

BARTEL ISSOCIATES, LLC

June 30, 2010 GASB 45 Actuarial Valuation Preliminary Results

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BENEFIT SUMMARY

■ Eligibility	• Retire directly from the City under CalPERS (age 50 and 5 years of service or disability)
Retiree Medical BenefitCurrent Plan	 Council, Executives, IBEW: \$300 per month for current and future retirees No planned future increases, but not less than PEMHCA minimum Assumed effective on or before valuation date IAFF: Retirees < 7/1/00 (pre PERS 3%@50) – City pays up to 75% of the Kaiser Bay Area non-Medicare premium Retirees ≥ 7/1/00: \$300 per month for current and future retirees No planned future increases, but not less than PEMHCA minimum
	 CAMP – 80% of Kaiser Bay Area non-Medicare premium for coverage elected (single, 2-party, family) VPOA – 100% of Kaiser Bay Area non-Medicare premium for coverage elected (single, 2-party, family)





BENEFIT SUMMARY

■ PEMHCA Minimum	2010 \$105/month 2011 \$108/month 2012+ Medical CPI increases • PEMHCA minimum projected to exceed \$300 per month in 2034 (24 years) assuming 4.50% medical CPI				
■ Surviving Spouse Benefit	Retiree medical benefit continues to surviving spouse if retiree elects CalPERS joint & survivor payment option				
■ PEMHCA Adminisation Fee	 0.37% of retiree premium for 2010/11 Paid by City Included with GASB 45 costs 				
■ Other OPEB	No City contribution for dental, vision, life insurance, Medicare Part B, or pre-retirement spousal death benefit				
■ Pay-As-You-Go Cost ('000s)	2009/10 \$3,702 City 2008/09 3,669 CAFR 2007/08 3,168 CAFR 2006/07 2,678 CAFR				





BENEFIT SUMMARY

■ Benefit Study Scenario #1	 Same as current plan for Council, Executives, IBEW IAFF, CAMP and VPOA: \$300 per month for current and future retirees No planned future increases, not less than PEMHCA minimum IAFF effective 7/1/10 VPOA effective 7/1/12 CAMP effective 7/1/13
■ Benefit Study Scenario #2	 Same as Scenario #1 except for IAFF and VPOA IAFF and VPOA Retirees < 7/1/00 (pre PERS 3%@50) – City pays up to 75% of the Kaiser Bay Area non-Medicare premium
■ Benefit Study Scenario #3	 Same as current plan for Council, Executives, IBEW IAFF, CAMP and VPOA: \$300 per month for current and future retirees No planned future increases, but not less than PEMHCA minimum IAFF effective 7/1/10 CAMP and VPOA effective 7/1/11





BENEFIT SUMMARY

■ Benefit Study	Same as Scenario #3 except for IAFF and VPOA
Scenario #4	• IAFF and VPOA Retirees < 7/1/00 (pre PERS 3%@50) – City
Scenario #4	pays up to 75% of the Kaiser Bay Area non-Medicare premium





DATA SUMMARY

$\underline{\textbf{Eligible Participants}} - \frac{6/30/10^{1}}{2}$

Participants	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ Actives							
Count	7	7	41	219	67	97	438
 Average Age 	54.0	57.6	48.4	46.5	42.8	42.2	45.5
 Ave City Service 	4.3	18.0	11.5	11.1	14.9	14.7	12.5
 Ave CalPERS Svc 	7.4	24.2	13.8	12.5	16.5	17.0	14.3
• Average Pay ²	\$14,700	\$175,954	\$107,316	\$64,180	\$118,065	\$123,100	\$90,504
• Total Pay (000's)	103	1,232	4,400	14,055	7,910	11,941	39,641
■ Retirees							
Count							
> Retired	4	16	62	154	38	54	328
Disabled	-	-	3	22	51	80	156
Survivors	<u>-</u>	<u>-</u>	_5	<u>16</u>	<u>25</u>	<u>13</u>	_59
> Total	4	16	$\frac{5}{70}$	192	114	147	<u>59</u> 543
 Average Age 	72.2	65.3	68.1	67.6	65.7	61.9	65.7
 Ave Retire Age 							
Service Retired	61.7	58.4	58.1	58.3	54.4	53.8	57.1
Disabled	-	-	55.8	46.2	49.5	44.8	46.7

Excludes those indicated as ineligible or excluded by the City for the 6/30/09 valuation. Average pay assumed for 7 actives with missing pay (1 CAMP & 6 VPOA).



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DATA SUMMARY

Eligible Participants - 6/30/09

Participants	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ Actives							
Count	7	10	43	228	71	110	469
 Average Age 	54.8	56.8	48.5	46.0	42.3	40.8	44.8
 Ave City Service 	2.5	14.3	10.7	10.8	14.3	13.2	11.8
 Ave CalPERS Svc 	4.6	19.5	13.0	12.0	15.8	15.7	13.6
 Average Pay 	\$14,700	\$166,380	\$107,996	\$66,601	\$123,053	\$119,527	\$92,708
• Total Pay (000's)	103	1,664	4,644	15,185	8,737	13,148	43,480
■ Retirees							
Count							
> Retired	7	18	57	165	36	58	341
Disabled	-	1	3	23	50	79	156
Survivors		<u></u>	_5	<u>14</u>	_23	<u>10</u>	_52
> Total	7	19	65	202	109	147	549
 Average Age 	67.4	66.3	68.0	67.1	65.3	61.3	65.3
 Ave Retire Age 							
Service Retired	60.3	58.0	58.1	58.3	54.5	53.7	57.1
Disabled	-	47.0	55.8	46.0	49.5	44.9	46.8





DATA SUMMARY

Covered Participants

Participants	6/30/09	6/30/10
■ Actives		
• Count	469	438
 Waivers 	<u>46</u>	<u>64</u>
• Covered	423	374
• Covered %	90%	85%
■ Retirees < 65		
• Count	291	283
 Waivers 	<u>36</u>	<u>25</u>
• Covered	255	258
• Covered %	88%	91%
■ Retirees ≥ 65		
• Count	258	260
 Waivers 	<u>36</u>	<u>31</u>
• Covered	222	229
• Covered %	86%	88%





DATA SUMMARY

Participant Reconciliation

		Retirees				
Participants	Actives	Service	Disabled	Survivors	Total	
■ June 30, 2009	469	341	156	52	549	
Actives Removed from Data	(28)	-	-	-	-	
• New Retirees	(19)	17	2	-	19	
Retiree Deaths with Survivor	-	(1)	(2)	3	-	
• Retirees Removed from Data ³	-	(28)	(2)	(2)	(32)	
New Hires	14	-	-	-	-	
Adjustments	2	(1)	2	6	7	
■ June 30, 2010	438	328	156	59	543	

³ 15 included in 6/30/09 valuation data and reported as ineligible by CalPERS on 6/30/10; 13 included in 6/30/09 valuation data as waivers, 4 included in 6/30/09 valuation data as covered participants.





ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2009 Valuation	June 30, 2010 Valuation
■ Valuation Date	June 30, 20092009/10 ARCNo lag period	 June 30, 2010 2010/11 and 2011/12 ARCs No lag period
■ Funding Policy	• Pay-as-you-go	• Same
■ Discount Rate	• 4.50% - Not pre-funded, assets in City investment fund	• 4.50% - Not pre-funded, assets in City investment fund
		• 7.75% - ARC pre-funded with CalPERS CERBT (sensitivity)
Fixed Dollar Cap Increase	0%Cap not less than PEMHCA minimum	• Same





ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2009 Valuation					Jı	ıne 30,	2010 V	aluatio	n
■ Medical Trend	Fiscal	cal <u>Increase from Prior Year</u>			Fiscal	Inc	rease from	n Prior Y	<u>ear</u>	
	Year	Non-M	edicare	Med	icare	Year	Non-M	edicare	Med	icare
	<u>Begin</u>	<u>HMO</u>	<u>PPO</u>	<u>HMO</u>	PPO	<u>Begin</u>	HMO	PPO	<u>HMO</u>	<u>PPO</u>
	2009		Prem	iums		2009		n/	'a	
	2010		Prem	iums		2010		Prem	iums	
	2011	8.40%	9.00%	8.70%	9.30%	2011		Prem	iums	
	2012	7.75%	8.25%	8.00%	8.50%	2012	7.75%	8.25%	8.00%	8.50%
	2013	7.10%	7.50%	7.30%	7.70%	2013	7.10%	7.50%	7.30%	7.70%
	2014	6.45%	6.75%	6.60%	6.90%	2014	6.45%	6.75%	6.60%	6.90%
	2015	5.80%	6.00%	5.90%	6.10%	2015	5.80%	6.00%	5.90%	6.10%
	2016	5.15%	5.25%	5.20%	5.30%	2016	5.15%	5.25%	5.20%	5.30%
	2017+	4.50%	4.50%	4.50%	4.50%	2017+	4.50%	4.50%	4.50%	4.50%
	• 2009	PEMH	CA prem	iums:						
	> Kaiser & PORAC increases based									
	О	n experi	ence							
	≽ E	Blue Shie	ld applie	d rollover	credit					
	> PPOs applied reserves									
	• 2011 and later premiums adjusted:									
	➤ Blue Shield increased 1% each year									
	for 2011-2012									
	> PF	> PPOs increased an 1% each year for								
	20	11-2013		-						





ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2009 Valuation	June 30, 2010 Valuation
■ PEMHCA Minimum Increases	• 4.50% annually	• Same
■ Medical Trend (Sensitivity)	• n/a	Fiscal Increase from Prior Year Year Non-Medicare Medicare Begin HMO PPO HMO PPO 2012 9.5% 9.5% 10.0% 10.0% 2013 9.0% 9.0% 9.4% 9.4% 2014 8.5% 8.5% 8.9% 8.9% 2015 8.0% 8.0% 8.3% 8.3% 2016 7.5% 7.5% 7.8% 7.8% 2017 7.0% 7.0% 7.2% 7.2% 2018 6.5% 6.5% 6.7% 6.7% 2019 6.0% 6.0% 6.1% 6.1% 2020 5.5% 5.5% 5.6% 5.6% 2021+ 5.0% 5.0% 5.0% 5.0% • Affects costs and obligations for CAMP and VPOA PEMHCA minimum trend 5.0% annually





ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2009 Valuation	June 30, 2010 Valuation			
■ Mortality, Termination, Disability	CalPERS 1997-2002 Experience Study	• CalPERS 1997-2007 Experience Study			
■ Service Retirement	• CalPERS 1997-2002 Experience Study Misc Fire Police PERS 2.7%@55 3%@50 3%@50 ERA 60M 59F 55 54	• CalPERS 1997-2007 Experience Study Misc Fire Police PERS 2.7%@55 3%@50 3%@50 Hire 34.4 26.2 25.5 ERA 58 55 54			
■ Participation at Retirement	 Actives: Covered - 100% Waived - 90% Retirees: Covered - 100% Waived < 65 - 0% Waived ≥ 65 - 0% Surviving spouses - 100% 	 Actives: Covered - 100% Waived - 90% Retirees: Covered - 100% Waived < 65 - 20% at 65 Waived ≥ 65 - 0% Surviving spouses - 100% 			





ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2009 Valuation	June 30, 2010 Valuation
■ Coverage at Retirement	 Spouse coverage - current coverage election Family coverage: Current actives: Misc - 10% until 65 Safety - 25% until 65 Current retirees - current coverage until 65 	 Spouse coverage - current coverage election Family coverage: Current actives: CAMP - 20% until 65 VPOA - 35% until 65 Others - n/a Current retirees - current coverage until 65





ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2009 Valuation	June 30, 2010 Valuation
■ Medicare Eligibility	Hire Misc Safety < 4/1/86 100% 75% ≥ 4/1/86 100% 100% • Everyone eligible for Medicare will elect Part B coverage • Hire date for retirees was estimated from CalPERS retirement date and service	Hire Misc Safety < 4/1/86 100% 95% ≥ 4/1/86 100% 100% • 5.4% of Safety retirees over 65 hired before 4/1/86 are not in Medicare per retiree data • Everyone eligible for Medicare will elect Part B coverage • Hire date for retirees was estimated from CalPERS retirement date and service





Actuarial Obligations 4.50% Discount Rate

(Amounts in 000's)

	6/30/09	6/30/10
Actuarial Obligations	Valuation ⁴	Valuation
■ Present Value of Benefits		
• Actives	\$ 47,596	\$ 46,900
• Retirees	54,320	57,123
• Total	101,916	104,023
■ Actuarial Accrued Liability		
• Actives	26,904	24,929
• Retirees	<u>54,320</u>	<u>57,123</u>
• Total	81,224	82,052
■ Actuarial Assets	0	0
■ Unfunded Actuarial Accrued Liability	81,224	82,052
■ Normal Cost (Next Fiscal Year)	2,109	2,452
■ Pay-As-You-Go Cost (Next Fiscal Year)	3,648	3,102

Revised after the 6/30/09 valuation was completed to reflect approved benefit level for all bargaining groups.



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RESULTS

Estimated Actuarial Gain/Loss Analysis

Actuarial Gains & Losses	NC%	AAL	(Assets)	UAAL
■ 6/30/09 Actual	4.9%	\$81,224	\$ (0)	\$81,224
■ 6/30/10 Expected	4.9%	83,271	(1,743)	81,528
■ Experience Losses (Gains):				
 Actual versus expected payroll 	0.5%	-	-	-
 Actual versus expected premiums 	(0.1%)	(2,179)	-	(2,179)
PEMHCA minimum	(0.0%)	(62)	-	(62)
 Contribution loss 	-	-	1,675	1,675
 Demographic & other 	(0.3%)	(2,617)	68	(2,549)
■ Assumption, Plan & Method Changes:				
 CalPERS assumption changes 	0.3%	2,851	-	2,851
 Medical trend rates 	(0.0%)	(123)	-	(123)
 Medicare eligibility 	(0.0%)	(937)	-	(937)
 Waived retiree election 	0.0%	292	-	292
 Dependents at retirement 	0.1%	220	-	220
 PEMHCA administration fee 	0.0%	442	-	442
 Funding method entry age 	0.6%	(2,183)	-	(2,183)
• IAFF 75% Kaiser benefit (pre PERS 3%@50)	0.0%	3,077	-	3,077
■ Total Changes	1.1%	(1,219)	1,743	524
■ 6/30/10 Actual	6.0%	82,052	(0)	82,052





Annual Required Contribution (ARC)4.50% Discount Rate

(Amounts in 000's)

	6/30/09 Valuation ⁵		0/10 ation
Annual Required Contribution	2009/10	2010/11	2011/12 ⁶
■ ARC - \$			
• Normal Cost	\$ 2,109	\$ 2,452	\$ 2,467
 UAAL Amortization 	<u>3,351</u>	<u>3,482</u>	<u>3,716</u>
• Total	5,459	5,934	6,183
■ Projected Payroll	43,480	40,982	41,286
■ ARC - %			
 Normal Cost 	4.9%	6.0%	6.0%
UAAL Amortization	7.7%	8.5%	9.0%
• Total	12.6%	14.5%	15.0%

Revised after the 6/30/09 valuation was completed to reflect approved benefit level for all bargaining groups.

Normal Cost calculated as level Normal Cost percentage multiplied by 2011/12 projected payroll provided by the City.



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Discount Rate and Medical Trend Sensitivity June 30, 2010

■ Medical Trend	Valu	ation	Alternative		
■ Discount Rate	4.50%	7.75%	4.50%	7.75%	
■ Present Value of Benefits	\$104,023	\$ 63,294	\$ 122,275	\$ 72,140	
■ Funded Status					
 Actuarial Accrued Liability 	82,052	54,278	95,376	61,460	
• Assets	0	0	0	0	
Unfunded AAL	82,052	54,278	95,376	61,460	
■ UAAL % Payroll	200%	132%	233%	150%	
■ ARC 2010/11					
 Normal Cost 	2,452	1,262	2,947	1,470	
 UAAL Amortization 	<u>3,482</u>	<u>3,441</u>	4,047	<u>3,896</u>	
• Total	5,934	4,703	6,994	5,366	
• ARC as % of Payroll	14.5%	11.5%	17.1%	13.1%	





Estimated Net OPEB Obligation (NOO) Illustration⁷

(Amounts in 000's)

	CAFR	CAFR ⁸	Estimated	Estimated
Estimated Net OPEB Obligation	2008/09	2009/10	2010/11	2011/12
■ NOO at Beginning of Year	\$ 6,628	\$ 12,564	\$ 14,033	\$ 16,901
■ Annual OPEB Cost (AOC)				
 Annual Required Contribution 	9,749	5,459	5,934	6,183
• Interest on NOO	298	565	631	761
 NOO Adjustment 	(442)	(854)	(595)	(739)
 Annual OPEB Cost 	9,605	5,171	5,970	6,205
■ Contributions				
• Benefit Payments & Admin Fee ⁹	(3,669)	(3,702)	(3,102)	(3,278)
 Trust Prefunding 	(0)	(0)	(0)	(477)
 Total Contribution 	(3,669)	(3,702)	(3,102)	(3,755)
■ NOO at End of Year	12,564	14,033	16,901	19,351
■ NOO Amortization Factor	n/a	n/a	23.57	22.88

Assumes full ARC funding starting 2011/12 for Council, Exec, IBEW and IAFF, 2012/13 for VPOA, 2013/14 for CAMP.

Estimated cash payments shown for years after 2009/10. Actual cash payments should be used for OPEB footnote.



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Estimated Full ARC Funding Projection¹⁰

4.50% Discount Rate

T2*****1	D		Annual		S 4 . • 1 4• .			ADC	C T
Fiscal	Begin		OPEB		Contributio			ARC as	Contrib
Year	Year		Cost	Benefit	Pre-	Total		% of	% of
Ending	NOO	ARC	(AOC)	Pmts	Funding	Contrib	Payroll ¹¹	Payroll	Payroll
2011	\$14,033	\$5,934	\$5,970	\$3,102	\$ 0	\$3,102	\$40,982	14.5%	7.6%
2012	16,901	6,183	6,205	3,278	477	3,755	41,286	15.0%	9.1%
2013	19,351	6,379	6,378	3,503	2,486	5,989	41,007	15.6%	14.6%
2014	19,740	6,525	6,495	3,735	2,790	6,525	40,947	15.9%	15.9%
2015	19,710	6,666	6,605	3,978	2,688	6,666	40,950	16.3%	16.3%
2016	19,648	6,895	6,800	4,207	2,688	6,895	42,281	16.3%	16.3%
2017	19,553	7,131	7,000	4,407	2,724	7,131	43,655	16.3%	16.3%
2018	19,422	7,374	7,204	4,624	2,750	7,374	45,074	16.4%	16.4%
2019	19,253	7,628	7,417	4,835	2,793	7,628	46,539	16.4%	16.4%
2020	19,041	7,889	7,633	5,030	2,859	7,889	48,051	16.4%	16.4%

¹⁰ Assumes full ARC funding starting 2011/12 for Council, Exec, IBEW and IAFF, 2012/13 for VPOA, 2013/14 for CAMP.

¹¹ 2010/11 through 2014/15 payroll projection provided by City





⁸ Draft provided by City.

Actuarial Obligations
June 30, 2010 - 4.50% Discount Rate

(Amounts in 000's)

Obligations	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ PVB							
• Actives	\$ 226	\$ 356	\$ 6,503	\$ 7,796	\$ 3,213	\$28,806	\$46,900
• Retirees	<u>112</u>	<u>856</u>	8,786	7,528	8,812	31,029	57,123
• Total	338	1,212	15,289	15,324	12,025	59,835	104,023
■ AAL							
• Actives	66	264	3,435	4,281	1,817	15,066	24,929
• Retirees	<u>112</u>	<u>856</u>	8,786	7,528	8,812	31,029	57,123
• Total	178	1,120	12,221	11,809	10,629	46,095	82,052
■ Normal Cost	23	21	371	438	145	1,454	2,452
■ PayGo	15	59	504	575	530	1,419	3,102







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Annual Required Contribution June 30, 2010 - 4.50% Discount Rate

ARC	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ ARC \$							
• Normal Cost	\$ 23	\$ 21	\$ 371	\$ 438	\$ 145	\$ 1,454	\$ 2,452
• UAAL Amort	_8	<u>48</u>	<u>519</u>	<u>501</u>	<u>451</u>	<u>1,956</u>	<u>3,482</u>
• Total	31	69	890	939	596	3,410	5,934
■ Projected Pay	103	1,656	5,282	14,958	7,931	11,052	40,982
■ ARC %							
• Normal Cost	22.3%	1.3%	7.0%	2.9%	1.8%	13.2%	6.0%
• UAAL Amort	7.3%	<u>2.9%</u>	9.8%	3.3%	<u>5.7%</u>	<u>17.7%</u>	8.5%
• Total	29.7%	4.1%	16.8%	6.3%	7.5%	30.8%	14.5%





Annual Required Contribution Projection¹² June 30, 2010 - 4.50% Discount Rate

(Amounts in 000's)

ARC Projection	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ City Benefit ¹³	\$300	\$300	80%	\$300	Supp	100%	
■ Effective Date	Current	Current	Current	Current	Current	Current	
■ ARC (2010/11)							
• Normal Cost ¹⁴	\$ 23	\$ 21	\$ 371	\$ 438	\$ 145	\$ 1,454	\$ 2,452
 UAAL Amort 	8	<u>48</u>	<u>519</u>	<u>501</u>	<u>451</u>	<u>1,956</u>	<u>3,482</u>
• Total	31	69	890	939	596	3,410	5,934
• PayGo	15	59	504	575	530	1,419	3,102
■ ARC (2011/12)							
 Normal Cost 	23	21	369	442	147	1,465	2,467
 UAAL Amort 	8	<u>49</u>	<u>552</u>	<u>532</u>	<u>468</u>	<u>2,106</u>	<u>3,716</u>
• Total	31	70	921	974	615	3,571	6,183
• PayGo	16	62	531	599	537	1,533	3,278

Assumes full ARC prefunding beginning 11/12 for Council, Exec, IBEW and IAFF, 12/13 for VPOA and 13/14 for CAMP.

Normal Cost projected as a constant Normal Cost percentage times City projected payroll.



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Annual Required Contribution Projection

June 30, 2010 - 4.50% Discount Rate

ARC Projection	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ ARC (2012/13)							
 Normal Cost 	\$ 23	\$ 21	\$ 368	\$ 442	\$ 147	\$ 1,430	\$ 2,431
 UAAL Amort 	9	<u>51</u>	<u>588</u>	<u>549</u>	<u>483</u>	2,268	3,948
Total	32	72	956	991	630	3,698	6,379
PayGo	16	65	566	628	555	1,673	3,503
■ ARC (2013/14)							
 Normal Cost 	23	21	364	442	147	1,430	2,427
 UAAL Amort 	9	<u>53</u>	<u>626</u>	567	<u>498</u>	2,346	4,098
• Total	32	74	990	1,009	645	3,776	6,525
PayGo	16	68	600	654	573	1,824	3,735
■ ARC (2014/15)							
 Normal Cost 	23	21	364	442	147	1,430	2,427
 UAAL Amort 	9	<u>54</u> 75	647	586	<u>515</u>	<u>2,428</u>	4,239
• Total	32	75	1,011	1,028	662	3,858	6,666
• PayGo	17	70	636	680	591	1,984	3,978





Percent of Kaiser Bay Area non-Medicare premium for the coverage elected (single, 2-party, family) for CAMP and VPOA.

Actuarial Obligations - Scenario #1¹⁵ \$300 Cap - June 30, 2010 - 4.50% Discount Rate

(Amounts in 000's)

Obligations	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ PVB							
Actives	\$ 226	\$ 356	\$ 1,585	\$ 7,796	\$3,213	\$ 4,998	\$18,174
 Retirees 	<u>112</u>	<u>856</u>	<u>3,930</u>	7,528	<u>5,735</u>	9,691	<u>27,852</u>
• Total	338	1,212	5,515	15,324	8,948	14,689	46,026
■ AAL							
Actives	66	264	833	4,281	1,817	2,263	9,524
Retirees	<u>112</u>	<u>856</u>	<u>3,930</u>	7,528	<u>5,735¹⁶</u>	9,691	<u>27,852</u>
• Total	178	1,120	4,763	11,809	7,552	11,954	37,376
■ Normal Cost	23	21	100	438	145	324	1,051
■ PayGo	15	59	504	575	397	1,419	2,969

June 30, 2010 valuation results assuming 7/1/13 CAMP and 7/1/12 VPOA \$300 cap changes were enacted on June 30, 2010.

The 6/30/10 IAFF AAL decreased by \$3,077,000 to reflect the supplemental benefits for retirees prior to 7/1/00.



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Annual Required Contribution - Scenario #1 17 \$300 Cap - June 30, 2010 - 4.50% Discount Rate

ARC	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ ARC \$							
• Normal Cost	\$ 23	\$ 21	\$ 100	\$ 438	\$ 145	\$ 324	\$ 1,051
• UAAL Amort	_8	<u>48</u>	<u>202</u>	<u>501</u>	<u>320</u>	<u>507</u>	<u>1,586</u>
• Total	31	69	302	939	465	831	2,637
■ Projected Pay	103	1,656	5,282	14,958	7,931	11,052	40,982
■ ARC %							
• Normal Cost	22.3%	1.3%	1.9%	2.9%	1.8%	2.9%	2.6%
• UAAL Amort	7.3%	2.9%	3.8%	3.4%	4.0%	4.6%	3.9%
• Total	29.7%	4.1%	5.7%	6.3%	5.9%	7.5%	6.4%

June 30, 2010 valuation results assuming 7/1/13 CAMP and 7/1/12 VPOA \$300 cap changes were enacted on June 30, 2010.





Annual Required Contribution Projection - Scenario #1 8300 Cap - June 30, 2010 - 4.50% Discount Rate

(Amounts in 000's)

ARC Projection	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ City Benefit	\$300	\$300	\$300	\$300	\$300	\$300	
■ Effective Date	Current	Current	7/1/13	Current	Current	7/1/12	
■ ARC (2010/11)							
• Normal Cost ¹⁹	\$ 23	\$ 21	\$ 371	\$ 438	\$ 145	\$ 1,454	\$ 2,452
 UAAL Amort 	8	<u>48</u>	<u>519</u>	<u>501</u>	<u>320</u>	<u>1,956</u>	<u>3,351</u>
Total	31	69	890	939	465	3,410	5,803
PayGo	15	59	504	575	397	1,419	2,969
■ ARC (2011/12)							
 Normal Cost 	23	21	369	442	147	1,465	2,467
 UAAL Amort 	8	<u>49</u>	<u>552</u>	<u>532</u>	<u>333</u>	<u>2,106</u>	<u>3,581</u>
• Total	31	70	921	974	480	3,571	6,048
• PayGo	16	62	531	599	397	1,533	3,138

Assumes full ARC prefunding beginning 11/12 for Council, Exec, IBEW and IAFF, 12/13 for VPOA and 13/14 for CAMP. Normal Cost projected as a constant Normal Cost percentage times City projected payroll.



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Annual Required Contribution Projection - Scenario #1 \$300 Cap - June 30, 2010 - 4.50% Discount Rate

ARC Projection	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ ARC (2012/13)							
 Normal Cost 	\$ 23	\$ 21	\$ 368	\$ 442	\$ 147	\$ 318	\$ 1,319
 UAAL Amort 	9	<u>51</u>	<u>588</u>	<u>549</u>	<u>344</u>	<u>483</u>	2,023
Total	32	72	956	991	491	801	3,342
PayGo	16	65	566	628	401	525	2,201
■ ARC (2013/14)							
 Normal Cost 	23	21	99	442	147	318	1,050
 UAAL Amort 	9	<u>53</u>	<u>189</u>	_567	<u>355</u>	<u>499</u>	<u>1,671</u>
Total	32	74	288	1,009	502	817	2,721
PayGo	16	68	247	654	404	537	1,926
■ ARC (2014/15)							
 Normal Cost 	23	21	99	442	147	318	1,050
 UAAL Amort 	9	<u>54</u>	<u>195</u>	_586	<u>366</u>	<u>516</u>	<u>1,727</u>
Total	32	75	294	1,028	513	834	2,777
• PayGo	17	70	250	680	408	550	1,975





Actuarial Obligations - Scenario #2²⁰ \$300 Cap w/Safety Supplemental Benefit - June 30, 2010 - 4.50% Discount Rate (Amounts in 000's)

Obligations	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ PVB							
• Actives	\$ 226	\$ 356	\$ 1,585	\$ 7,796	\$ 3,213	\$ 4,998	\$18,174
• Retirees	<u>112</u>	<u>856</u>	<u>3,930</u>	7,528	8,812	<u>15,358</u>	36,596
• Total	338	1,212	5,515	15,324	12,025	20,356	54,770
■ AAL							
• Actives	66	264	833	4,281	1,817	2,263	9,524
• Retirees	<u>112</u>	<u>856</u>	<u>3,930</u>	7,528	8,812	<u>15,358²¹</u>	36,596
• Total	178	1,120	4,763	11,809	10,629	17,621	46,120
■ Normal Cost	23	21	100	438	145	324	1,051
■ PayGo	15	59	504	575	530	1,419	3,102

June 30, 2010 valuation results assuming 7/1/13 CAMP and 7/1/12 VPOA \$300 cap changes were enacted on June 30, 2010.
 The 6/30/10 VPOA AAL increased by \$5,667,000 to reflect the supplemental benefits for retirees prior to 7/1/00.





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Annual Required Contribution - Scenario #2²² \$300 Cap w/Safety Supplemental Benefit - June 30, 2010 - 4.50% Discount Rate (Amounts in 000's)

ARC	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ ARC \$							
• Normal Cost	\$ 23	\$ 21	\$ 100	\$ 438	\$ 145	\$ 324	\$ 1,051
• UAAL Amort	_8	<u>48</u>	<u>202</u>	<u>501</u>	<u>451</u>	<u>748</u>	<u>1,957</u>
• Total	31	69	302	939	596	1,072	3,008
■ Projected Pay	103	1,656	5,282	14,958	7,931	11,052	40,982
■ ARC %							
• Normal Cost	22.3%	1.3%	1.9%	2.9%	1.8%	2.9%	2.6%
• UAAL Amort	7.3%	2.9%	3.8%	3.3%	<u>5.7%</u>	<u>6.8%</u>	<u>4.8%</u>
• Total	29.7%	4.1%	5.7%	6.3%	7.5%	9.7%	7.3%

June 30, 2010 valuation results assuming 7/1/13 CAMP and 7/1/12 VPOA \$300 cap changes were enacted on June 30, 2010.





Annual Required Contribution Projection - Scenario #2²³ \$300 Cap w/Safety Supplemental Benefit - June 30, 2010 - 4.50% Discount Rate (Amounts in 000's)

ARC Projection	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ City Benefit	\$300	\$300	\$300	\$300	Supp	Supp	
■ Effective Date	Current	Current	7/1/13	Current	Current	7/1/12	
■ ARC (2010/11)							
• Normal Cost ²⁴	\$ 23	\$ 21	\$ 371	\$ 438	\$ 145	\$ 1,454	\$ 2,452
 UAAL Amort 	8	<u>48</u>	<u>519</u>	<u>501</u>	<u>451</u>	<u>1,956</u>	<u>3,482</u>
• Total	31	69	890	939	596	3,410	5,934
• PayGo	15	59	504	575	530	1,419	3,102
■ ARC (2011/12)							
 Normal Cost 	23	21	369	442	147	1,465	2,467
 UAAL Amort 	8	<u>49</u>	<u>552</u>	<u>532</u>	<u>468</u>	<u>2,106</u>	<u>3,716</u>
• Total	31	70	921	974	615	3,571	6,183
• PayGo	16	62	531	599	537	1,533	3,278

²³ Assumes full ARC prefunding beginning 11/12 for Council, Exec, IBEW and IAFF, 12/13 for VPOA and 13/14 for CAMP.





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Annual Required Contribution Projection - Scenario #2 \$300 Cap w/Safety Supplemental Benefit - June 30, 2010 - 4.50% Discount Rate (Amounts in 000's)

ARC Projection	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ ARC (2012/13)							
 Normal Cost 	\$ 23	\$ 21	\$ 368	\$ 442	\$ 147	\$ 318	\$ 1,319
 UAAL Amort 	9	<u>51</u>	<u>588</u>	<u>549</u>	<u>483</u>	<u>761</u>	<u>2,441</u>
• Total	32	72	956	991	630	1,079	3,760
PayGo	16	65	566	628	555	796	2,626
■ ARC (2013/14)							
 Normal Cost 	23	21	99	442	147	318	1,050
 UAAL Amort 	9	<u>53</u>	<u>189</u>	_567	<u>498</u>	787	<u>2,103</u>
• Total	32	74	288	1,009	645	1,105	3,153
PayGo	16	68	247	654	573	831	2,389
■ ARC (2014/15)							
 Normal Cost 	23	21	99	442	147	318	1,050
 UAAL Amort 	9	<u>54</u>	<u>195</u>	<u>586</u>	<u>515</u>	814	2,173
• Total	32	75	294	1,028	662	1,132	3,223
PayGo	17	70	250	680	591	865	2,473

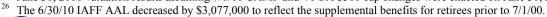




Actuarial Obligations - Scenario #3²⁵ \$300 Cap (Effective 7/1/11) - June 30, 2010 - 4.50% Discount Rate (Amounts in 000's)

Obligations	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ PVB							
• Actives	\$ 226	\$ 356	\$ 1,537	\$ 7,796	\$3,213	\$ 4,948	\$18,076
• Retirees	<u>112</u>	<u>856</u>	<u>3,429</u>	7,528	<u>5,735</u>	8,824	<u>26,484</u>
• Total	338	1,212	4,966	15,324	8,948	13,772	44,560
■ AAL							
• Actives	66	264	810	4,281	1,817	2,265	9,503
• Retirees	<u>112</u>	<u>856</u>	<u>3,429</u>	7,528	$5,735^{26}$	8,824	<u>26,484</u>
• Total	178	1,120	4,239	11,809	7,552	11,089	35,987
■ Normal Cost	23	21	96	438	145	317	1,040
■ PayGo	15	59	504	575	397	1,419	2,969

²⁵ June 30, 2010 valuation results assuming 7/1/11 CAMP and VPOA \$300 cap changes were enacted on June 30, 2010.





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Annual Required Contribution - Scenario #3²⁷ \$300 Cap (Effective 7/1/11) - June 30, 2010 - 4.50% Discount Rate (Amounts in 000's)

ARC	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ ARC \$							
• Normal Cost	\$ 23	\$ 21	\$ 96	\$ 438	\$ 145	\$ 317	\$ 1,040
• UAAL Amort	_8	<u>48</u>	<u>180</u>	<u>501</u>	<u>320</u>	<u>471</u>	1,527
• Total	31	69	276	939	465	788	2,567
■ Projected Pay	103	1,656	5,282	14,958	7,931	11,052	40,982
■ ARC %							
• Normal Cost	22.3%	1.3%	1.8%	2.9%	1.8%	2.9%	2.5%
• UAAL Amort	7.3%	2.9%	3.4%	3.3%	4.0%	4.3%	<u>3.7%</u>
• Total	29.7%	4.1%	5.2%	6.3%	5.9%	7.1%	6.3%

June 30, 2010 valuation results assuming 7/1/11 CAMP and VPOA \$300 cap changes were enacted on June 30, 2010.





Annual Required Contribution Projection - Scenario #3²⁸ \$300 Cap (Effective 7/1/11) - June 30, 2010 - 4.50% Discount Rate (Amounts in 000's)

ARC Projection	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ City Benefit	\$300	\$300	\$300	\$300	\$300	\$300	
■ Effective Date	Current	Current	7/1/11	Current	Current	7/1/11	
■ ARC (2010/11)							
• Normal Cost ²⁹	\$ 23	\$ 21	\$ 371	\$ 438	\$ 145	\$ 1,454	\$ 2,452
 UAAL Amort 	8	<u>48</u>	<u>519</u>	<u>501</u>	<u>320</u>	<u>1,956</u>	<u>3,351</u>
Total	31	69	890	939	465	3,410	5,803
PayGo	15	59	504	575	397	1,419	2,969
■ ARC (2011/12)							
 Normal Cost 	23	21	96	442	147	319	1,048
 UAAL Amort 	8	<u>49</u>	<u>175</u>	<u>532</u>	<u>333</u>	<u>458</u>	<u>1,557</u>
Total	31	70	271	974	480	777	2,605
PayGo	16	62	239	599	397	513	1,826

²⁸ Assumes full ARC prefunding beginning 11/12.



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<u>Annual Required Contribution Projection - Scenario #3</u> \$300 Cap (Effective 7/1/11) - June 30, 2010 - 4.50% Discount Rate

ARC Projection	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ ARC (2012/13)							
 Normal Cost 	\$ 23	\$ 21	\$ 96	\$ 442	\$ 147	\$ 311	\$ 1,040
 UAAL Amort 	9	<u>51</u>	<u>181</u>	<u>549</u>	<u>344</u>	<u>472</u>	1,606
Total	32	72	277	991	491	783	2,646
PayGo	16	65	244	628	401	525	1,879
■ ARC (2013/14)							
 Normal Cost 	23	21	95	442	147	311	1,039
 UAAL Amort 	9	<u>53</u>	<u>187</u>	_567	<u>355</u>	<u>488</u>	<u>1,658</u>
Total	32	74	282	1,009	502	799	2,697
PayGo	16	68	247	654	404	537	1,926
■ ARC (2014/15)							
 Normal Cost 	23	21	95	442	147	311	1,039
 UAAL Amort 	9	<u>54</u>	<u>193</u>	<u>586</u>	<u>366</u>	<u>505</u>	<u>1,713</u>
Total	32	75	288	1,028	513	816	2,752
PayGo	17	70	250	680	408	550	1,975



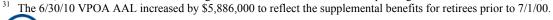


Normal Cost projected as a constant Normal Cost percentage times City projected payroll.

Actuarial Obligations - Scenario #4³⁰ \$300 Cap (Effective 7/1/11) w/ Safety Supp - June 30, 2010 - 4.50% Discount Rate (Amounts in 000's)

Obligations	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ PVB							
Actives	\$ 226	\$ 356	\$ 1,537	\$ 7,796	\$ 3,213	\$ 4,948	\$18,076
• Retirees	<u>112</u>	<u>856</u>	<u>3,429</u>	7,528	8,812	14,710	<u>35,447</u>
• Total	338	1,212	4,966	15,324	12,025	19,658	53,523
■ AAL							
Actives	66	264	810	4,281	1,817	2,265	9,503
• Retirees	<u>112</u>	<u>856</u>	<u>3,429</u>	7,528	8,812	<u>14,710³¹</u>	<u>35,447</u>
• Total	178	1,120	4,239	11,809	10,629	16,975	44,950
■ Normal Cost	23	21	96	438	145	317	1,040
■ PayGo	15	59	504	575	530	1,419	3,102

³⁰ June 30, 2010 valuation results assuming 7/1/11 CAMP and VPOA \$300 cap changes were enacted on June 30, 2010.





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Annual Required Contribution - Scenario #4³² \$300 Cap (Effective 7/1/11) w/ Safety Supp - June 30, 2010 - 4.50% Discount Rate (Amounts in 000's)

ARC	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ ARC \$							
• Normal Cost	\$ 23	\$ 21	\$ 96	\$ 438	\$ 145	\$ 317	\$ 1,040
• UAAL Amort	_8	<u>48</u>	<u>180</u>	<u>501</u>	<u>451</u>	<u>720</u>	<u>1,907</u>
• Total	31	69	276	939	596	1,037	2,947
■ Projected Pay	103	1,656	5,282	14,958	7,931	11,052	40,982
■ ARC %							
• Normal Cost	22.3%	1.3%	1.8%	2.9%	1.8%	2.9%	2.5%
• UAAL Amort	7.3%	<u>2.9%</u>	3.4%	3.3%	<u>5.7%</u>	<u>6.5%</u>	<u>4.7%</u>
• Total	29.7%	4.1%	5.2%	6.3%	7.5%	9.4%	7.2%

June 30, 2010 valuation results assuming 7/1/11 CAMP and VPOA \$300 cap changes were enacted on June 30, 2010.





Annual Required Contribution Projection - Scenario #4³³ \$300 Cap (Effective 7/1/11) w/ Safety Supp - June 30, 2010 - 4.50% Discount Rate (Amounts in 000's)

ARC Projection	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ City Benefit	\$300	\$300	\$300	\$300	Supp	Supp	
■ Effective Date	Current	Current	7/1/11	Current	Current	7/1/11	
■ ARC (2010/11)							
 Normal Cost³⁴ 	\$ 23	\$ 21	\$ 371	\$ 438	\$ 145	\$ 1,454	\$ 2,452
 UAAL Amort 	8	<u>48</u>	<u>519</u>	<u>501</u>	<u>451</u>	<u>1,956</u>	<u>3,482</u>
Total	31	69	890	939	596	3,410	5,934
PayGo	15	59	504	575	530	1,419	3,102
■ ARC (2011/12)							
 Normal Cost 	23	21	96	442	147	319	1,048
 UAAL Amort 	8	<u>49</u>	<u>175</u>	<u>532</u>	<u>468</u>	727	<u>1,960</u>
Total	31	70	271	974	615	1,046	3,008
PayGo	16	62	239	599	537	759	2,212

³³ Assumes full ARC prefunding beginning 11/12.



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Annual Required Contribution Projection - Scenario #4 \$300 Cap (Effective 7/1/11) w/ Safety Supp - June 30, 2010 - 4.50% Discount Rate (Amounts in 000's)

ARC Projection	Council	Exec	CAMP	IBEW	IAFF	VPOA	Total
■ ARC (2012/13)							
 Normal Cost 	\$ 23	\$ 21	\$ 96	\$ 442	\$ 147	\$ 311	\$ 1,040
 UAAL Amort 	9	<u>51</u>	<u>181</u>	<u>549</u>	<u>483</u>	<u>750</u>	2,022
• Total	32	72	277	991	630	1,061	3,062
PayGo	16	65	244	628	555	796	2,304
■ ARC (2013/14)							
 Normal Cost 	23	21	95	442	147	311	1,039
 UAAL Amort 	9	<u>53</u>	<u>187</u>	_567	<u>498</u>	775	2,089
• Total	32	74	282	1,009	645	1,086	3,128
PayGo	16	68	247	654	573	831	2,389
■ ARC (2014/15)							
 Normal Cost 	23	21	95	442	147	311	1,039
 UAAL Amort 	9	<u>54</u>	<u>193</u>	<u>586</u>	<u>515</u>	802	<u>2,159</u>
• Total	32	75	288	1,028	662	1,113	3,198
• PayGo	17	70	250	680	591	865	2,473





Normal Cost projected as a constant Normal Cost percentage times City projected payroll.

<u>Scenario Summary</u> June 30, 2010 - 4.50% Discount Rate

(Amounts in 000's)

		Current	Sc #1	Sc #2	Sc #3	Sc #4
Benefit		Current	\$300	\$300	\$300	\$300
Supplement		IAFF	None	IAFF/VPOA	None	IAFF/VPOA
VPOA Effec	etive	n/a	7/1/12	7/1/12	7/1/11	7/1/11
CAMP Effec	ctive	n/a	7/1/13	7/1/13	7/1/11	7/1/11
2010/11	ARC	\$5,934	\$5,803	\$5,934	\$5,803	\$5,934
	PayGo	3,102	2,969	3,102	2,969	3,102
2011/12	ARC	6,183	6,048	6,183	2,605	3,008
	PayGo	3,278	3,138	3,278	1,826	2,212
2012/13	ARC	6,379	3,342	3,760	2,646	3,062
	PayGo	3,503	2,201	2,626	1,879	2,304
2013/14	ARC	6,525	2,721	3,153	2,697	3,128
	PayGo	3,735	1,926	2,389	1,926	2,389
2014/15	ARC	6,666	2,777	3,223	2,752	3,198
	PayGo	3,978	1,975	2,473	1,975	2,473





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<u>Scenario Summary – Difference Versus Current Plan</u> June 30, 2010 - 4.50% Discount Rate

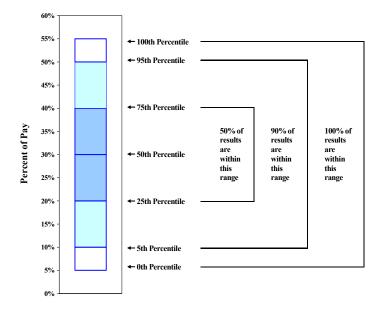
		Current	Sc #1	Sc #2	Sc #3	Sc #4
Benefit		Current	\$300	\$300	\$300	\$300
Supplement		IAFF	None	IAFF/VPOA	None	IAFF/VPOA
VPOA Effec	tive	n/a	7/1/12	7/1/12	7/1/11	7/1/11
CAMP Effec	ctive	n/a	7/1/13	7/1/13	7/1/11	7/1/11
2010/11	ARC		\$ 131	\$ 0	\$ 131	\$ 0
	PayGo		133	0	133	0
2011/12	ARC		135	0	3,578	3,175
	PayGo		140	0	1,452	1,066
2012/13	ARC		3,037	2,619	3,733	3,317
	PayGo		1,302	877	1,624	1,199
2013/14	ARC		3,804	3,372	3,828	3,397
	PayGo		1,809	1,346	1,809	1,346
2014/15	ARC		3,889	3,443	3,914	3,468
	PayGo		2,003	1,505	2,003	1,505





BARTEL ASSOCIATES GASB 45 DATABASE

GASB 45 **Retiree Medical Benefits Comparison** Sample Percentile Graph



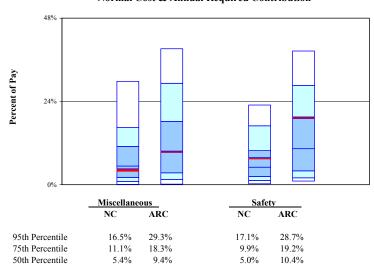




BARTEL ASSOCIATES GASB 45 DATABASE

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GASB 45 Retiree Medical Benefits Comparison Normal Cost & Annual Required Contribution



25th Percentile 4.0% 5th Percentile 1.0% 1.5% 1.2% 2.0% Percent of Pay 4.2% 9.4% 19.3% Percentile 43% 50% 63% 76%

9.4%

3.4%

2.1%

Discount Rate = 4.50%, Amortization Period = 29 Years

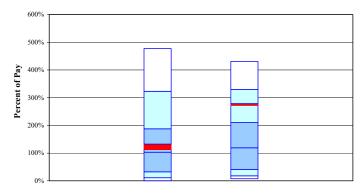
2.4%





BARTEL ASSOCIATES GASB 45 DATABASE

GASB 45 Retiree Medical Benefits Comparison Actuarial Accrued Liability



	Miscellaneous	Safety
95th Percentile	323%	329%
75th Percentile	188%	210%
50th Percentile	103%	119%
25th Percentile	32%	41%
5th Percentile	11%	18%
Percent of Pay	122%	275%
Percentile	56%	87%

Discount Rate = 4.50%



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OTHER ISSUES

- GASB Preliminary Views
- CERBT
 - 2 more conservative CERBT investment mix may be available by 6/30/11
- Next Steps
 - Final valuation results
- Timing
 - Present preliminary results February 10, 2011
 - Updated study results February 18, 2011
 - Updated study benefit summary March 9, 2011
 - Updated current plan to include IAFF supplemental benefits for eligible retirees April 12, 2011
 - Final valuation results





EXHIBITS

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Participant Statistics	E-3
Actuarial Assumptions	E-17
Actuarial Methods	E-25
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EXHIBITS



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PREMIUMS

2011 PEMHCA Monthly Premiums Bay Area

	Non-Medicare Eligible			Medicare Eligible			
Plan	Single	2-Party	Family	Single	2-Party	Family	
Blue Shield	\$675.51	\$1,351.02	\$1,756.33	\$337.88	\$675.76	\$1,013.64	
Blue Shield NetValue	581.24	1,162.48	1,511.22	337.88	675.76	1,013.64	
Kaiser	568.99	1,137.98	1,479.37	282.30	564.60	846.90	
PERS Choice	563.40	1,126.80	1,464.84	375.88	751.76	1,127.64	
PERS Select	492.68	985.36	1,280.97	375.88	751.76	1,127.64	
PERSCare	893.95	1,787.90	2,324.27	433.66	867.32	1,300.98	
PORAC	527.00	987.00	1,254.00	418.00	833.00	1,331.00	







PREMIUMS

2010 PEMHCA Monthly Premiums Bay Area

	Non-Medicare Eligible			Medicare Eligible		
Plan	Single	2-Party	Family	Single	2-Party	Family
Blue Shield	\$577.33	\$1,154.66	\$1,501.06	\$299.53	\$599.06	\$898.59
Blue Shield NetValue	500.35	1,000.70	1,300.91	299.53	599.06	898.59
Kaiser	532.56	1,065.12	1,384.66	298.36	596.72	895.08
PERS Choice	508.74	1,017.48	1,322.72	356.09	712.18	1,068.27
PERS Select	474.93	949.86	1,234.82	356.09	712.18	1,068.27
PERSCare	868.17	1,736.34	2,257.24	410.60	821.20	1,231.80
PORAC	484.00	906.00	1,151.00	363.00	723.00	1,157.00





Medical Plan Participation Non-Waived Participants

		Retirees	
	Actives	< 65	≥ 65
Blue Shield	16%	9%	2%
Blue Shield NetValue	2%	2%	0%
Kaiser	75%	63%	72%
PERS Choice	3%	15%	9%
PERS Select	0%	0%	0%
PERSCare	0%	4%	14%
PORAC	4%	7%	3%
Total	100%	100%	100%





PARTICIPANT STATISTICS

E-3

Active Medical Coverage

	Single	2-Party	Family	Waived	Total
Blue Shield	10	17	34		61
Blue Shield NetValue	1	1	4		6
Kaiser	65	67	147		279
PERS Choice	3	5	3		11
PERS Select					
PERSCare	1				1
PORAC	3	4	9		16
Waived				64	64
Total	83	94	197	64	438
Election %	22%	25%	53%		
Waived %				15%	





Retiree Medical Coverage Under Age 65

	Single	2-Party	Family	Waived	Total
Blue Shield	8	8	8		24
Blue Shield NetValue	2		3		5
Kaiser	58	68	36		162
PERS Choice	13	21	5		39
PERS Select	1				1
PERSCare	7	3			10
PORAC	3	7	7		17
Waived				25	25
Total	92	107	59	25	283
				I	
Election %	36%	41%	23%		
Waived %				9%	





PARTICIPANT STATISTICS

E-5

Retiree Medical Coverage Age 65 & Over

	Single	2-Party	Family	Waived	Total
Blue Shield	4				4
Blue Shield NetValue					
Kaiser	81	80	4		165
PERS Choice	6	16			22
PERS Select					
PERSCare	20	12			32
PORAC	2	4			6
Waived				31	31
Total	113	112	4	31	260
Election %	49%	49%	2%		
Waived %				12%	





Actives by Age and City Service Miscellaneous

		City Service								
Age	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	Total		
< 25		3						3		
25-29	3	7	1					11		
30-34	4	12	6	3				25		
35-39	1	11	5	4				21		
40-44	5	11	7	6	5	2		36		
45-49	1	11	11	12	8	11		54		
50-54	2	11	9	12	9	15	12	70		
55-59		3	6	13	1	6	4	33		
60-64	1	3	3	4	2	2	2	17		
≥ 65			1	1				2		
Total	17	72	49	55	25	36	18	272		





PARTICIPANT STATISTICS

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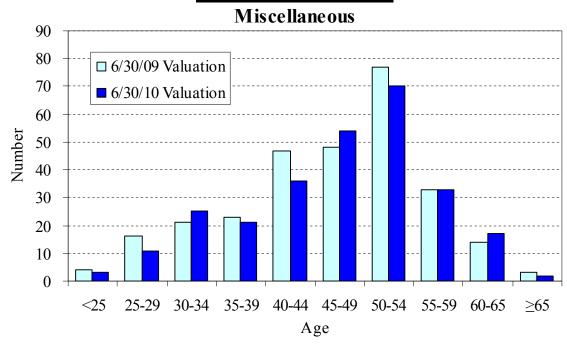
Actives by Age and City Service Safety

		City Service							
Age	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	Total	
< 25									
25-29		4						4	
30-34		6	12	3				21	
35-39		4	12	15	2			33	
40-44		3	7	16	7	8		41	
45-49			1	7	9	26	5	48	
50-54					2	10	4	16	
55-59						1	1	2	
60-64									
≥ 65					1			1	
Total		17	32	41	21	45	10	166	





Active Age Distribution



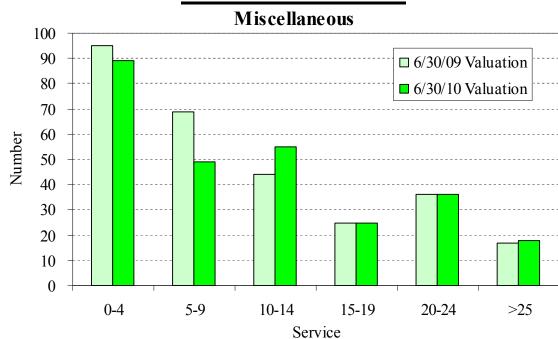


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PARTICIPANT STATISTICS

Active Service Distribution







Active Age Distribution Safety 60 50 40 30 20 10 <-25 25-29 30-34 35-39 40-44 45-49 50-54 55-59 60-65 ≥65



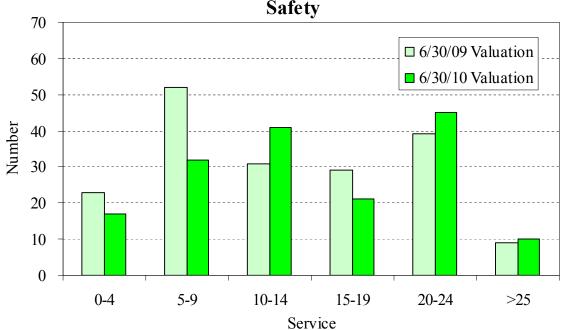
E-11

Age



PARTICIPANT STATISTICS

Active Service Distribution Safety







Retiree Healthcare Coverage by Age Group Miscellaneous

Age	Single	2-Party	Family	Waived	Total
Under 50	1	1		1	3
50-54	5	5	3	3	16
55-59	19	15	7	7	48
60-64	33	22	4	9	68
65-69	11	19	1	9	40
70-74	12	17		3	32
75-79	9	8		7	24
80-84	14	9		2	25
Over 85	12	5		2	19
Total	116	101	15	43	275

Average Age	69.0	68.0	58.1	67.2	67.8
< 65 Election %	51%	37%	12%		
≥ 65 Election %	50%	50%	0%		
Total Election %	50%	44%	6%		

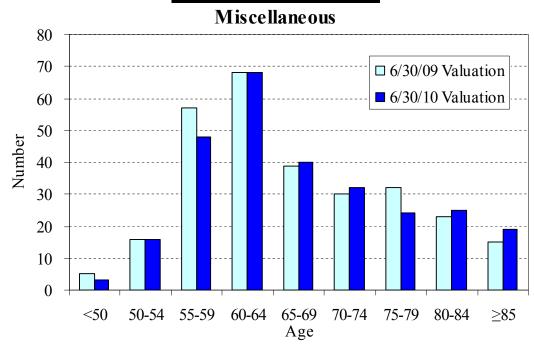






PARTICIPANT STATISTICS

Retiree Age Distribution







Retiree Healthcare Coverage by Age Group Safety

Age	Single	2-Party	Family	Waived	Total
Under 50	5	8	15	1	29
50-54	6	14	18	3	41
55-59	10	20	10	1	41
60-64	13	22	2		37
65-69	13	24	2	3	42
70-74	14	17	1	3	35
75-79	7	3		1	11
80-84	12	7		1	20
Over 85	9	3			12
Total	89	118	48	13	268

Average Age	69.3	63.9	52.2	64.0	63.6
< 65 Election %	24%	45%	31%		
≥ 65 Election %	49%	48%	3%		
Total Election %	35%	46%	19%		

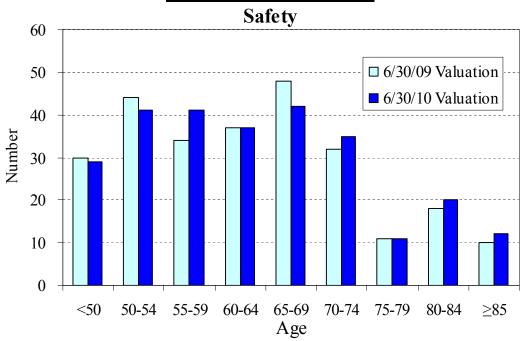






PARTICIPANT STATISTICS

Retiree Age Distribution







Assumption	June 30, 2009 Valuation	June 30, 2010 Valuation
■ Valuation Date	June 30, 20092009/10 ARCNo lag period	 June 30, 2010 2010/11 and 2011/12 ARCs No lag period
■ Funding Policy	Pay-as-you-go	• Same
■ Discount Rate	• 4.50% - Not pre-funded, assets in City investment fund	 4.50% - Not pre-funded, assets in City investment fund 7.75% - ARC pre-funded with CalPERS CERBT (sensitivity)
■ General Inflation	 3.0% annually Basis for aggregate payroll and discount rate assumptions	• Same
■ Aggregate Payroll Increases	 3.25% annually Inflation plus 0.25% For Normal Cost calculation and UAAL amortization 	• Same



April 12, 2011





ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Valuation	June 30, 2010 Valuation
■ Merit Payroll Increases	 CalPERS 1997-2002 Experience Study Added to aggregate payroll increase assumption for Normal Cost calculation 	 CalPERS 1997-2007 Experience Study Added to aggregate payroll increase assumption for Normal Cost calculation
Fixed Dollar Cap Increase	0%Cap not less than PEMHCA minimum	• Same





Assumption	June 30, 2009 Valuation				Jı	ıne 30,	2010 V	aluatio	n	
■ Medical Trend	Fiscal	Inc	rease from	n Prior Y	<u>ear</u>	Fiscal	Inc	rease from	m Prior Y	<u>ear</u>
	Year	Non-M	edicare	Med	icare	Year	Non-M	edicare	Med	icare
	Begin	<u>HMO</u>	PPO	<u>HMO</u>	PPO	Begin	HMO	PPO	<u>HMO</u>	PPO
	2009		Prem	iums		2009		n/	′a	
	2010		Prem	iums		2010		Prem	iums	
	2011	8.40%	9.00%	8.70%	9.30%	2011		Prem	iums	
	2012	7.75%	8.25%	8.00%	8.50%	2012	7.75%	8.25%	8.00%	8.50%
	2013	7.10%	7.50%	7.30%	7.70%	2013	7.10%	7.50%	7.30%	7.70%
	2014		6.75%	6.60%	6.90%	2014	6.45%	6.75%	6.60%	6.90%
	2015	5.80%	6.00%	5.90%	6.10%	2015	5.80%	6.00%	5.90%	6.10%
	2016	5.15%	5.25%		5.30%	2016	5.15%	5.25%	5.20%	5.30%
	2017+	4.50%	4.50%	4.50%	4.50%	2017+	4.50%	4.50%	4.50%	4.50%
	• 2009	PEMH	CA premi	iums:						
	> K	Caiser &	PORAC i	increases	based					
	0	n experi	ence							
				d rollover	credit					
	➤ P	POs app	lied reser	ves						
	• 201	l and late	er premiu	ms adjust	ed:					
	➤ Bl	ue Shiel	d increase	ed 1% eac	h year					
		r 2011-2								
				% each y	ear for					
	20	11-2013								



April 12, 2011

E-19



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Valuation	June 30, 2010 Valuation
■ PEMHCA Minimum Increases	• 4.50% annually	• Same
■ Medical Trend (Sensitivity)	• n/a	Fiscal Increase from Prior Year Year Non-Medicare Medicare Begin HMO PPO HMO PPO 2012 9.5% 9.5% 10.0% 10.0% 2013 9.0% 9.0% 9.4% 9.4% 2014 8.5% 8.5% 8.9% 8.9% 2015 8.0% 8.0% 8.3% 8.3% 2016 7.5% 7.5% 7.8% 7.8% 2017 7.0% 7.0% 7.2% 7.2% 2018 6.5% 6.5% 6.7% 6.7% 2019 6.0% 6.0% 6.1% 6.1% 2020 5.5% 5.5% 5.6% 5.6% 2021+ 5.0% 5.0% 5.0% 5.0% • Affects costs and obligations for CAMP and VPOA • PEMHCA minimum trend 5%





Assumption	June 30, 2009 Valuation	June 30, 2010 Valuation
■ Mortality, Termination, Disability	CalPERS 1997-2002 Experience Study	CalPERS 1997-2007 Experience Study
■ Service Retirement	• CalPERS 1997-2002 Experience Study Misc Fire Police PERS 2.7%@55 3%@50 3%@50 ERA 60M 59F 55 54	• CalPERS 1997-2007 Experience Study Misc Fire Police PERS 2.7%@55 3%@50 3%@50 Hire 34.4 26.2 25.5 ERA 58 55 54
■ CalPERS Service	 CalPERS data For merit pay increase, termination, and service retirement tables which are based on total CalPERS service 	• Same





ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Valuation	June 30, 2010 Valuation
■ Participation at Retirement	 Actives: Covered - 100% Waived - 90% Retirees: Covered - 100% Waived < 65 - 0% Waived ≥ 65 - 0% Surviving spouses - 100% 	 Actives: Covered - 100% Waived - 90% Retirees: Covered - 100% Waived < 65 - 20% at 65 Waived ≥ 65 - 0% Surviving spouses - 100%
■ Coverage at Retirement	 Spouse coverage - current coverage election Family coverage: Current actives: Misc - 10% until 65 Safety - 25% until 65 Current retirees - current coverage until 65 	 Spouse coverage - current coverage election Family coverage: Current actives: CAMP - 20% until 65 VPOA - 35% until 65 Others - n/a Current retirees - current coverage until 65





Assumption	June 30, 2009 Valuation	June 30, 2010 Valuation
■ Medical Plan at Retirement	 Currently covered – Same as current elections Currently waived – Weighted premium based on current retiree elections before and after Medicare eligibility 	• Same
■ Medicare Eligibility	Hire Misc Safety < 4/1/86 100% 75% ≥ 4/1/86 100% 100% • Everyone eligible for Medicare will elect Part B coverage • Hire date for retirees was estimated from CalPERS retirement date and service	Hire Misc Safety < 4/1/86 100% 95% ≥ 4/1/86 100% 100% • 5.4% of Safety retirees over 65 hired before 4/1/86 are not in Medicare per retiree data • Everyone eligible for Medicare will elect Part B coverage • Hire date for retirees was estimated from CalPERS retirement date and service







ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2009 Valuation	June 30, 2010 Valuation
■ Marital Status at Retirement	 Covered - based on current coverage election Waived - 80% married 	• Same
■ Spouse Age	 Actives – Males 3 years older than females Retirees – Males 3 years older than females if spouse birth date not provided 	• Same





ACTUARIAL METHODS

Method	June 30, 2010 Valuation
■ Cost Method	Entry Age NormalNormal Cost is a level percentage of payroll
■ Plan Assets	• None
■ Amortization Method	Level percent of payroll
■ Amortization Periods	 30-year fixed (closed) period for initial UAAL as of 6/30/09 for 2009/10 ARC 29-year fixed (closed) period fresh start UAAL amortization for 2010/11 ARC Amortization period decreases by one year each fiscal
	 year, but not less than 15 years When amortization period reaches 15 years, new gains and losses will be amortized over a rolling 15-year period





ACTUARIAL METHODS

Method	June 30, 2010 Valuation
■ Implied Subsidy	 Employer cost for allowing non-Medicare eligible retirees to participate at active rates Community rated plans are not required to value an implied subsidy if active rates are independent of number of retirees PEMHCA is a community rated plan for most employers Valuation does not include an implied subsidy
■ Future New Entrants	 Valuation Results – Closed group, no new hires Projections – Simplified open group projection: Actives – Payroll projected per authorized staffing as provided by the City through fiscal year ending 2015. After 2015, total pay increased in accordance with aggregate payroll assumption Retirees - no additional retirees from new hires





DEFINITIONS

■ GASB 45 Accrual Accounting

- Project future employer-provided benefit cash flows for current active employees and current retirees
- Discount projected cash flow to valuation date using discount rate (assumed return on assets used to pay benefits) and other actuarial assumptions to determine present value of projected future benefits (PVB)
- Allocate PVB to past, current, and future periods using the actuarial cost method
- Actuarial cost method used for this valuation is the Entry Age Normal Cost method which determines Normal Cost as a level percentage of payroll (same method used by CalPERS)
- Normal Cost is amount allocated to current fiscal year
- Actuarial Accrued Liability (AAL) is amount allocated to prior service with employer
- Unfunded AAL (UAAL) is AAL less plan assets pre-funded in a segregated and restricted trust

■ PayGo Cost

- Cash subsidy is the pay-as-you-go employer benefit payments for retirees
- Implied subsidy is the difference between the actual cost of retiree benefits and retiree premiums subsidized by active employee premiums
- No implied subsidy included in the valuation



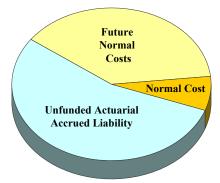




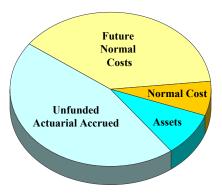
DEFINITIONS

Present Value of Benefits

Present Value of Benefits (Without Plan Assets)



Present Value of Benefits (With Plan Assets)







DEFINITIONS

■ Annual Required Contribution (ARC)	 "Required contribution" for the current period including: Normal Cost Amortization of:
■ Net OPEB Obligation (NOO)	 Net OPEB Obligation is the accumulated amounts expensed but not funded Net OPEB Asset if amounts funded exceed those expensed
■ Annual OPEB Cost (AOC)	 Expense for the current period including: ARC Interest on NOO Adjustment of NOO NOO adjustment prevents double counting of expense since ARCs include an amortization of prior contribution gains/losses previously expensed



