



THE CITY OF
NOVATO
CALIFORNIA

BARTEL
ASSOCIATES, LLC

**CITY OF NOVATO
RETIREE HEALTHCARE PLAN**

**January 1, 2014 GASB 45 Actuarial Valuation
Final Results**

Presented by **John E. Bartel, President**
Prepared by Bianca Lin, Assistant Vice President & Actuary
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Bartel Associates, LLC

October 28, 2014

AGENDA

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BENEFIT SUMMARY

<p>■ Eligibility</p>	<ul style="list-style-type: none"> • Service or disability retirement directly from the City under CalPERS • Part time employees not eligible 						
<p>■ Retiree Medical Benefit</p>	<ul style="list-style-type: none"> • City contributes the PEMHCA minimum monthly amount: <table style="margin-left: 40px; border: none;"> <tr> <td style="padding-right: 20px;">2014</td> <td>\$ 119.00</td> </tr> <tr> <td>2015</td> <td>122.00</td> </tr> </table> 	2014	\$ 119.00	2015	122.00		
2014	\$ 119.00						
2015	122.00						
<p>■ Post-Retirement Health Benefits Contribution</p>	<ul style="list-style-type: none"> • City contributes the following to individual accounts for post retirement health benefits: <table style="margin-left: 40px; border: none;"> <thead> <tr> <th style="text-align: center;"><u>Unit</u></th> <th style="text-align: center;"><u>Monthly Amount</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">A</td> <td style="text-align: center;">\$100</td> </tr> <tr> <td style="text-align: center;">B</td> <td style="text-align: center;">75</td> </tr> </tbody> </table> • Unit H employees contribute \$75 per month • Contributions are made to individual accounts and therefore not included in valuation 	<u>Unit</u>	<u>Monthly Amount</u>	A	\$100	B	75
<u>Unit</u>	<u>Monthly Amount</u>						
A	\$100						
B	75						
<p>■ Survivor Medical Benefit</p>	<ul style="list-style-type: none"> • 100% of retiree medical benefit continues to surviving spouse of retirees who electing CalPERS joint & survivor payment option 						
<p>■ Other OPEB</p>	<ul style="list-style-type: none"> • No contribution for dental, vision, life, or Medicare Part B 						



BENEFIT SUMMARY

<p>■ Pay-As-You-Go Costs¹</p>	<table style="border: none;"> <thead> <tr> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Payment</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2013/14</td> <td style="text-align: center;">\$ 85,000²</td> </tr> <tr> <td style="text-align: center;">2012/13</td> <td style="text-align: center;">74,322</td> </tr> <tr> <td style="text-align: center;">2011/12</td> <td style="text-align: center;">72,080</td> </tr> <tr> <td style="text-align: center;">2010/11</td> <td style="text-align: center;">62,634</td> </tr> <tr> <td style="text-align: center;">2009/10</td> <td style="text-align: center;">55,318</td> </tr> <tr> <td style="text-align: center;">2008/09</td> <td style="text-align: center;">47,443</td> </tr> </tbody> </table>	<u>Year</u>	<u>Payment</u>	2013/14	\$ 85,000 ²	2012/13	74,322	2011/12	72,080	2010/11	62,634	2009/10	55,318	2008/09	47,443
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¹ CAFR amounts

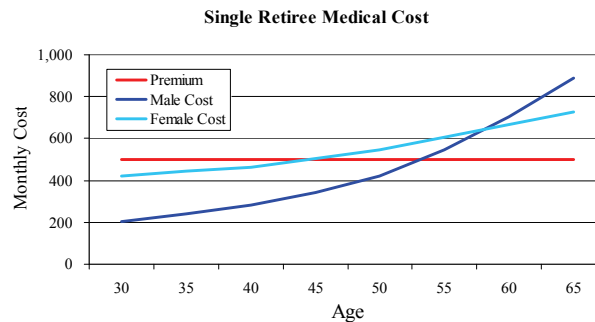
² Estimated amount from the City



BENEFIT SUMMARY

■ Implied Subsidy

- Non-Medicare eligible retirees pay active medical rates instead of actual cost
- Active employee premiums subsidize non-Medicare eligible retiree medical cost



- GASB 45 defers to Actuarial Standards of Practice (ASOP) for implied subsidy
- Until May 2014, Actuarial Standards of Practice No. 6³ (ASOP 6) allowed agencies with community rated plans to value their liability using premiums, resulting in no implied subsidy

³ Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Plan Costs or Contributions.

BENEFIT SUMMARY

■ Implied Subsidy (Continued)

- ASOP 6 revised in May 2014 requires the City to include implied subsidy beginning with 1/1/16 valuation
- Implied Subsidy impact depends on a number of factors including:
 - CalPERS provided information
 - Miscellaneous/Safety mix
 - Active/retiree proportions
 - Level of pre-funding
- AAL/ARC increase relative to current plan likely very large
- This valuation does not include implied subsidy

DATA SUMMARY

Participant Statistics

	1/1/10 Valuation	1/1/12 Valuation	1/1/14 Valuation
■ Actives			
• Count	209	179	192
• Average age	45.7	46.0	46.0
• Average City service	10.3	11.5	11.4
• Average CalPERS service	11.5	12.6	12.3
• Average pay	\$ 76,426	\$ 69,256	\$ 70,622
• Total payroll (000's)	15,973	12,397 ⁴	13,559
■ Retirees			
• Count	124	143	149
• Average age	65.1	66.1	66.7
• Average retirement age ⁵	55.5	55.9	55.3

⁴ 2011 calendar year reported payroll

⁵ Excludes surviving spouses

DATA SUMMARY

Participant Reconciliation

Participants	Actives	Retirees	Total
■ January 1, 2012	179	143	322
• Death/withdrawal	(19)	(7)	(26)
• New Retirees	(8)	8	-
• New Survivor	-	2	2
• New Hires	40	-	40
• Data Corrections	-	3 ⁶	3
■ January 1, 2014	192	149	341

⁶ 3 service retirees not previously reported

ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	January 1, 2012 Valuation	January 1, 2014 Valuation
■ Valuation Date	<ul style="list-style-type: none"> • January 1, 2012 • 2012/13 and 2013/14 ARCs 	<ul style="list-style-type: none"> • January 1, 2014 • 2014/15 and 2015/16 ARCs
■ Discount Rate	<ul style="list-style-type: none"> • 6.25% Full ARC pre-funded with PARS Moderate OPEB trust, 55% confidence level 	<ul style="list-style-type: none"> • 6.25% Full ARC pre-funded with PARS Balanced OPEB trust, 60% confidence level
■ Funding Policy	<ul style="list-style-type: none"> • Full ARC pre-funded with PARS moderate OPEB trust 	<ul style="list-style-type: none"> • Full ARC pre-funded with PARS Balanced OPEB trust
■ Mortality, Termination, Disability	<ul style="list-style-type: none"> • CalPERS 1997-2007 Experience Study • Generational Mortality Projection - Scale AA 	<ul style="list-style-type: none"> • CalPERS 1997-2011 Experience Study • Generational Mortality Projection - Scale AA

ACTUARIAL ASSUMPTIONS HIGHLIGHTS

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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	January 1, 2012 Valuation	January 1, 2014 Valuation
<ul style="list-style-type: none"> ■ PEMHCA Administrative Fee 	<ul style="list-style-type: none"> • 0.25% of premium for 2012/13+ 	<ul style="list-style-type: none"> • 0.33% of premium for 2013/14+
<ul style="list-style-type: none"> ■ Participation 	<ul style="list-style-type: none"> • Actives: <ul style="list-style-type: none"> ➢ Currently covered: 60% ➢ Currently waived: 20% • Retirees: <ul style="list-style-type: none"> ➢ Currently covered: 100% ➢ Currently waived: 20% waived retirees elect coverage at 65 	<ul style="list-style-type: none"> • Actives⁷: <ul style="list-style-type: none"> ➢ Currently covered: 75% ➢ Currently waived: 5% • Retirees: <ul style="list-style-type: none"> ➢ Currently covered: 100% ➢ Currently waived: 5% waived retirees elect coverage at 65

⁷ Based on current experience of retirees who retired since 2010

ACTUARIAL METHODS

Method	January 1, 2012 Valuation	January 1, 2014 Valuation
<ul style="list-style-type: none"> ■ Cost Method 	<ul style="list-style-type: none"> • Entry Age Normal 	<ul style="list-style-type: none"> • Same
<ul style="list-style-type: none"> ■ Funding Policy 	<ul style="list-style-type: none"> • Full ARC pre-funding 	<ul style="list-style-type: none"> • Same
<ul style="list-style-type: none"> ■ Actuarial Value of Assets 	<ul style="list-style-type: none"> • None as of valuation date 	<ul style="list-style-type: none"> • Investment gains and losses spread over a 5-year rolling period • Not less than 80% nor more than 120% of market value
<ul style="list-style-type: none"> ■ Amortization Method 	<ul style="list-style-type: none"> • Level Percent of Payroll 	<ul style="list-style-type: none"> • Same
<ul style="list-style-type: none"> ■ Amortization Periods 	<ul style="list-style-type: none"> • 26-year fixed (closed) period fresh start for 2012/13 ARC 	<ul style="list-style-type: none"> • 24-year fixed (closed) period fresh start for 2014/15 ARC

PARS FUNDING OPTIONS

PARS Fund Options⁸

	Capital Appreciation	Balanced⁹	Moderate	Moderately Conservative	Conservative
■ Target Allocation					
• Equity	75%	60%	50%	30%	15%
• Fixed Income	20%	35%	45%	65%	80%
• Cash	5%	5%	5%	5%	5%
• Total	100%	100%	100%	100%	100%
■ Median Return	7.39%	6.88%	6.48%	5.67%	5.00%
■ Discount Rate- Confidence Level					
• 50%	7.50%	7.00%	6.50%	5.75%	5.00%
• 55%	7.00%	6.50%	6.25%	5.50%	4.75%
• 60%	6.75%	6.25%	6.00%	5.25%	4.50%

⁸ City selected to pre-fund with Balanced portfolio, 60% Confidence Level

⁹ Previously Moderately Aggressive. Same allocation.

PARS FUNDING OPTIONS

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ASSETS

Market Value of Plan Assets (PARS)

(Amounts in 000's)

	2012/13	2013/14
■ MVA (Beginning of Year)	\$ -	\$140
• Contributions	140	150
• Benefit Payments ¹⁰	-	-
• Expenses	(0)	(0)
• Earnings	<u>(0)</u>	<u>15</u>
■ MVA (End of Year)	140	305
■ Approximate Return	(0.9)%	9.6%

¹⁰ Paid outside of Trust directly to retirees.

ASSETS

Actuarial Value of Plan Assets

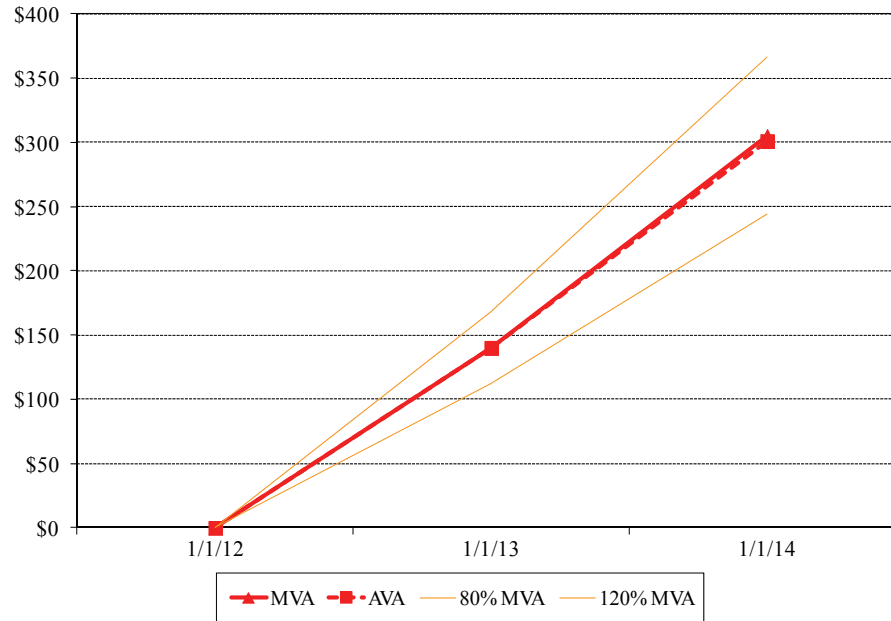
(Amounts in 000's)

	2012/13	2013/14
■ AVA (Beginning of Year)	\$ -	\$ 140
• Contributions	140	150
• Benefit Payments	-	-
• Expected Earnings ¹¹	<u>-</u>	<u>10</u>
■ Expected AVA (End of Year)	140	300
■ MVA (End of Year)	140	305
■ 1/5 of (MVA - Expected AVA)	-	1
■ Preliminary AVA	140	301
• Minimum AVA (80% of MVA)	112	244
• Maximum AVA (120% of MVA)	168	366
■ AVA (End of Year)	140	301
■ Approximate Return	4.8%	6.9%

¹¹ Net of expenses.

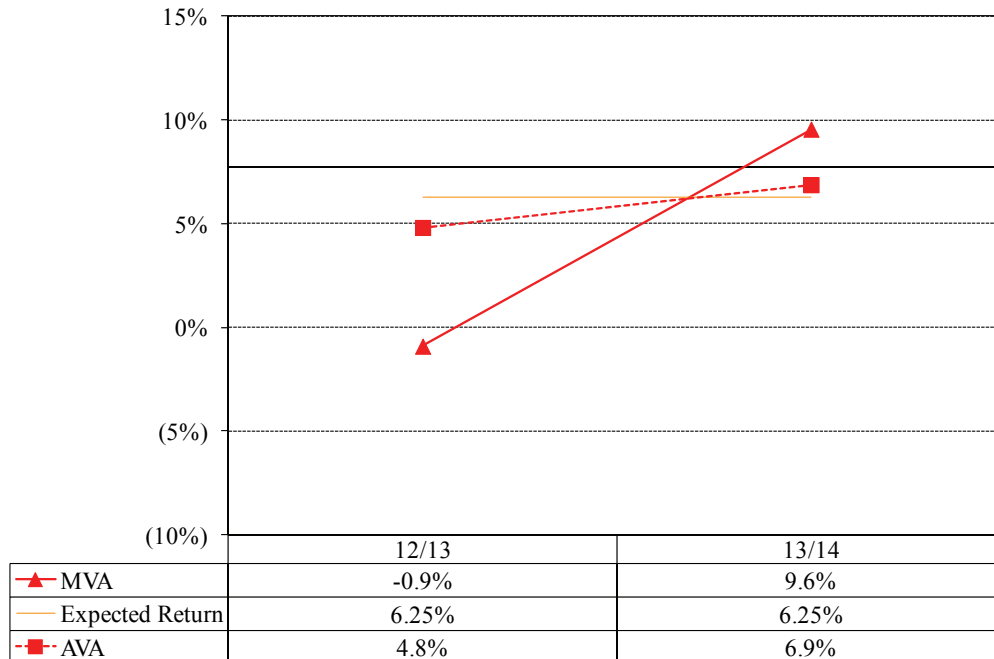
ASSETS

Historical Assets (Amounts in 000s)



ASSETS

Historical Asset Returns



RESULTS

Actuarial Obligations

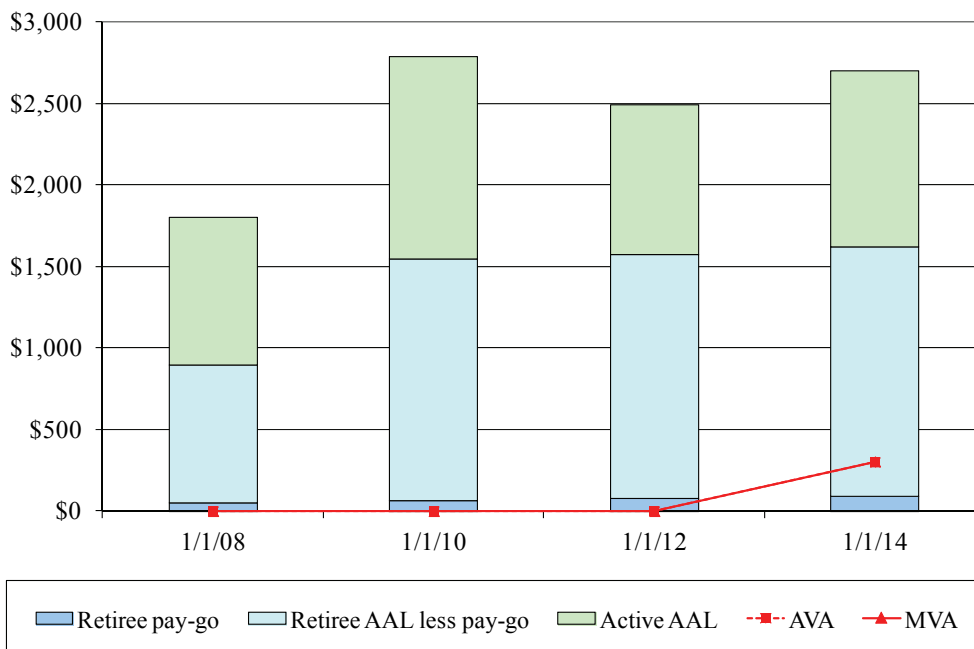
(Amounts in 000's)

	1/1/08	1/1/10	1/1/12	1/1/14	Proj. 6/30/14
■ Discount Rate	5.00%	4.50%	6.25%	6.25%	6.25%
■ PVPB					
• Actives	\$ n/a	\$ 2,695	\$ 1,746	\$ 1,994	
• Retirees	<u>898</u>	<u>1,547</u>	<u>1,571</u>	<u>1,623</u>	
• Total	n/a	4,242	3,317	3,617	
■ Actuarial Accrued Liability					
• Actives	905	1,239	925	1,075	
• Retirees	<u>898</u>	<u>1,547</u>	<u>1,571</u>	<u>1,623</u>	
• Total	1,803	2,786	2,496	2,698	\$2,786
■ Actuarial Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>146</u>	<u>301</u>
■ Unfunded AAL	1,803	2,786	2,496	2,553	2,485
■ Normal Cost	117	152	96		103
■ Pay-As-You-Go Cost	47	63	74		92

RESULTS

Historical Actuarial Accrued Liability

(Amounts in 000's)



RESULTS

Actuarial Gain/Loss Analysis

(Amounts in 000's)

	AAL	(Assets)	UAAL
■ Actual @ 1/1/2012	\$ 2,496	\$ -	\$ 2,496
■ Expected @ 6/30/2014	2,942	(338)	2,604
■ Assumption changes			
• CalPERS Assumptions 07 - 11	(0)		(0)
• Participation at retirement	(68)		(68)
■ Experience (gains)/losses			
• Premiums and PEMHCA min increased less than expected	(57)		(57)
• Investment return		(2)	(2)
• Contribution loss		39	39
• Demographic & other	(31)	-	(31)
■ Total changes	(156)	37	(119)
■ Projected @ 6/30/2014	2,786	(301)	2,485

RESULTS

Schedule of Funding Progress

(Amounts in 000's)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
1/1/2008	\$ -	\$ 1,803	\$ 1,803	-	\$ 17,616	10.2%
1/1/2010	-	2,786	2,786	-	15,730	17.7%
1/1/2012	-	2,496	2,496	-	12,397	20.1%
1/1/2014	146	2,698	2,553	5.4%	13,778	18.5%

RESULTS

Annual Required Contribution (ARC)

(Amounts in 000's)

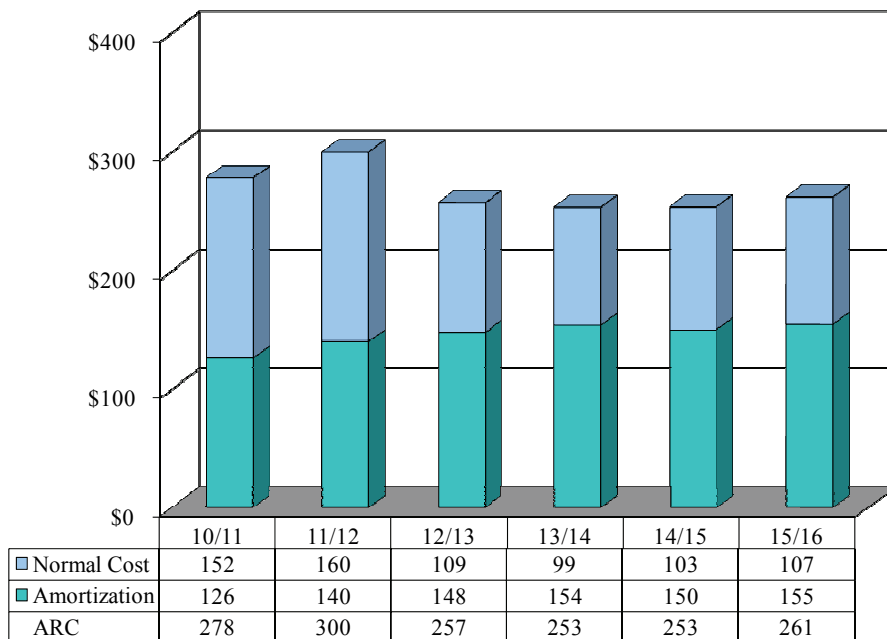
Annual Required Contribution	1/1/2012 Valuation		1/1/2014 Valuation	
	2012/13	2013/14	2014/15	2015/16
■ ARC - \$ <ul style="list-style-type: none"> • Normal Cost • UAAL Amortization • ARC 	\$ 96	\$ 99	\$ 103	\$ 107
	<u>148</u>	<u>154</u>	<u>150</u>	<u>155</u>
	244 ¹²	253	253	261
■ Projected Payroll	12,800	13,216	13,778	14,225
■ ARC - % <ul style="list-style-type: none"> • Normal Cost • UAAL Amortization • ARC 	0.7%	0.7%	0.7%	0.7%
	<u>1.2%</u>	<u>1.2%</u>	<u>1.1%</u>	<u>1.1%</u>
	1.9%	1.9%	1.8%	1.8%

¹² From 1/1/12 valuation report, CAFR listed \$257,000.

RESULTS

Annual Required Contributions

(Amounts in 000's)



RESULTS

Amortization Bases

(Amounts in 000's)

	1/1/2012 Val		1/1/2014 Val	
	6/30/2012	6/30/2013	6/30/2014	6/30/2015
■ Outstanding Balance				
• 2012 Fresh Start UAAL	\$ 2,582			
• 2013 Fresh Start UAAL		\$2,652		
• 2014 Fresh Start UAAL			\$2,485	
• 2015 Fresh Start UAAL	-	-	-	\$2,490
• Total	2,582	2,625	2,485	2,490

RESULTS

Amortization Payments

(Amounts in 000's)

	1/1/2012 Val		1/1/2014 Val	
	2012/13	2013/14	2014/15	2015/16
■ Amortization Payments				
• 2012 Fresh Start UAAL	\$ 148			
• 2013 Fresh Start UAAL		\$ 154		
• 2014 Fresh Start UAAL			\$ 150	
• 2015 Fresh Start UAAL	-	-	-	\$ 155
• Total	148	154	150	155
■ Average Amortization Years	26.0	25.0	24.0	23.0

RESULTS

Estimated Net OPEB Obligation (NOO)

(Amounts in 000's)

Estimated Net OPEB Obligation	CAFR 2012/13	Estimated 2013/14	Estimated 2014/15	Estimated 2015/16
■ NOO at Beginning of Year	\$ 720	\$ 750	\$ 770	\$ 772
■ Annual OPEB Cost (AOC)				
• Annual Required Contribution	257 ¹³	253	253	261
• Interest on NOO	32	47	48	48
• Amortization of NOO	(45)	(44)	(46)	(48)
• Annual OPEB Cost	244	256	255	262
■ Contributions				
• Benefit Payments	74	85	92	101
• Trust Pre-Funding	<u>140</u>	<u>150</u>	<u>161</u>	<u>160</u>
• Total Contribution	214	235	253	261
■ NOO at End of Year	750	770	772	772

¹³ Different from \$244,000 on 1/1/12 valuation report.

RESULTS

Pre-Funding (Full ARC Contribution) Illustration

6.25% Discount Rate

(Amounts in 000's)

FYE June 30,	Beginning of Year Net OPEB Obligation	ARC	Annual OPEB Cost (AOC)	Contribution			Payroll	ARC as % of Payroll	Contr. as % of Payroll
				Benefit Pmts	Pre- Funding	Total Contr.			
2015	\$ 770	\$ 253	\$ 255	\$ 92	\$ 161	\$ 253	\$ 13,778	1.8%	1.8%
2016	772	261	262	101	160	261	14,225	1.8%	1.8%
2017	772	270	269	112	158	270	14,688	1.8%	1.8%
2018	771	279	276	122	157	279	15,165	1.8%	1.8%
2019	768	288	283	134	154	288	15,658	1.8%	1.8%
2020	763	297	290	145	152	297	16,167	1.8%	1.8%
2021	756	307	298	156	151	307	16,692	1.8%	1.8%
2022	747	317	305	169	148	317	17,235	1.8%	1.8%
2023	736	327	313	181	146	327	17,795	1.8%	1.8%
2024	722	338	321	194	144	338	18,373	1.8%	1.8%

RESULTS

Actuarial Obligations by Group

January 1, 2014
6.25% Discount Rate
 (Amounts in 000's)

	Miscellaneous	Safety	Total
■ PVPB			
• Actives	\$ 1,248	\$ 746	\$ 1,994
• Retirees	<u>1,010</u>	<u>613</u>	<u>1,623</u>
• Total	2,258	1,359	3,617
■ Actuarial Accrued Liability			
• Actives	776	300	1,075
• Retirees	<u>1,010</u>	<u>613</u>	<u>1,623</u>
• Total	1,786	913	2,698
■ Actuarial Assets¹⁴	<u>96</u>	<u>49</u>	<u>146</u>
■ Unfunded AAL	1,689	864	2,553
■ Normal Cost (2014/15)	64	39	103
■ Pay-As-You-Go Cost (2014/15)	63	29	92

¹⁴ Assets allocation is based on Actuarial Accrued Liability

RESULTS

Annual Required Contribution (ARC) by Group

2014/15 Fiscal Year
6.25% Discount Rate
 (Amounts in 000's)

	Miscellaneous	Safety	Total
■ ARC - \$			
• Normal Cost	\$ 64	\$ 39	\$ 103
• UAAL Amortization ¹⁵	<u>99</u>	<u>51</u>	<u>150</u>
• ARC	163	90	253
■ Projected Payroll	8,603	5,175	13,778
■ ARC - %			
• Normal Cost	0.7%	0.8%	0.7%
• UAAL Amortization	<u>1.2%</u>	<u>1.0%</u>	<u>1.1%</u>
• ARC	1.9%	1.8%	1.8%

¹⁵ Allocated in proportion to the AAL

ACTUARIAL VALUATION CERTIFICATION

This report presents the City of Novato's Retiree Healthcare Plan ("Plan") January 1, 2014 actuarial valuation. The purpose of this valuation is to:

- Determine the Governmental Accounting Standards Board Statement Nos. 43 and 45 January 1, 2014 Benefit Obligations,
- Determine the Plan's January 1, 2014 Funded Status, and
- Calculate the 2014/15 and 2015/16 Annual Required Contributions.

The report provides information intended for reporting under GASB 43 and 45, but may not be appropriate for other purposes. Information provided in this report may be useful to the City for the Plan's financial management. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in Plan design, actuarial methods, or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on Plan provisions, participant data, and asset information provided by the City as summarized in this report, which we relied on and did not audit. We reviewed the participant data for reasonableness.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. Additionally, in our opinion, actuarial methods and assumptions comply with GASB 43 and 45. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,



John E. Bartel, ASA, MAAA, FCA
President
Bartel Associates, LLC
October 28, 2014



Bianca Lin, FSA, MAAA, EA
Assistant Vice President
Bartel Associates, LLC
October 28, 2014

EXHIBITS

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Premiums	E- 1
Data Summary	E- 4
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PREMIUMS

2013 PEMHCA Monthly Premiums
Bay Area

Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Blue Shield	\$784.63	\$1,569.26	\$2,040.04	\$261.32	\$522.64	\$783.96
Blue Shield NetValue	670.21	1,340.42	1,742.55	261.32	522.64	783.96
Kaiser	668.63	1,337.26	1,738.44	288.37	576.74	865.11
PERS Choice	667.03	1,334.06	1,734.28	325.74	651.48	977.22
PERS Select	487.20	974.40	1,266.72	325.74	651.48	977.22
PERSCare	1,083.11	2,166.22	2,816.09	370.43	740.86	1,111.29
PORAC	581.00	1,088.00	1,382.00	418.00	833.00	1,331.00

PREMIUMS

2014 PEMHCA Monthly Premiums
Bay Area

Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	\$657.33	\$1,314.66	\$1,709.06	\$341.12	\$682.24	\$1,023.36
Anthem Traditional	728.41	1,456.82	1,893.07	341.12	682.24	1,023.36
Blue Shield	836.59	1,673.18	2,175.13	298.21	596.42	894.63
Blue Shield NetValue	704.01	1,408.02	1,830.43	298.21	596.42	894.63
Kaiser	742.72	1,485.44	1,931.07	294.97	589.94	884.91
UnitedHealthcare	764.24	1,528.48	1,987.02	193.33	386.66	579.99
PERS Choice	690.77	1,381.54	1,796.00	307.23	614.46	921.69
PERS Select	661.52	1,323.04	1,719.95	307.23	614.46	921.69
PERSCare	720.04	1,440.08	1,872.10	327.36	654.72	982.08
PORAC	634.00	1,186.00	1,507.00	397.00	791.00	1,264.00

PREMIUMS

2015 PEMHCA Monthly Premiums
Bay Area

Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	\$662.41	\$1,324.82	\$1,722.27	\$445.38	\$890.76	\$1,336.14
Anthem Traditional	827.57	1,655.14	2,151.68	445.38	890.76	1,336.14
Blue Shield	928.87	1,857.74	2,415.06	352.63	705.26	1,057.89
Blue Shield NetValue	870.60	1,741.20	2,263.56	352.63	705.26	1,057.89
Kaiser	714.45	1,428.90	1,857.57	295.51	591.02	886.53
UnitedHealthcare	850.67	1,701.34	2,211.74	267.41	534.82	802.23
PERS Choice	700.84	1,401.68	1,822.18	339.47	678.94	1,018.41
PERS Select	690.43	1,380.86	1,795.12	339.47	678.94	1,018.41
PERSCare	775.08	1,550.16	2,015.21	368.76	737.52	1,106.28
PORAC	675.00	1,292.00	1,642.00	402.00	802.00	1,281.00

DATA SUMMARY

Participant Statistics
January 1, 2014

	Misc.	Safety	Total
■ Actives			
• Count	133	59	192
• Average age	49.9	37.1	46.0
• Average City service	12.3	9.3	11.4
• Average CalPERS service	13.5	9.8	12.3
• Average pay	\$ 63,661	\$ 86,314	\$ 70,622
• Total payroll (000's)	8,467	5,093	13,559
■ Retirees			
• Count	100	49	149
• Average age	69.1	61.9	66.7
• Average retirement age ¹⁶	59.4	47.6	55.3

¹⁶ Excludes 9 surviving spouses

DATA SUMMARY

Participant Statistics
January 1, 2012

	Misc.	Safety	Total
■ Actives			
• Count	123	56	179
• Average age	49.5	38.5	46.0
• Average City service	12.3	9.9	11.5
• Average CalPERS service	13.4	10.9	12.6
• Average pay	\$ 63,178	\$ 82,605	\$ 69,256
• Total payroll (000's) ¹⁷	7,771	4,626	12,397
■ Retirees			
• Count	98	45	143
• Average age	68.5	61.0	66.1
• Average retirement age ¹⁸	60.1	47.5	55.9

¹⁷ 2011 calendar year reported payroll

¹⁸ Excludes 7 surviving spouses

DATA SUMMARY

Medical Plan Participation
Non-Waived Participants

Plan	Actives	Retirees		
		<65	>65	Total
Blue Shield	18%	3%	3%	3%
Blue Shield NetValue	5%	3%	0%	2%
Kaiser	58%	63%	59%	61%
PERS Choice	12%	17%	17%	17%
PERS Select	3%	3%	0%	2%
PERSCare	0%	0%	21%	10%
PORAC	4%	10%	0%	5%
Total	100%	100%	100%	100%

DATA SUMMARY

Active Medical Plan Coverage¹⁹

Medical Plan	Single	2-Party	Family	Waived	Total
Blue Shield	16	3	1	-	20
Blue Shield NetValue	3	1	2	-	6
Kaiser	34	18	14	-	66
PERS Choice	10	2	2	-	14
PERS Select	2	-	1	-	3
PORAC	-	1	3	-	4
Waived	-	-	-	79	79
Total	65	25	23	79	192

¹⁹ All plans in Bay Area region

DATA SUMMARY

Retiree Medical Plan Coverage
Under Age 65

Medical Plan	Region	Single	2-Party	Family	Waived	Total
Blue Shield	Bay Area	-	1	-	-	1
Blue Shield NetValue	Bay Area	1	-	-	-	1
Kaiser	Bay Area	11	5	1	-	17
	Sacramento	1	-	-	-	1
	South	1	-	-	-	1
PERS Choice	Bay Area	1	2	-	-	3
	North	-	-	-	-	-
	Out of State	2	-	-	-	2
PERS Select	Bay Area	1	-	-	-	1
PERSCare	Bay Area	-	-	-	-	-
	Out of State	-	-	-	-	-
PORAC		-	2	1	-	3
Waived		-	-	-	34	34
Total		18	10	2	34	64

DATA SUMMARY

Retiree Medical Plan Coverage
Over Age 65

Medical Plan	Region	Single	2-Party	Family	Waived	Total
Blue Shield	Bay Area	1	-	-	-	1
Blue Shield NetValue	Bay Area	-	-	-	-	-
Kaiser	Bay Area	9	7	1	-	17
	Sacramento	-	-	-	-	-
	South	-	-	-	-	-
PERS Choice	Bay Area	1	1	-	-	2
	North	-	1	-	-	1
	Out of State	1	1	-	-	2
PERS Select	Bay Area	-	-	-	-	-
PERSCare	Bay Area	1	2	-	-	3
	Out of State	3	-	-	-	3
PORAC		-	-	-	-	-
Waived		-	-	-	56	56
Total		16	12	1	56	85

DATA SUMMARY

Actives by Age and Service
Miscellaneous

Age	City Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	-	1	-	-	-	-	-	1
25-29	3	5	-	-	-	-	-	8
30-34	1	3	6	1	-	-	-	11
35-39	-	-	4	3	1	-	-	8
40-44	1	-	4	2	2	-	-	9
45-49	3	3	7	5	2	-	-	20
50-54	-	-	9	7	8	1	3	28
55-59	2	2	3	3	4	4	7	25
60-64	-	2	1	3	2	2	5	15
≥ 65	-	-	4	1	2	1	-	8
Total	10	16	38	25	21	8	15	133

DATA SUMMARY

Actives by Age and Service
Safety

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

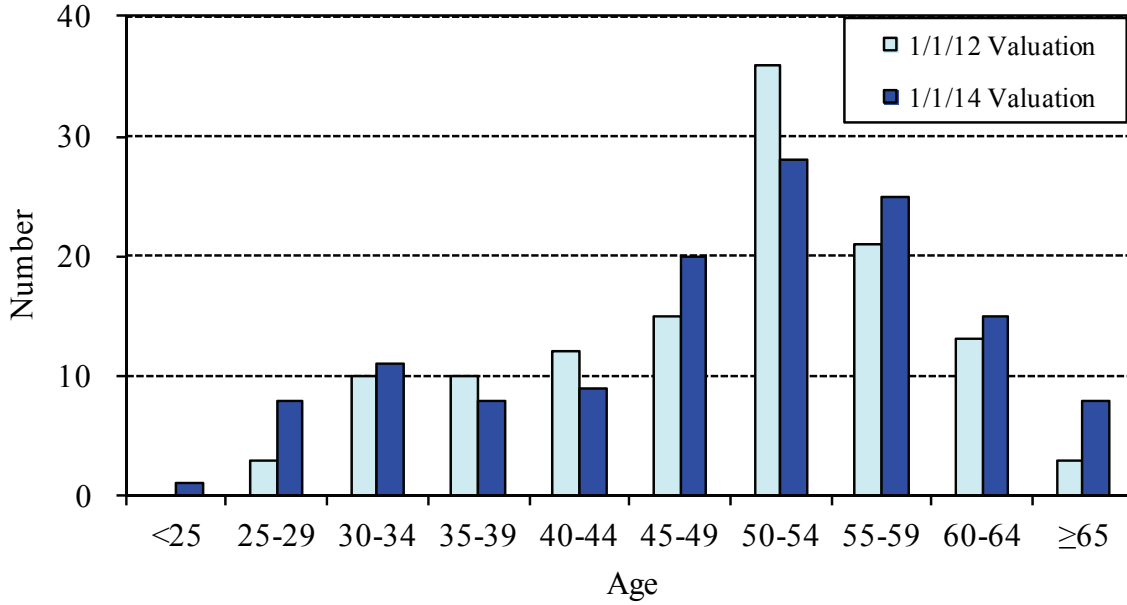
DATA SUMMARY

Actives by Age and Service
Total

Age	City Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	2	4	-	-	-	-	-	6
25-29	8	10	3	-	-	-	-	21
30-34	1	4	10	3	-	-	-	18
35-39	1	1	8	11	1	-	-	22
40-44	1	1	6	7	2	-	-	17
45-49	3	3	8	6	3	2	1	26
50-54	-	-	9	7	9	2	4	31
55-59	2	2	3	4	4	4	9	28
60-64	-	2	1	3	2	2	5	15
≥ 65	-	-	4	1	2	1	-	8
Total	18	27	52	42	23	11	19	192

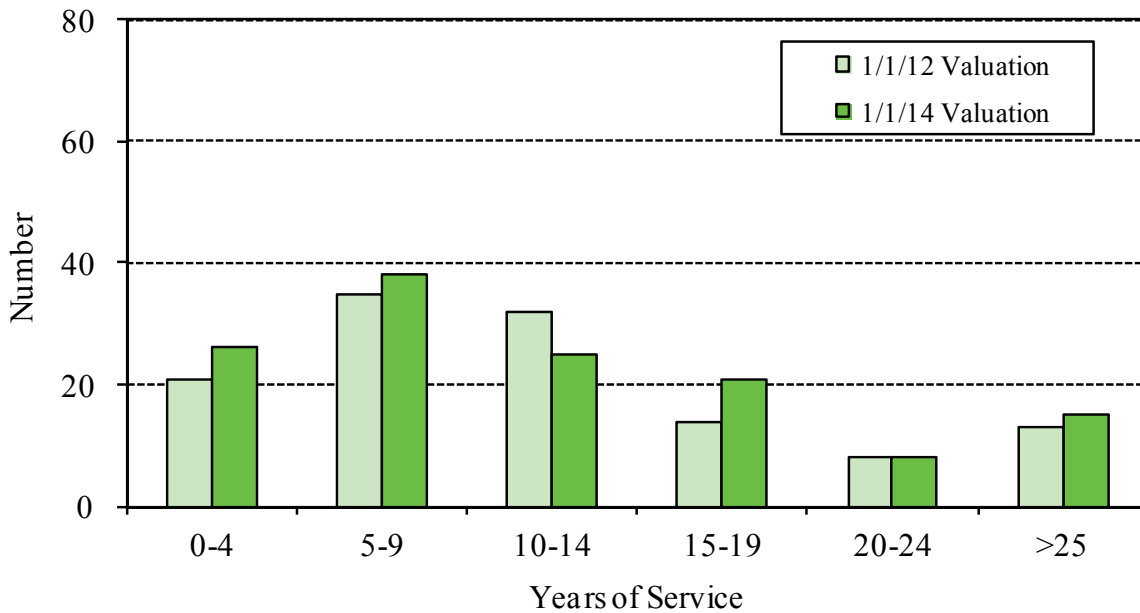
DATA SUMMARY

Active Age Distribution
Miscellaneous



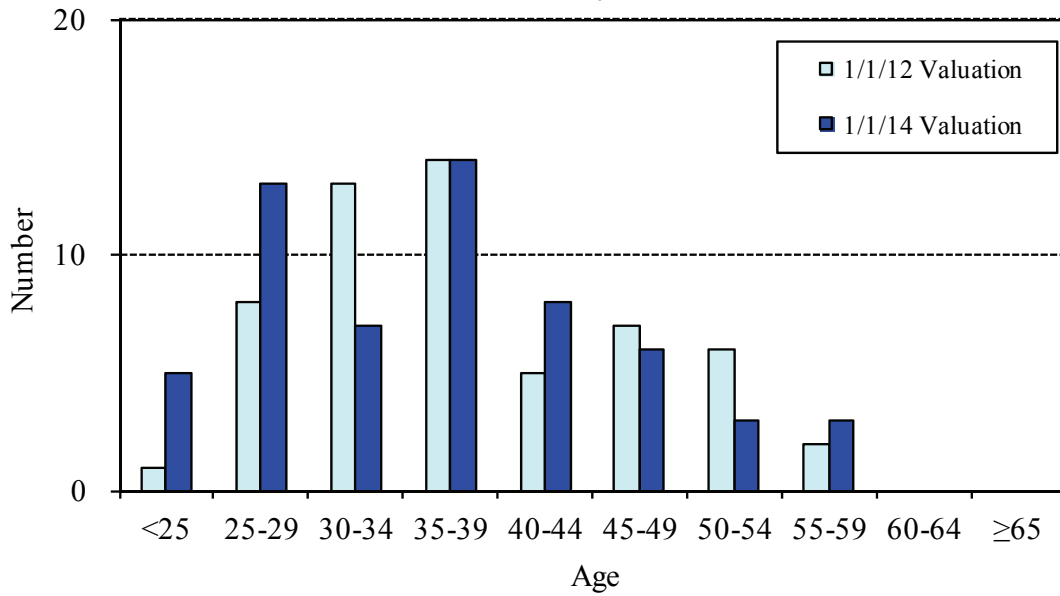
DATA SUMMARY

Active Service Distribution
Miscellaneous



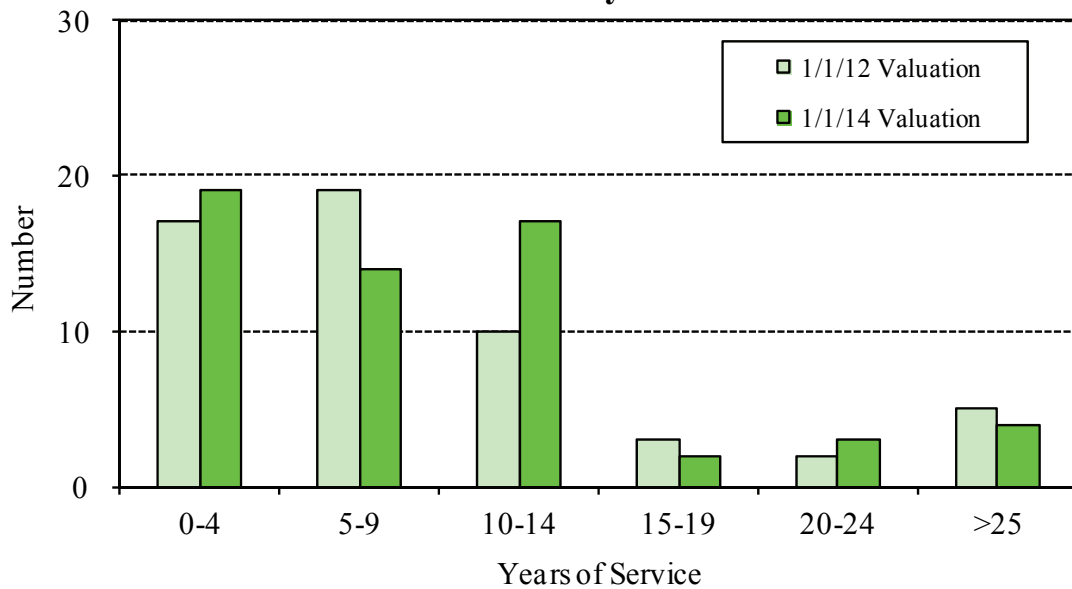
DATA SUMMARY

Active Age Distribution
Safety



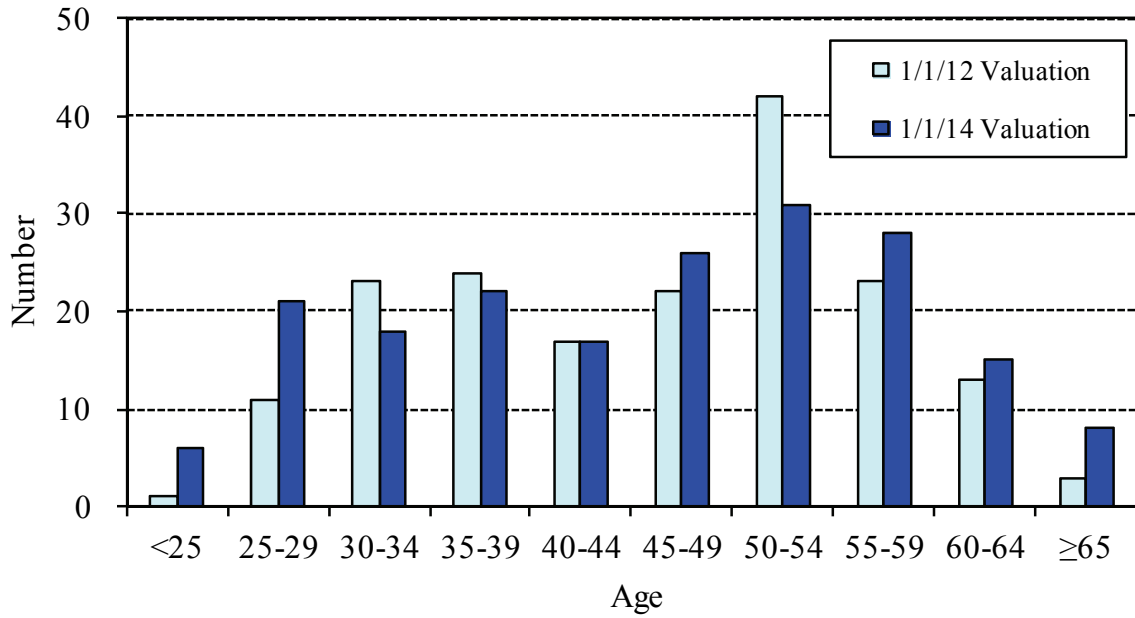
DATA SUMMARY

Active Service Distribution
Safety



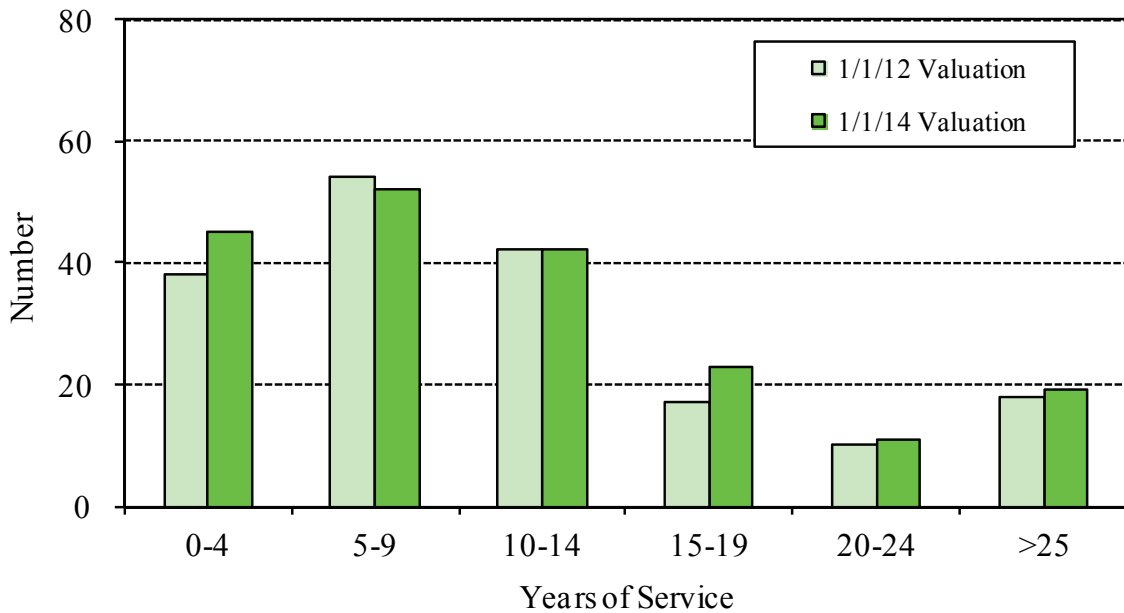
DATA SUMMARY

Active Age Distribution
Total



DATA SUMMARY

Active Service Distribution
Total



DATA SUMMARY

Retiree Healthcare Coverage by Age Group

Miscellaneous

Age	Single	2-Party	Family	Waived	Total
Under 50	-	-	-	1	1
50-54	-	-	-	2	2
55-59	5	-	-	6	11
60-64	6	5	-	10	21
65-69	9	4	1	16	30
70-74	3	3	-	11	17
75-79	2	-	-	2	4
80-84	-	1	-	4	5
Over 85	1	-	-	8	9
Total	26	13	1	60	100

Average Age	67.2	68.0	66.5	70.1	69.1
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October 28, 2014

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DATA SUMMARY

Retiree Healthcare Coverage by Age Group

Safety

Age	Single	2-Party	Family	Waived	Total
Under 50	-	-	-	2	2
50-54	3	-	-	6	9
55-59	3	3	1	3	10
60-64	1	2	1	4	8
65-69	1	1	-	9	11
70-74	-	3	-	4	7
75-79	-	-	-	1	1
80-84	-	-	-	1	1
Over 85	-	-	-	-	-
Total	8	9	2	30	49

Average Age	57.5	64.4	59.6	62.5	61.9
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October 28, 2014

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DATA SUMMARY

Retiree Healthcare Coverage by Age Group

Total

Age	Single	2-Party	Family	Waived	Total
Under 50	-	-	-	3	3
50-54	3	-	-	8	11
55-59	8	3	1	9	21
60-64	7	7	1	14	29
65-69	10	5	1	25	41
70-74	3	6	-	15	24
75-79	2	-	-	3	5
80-84	-	1	-	5	6
Over 85	1	-	-	8	9
Total	34	22	3	90	149

Average Age	64.9	66.6	61.9	67.6	66.7
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October 28, 2014

E-21



ACTUARIAL ASSUMPTIONS

Assumption	January 1, 2012 Valuation	January 1, 2014 Valuation
■ Valuation Date	<ul style="list-style-type: none"> • January 1, 2012 • 2012/13 and 2013/14 ARCs 	<ul style="list-style-type: none"> • January 1, 2014 • 2014/15 and 2015/16 ARCs
■ Discount Rate	<ul style="list-style-type: none"> • 6.25% Full ARC pre-funded with PARS moderate OPEB trust, 55% confidence level 	<ul style="list-style-type: none"> • 6.25% Full ARC pre-funded with PARS Balanced OPEB trust, 60% confidence level
■ Funding Policy	<ul style="list-style-type: none"> • Full ARC pre-funded with PARS moderate OPEB trust 	<ul style="list-style-type: none"> • Full ARC pre-funded with PARS Balanced OPEB trust
■ General Inflation	<ul style="list-style-type: none"> • 3.0% 	<ul style="list-style-type: none"> • Same
■ Aggregate Payroll Increases	<ul style="list-style-type: none"> • 3.25% 	<ul style="list-style-type: none"> • Same
■ Merit Pay Increases	<ul style="list-style-type: none"> • CalPERS 1997-2007 Experience Study 	<ul style="list-style-type: none"> • CalPERS 1997-2011 Experience Study
■ Future New Entrants	<ul style="list-style-type: none"> • None – Closed Group 	<ul style="list-style-type: none"> • Same



October 28, 2014

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ACTUARIAL ASSUMPTIONS

Assumption	January 1, 2012 Valuation		January 1, 2014 Valuation	
■ PEMHCA Minimum Increase	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
	2012	\$112.00	2013	\$115.00
	2013	115.00	2014	119.00
	2014	119.00	2015	122.00
	2015+	4.5%/yr	2016+	4.5%/yr
■ Mortality, Termination, Disability	<ul style="list-style-type: none"> • CalPERS 1997-2007 Experience Study • Mortality Scale AA 		<ul style="list-style-type: none"> • CalPERS 1997-2011 Experience Study • Mortality Scale AA 	

ACTUARIAL ASSUMPTIONS

Assumption	January 1, 2012 Valuation			January 1, 2014 Valuation		
■ Service Retirement	<ul style="list-style-type: none"> • CalPERS 1997-2007 Experience Study 			<ul style="list-style-type: none"> • CalPERS 1997-2011 Experience Study 		
		<u>Level</u>	<u>ERA</u>		<u>Tier 1</u>	<u>ERA</u>
	Misc	2%@55	≈ 59.4	Misc	2%@55	≈ 59.8
	Safety	3%@55	≈ 56.0	Safety	3%@55	≈ 56.4
			(Police)			(Police)
					<u>Tier 2/ PEPRA</u>	<u>ERA</u>
			Misc	2.5%@67	≈ 62.0	
			Safety	2.7%@57	≈ 56.8	
					(Police)	
■ CalPERS Service	<ul style="list-style-type: none"> • Actual CalPERS Service 			<ul style="list-style-type: none"> • Same 		
■ PEMHCA Administrative Fee	<ul style="list-style-type: none"> • 0.25% of premium for 2012/13+ 			<ul style="list-style-type: none"> • 0.33% of premium for 2013/14+ 		

ACTUARIAL ASSUMPTIONS

Assumption	January 1, 2012 Valuation		January 1, 2014 Valuation	
■ Medical Trend	<u>Non-Medicare</u>	<u>Medicare</u>	<u>Non-Medicare</u>	<u>Medicare</u>
	<u>Year</u>	<u>All Plans</u>	<u>Year</u>	<u>All Plans</u>
	2012	actual 2012 premiums	2012	actual 2012 premiums
	2013	actual 2013 premiums	2013	actual 2013 premiums
	2014	8.5%	2014	actual 2014 premiums
	↓	↓	2015	actual 2015 premiums
	2021+	5.0%	2016	7.5%
			↓	7.8%
			2021+	5.0%
				↓
				5.0%
		<ul style="list-style-type: none"> • For calculating PEMHCA administrative fee only 		<ul style="list-style-type: none"> • For calculating PEMHCA administrative fee only
■ Medical Plan at Retirement	<ul style="list-style-type: none"> • Currently covered: same as current election • Currently waived: Kaiser Bay Area • For calculating PEMHCA administrative fee only 		<ul style="list-style-type: none"> • Same 	

ACTUARIAL ASSUMPTIONS

Assumption	January 1, 2012 Valuation	January 1, 2014 Valuation
■ Participation	<ul style="list-style-type: none"> • Actives²⁰: <ul style="list-style-type: none"> ➢ Currently covered: 60% ➢ Currently waived: 20% • Retirees: <ul style="list-style-type: none"> ➢ Currently covered: 100% ➢ Currently waived: 20% waived retirees elect coverage at 65 	<ul style="list-style-type: none"> • Actives²¹: <ul style="list-style-type: none"> ➢ Currently covered: 75% ➢ Currently waived: 5% • Retirees: <ul style="list-style-type: none"> ➢ Currently covered: 100% ➢ Currently waived: 5% waived retirees elect coverage at 65
■ Marital Status at Retirement	<ul style="list-style-type: none"> • Currently Covered – Same as current election • Currently Waived – 80% married 	<ul style="list-style-type: none"> • Same

²⁰ Based on current experience of retirees who retired since 2007

²¹ Based on current experience of retirees who retired since 2010

ACTUARIAL ASSUMPTIONS

Assumption	January 1, 2012 Valuation	January 1, 2014 Valuation
<ul style="list-style-type: none"> ■ Spouse Age 	<ul style="list-style-type: none"> • Current actives - Males 3 years older than females • Current retirees - Males 3 years older than females if spouse birth date not available 	<ul style="list-style-type: none"> • Same
<ul style="list-style-type: none"> ■ Surviving Spouse Participation 	<ul style="list-style-type: none"> • 100% 	<ul style="list-style-type: none"> • Same

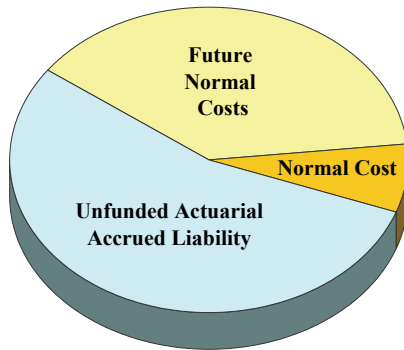
DEFINITIONS

<ul style="list-style-type: none"> ■ GASB 45 Accrual Accounting 	<ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> ■ PayGo Cost 	<ul style="list-style-type: none"> • 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

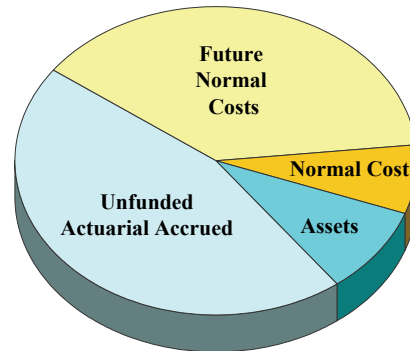
DEFINITIONS

Present Value of Benefits

**Present Value of Benefits
(Without Plan Assets)**



**Present Value of Benefits
(With Plan Assets)**



DEFINITIONS

<p>■ Annual Required Contribution (ARC)</p>	<ul style="list-style-type: none"> ● “Required contribution” for the current period including: <ul style="list-style-type: none"> ➢ Normal Cost ➢ Amortization of: <ul style="list-style-type: none"> - Initial UAAL - AAL for plan, assumption, and method changes - Experience gains/losses (difference between expected and actual) - Contribution gains/losses (difference between ARC and contributions) ● ARC in excess of pay-as-you-go costs not required to be funded
<p>■ Net OPEB Obligation (NOO)</p>	<ul style="list-style-type: none"> ● Net OPEB Obligation is the accumulated amounts expensed but not funded ● Net OPEB Asset if amounts funded exceed those expensed
<p>■ Annual OPEB Cost (AOC)</p>	<ul style="list-style-type: none"> ● Expense for the current period including: <ul style="list-style-type: none"> ➢ 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