY OF SACRAMENTO

LLOYD G. CONNELLY
COURT EXECUTIVE OFFICER

720 NINTH STREET
SACRAMENTO, CALIFORNIA 95814
(916) 874-6328

July 5, 2018

Mr. Eric Stern, Chief Executive Officer
Sacramento County Employee Retirement System (SCERS)
980 Ninth Street, 1900
Sacramento, CA 95814

SUBJECT: Regular July SCERS Board Meeting Agenda Item Request

Dear Mr. Stern:

The Superior Court of California, County of Sacramento (Court) requests an agenda item to be placed on the July 2018 regular monthly board meeting of the Sacramento County Employees Retirement System (SCERS). This Court request petitions the SCERS Board approval that will allow the Court to prepay the 2018-19 employer portion of the Court's retirement obligation. The estimated amount of 2018-19 employer retirement obligation for the Court, as determined by the actuarial firm retained by SCERS, would be paid on the time schedule specified to the Court by SCERS staff. The Court's request is consistent with the prepayment method currently utilized by Sacramento County and is consistent with the prepayment method utilized by the Court in previous years.

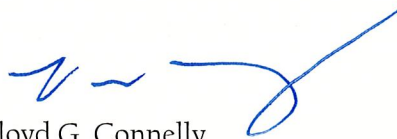
The Court understands that by making the prepayment we will realize a discount factor reducing the liability owed SCERS for the annual employer portion of retirement cost. This discount rate will be taken into account by the actuary in the determination of the amount owed for prepayment by the Court. At or near the end of the fiscal year, the actual employer retirement cost will be compared against the prepayment amount to determine the amount of any balance owed SCERS or any refundable amount owed the Court. Court fiscal staff will work with SCERS fiscal staff on the parameters of this prepayment process in order to facilitate this prepayment request and any subsequent processes necessary to complete the annual payment to SCERS of Court employer retirement cost. The Court is currently awaiting receipt of its' approved 2018-19 funding allocation. The Court may, upon assessment of 2018-19 funding,

Mr. Eric Stern, Chief Executive Officer
July 5, 2018
Sacramento County Employee Retirement System (SCERS)
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opt out of prepaying. Should the Court opt out, we would do so prior to the determined prepayment funding date and would notify the necessary SCERS staff of this change. The Court understands that opting out of the prepayment would result in the payment of normal applicable retirement costs per pay period.

For this request the Court understands this will be a consent item on the July SCERS Board agenda. Court staff will be available to attend the Board meeting should they be needed. Thank you for your consideration of this request. If you have any questions or need further information or assistance, please contact Rick Beard, Chief Financial Officer, at (916) 874-8133.

Sincerely,



Lloyd G. Connelly
Court Executive Officer
Sacramento Superior Court

cc: Jim Lombard, Chief Deputy Executive
Rick Beard, Chief Financial Officer
Kathy Regalia, SCERS Chief Operational Officer