



CITY OF
**PALO
ALTO**

**CITY OF PALO ALTO
Finance Committee
Regular Meeting
Tuesday, June 04, 2024**

| |
|--------------------|
| Agenda Item |
|--------------------|

2. Accept June 30, 2023 Actuarial Valuation of Palo Alto's Retiree Healthcare and Other Post Employment Benefits and Recommend to the City Council to Approve Annual Actuarially Determined Contribution for Fiscal Year 2025 and 2026; CEQA Status – Not a Project



CITY OF
**PALO
ALTO**

Finance Committee Staff Report

From: City Manager

Report Type: ACTION ITEMS

Lead Department: Administrative Services

Meeting Date: June 4, 2024

Report #:2402-2673

TITLE

Accept June 30, 2023 Actuarial Valuation of Palo Alto's Retiree Healthcare and Other Post Employment Benefits and Recommend to the City Council to Approve Annual Actuarially Determined Contribution for Fiscal Year 2025 and 2026; CEQA Status – Not a Project

RECOMMENDATION

Staff recommends that the Finance Committee recommend the City Council:

1. Review and accept the June 30, 2023 actuarial valuation of Palo Alto's Retiree Healthcare Plan (Attachment B); and
2. Approve funding of the annual Actuarial Determined Contribution (ADC) for Fiscal Year 2025 and Fiscal Year 2026 using a two-year phase-in of the adjusted assumptions.

EXECUTIVE SUMMARY

In accordance with the Governmental Accounting Standards Board (GASB), the City Council is required to review and approve the actuarial valuation for retiree healthcare plan on a bi-annual basis for the upcoming two fiscal years and approve funding of the annual Actuarial Determined Contribution (ADC). This current study presents the fund's status as of June 30, 2023 and will be used to inform the FY 2025 and FY 2026 annual operating budgets. This report was finalized after the development of the FY 2025 Proposed Budget therefore, funding levels in the FY 2025 Proposed Budget reflect the out years of the prior completed study as of June 30, 2021¹.

The City's retiree medical trust is held by the California Employers Retirement Benefit Trust (CERBT) Fund that is managed by CalPERS. The City continues to select CERBT's Strategy 1 asset allocation, currently projected at a 6.25% discount rate. With the adoption of the

¹ Finance Committee, June 7, 2022, Agenda item #3, CMR ID 14112:

<https://portal.laserfiche.com/Portal/DocView.aspx?id=65179&repo=r-704298fc&searchid=5b3b872d-50f9-45a2-ab27-53454d1ae3cc>

Retiree Benefits Funding Policy² the City Council directed staff to calculate additional discretionary payments ("prefunding") equivalent to a 5.75% discount rate and transmit amounts above payments at a 6.25% discount rate to the CERBT Fund. Through FY 2024, a total of \$11.9 million in additional contributions are expected to be made to the CERBT due to this policy.

The June 30, 2023, valuation includes several changes that have impacted the CERBT fund status, primarily due to healthcare and economic fluctuations resulting from the COVID-19 pandemic and continued proactive funding contributions:

- Investment Returns: 2021-22 investment loss of -13.5%, compared to the 27.5% investment gains in 2020-21 (6.25% target);
- Projected Payroll: Higher than projected salary growth;
- Health Premiums: Higher than projected healthcare premiums; and
- Pre-Funding Policy: Actuarially Determined Contribution "ADC" (full ADC payments and pre-funding)

Compared to the favorable assumptions in the June 30, 2021 actuary study, these changes are advised to be taken in consideration of an uncertain environment. While the 2022-23 portfolio earnings yielded 6.4% and is within range of the 6.25% target, it is not known whether the recent change in healthcare premiums will be ongoing or an anomaly due to the significant governmental support of healthcare costs over the past two years. Because it is unknown whether these changes are the beginning of a trend, or merely a temporary anomaly, this report models short term significant rises in healthcare costs in alignment with inflation.

The outyears of the June 30, 2021 valuation report were used to develop the OPEB assumptions in the FY 2025 Proposed Budget. Based on these assumptions and the attached actuary report, \$5.2 million (\$3.3 million General Fund) should be added to the FY 2025 Budget to maintain pre-funding levels in alignment with City Council policy. On May 21, the Finance Committee ("Committee") recommended full funding of the ADC and a 2-year phase-in of prefunding levels in accordance with City Council policy as part of the FY 2025 Budget. This action reduces the funding need in FY 2025 to \$2.6 million (\$1.65 million General Fund). The below table provides a summary of the difference between the funding FY 2025 Proposed Budget in all funds between the June 30, 2021 and June 30, 2023 valuation reports. A more detailed discussion of these is included in this report.

² City Council, February 6, 2023, Agenda Item #3, Staff Report# 2212-0513:
<https://portal.laserfiche.com/Portal/DocView.aspx?id=61647&repo=r-704298fc&searchid=81eeeb05-1df1-4590-8ed4-5085f971df6d>

| Table 1: Funding for the FY 2025 OPEB Obligations* | | | | |
|--|--|--|--|-----------|
| | | FY25 Proposed ADC (6/30/21 valuation) | FY25 Adjusted ADC (6/30/23 valuation) | \$ Change |
| Actuarially Determined Contribution | <ul style="list-style-type: none"> Proactive contribution at discount rate of 5.75% 15-year amortization period as of June 30, 2021 (13 years remaining) | \$16.8M | \$21.9M | \$5.1M |

*Approximately 65% of costs are allocated to the General Fund

BACKGROUND

The City of Palo Alto offers its employees and retirees a Retiree Healthcare benefit plan which is managed and administered by the California Public Employees' Retirement System (CalPERS), a State of California Retiree Healthcare Trust program. Bi-annually staff contracts with an actuary firm that provides an actuarial report detailing the latest status of the City of Palo Alto's Retiree Healthcare plans for employees and retirees. The actuarial report is used to calculate the annual ADC and pre-funding based on Council policy to the trust. In addition, updates on the rate of return, funding status, and changes to the trust based on various impacts are detailed in the report. Unlike the pension actuary reports, this actuary details impacts by Fund and Department, which inform the development of the annual budget.

There are four groups of benefits within the CalPERS Retiree Healthcare benefit plans. **Attachment A** outlines the different benefits levels by Group. These benefit levels are negotiated and approved as part of the employee contracts. Employees and retirees have an open enrollment window in October each year in which they can make changes to their healthcare plans that take effect in January of the following year.

CALPERS Projected Contribution Levels

The actuary report has two components to the annual billing of the employer portion of retiree healthcare contributions that comprise the Actuarial Determined Contribution (ADC), (1) the Normal Cost (NC), and (2) the Unfunded Actuarial Accrued Liability (UAAL).

- *NC*: This reflects a rate of contribution for the plan of retirement healthcare benefits provided to current employees based on the current set of assumptions.
- *Employer Amortization of UAAL*: This is an annual payment calculated to pay down an agency's unfunded accrued liability. Assuming every assumption in the actuarial valuation was accurate, an organization would eliminate its unfunded pension liability if it made these payments annually for 30 years. The City Council approved a closed period to amortize the entire net pension liability over a specific timeframe, and 22 years (before the adoption of a Retiree Benefit Funding Policy) of payments

remain as of June 30, 2021. The total liability will vary from one year to the next because of assumption changes and actuarial experience that is different from anticipated, such as actual investment returns that do not meet expectations.

As established by the City Council, the City's CERBT Fund is invested in a Strategy 1 asset allocation at a 6.25% discount rate. With the adoption of the Retiree Benefits Funding Policy, directed staff to calculate additional discretionary payments ("prefunding") equivalent to a 5.75% discount rate and transmit amounts above payments at a 6.25% discount rate to the CERBT Fund. The City's CERBT Fund was established in May 2008 at a level of \$33 million and it has grown to \$173.0 million as of March 31, 2024.

ANALYSIS

Summary of Actuarial Report June 30, 2023

Staff contracted with Foster and Foster Actuary Consultants for this retiree healthcare actuarial report (Attachment B) to determine the City's retiree healthcare liability and the ADC for Fiscal Years 2025 and 2026. The actuarial analysis is based on current employees' accrued benefit, and retired employees as of June 30, 2023.

This updated valuation includes several changes that have impacted the CERBT fund status, primarily due to healthcare and economic fluctuations resulting from the COVID-19 pandemic, inflation levels, and active employee salary growth. Most notably, investment returns for 2020-21 reached an unprecedented level of 27.5% for the period and then performance dropped to -13.5% for 2021-22. This volatile level of return had a significant impact on the overall status of the fund and is not expected to continue in future periods. Healthcare premiums are higher than anticipated due to significant current inflation levels and a return to pre-pandemic levels of utilization.

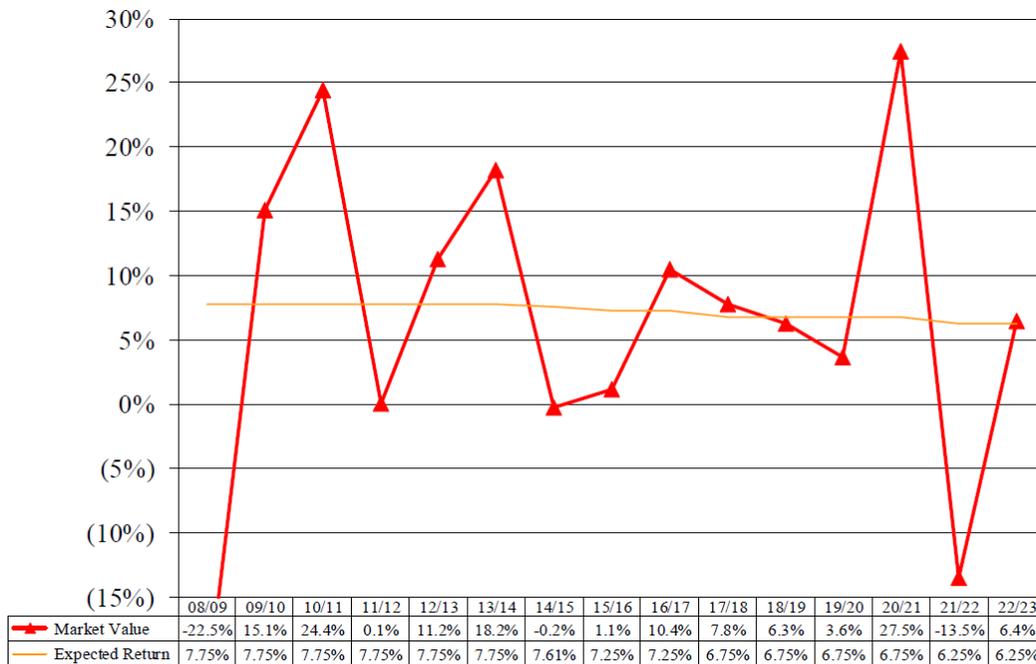
Discount Rate Assumptions

The City Council has taken steps to ensure long-term liability assumptions and costs for OPEB are being proactively addressed, including the adoption of a Retiree Benefit Funding Policy³ that invests at an estimated discount rate for OPEB of 6.25% and transmits additional contributions to prefund OPEB obligations at the equivalent of a 5.75% discount rate. Through FY 2024, a total of \$11.9 million in additional contributions are expected.

Discussed above, the ADC is impacted when actual experience differs from assumptions. One of the more significant impacts to ADC occurs when actual investment returns do not meet expectations. Chart 1 below presents historical returns since 2008-09.

³ City Council, February 6, 2023, Agenda Item #3:
<https://portal.laserfiche.com/Portal/DocView.aspx?id=61647&repo=r-704298fc&searchid=81eeeb05-1df1-4590-8ed4-5085f971df6d>

**Chart 1: Historical Returns of the OPEB Trust
(Market Value of Plan Assets (MVA) and Expected Return)**



Projected Unfunded Actuarial Accrued Liability

This actuarial valuation includes the plan's "Funded Status." As of June 30, 2023, the CERBT Trust is funded at 56%, down 1,100 basis points from 67% in the June 30, 2021 actuarial valuation.

As of June 30, 2023, the Unfunded Actuarial Accrued Liability (UAAL) was \$120.5 million for all funds and \$77.9 million for the General Fund. Beginning with the June 30, 2013 valuations, the City aligned its actuarial analysis to align with GASB's rules regarding the "implied subsidy". The calculation of implied subsidy requires an agency to recognize that it pays the same medical premiums for active employees as those that are retired. The implied subsidy identifies and accounts for the agency paying the same blended premium for both active employees and retirees, even though the medical cost for active employees is lower than retirees.

Palo Alto had 902 active employees and 1,031 retirees as of June 30, 2023. The calculation increases the UAAL by \$15.1 million or 18.9%; without the implied subsidy the UAAL for all funds would be at \$76.8 million.

| Table 2: Unfunded Actuarial Accrued Liability (UAAL) | | | |
|---|--------------------------|--------------------------|--|
| | <i>June 30, 2021</i> | <i>June 30, 2023</i> | <i>Projected June 30, 2024</i> |
| Citywide – UAAL | \$80,027 | \$120,511 | \$140,372 |
| General Fund – UAAL | \$51,522 | \$77,914 | \$91,242 |
| Citywide Funded Ratio | 67% | 56% | 54% |
| Citywide UAAL % Chg. from prior valuation | | 50.6% | 16.5% |

Sensitivity Analysis: Discount Rate and Amortization Period

CalPERS recognizes the varying assumptions that may impact a plan's unfunded actuarial accrued liability and therefore a retiree healthcare plan's funding status, especially the implications of the discount rate and amortization assumptions. Therefore, in addition to the actuarial assumptions used to develop this annual evaluation, the actuary includes a sensitivity analysis of the retiree healthcare plan. Table 4 below reflects the impact on UAAL resulting from a reduction in the discount rate. Table 5 reflects the impact on ADC if the UAAL is amortized over different timeframes. It should be noted that the Council has adopted a Pension Funding Policy³ seeking to reach a 90% funded level by 2036, so with 13 remaining years as of this June 30, 2023 valuation, a shorter period than the sensitivity scenarios below. As illustrated by tables four and five, these alternative assumptions cause significant impacts. For example, changing from a discount rate of 6.25% to 5.75% causes UAAL to increase by almost 15%.

| Table 3: Discount Rate Sensitivity | | | |
|---|---|--------------|--------------|
| | <i>6.25% (Current CERBT Strategy)</i> | <i>5.75%</i> | <i>5.25%</i> |
| Citywide – UAAL | \$120,511 | \$137,059 | \$155,266 |
| General Fund – UAAL | \$77,914 | \$89,088 | \$100,923 |
| Funded Ratio | 56% | 53% | 50% |

| Table 4: Amortization Sensitivity, 6.25% Discount Rate | | |
|---|---------------------------|-----------------|
| | <i>20 Years (Current)</i> | <i>18 Years</i> |
| Normal Cost | \$7,489 | \$7,489 |
| UAAL Amortization* | \$8,933 | \$9,617 |
| Total ACD | \$16,416 | \$17,105 |
| ACD (% of payroll) | 12.8% | 13.4% |
| <i>*Includes administrative expenses</i> | | |

Funding for the FY 2025 Including Actuarial Determined Contribution (ADC)

This section outlines staff's recommended funding level for OPEB obligations beginning in FY 2025 for Finance Committee review and discussion. Staff recommend accepting the assumptions in this valuation report to inform the development of the FY 2025 and FY 2026 budgets, along with long range financial plans for the outyears. This is in alignment

with the Retire Benefit Policy, including tenants such as continuing to use a reduced discount rate of 5.75% and an accelerated, closed amortization schedule of 15 years (as of the June 30, 2021 valuation). Staff recommends the Finance Committee continue with this funding approach that adjusts assumptions based on current data and the principles noted above. Included below is an optional two-year phase-in of the June 30, 2023 valuation results that the Finance Committee directed staff to consider, on May 21, 2024, in the development of the FY 2025 Budget for City Council adoption in June 2024. Staff have also outlined the actuarial "baseline" scenario for consideration that represents the minimal investment required but is noncompliant with City policy. Funding levels may be adjusted annually based on City Council direction and policy adjustment, as long as the baseline ADC is met.

Unlike the CalPERS pension plan, additional City contributions do not go into a separate Section 115 trust; instead, they remain in the plan and are included as assets in the CERBT each subsequent year, impacting the calculation of the ADC. This treatment of prefunding contributions included in assets and effectively reduce the ADC each future year.

Full ADC and Prefunding of FY 2025 OPEB Obligations

Staff recommend adjusting funding from the typical baseline calculation to better align with City Council policy to continue to proactively fund long-term liabilities. Recommended revisions to baseline assumptions include:

- *Exclude proactive contributions at a lower discount rate towards the ADC:* Consistent with the pension proactive funding, this would treat the proactive contributions assuming a lower discount rate of 5.75 as if in a separate "trust" or "saving account." ADC calculations will remain at consistent levels and these proactive contributions remain additive to baseline calculations of liability.
- *Continue to assume a shortened amortization period of 13 remaining years:* This amortization period aligns OPEB with the City's Pension Policy goals to reach a 90% funded status over 15 years as of the June 30, 2021 valuation (by FY 2036).

This results in an FY 2025 Adjusted ADC of \$21.9 million citywide (approximately \$13.9 million in the General Fund), a \$5.1 million increase from the \$16.8 million ADC from the June 30, 2021 valuation used to develop the FY 2025 Proposed Operating Budget.

Finance Committee Recommendation: Two-Year Phase-In

On May 21, 2024 the Finance Committee recommended a two-year phase-in of the financial impacts of the June 30, 2023 valuation. This recommendation mitigates the immediate impacts of this report's expense escalation and supports financial flexibility for the provision of services citywide while continuing to proactively prefund long-term obligations in alignment with City Council policy.

This results in an FY 2025 Adjusted ADC of \$19.4 million citywide (approximately \$12.2 million in the General Fund), a \$2.6 million (\$1.65 million in the General Fund) increase from the \$16.8 million ADC from the June 30, 2021 valuation used to develop the FY 2025 Proposed Operating Budget.

Prior Valuation Additional Normal Cost Contributions

In the prior valuation period the City Council approved factoring in funding for the addition of nearly 60 full-time staff since the June 30, 2021 valuation date. Based on the average salary reported in that valuation and the variable portion of ADC, or normal cost for current employees, the retiree healthcare cost of the additional staffing was approximately \$400,000 citywide (\$298,000 or 74% General Fund). This associated retiree health cost was included in the FY 2023 and FY 2024 Adopted budgets in alignment with the assumptions noted above. This funding was included to proactively address the expected deviation in actuarial assumptions though as noted, were insufficient to mitigate the full impact of the changes from the FY 2023 report. Staff recommends removing this additional retiree health cost as the position additions that prompted it are now included in the June 30, 2023 valuation. The \$416,000 programmed in the FY 2025 Proposed Budget for additional normal cost contributions partially offset the cost increase from the new valuation to bring it down to \$5.1 million for all funds.

FISCAL/RESOURCE IMPACT

The FY 2025 Proposed Budget includes an ADC of \$16.9 million, an increase of \$2.9 million from FY 2024 Adopted levels of \$14.0 million. Funding of the full ADC and two-year prefunding phase is recommended by the Finance Committee on May 21, 2024 increases the ADC in FY 2025 to \$19.4 million. This recommendation by the Finance Committee will be included as an amendment to the FY 2025 Proposed Budget for City Council consideration during the adoption of the budget on June 17, 2024. Staff will incorporate this direction on an ongoing basis beginning in FY 2026. Funding for future fiscal years is subject to City Council approval through the annual budget process.

STAKEHOLDER ENGAGEMENT

The transmittal of the OPEB actuarial valuation as of June 30, 2023 begins conversations regarding the fiscal outlook for the City's OPEB liabilities and the appropriate contribution for the FY 2025 Actuarial Determined Contribution and prefunding levels. Initial public discussion was held with the Finance Committee on May 21, 2024, prior to City Council review and adoption of the FY 2025 Budget, scheduled for June 17, 2024.

ENVIRONMENTAL REVIEW

Committee action on this item is not a project as defined by CEQA because accepting and approving an annual actuarially determined contribution is a fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. CEQA Guidelines section 15378(b)(4).

ATTACHMENTS

Attachment A: 4 Benefit Groups in the CalPERS Retiree Healthcare Benefits Plan

Attachment B: City of Palo Alto Retiree Healthcare Plan June 30, 2023 Actuarial Valuation
Contributions for FY 2025 and FY 2026

APPROVED BY:

Lauren Lai, Director of Administrative Services

Attachment A: 4 Benefit Groups in the CalPERS Retiree Healthcare benefit plans

| City of Palo Alto Retiree Healthcare Benefit Plans and Tiers | | | |
|--|---|--|---|
| | Miscellaneous | Safety: Fire | Safety: Police |
| Group 1 | Retired before January 1, 2007; eligibility starting at the age 50 and 5 years of service; full premium up to family coverage | | Retired before March 1, 2009; eligibility starting at the age of 50 and 5 years of service; full premium up to family coverage |
| Group 2 | Retired between January 1, 2007 and May 1, 2011; eligibility starting at the age 50 and 5 years of service; same as Group 1, but premium limited to 2 nd most expensive medical plan | Retired between January 1, 2007 and December 1, 2011; eligibility starting at the age 50 and 5 years of service; same as Group 1, but premium limited to 2 nd most expensive medical plan | Retired between March 1, 2009 and April 1, 2015 (POA), between January 1, 2007 and June 1, 2012 (PMA); eligibility starting at the age 50 and 5 years of service; same as Group 1, but premium limited to 2 nd most expensive medical plan |
| Group 3 (Retirees) | Retired after Group 2, did not elect into Group 4, benefit same as active employees | | |
| Group 3 (Actives) | Currently active, not in Group 4. Flat Dollar Caps equal to actives | N/A (All active Group 3 IAFF & FCA elected into Group 4) | N/A (All active Group 3 POA & PMA elected into Group 4) |
| Group 4 | Vesting Schedule: 10 years gets 50%, 20 years gets 100%, formula amount | | |



**CITY OF PALO ALTO
RETIREE HEALTHCARE PLAN**



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

**June 30, 2023 Actuarial Valuation
Contributions for 2024/25 & 2025/26**

Drew Ballard, FSA, EA, MAAA
Cathy Wandro, ASA, MAAA
Joseph Herm
Foster & Foster, Inc.

May 21, 2024

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BENEFIT SUMMARY

| | |
|---|---|
| <p>■ Eligibility</p> | <p>■ Retire directly from the City under CalPERS (age 50¹ and 5 years of CalPERS service or disability)</p> |
| <p>■ Medical Provider</p> | <p>■ CalPERS health plans (PEMHCA) ■ CalPERS administrative fees paid by City</p> |
| <p>■ Retiree Medical Benefit for Current Retirees: Hired < 1/1/04 (1/1/05 SEIU, 1/1/06 PAPOA) & Did Not Elect into Group 4</p> | <p>■ <u>GROUP 1 Retirees</u>: Retired < 1/1/07 (3/1/09 for PAPOA) • Benefit = Full premium up to family coverage</p> <p>■ <u>GROUP 2 Retirees</u>: Retired after GROUP 1 and before 5/1/11 (12/1/11 IAFF/FCA, 6/1/12 PMA, 4/1/15 POA) • Benefit = Same as above but premium limited to 2nd most expensive Basic (non-Medicare) medical plan in PEMHCA Region 1 (PERS Platinum in 2023 and 2024)</p> <p>■ <u>GROUP 3 Retirees</u>: Retired after GROUP 2 • Benefit = same amount as active employees, which may change from time to time and in the future as bargaining agreements change (see next section for cap amounts)</p> |

¹ Age 52 for Miscellaneous New Hires under PEPRA



May 21, 2024



BENEFIT SUMMARY

| <p>■ Retiree Medical Benefit for Current Actives: Hired < 1/1/04 (1/1/05 SEIU, 1/1/06 PAPOA) & Did Not Elect into Group 4</p> | <p>■ <u>GROUP 3 Future Retirees</u>: Currently active and did not elect into Group 4</p> <ul style="list-style-type: none"> • No active Group 3 POA, PMA, IAFF or FCA • Only remaining Group 3 actives in MGMT, SEIU, UMPAPA (57 active members) • Benefit = up to full premium, but limited to flat dollar caps same as active contribution <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th colspan="2" style="text-align: center;"><u>SEIU</u></th> <th style="text-align: center;"><u>Mgmt/UMPAPA/ Other Groups</u></th> </tr> <tr> <th></th> <th style="text-align: center;"><u>2023</u></th> <th style="text-align: center;"><u>2024</u></th> <th style="text-align: center;"><u>2023 & 2024</u></th> </tr> </thead> <tbody> <tr> <td>Single</td> <td style="text-align: right;">\$ 906</td> <td style="text-align: right;">\$ 943</td> <td style="text-align: right;">\$ 871</td> </tr> <tr> <td>2-Party</td> <td style="text-align: right;">1,812</td> <td style="text-align: right;">1,885</td> <td style="text-align: right;">1,742</td> </tr> <tr> <td>Family</td> <td style="text-align: right;">2,350</td> <td style="text-align: right;">2,444</td> <td style="text-align: right;">2,260</td> </tr> </tbody> </table> | | <u>SEIU</u> | | <u>Mgmt/UMPAPA/ Other Groups</u> | | <u>2023</u> | <u>2024</u> | <u>2023 & 2024</u> | Single | \$ 906 | \$ 943 | \$ 871 | 2-Party | 1,812 | 1,885 | 1,742 | Family | 2,350 | 2,444 | 2,260 |
|--|---|-------------|--------------------------------------|--|--------------------------------------|--|-------------|-------------|------------------------|--------|--------|--------|--------|---------|-------|-------|-------|--------|-------|-------|-------|
| | <u>SEIU</u> | | <u>Mgmt/UMPAPA/ Other Groups</u> | | | | | | | | | | | | | | | | | | |
| | <u>2023</u> | <u>2024</u> | <u>2023 & 2024</u> | | | | | | | | | | | | | | | | | | |
| Single | \$ 906 | \$ 943 | \$ 871 | | | | | | | | | | | | | | | | | | |
| 2-Party | 1,812 | 1,885 | 1,742 | | | | | | | | | | | | | | | | | | |
| Family | 2,350 | 2,444 | 2,260 | | | | | | | | | | | | | | | | | | |



May 21, 2024



BENEFIT SUMMARY

| <p>■ Retiree Medical Benefit for those:</p> <p>Hired ≥ 1/1/04 (1/1/05 SEIU, 1/1/06 PAPOA)</p> <p>&</p> <p>Employees Hired Before These Dates Electing into Group 4²</p> | <p>■ GROUP 4 Future Retirees: Government Code §22893 “Vesting Schedule” (based on all CalPERS Service)³:</p> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>Years of Service</u></th> <th style="text-align: center;"><u>%</u></th> <th style="text-align: center;"><u>Years of Service</u></th> <th style="text-align: center;"><u>%</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">< 10</td> <td style="text-align: center;">0%</td> <td style="text-align: center;">13</td> <td style="text-align: center;">65%</td> </tr> <tr> <td style="text-align: center;">10</td> <td style="text-align: center;">50%</td> <td style="text-align: center;">14</td> <td style="text-align: center;">70%</td> </tr> <tr> <td style="text-align: center;">11</td> <td style="text-align: center;">55%</td> <td style="text-align: center;">↓</td> <td style="text-align: center;">↓</td> </tr> <tr> <td style="text-align: center;">12</td> <td style="text-align: center;">60%</td> <td style="text-align: center;">≥ 20</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table> <p>■ 100% vesting for disability retirements</p> <p>■ Vesting applies to 100/90 formula amounts, which are the maximum amounts payable by the City (retirees pay any difference between these amounts and actual premiums):</p> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>2023</u></th> <th style="text-align: center;"><u>2024</u></th> </tr> </thead> <tbody> <tr> <td style="padding-left: 20px;">Single</td> <td style="text-align: center;">\$ 883</td> <td style="text-align: center;">\$ 983</td> </tr> <tr> <td style="padding-left: 20px;">2-Party</td> <td style="text-align: center;">1,699</td> <td style="text-align: center;">1,890</td> </tr> <tr> <td style="padding-left: 20px;">Family</td> <td style="text-align: center;">2,124</td> <td style="text-align: center;">2,366</td> </tr> </tbody> </table> <p>■ If have 20 years City service do not need to retire directly from City</p> | <u>Years of Service</u> | <u>%</u> | <u>Years of Service</u> | <u>%</u> | < 10 | 0% | 13 | 65% | 10 | 50% | 14 | 70% | 11 | 55% | ↓ | ↓ | 12 | 60% | ≥ 20 | 100% | | <u>2023</u> | <u>2024</u> | Single | \$ 883 | \$ 983 | 2-Party | 1,699 | 1,890 | Family | 2,124 | 2,366 |
|--|--|-------------------------|----------|-------------------------|----------|------|----|----|-----|----|-----|----|-----|----|-----|---|---|----|-----|------|------|--|-------------|-------------|--------|--------|--------|---------|-------|-------|--------|-------|-------|
| <u>Years of Service</u> | <u>%</u> | <u>Years of Service</u> | <u>%</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| < 10 | 0% | 13 | 65% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 | 50% | 14 | 70% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11 | 55% | ↓ | ↓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12 | 60% | ≥ 20 | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>2023</u> | <u>2024</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Single | \$ 883 | \$ 983 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2-Party | 1,699 | 1,890 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Family | 2,124 | 2,366 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

² All currently active POA/PMA, IAFF/FCA are Group 4. Some Mgmt/Conf and some SEIU remained in Group 3, and some elected into Group 4.

³ Minimum 5 years City Service.



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BENEFIT SUMMARY

| | |
|---|---|
| <p>■ Dental, Vision & Medicare Part B</p> | <p>■ None</p> |
| <p>■ Surviving Spouse Benefit</p> | <p>■ 100% of retiree benefit continues to surviving spouse if retiree elects CalPERS pension survivor allowance</p> |
| <p>■ Waived Re-election</p> | <p>■ Waived retirees/beneficiaries may re-elect coverage at a future date</p> |
| <p>■ Summary of Changes Since the Prior Valuation</p> | <p>■ None</p> |



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BENEFIT SUMMARY

| ■ Pay-As-You-Go (\$000s) | Fiscal | Cash | Implied | Total |
|--------------------------|---------|-----------|----------|-----------|
| | Year | | Subsidy | |
| | 2022/23 | \$ 11,269 | \$ 3,025 | \$ 14,294 |
| | 2021/22 | 10,880 | 2,619 | 13,499 |
| | 2020/21 | 10,631 | 2,346 | 12,977 |
| | 2019/20 | 10,344 | 2,384 | 12,728 |
| | 2018/19 | 9,960 | 2,197 | 12,157 |
| | 2017/18 | 9,660 | 2,444 | 12,104 |
| | 2016/17 | 9,713 | 2,203 | 11,916 |
| | 2015/16 | 9,681 | 1,960 | 11,641 |
| | 2014/15 | 8,995 | 1,916 | 10,911 |
| | 2013/14 | 7,317 | - | 7,317 |
| | 2012/13 | 8,766 | - | 8,766 |
| | 2011/12 | 8,165 | - | 8,165 |



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BENEFIT SUMMARY

Monthly Benefit Cap Amounts

| Group | 2023 | | | 2024 | | |
|--|------------|------------|------------|------------|------------|------------|
| | Single | 2-Party | Family | Single | 2-Party | Family |
| Group 1 ⁴ | \$1,210.71 | \$2,421.42 | \$3,147.85 | \$1,339.70 | \$2,679.40 | \$3,483.22 |
| Group 2 | 1,200.12 | 2,400.24 | 3,120.31 | 1,314.27 | 2,628.54 | 3,417.10 |
| Group 3 SEIU | 906.00 | 1,912.00 | 2,350.00 | 943.00 | 1,885.00 | 2,444.00 |
| Group 3 Others ⁵ | 871.00 | 1,742.00 | 2,260.00 | 871.00 | 1,742.00 | 2,260.00 |
| Group 4 (100% vest) | 883.00 | 1,699.00 | 2,124.00 | 983.00 | 1,890.00 | 2,366.00 |
| % Decrease from Group 1 (assumes Group 1 is in most expensive plan) | | | | | | |
| Group 2 | 1% | 1% | 1% | 2% | 2% | 2% |
| Group 3 SEIU | 25% | 25% | 25% | 30% | 30% | 30% |
| Group 3 Others | 28% | 28% | 28% | 35% | 35% | 35% |
| Group 4 | 27% | 30% | 33% | 27% | 29% | 32% |

⁴ No cap for Group 1. Amount shown is most expensive Non-Medicare Region 1 premium.

⁵ UMPAPA, Mgmt, IAFF, FCA, PMA, and PAPOA.



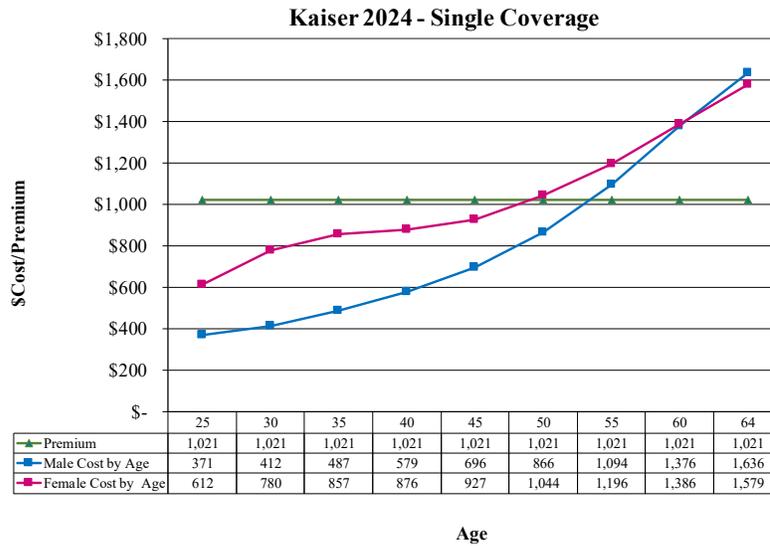
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IMPLIED SUBSIDY

- For PEMHCA, employer cost for allowing retirees to participate at active rates.
 - Kaiser 2024 Region 1 plan:



- The City included the implied subsidy beginning with the June 30, 2013 valuation.



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IMPLIED SUBSIDY

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PARTICIPANT STATISTICS

Participant Statistics

| | 6/30/15 | 6/30/17 | 6/30/19 | 6/30/21 | 6/30/23 |
|--------------------------|--------------------|------------------|-----------|-----------|-----------|
| ■ Actives | | | | | |
| • Count | 955 | 967 | 930 | 874 | 902 |
| • Average Age | 45.3 | 45.6 | 44.8 | 45.0 | 44.6 |
| • Average City Service | 10.8 | 10.9 | 10.8 | 11.2 | 10.4 |
| • Average PERS Service | 11.9 | 11.9 | 11.7 | 12.1 | 11.4 |
| • Average Salary | \$91,714 | \$90,739 | \$110,969 | \$120,207 | \$134,338 |
| • Total Salary (000's) | \$87,586 | \$87,745 | \$103,201 | \$105,061 | \$121,173 |
| ■ Retirees: | | | | | |
| • Count ⁶ | 1,007 ⁷ | 959 ⁸ | 974 | 1,009 | 1,031 |
| • Average Age | 68.9 | 68.9 | 70.0 | 70.9 | 71.5 |
| • Average Retirement Age | | | | | |
| ○ Service | 57.7 | 57.7 | 58.0 | 58.2 | 58.2 |
| ○ Disability | 45.6 | 45.9 | 46.1 | 46.3 | 45.8 |

⁶ Excludes all waived retirees, regardless of age, except as noted.

⁷ Includes 68 waived retirees over 65.

⁸ Excludes all waived retirees over 65; includes 38 waived under 65 retirees.



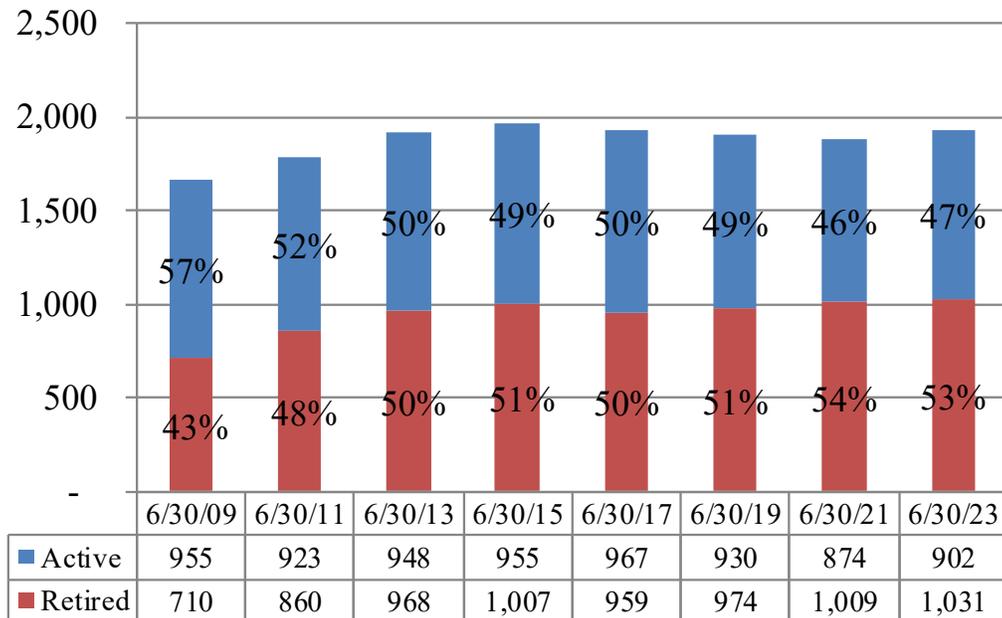
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PARTICIPANT STATISTICS

Historical Active and Retiree Counts⁹



⁹ Retiree count is subscribers: retirees and surviving spouses



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PARTICIPANT STATISTICS

Participant Statistics June 30, 2023

| | Group 1 | Group 2 | Group 3 | Group 4 | Total |
|--|---------|---------|-----------|-----------|-----------|
| ■ Actives | | | | | |
| • Count | n/a | n/a | 57 | 845 | 902 |
| • Average Age | n/a | n/a | 55.8 | 43.9 | 44.6 |
| • Average Entry Age | n/a | n/a | 31.5 | 34.4 | 34.2 |
| • Average City Service | n/a | n/a | 24.3 | 9.5 | 10.4 |
| • Average PERS Service | n/a | n/a | 24.4 | 10.5 | 11.4 |
| • Average Salary | n/a | n/a | \$134,880 | \$134,302 | \$134,338 |
| • Total Salary (000's) ¹⁰ | n/a | n/a | 7,688 | 113,485 | 121,173 |
| ■ Benefitting Retirees ¹¹ : | | | | | |
| • Count | 396 | 280 | 165 | 190 | 1,031 |
| • Average Age | 79.3 | 70.7 | 65.7 | 61.5 | 71.5 |
| • Avg Service Ret Age | 57.3 | 57.8 | 59.1 | 59.0 | 58.2 |
| • Avg Disability Ret Age | 44.7 | 46.9 | 51.2 | 48.1 | 45.8 |

¹⁰ Based on June 30, 2023 PERSable pay rate.

¹¹ Excludes retirees who have waived coverage, regardless of age.



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PARTICIPANT STATISTICS

Participant Statistics June 30, 2021

| | Group 1 | Group 2 | Group 3 | Group 4 | Total |
|--|---------|---------|-----------|-----------|-----------|
| ■ Actives | | | | | |
| • Count | n/a | n/a | 69 | 805 | 874 |
| • Average Age | n/a | n/a | 54.1 | 44.2 | 45.0 |
| • Average Entry Age | n/a | n/a | 31.5 | 34.0 | 33.8 |
| • Average City Service | n/a | n/a | 22.6 | 10.2 | 11.2 |
| • Average PERS Service | n/a | n/a | 22.8 | 11.2 | 12.1 |
| • Average Salary | n/a | n/a | \$114,220 | \$120,720 | \$120,207 |
| • Total Salary (000's) ¹² | n/a | n/a | 7,881 | 97,180 | 105,061 |
| ■ Benefitting Retirees ¹³ : | | | | | |
| • Count | 429 | 290 | 152 | 138 | 1,009 |
| • Average Age | 77.8 | 68.8 | 64.0 | 61.4 | 70.9 |
| • Avg Service Ret Age | 57.5 | 57.9 | 59.1 | 59.4 | 58.2 |
| • Avg Disability Ret Age | 45.5 | 46.9 | 51.2 | 49.3 | 46.3 |

¹² Actual 2020/21 PERSable compensation.

¹³ Excludes retirees who have waived coverage, regardless of age.



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PARTICIPANT STATISTICS

**Data Reconciliation¹⁴
6/30/2021 to 6/30/2023**

| | Actives | Retirees | Disabled | Benefic. | Total |
|---------------------------------------|----------------|-----------------|-----------------|-----------------|--------------|
| ■ June 30, 2021 | 874 | 786 | 144 | 79 | 1,883 |
| • New Hires/Rehires | 199 | - | - | - | 199 |
| • Disabled | (8) | - | 8 | - | - |
| • Terminated ¹⁵ | (100) | - | - | - | (100) |
| • Died with Beneficiary ¹⁶ | - | (8) | (5) | 13 | - |
| • Died, no Beneficiary | - | (25) | (7) | (10) | (42) |
| • Retired/covered | (54) | 54 | - | - | - |
| • Retired/waived | (9) | - | - | - | (9) |
| • Waived Retiree | - | (9) | - | (1) | (10) |
| • Adjustment/Other | - | <u>7</u> | <u>1</u> | <u>4</u> | <u>12</u> |
| ■ June 30, 2023 | 902 | 805 | 141 | 85 | 1,933 |

¹⁴ Excludes retirees who have waived coverage.

¹⁵ All actives in June 30, 2021 valuation and not in June 30, 2023 valuation assumed terminated.

¹⁶ Retirees in the June 30, 2021 valuation not in the June 30, 2023 valuation assumed deceased.



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PARTICIPANT STATISTICS

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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

| | June 30, 2021 Valuation | June 30, 2023 Valuation |
|---|---|---|
| <ul style="list-style-type: none"> ■ Valuation Date | <ul style="list-style-type: none"> ■ June 30, 2021 ■ ADC for Fiscal Years 2022/23 & 2023/24 (end of year) ■ 1 year lag | <ul style="list-style-type: none"> ■ June 30, 2023 ■ ADC for Fiscal Years 2024/25 & 2025/26 (end of year) ■ 1 year lag |
| <ul style="list-style-type: none"> ■ Funding Policy | <ul style="list-style-type: none"> ■ Full Pre-funding through CalPERS trust (CERBT) Strategy #1 ■ City may contribute additional amounts based on lower discount rate | <ul style="list-style-type: none"> ■ Same |
| <ul style="list-style-type: none"> ■ Discount Rate | <ul style="list-style-type: none"> ■ 6.25%, net of expenses based on CERBT Strategy #1 | <ul style="list-style-type: none"> ■ Same |
| <ul style="list-style-type: none"> ■ General Inflation | <ul style="list-style-type: none"> ■ 2.50% | <ul style="list-style-type: none"> ■ Same |



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

| | June 30, 2021 Valuation | June 30, 2023 Valuation |
|---|--|--|
| <ul style="list-style-type: none"> ■ Payroll Increases | <ul style="list-style-type: none"> ■ Aggregate Increases: 2.75% ■ Merit Increases: CalPERS 2000-2019 Experience Study | <ul style="list-style-type: none"> ■ Same |
| <ul style="list-style-type: none"> ■ Increase to Group 3 Flat Dollar Caps¹⁷ | <ul style="list-style-type: none"> ■ ½ of Medical Trend, not less than assumed inflation (2.50%) | <ul style="list-style-type: none"> ■ Same |
| <ul style="list-style-type: none"> ■ Medical Trend | <ul style="list-style-type: none"> ■ Non-Medicare: 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 ■ Medicare: 5.65% (non-Kaiser) and 4.60% (Kaiser) for 2023, decreasing to an ultimate rate of 3.75% in 2076 | <ul style="list-style-type: none"> ■ Non-Medicare: 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 ■ Medicare: 7.50% (non-Kaiser) and 6.25% (Kaiser) for 2025, decreasing to an ultimate rate of 3.45% in 2076 |

¹⁷ Increase is for purposes of financial projection only and does not imply any obligation to increase the cap in the future.



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

| | June 30, 2021 Valuation | June 30, 2023 Valuation |
|---|--|--|
| <ul style="list-style-type: none"> ■ Participation at Retirement | <ul style="list-style-type: none"> ■ Group 3: 98% ■ Group 4: if eligible for City contribution: 95%; if not: 0% ■ Based on Plan experience¹⁸ | <ul style="list-style-type: none"> ■ Same |
| <ul style="list-style-type: none"> ■ Retirement, Mortality, Termination, Disability | <ul style="list-style-type: none"> ■ CalPERS 2000-2019 Experience Study ■ Society of Actuaries mortality improvement scale MP-21 | <ul style="list-style-type: none"> ■ Same |
| <ul style="list-style-type: none"> ■ Age-related Claims Costs for Medicare Advantage Plans | <ul style="list-style-type: none"> ■ Included ■ Due to age-risk adjusted federal subsidies, no age-based claims costs were included for Medicare Advantage plans | <ul style="list-style-type: none"> ■ Same |

¹⁸ Actual participation percentage for Group 3 since 6/30/17 is 100% for Miscellaneous (there are no active Safety members in Group 3). Actual participation percentage for Group 4 since 6/30/17 who are eligible for a City contribution is 91%. Group 4 still has limited actual experience. We recommend continued monitoring for Group 4.



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

| | June 30, 2021 Valuation | June 30, 2023 Valuation |
|---|---|-------------------------|
| <ul style="list-style-type: none"> ■ Basis for Assumptions (6/30/23 Valuation) | <ul style="list-style-type: none"> ■ No experience study performed for this Plan ■ CalPERS experience study covering 2000 to 2019 experience was used ■ Mortality improvement is a Society of Actuaries table ■ Inflation based on our estimate for the Plan's long time horizon ■ Capital market assumptions based on 2021 Foster & Foster stochastic analysis, taking into account capital market assumptions of investment advisory firms ■ Medical trends were based on expectations over the short term blended into long term medical trends developed using the Society of Actuaries Getzen Model of Long-Run Medical Cost Trends ■ Age-based claims costs are based on tables published by the Society of Actuaries and demographic data for the CalPERS health plans provided by CalPERS ■ Medical coverage and participation based in part on Plan experience | |



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

CERBT Investment Options

■ Asset Allocation

| | Strategy 1 | Strategy 2 | Strategy 3 |
|----------------------------|------------|------------|------------|
| Global Equity | 49% | 34% | 23% |
| Long US Fixed Income | 23% | 41% | 51% |
| TIPS | 5% | 5% | 9% |
| Commodities | 3% | 3% | 3% |
| Global REITs | <u>20%</u> | <u>17%</u> | <u>14%</u> |
| Total | 100% | 100% | 100% |
| CalPERS' projected 20-year | 6.0% | 5.5% | 5.0% |

¹⁹ CalPERS assumes 2.25% price inflation.



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Discount Rate

■ Future expected returns

- Stochastic simulations of geometric average returns over 20 years – 5,000 trials
- 2.50% inflation assumption
- Projections based on 8 independent Investment Advisors 2021 10-year Capital Market Assumptions and where available, investment advisors long-term trends
- Confidence levels:

| | Strategy 1 | Strategy 2 | Strategy 3 |
|----------------------|--------------|------------|------------|
| 50% Confidence Level | 6.25% | 5.75% | 5.25% |
| 55% Confidence Level | 6.00% | 5.50% | 5.00% |
| 60% Confidence Level | 5.75% | 5.25% | 4.75% |

- Expected returns, 50th percentile:

| | Strategy 1 | Strategy 2 | Strategy 3 |
|--|----------------|----------------|----------------|
| Expected Real Rate of Return ²⁰ | 3.90% | 3.39% | 2.92% |
| Inflation Assumption | 2.50% | 2.50% | 2.50% |
| Investment Expenses | <u>(0.05%)</u> | <u>(0.05%)</u> | <u>(0.05%)</u> |
| Nominal Rate of Return | 6.35% | 5.84% | 5.37% |
| Rounded to nearest 0.25% | 6.25% | 5.75% | 5.25% |

- City currently in Strategy 1: Recommend 6.25% discount rate

²⁰ Includes investment expenses



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ACTUARIAL METHODS

| Method | June 30, 2021 Valuation | June 30, 2023 Valuation |
|-----------------------------------|---|--|
| ■ Cost Method | ■ Entry Age Normal Level % of Pay | ■ Same |
| ■ Unfunded Liability Amortization | <ul style="list-style-type: none"> ■ 22 years closed period ■ Level % of pay (2.75% annual escalation) ■ Sensitivity analysis: 20 & 18 years | <ul style="list-style-type: none"> ■ 20 years closed period ■ Level % of pay (2.75% annual escalation) ■ Sensitivity analysis: 18 years |
| ■ Actuarial Asset Value | ■ Market Value of Assets ²¹ | ■ Same |
| ■ Future New Entrants | ■ Closed group – no new participants | |
| ■ Implied Subsidy | ■ Implied subsidy valued | |
| ■ Plan Continuance | ■ For purposes of financial projections, the plan and benefits are assumed to continue unchanged. The calculation of this obligation does not imply that there is any legal liability to provide or continue providing the benefits valued. | |

²¹ Using Market Value of Assets to determine the ADC will result in more volatile future ADCs than if a smoothed Market Value were used. For funding purposes, market value includes accrued contributions made for a previous fiscal year.



ACTUARIAL METHODS

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ASSETS

Market Value of Plan Assets (MVA) **Invested in CERBT Strategy 1 Fund** (Amounts in 000's)

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|-----------------------------------|--------------|---------------------|-----------------|--------------|
| ■ MVA (Beg. of Year) | \$118,497 | \$126,520 | \$164,170 | \$144,745 |
| • Contributions | 3,747 | 2,946 ²² | 2,904 | 2,032 |
| • Benefit Payments ²³ | - | - | - | - |
| • Admin. Expenses | (59) | (71) | (80) | (72) |
| • Investment Return ²⁴ | <u>4,335</u> | <u>34,776</u> | <u>(22,249)</u> | <u>9,356</u> |
| ■ MVA (End of Year) | 126,520 | 164,170 | 144,745 | 156,061 |
| ■ Approx. Annual Return | 3.6% | 27.5% | (13.5)% | 6.4% |

²² Includes \$1,358 paid on 1/10/2022; MVA shown is not the same as market value for financial reporting purposes.

²³ Benefit Payments made outside of trust by City in years other than 2018/19. Refer to Slide 5 for fiscal year amounts.

²⁴ Net of investment expenses.



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ASSETS

Historical Returns



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RESULTS

Actuarial Obligations

(Amounts in 000's)

| | | |
|--|------------------|------------------|
| ■ Valuation Date | 6/30/2021 | 6/30/2023 |
| ■ Discount Rate | 6.25% | 6.25% |
| ■ Present Value of Benefits (PVB) | | |
| • Actives (future retirees) | \$131,926 | \$154,864 |
| • Retirees | <u>169,243</u> | <u>192,253</u> |
| • Total | 301,169 | 347,117 |
| ■ Actuarial Accrued Liability (AAL) | | |
| • Actives (future retirees) | 74,954 | 84,319 |
| • Retirees | <u>169,243</u> | <u>192,253</u> |
| • Total | 244,197 | 276,572 |
| ■ Market Value of Assets (MVA) | <u>164,170</u> | <u>156,061</u> |
| ■ Unfunded AAL (UAAL) | 80,027 | 120,511 |
| ■ Funded Ratio | 67% | 56% |
| ■ Normal Cost²⁵ | 6,316 | 7,614 |
| ■ Pay-As-You-Go Cost (Cash) | 11,190 | 12,827 |
| ■ Pay-As-You-Go Cost (IS) | 3,025 | 2,745 |

²⁵ Includes Administration fees.



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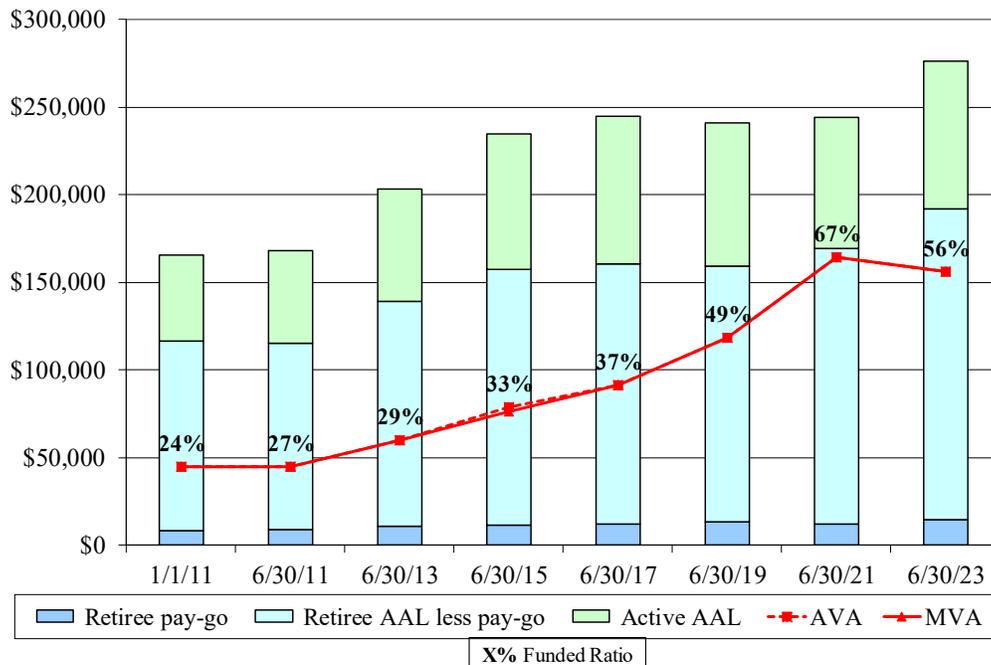
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RESULTS

Historical Funded Status

(Amounts in 000's)



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RESULTS

Actuarial Gain/Loss

(Amounts in \$000's)

| | AAL | Assets | UAAL |
|---|-----------|-----------|----------|
| ■ Actual 6/30/21 | \$244,197 | \$164,170 | \$80,027 |
| ■ Expected 6/30/23 | 260,018 | 184,228 | 75,790 |
| ■ Experience (Gains)/Losses | | | |
| • Premiums/Caps different than expected | 286 | | 286 |
| • Demographic & other | (2,315) | | (2,315) |
| ■ Assumption Changes increasing/(decreasing) AAL | | | |
| • Medical Plan election percentages changed | 1,269 | | 1,269 |
| • Updated medical trend | 17,314 | | 17,314 |
| ■ Contribution and Benefit Payment Gain | | 6,131 | (6,131) |
| ■ Investment Loss | | (34,297) | 34,297 |
| ■ Total UAAL (Gain)/Loss | 16,554 | (28,167) | 44,721 |
| ■ Actual 6/30/23 | 276,572 | 156,061 | 120,511 |



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RESULTS

Actuarially Determined Contribution (ADC)

(Amounts in 000's)

| | 6/30/21 Valuation | | 6/30/23 Valuation | |
|---|-------------------|--------------|-------------------|--------------|
| | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| ■ Discount Rate | 6.25% | | 6.25% | |
| ■ ADC - \$ | | | | |
| • Normal Cost | \$ 6,196 | \$ 6,370 | \$ 7,489 | \$ 7,674 |
| • Administrative Expenses ²⁶ | 120 | 126 | 125 | 133 |
| • UAAL Amortization | <u>5,112</u> | <u>5,253</u> | <u>8,802</u> | <u>9,044</u> |
| • Total | 11,428 | 11,749 | 16,416 | 16,851 |
| ■ Projected Payroll | 110,919 | 113,969 | 127,929 | 131,447 |
| ■ ADC – Percent of Pay | | | | |
| • Normal Cost | 5.6% | 5.6% | 5.9% | 5.8% |
| • Administrative Expenses | 0.1% | 0.1% | 0.1% | 0.1% |
| • UAAL Amortization | <u>4.6%</u> | <u>4.6%</u> | <u>6.9%</u> | <u>6.9%</u> |
| • Total | 10.3% | 10.3% | 12.8% | 12.8% |

²⁶ Includes PEMHCA and CERBT administration fees.



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RESULTS

Actuarially Determined Contribution (ADC) Payment to Trust

(Amounts in 000's)

| | 6/30/23 Valuation | |
|--|-------------------|---------------|
| | 2024/25 | 2025/26 |
| ■ Discount Rate | 6.25% | |
| ■ ADC - \$ | | |
| • Normal cost | \$ 7,489 | \$ 7,674 |
| • Administrative expenses ²⁷ | 125 | 133 |
| • UAAL amortization | <u>8,802</u> | <u>9,044</u> |
| • Total | 16,416 | 16,851 |
| • Less: Implied subsidy benefit payments | <u>2,745</u> | <u>2,871</u> |
| • Remaining ADC | 13,671 | 13,980 |
| • Less: Estimated cash benefit payments | <u>12,827</u> | <u>13,565</u> |
| • Total Trust contribution | 844 | 415 |
| (If negative, indicates a reimbursement for City out-of-pocket payments may be requested.) | | |

²⁷ Includes PEMHCA and CERBT administration fees.



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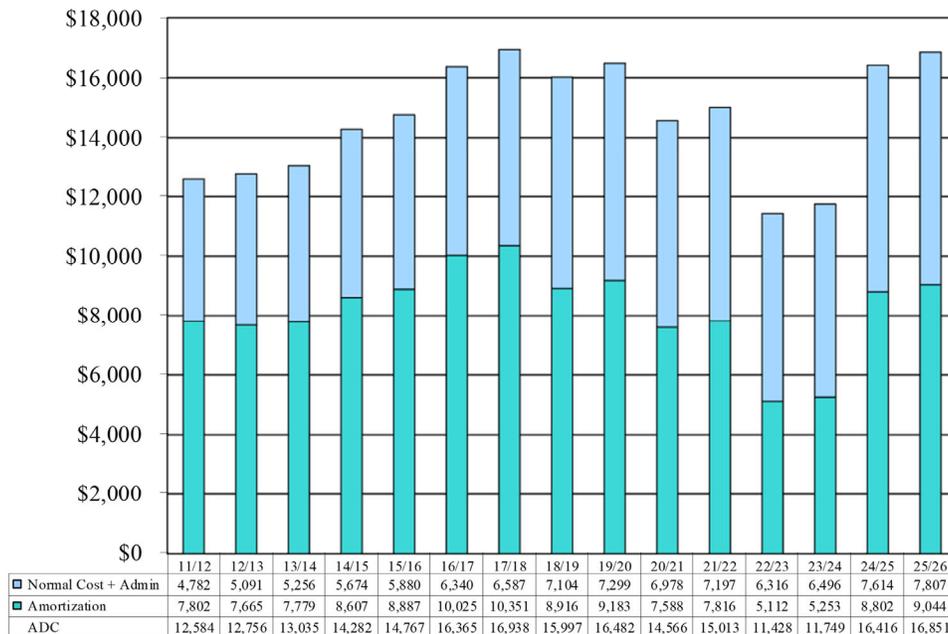
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RESULTS

Historical Recommended Funding Contributions

(Amounts in 000's)



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RESULTS

Amortization Bases & Payments

(Amounts in 000's)

| | 6/30/21 Valuation | | 6/30/23 Valuation | |
|--------------------------------------|-------------------|-----------|-------------------|------------|
| | 6/30/22 | 6/30/23 | 6/30/24 | 6/30/25 |
| ■ Discount Rate | 6.25% | | 6.25% | |
| ■ Payment Escalator | 2.75% | | 2.75% | |
| ■ UAAL Balance | \$ 76,159 | \$ 75,807 | \$ 122,790 | \$ 121,662 |
| ■ Amortization Payment | 5,112 | 5,253 | 8,802 | 9,044 |
| ■ Amortization Period (years) | 22 | 21 | 20 | 19 |



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RESULTS

10 Year Contribution Projection

(Amounts in 000's)

| FYE | ADC ²⁸ | Contribution | | | | Total | Payroll | ADC % of Pay | UAAL Beg. Of FY | Fund % |
|------|-------------------|----------------------|--------------------|-------------------|----------|-----------|---------|--------------|-----------------|--------|
| | | Cash Benefit Payment | Implied Subsidy BP | Trust Pre-Funding | | | | | | |
| 2025 | \$16,416 | \$12,827 | \$2,745 | \$844 | \$16,416 | \$127,929 | 12.8% | \$122,791 | 57% | |
| 2026 | 16,851 | 13,565 | 2,871 | 415 | 16,851 | 131,447 | 12.8% | 121,662 | 59% | |
| 2027 | 17,318 | 14,286 | 3,017 | 15 | 17,318 | 135,062 | 12.8% | 120,223 | 61% | |
| 2028 | 17,785 | 14,868 | 2,992 | (75) | 17,785 | 138,776 | 12.8% | 118,444 | 62% | |
| 2029 | 18,276 | 15,590 | 3,089 | (403) | 18,276 | 142,593 | 12.8% | 116,298 | 64% | |
| 2030 | 18,775 | 16,348 | 3,285 | (858) | 18,775 | 146,514 | 12.8% | 113,755 | 66% | |
| 2031 | 19,271 | 16,933 | 3,312 | (974) | 19,271 | 150,543 | 12.8% | 110,784 | 68% | |
| 2032 | 19,803 | 17,554 | 3,434 | (1,185) | 19,803 | 154,683 | 12.8% | 107,350 | 69% | |
| 2033 | 20,347 | 18,086 | 3,516 | (1,255) | 20,347 | 158,937 | 12.8% | 103,416 | 71% | |
| 2034 | 20,882 | 18,626 | 3,575 | (1,319) | 20,882 | 163,307 | 12.8% | 98,944 | 73% | |

²⁸ Actuarially Determined Contribution



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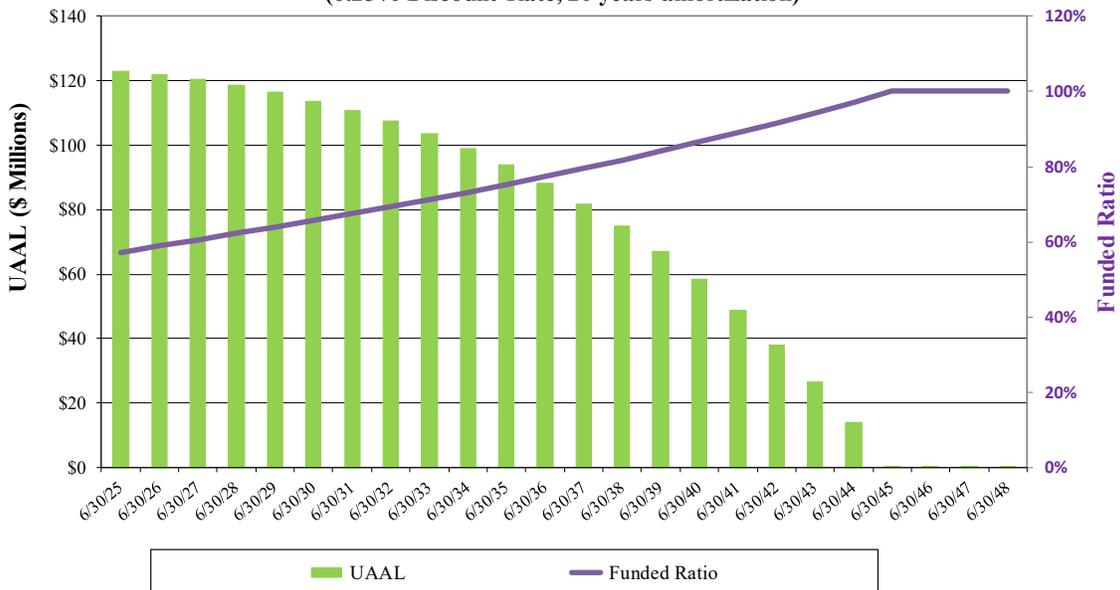
RESULTS

ADC, Benefit and Trust Payment/Reimbursement Projection
(6.25% Discount Rate, 20 years level % of pay amortization)



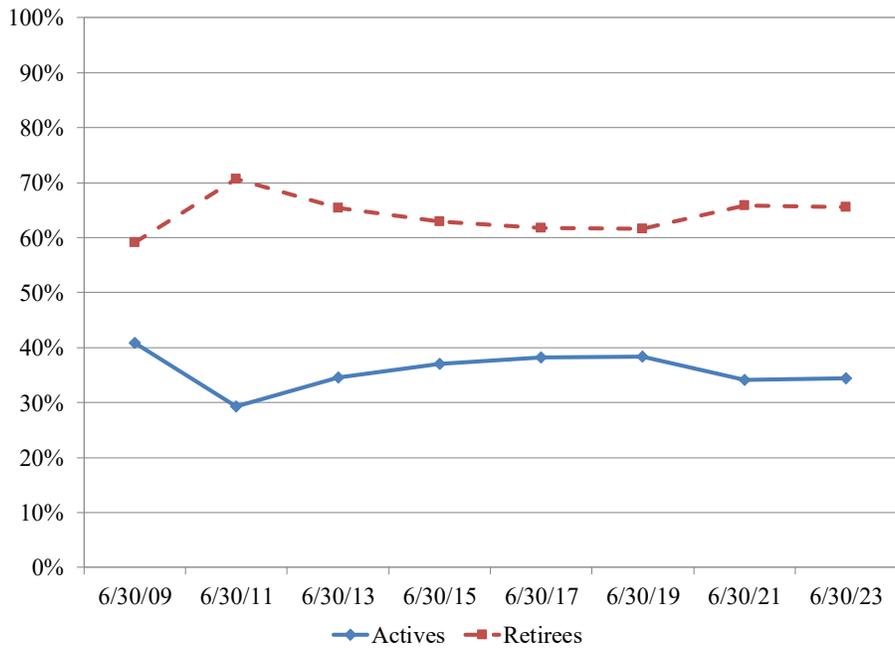
RESULTS

UAAL and Funded Ratio Projection
(6.25% Discount Rate, 20 years amortization)



RESULTS

% of Total Actuarial Accrued Liability for Actives and Retirees
Miscellaneous



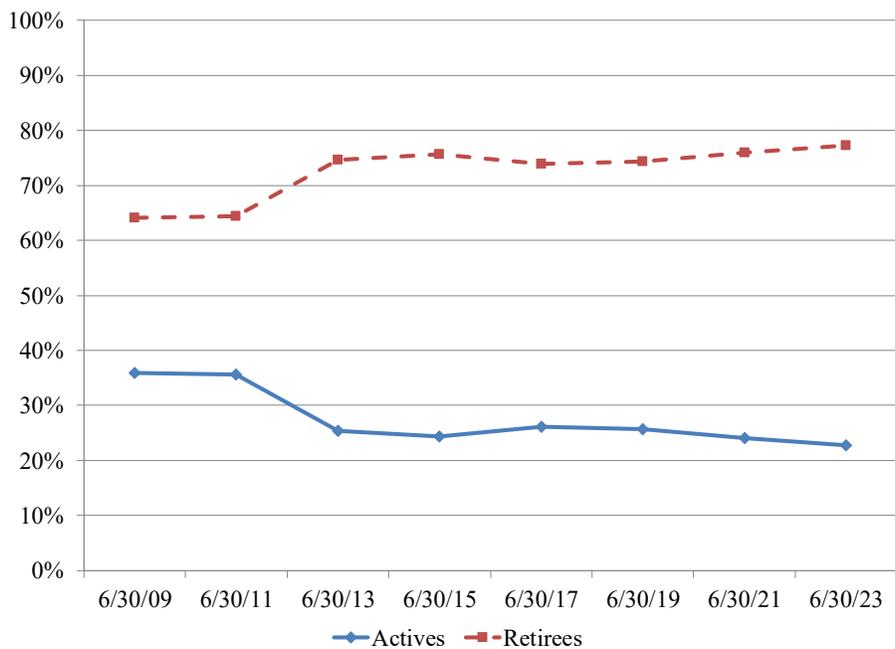
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RESULTS

% of Total Actuarial Accrued Liability for Actives and Retirees
Safety



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RESULTS

**This chart excludes the Implied Subsidy
and is provided for informational purposes only**

(Amounts in 000's)

| | Cash Benefit |
|---|----------------|
| ■ Present Value of Benefits | \$ 294,841 |
| ■ Funded Status 6/30/23 | |
| • Actuarial Accrued Liability | 232,822 |
| • Actuarial Value of Assets ²⁹ | <u>156,061</u> |
| • Unfunded AAL | 76,761 |
| ■ Funded Ratio | 67.0% |
| ■ ADC 2024/25 | |
| • Normal Cost | 6,570 |
| • Administrative Expenses | 125 |
| • UAAL Amortization | <u>5,590</u> |
| • Total | 12,285 |
| • ADC % of Payroll | 9.6% |

²⁹ All assets allocated to the cash benefit for illustrative purposes only.



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RESULTS

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RESULTS - DETAILS

Actuarial Obligations by Pre/Post 65 Benefits

June 30, 2023

(Amounts in 000's)

| | Benefits Paid Before Age 65 | Benefits Paid On or After Age 65 | Total |
|---|--|---|----------------|
| ■ Present Value of Benefits | | | |
| • Actives (future retirees) | \$78,087 | \$76,777 | \$154,864 |
| • Retirees | <u>48,369</u> | <u>143,884</u> | <u>192,253</u> |
| • Total | 126,456 | 220,661 | 347,117 |
| ■ Actuarial Accrued Liability | | | |
| • Actives (future retirees) | 40,543 | 43,776 | 84,319 |
| • Retirees | <u>48,369</u> | <u>143,884</u> | <u>192,253</u> |
| • Total | 88,912 | 187,660 | 276,572 |
| ■ Normal Cost 2024/25³⁰ | 3,872 | 3,741 | 7,614 |

³⁰ Includes Administration fees.



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RESULTS - DETAILS

Actuarial Obligations by Group

June 30, 2023

(Amounts in 000's)

| | Group 1 | Group 2 | Group 3 | Group 4 | Total |
|---|----------------|----------------|----------------|----------------|----------------|
| ■ Present Value of Benefits | | | | | |
| • Actives (future retirees) | \$ - | \$ - | \$12,507 | \$142,358 | \$154,864 |
| • Retirees | <u>47,911</u> | <u>53,548</u> | <u>36,227</u> | <u>54,567</u> | <u>192,253</u> |
| • Total | 47,911 | 53,548 | 48,734 | 196,925 | 347,117 |
| ■ Actuarial Accrued Liability | | | | | |
| • Actives (future retirees) | - | - | 10,597 | 73,722 | 84,319 |
| • Retirees | <u>47,911</u> | <u>53,548</u> | <u>36,227</u> | <u>54,567</u> | <u>192,253</u> |
| • Total | 47,911 | 53,548 | 46,824 | 128,289 | 276,572 |
| ■ Normal Cost 2024/25³¹ | n/a | n/a | 353 | 7,261 | 7,614 |
| ■ NC as % of Payroll | n/a | n/a | 5.0% | 6.0% | 6.0% |
| ■ Active Count | n/a | n/a | 57 | 845 | 902 |
| ■ Projected Payroll | n/a | n/a | 7,128 | 120,801 | 127,929 |

³¹ Includes Administration fees.



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RESULTS - DETAILS

Actuarial Obligations by Cash/Implied Subsidy

June 30, 2023

(Amounts in 000's)

| | Cash Subsidy | Implied Subsidy | Total |
|--|-------------------------|----------------------------|----------------|
| ■ Present Value of Benefits | | | |
| • Actives (future retirees) | \$134,797 | \$20,067 | \$154,864 |
| • Retirees | <u>160,044</u> | <u>32,209</u> | <u>192,253</u> |
| • Total | 294,841 | 52,276 | 347,117 |
| ■ Actuarial Accrued Liability | | | |
| • Actives (future retirees) | 72,778 | 11,542 | 84,319 |
| • Retirees | <u>160,044</u> | <u>32,209</u> | <u>192,253</u> |
| • Total | 232,822 | 43,751 | 276,572 |
| ■ Market Value of Assets³² | <u>131,374</u> | <u>24,687</u> | <u>156,061</u> |
| ■ Unfunded AAL | 101,448 | 19,064 | 120,511 |
| ■ Normal Cost 2024/25³³ | 6,695 | 919 | 7,614 |
| ■ Pay-As-You-Go Cost 2024/25 | 12,827 | 2,745 | 15,572 |

³² Allocated in proportion to AAL for illustrative purposes.

³³ Includes Administration fees.



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RESULTS - DETAILS

Actuarially Determined Contribution by Cash/Implied Subsidy

2024/25 Fiscal Year

(Amounts in 000's)

| | Cash Subsidy | Implied Subsidy | Total |
|-----------------------------|-------------------------|----------------------------|--------------|
| ■ ADC - \$ | | | |
| • Normal Cost | \$ 6,570 | \$ 919 | \$ 7,489 |
| • Administrative Expenses | 125 | - | 125 |
| • UAAL Amortization | <u>7,424</u> | <u>1,378</u> | <u>8,802</u> |
| • ADC | 14,119 | 2,297 | 16,416 |
| ■ Projected Payroll | 127,929 | 127,929 | 127,929 |
| ■ ADC - % of Payroll | | | |
| • Normal Cost | 5.1% | 0.7% | 5.9% |
| • Administrative Expenses | 0.1% | 0.0% | 0.1% |
| • UAAL Amortization | <u>5.8%</u> | <u>1.1%</u> | <u>6.9%</u> |
| • ADC | 11.0% | 1.8% | 12.8% |



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RESULTS - DETAILS

Actuarial Obligations by Misc/Safety

June 30, 2023

(Amounts in 000's)

| | Misc | Safety | Total |
|--|----------------|---------------|----------------|
| ■ Present Value of Benefits | | | |
| • Actives (future retirees) | \$112,057 | \$42,807 | \$154,864 |
| • Retirees | <u>120,219</u> | <u>72,034</u> | <u>192,253</u> |
| • Total | 232,276 | 114,841 | 347,117 |
| ■ Actuarial Accrued Liability | | | |
| • Actives (future retirees) | 63,059 | 21,260 | 84,319 |
| • Retirees | <u>120,219</u> | <u>72,034</u> | <u>192,253</u> |
| • Total | 183,278 | 93,294 | 276,572 |
| ■ Market Value of Assets³⁴ | <u>103,418</u> | <u>52,643</u> | <u>156,061</u> |
| ■ Unfunded AAL | 79,860 | 40,651 | 120,511 |
| ■ Normal Cost 2024/25³⁵ | 5,495 | 2,118 | 7,614 |
| ■ Pay-As-You-Go Cost 2024/25 | 10,278 | 5,294 | 15,572 |

³⁴ Allocated in proportion to the Actuarial Accrued Liability.

³⁵ Includes Administration fees.



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RESULTS - DETAILS

Actuarially Determined Contribution by Misc/Safety

2024/25 Fiscal Year

(Amounts in 000's)

| | Misc | Safety | Total |
|-----------------------------|--------------|--------------|--------------|
| ■ ADC - \$ | | | |
| • Normal Cost | \$ 5,412 | \$ 2,077 | \$ 7,489 |
| • Administrative Expenses | 83 | 42 | 125 |
| • UAAL Amortization | <u>5,848</u> | <u>2,954</u> | <u>8,802</u> |
| • ADC | 11,344 | 5,072 | 16,416 |
| ■ Projected Payroll | 101,964 | 25,965 | 127,929 |
| ■ ADC - % of Payroll | | | |
| • Normal Cost | 5.3% | 8.0% | 5.9% |
| • Administrative Expenses | 0.1% | 0.2% | 0.1% |
| • UAAL Amortization | <u>5.7%</u> | <u>11.4%</u> | <u>6.9%</u> |
| • ADC | 11.1% | 19.5% | 12.8% |



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RESULTS - DETAILS

Actuarial Obligations by Bargaining Unit

June 30, 2023

(Amounts in 000's)

| | FCA | IAFF | M/C | PAPOA | PMA | SEIU | UMPAPA | Total |
|--------------------------------|--------------|---------------|---------------|---------------|--------------|---------------|--------------|----------------|
| ■ PVB | | | | | | | | |
| • Actives | \$1,362 | \$20,223 | \$32,491 | \$17,294 | \$2,521 | \$72,048 | \$8,927 | \$154,864 |
| • Retirees | <u>2,714</u> | <u>34,636</u> | <u>52,789</u> | <u>25,202</u> | <u>2,593</u> | <u>65,881</u> | <u>8,438</u> | <u>192,253</u> |
| • Total | 4,076 | 54,859 | 85,280 | 42,496 | 5,114 | 137,929 | 17,365 | 347,117 |
| ■ AAL | | | | | | | | |
| • Actives | 1,074 | 9,545 | 18,930 | 7,485 | 2,058 | 38,985 | 6,242 | 84,319 |
| • Retirees | <u>2,714</u> | <u>34,636</u> | <u>52,789</u> | <u>25,202</u> | <u>2,593</u> | <u>65,881</u> | <u>8,438</u> | <u>192,253</u> |
| • Total | 3,788 | 44,181 | 71,719 | 32,687 | 4,651 | 104,866 | 14,680 | 276,572 |
| ■ MVA³⁶ | <u>2,137</u> | <u>24,930</u> | <u>40,469</u> | <u>18,444</u> | <u>2,624</u> | <u>59,173</u> | <u>8,283</u> | <u>156,061</u> |
| ■ UAAL | 1,651 | 19,251 | 31,250 | 14,243 | 2,027 | 45,693 | 6,397 | 120,511 |
| ■ NC 24/25³⁷ | 48 | 928 | 1,617 | 981 | 102 | 3,583 | 356 | 7,614 |
| ■ Pay-Go | 205 | 2,624 | 4,315 | 1,771 | 174 | 5,749 | 734 | 15,572 |

³⁶ Allocated in proportion to the Actuarial Accrued Liability.

³⁷ Includes Administration fees.



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RESULTS - DETAILS

Actuarially Determined Contribution by Bargaining Unit

2024/25 Fiscal Year

(Amounts in 000's)

| | FCA | IAFF | M/C | PAPOA | PMA | SEIU | UMPAPA | Total |
|----------------------------|--------------|--------------|--------------|--------------|-------------|--------------|-------------|--------------|
| ■ ADC - \$ | | | | | | | | |
| • Normal Cost | \$ 46 | \$ 908 | \$ 1,585 | \$ 966 | \$ 99 | \$ 3,536 | \$ 350 | \$ 7,489 |
| • Admin. Expenses | 2 | 20 | 32 | 15 | 2 | 48 | 7 | 125 |
| • UAAL Amort | <u>119</u> | <u>1,393</u> | <u>2,265</u> | <u>1,045</u> | <u>150</u> | <u>3,363</u> | <u>468</u> | <u>8,802</u> |
| • ADC | 166 | 2,321 | 3,881 | 2,026 | 252 | 6,947 | 824 | 16,416 |
| ■ Projected Payroll | 803 | 10,826 | 34,117 | 11,174 | 1,880 | 59,705 | 9,424 | 127,929 |
| ■ ADC - % | | | | | | | | |
| • Normal Cost | 5.7% | 8.4% | 4.6% | 8.6% | 5.3% | 5.9% | 3.7% | 5.9% |
| • Admin. Expenses | 0.2% | 0.2% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| • UAAL Amort | <u>14.8%</u> | <u>12.9%</u> | <u>6.6%</u> | <u>9.3%</u> | <u>8.0%</u> | <u>5.6%</u> | <u>5.0%</u> | <u>6.9%</u> |
| • ADC | 20.7% | 21.4% | 11.4% | 18.1% | 13.4% | 11.6% | 8.7% | 12.8% |



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RESULTS - DETAILS

Actuarially Determined Contribution by Bargaining Unit
2025/26 Fiscal Year
 (Amounts in 000's)

| | FCA | IAFF | M/C | PAPOA | PMA | SEIU | UMPAPA | Total |
|----------------------------|--------------|--------------|--------------|--------------|-------------|--------------|-------------|--------------|
| ■ ADC - \$ | | | | | | | | |
| • Normal Cost | \$ 47 | \$ 931 | \$ 1,624 | \$ 990 | \$ 102 | \$ 3,623 | \$ 358 | \$ 7,674 |
| • Admin. Expenses | 2 | 21 | 34 | 16 | 2 | 51 | 7 | 133 |
| • UAAL Amort | <u>122</u> | <u>1,431</u> | <u>2,327</u> | <u>1,073</u> | <u>154</u> | <u>3,456</u> | <u>481</u> | <u>9,044</u> |
| • ADC | 171 | 2,383 | 3,985 | 2,079 | 259 | 7,130 | 846 | 16,851 |
| ■ Projected Payroll | 826 | 11,123 | 35,055 | 11,481 | 1,932 | 61,347 | 9,683 | 131,447 |
| ■ ADC - % | | | | | | | | |
| • Normal Cost | 5.7% | 8.4% | 4.6% | 8.6% | 5.3% | 5.9% | 3.7% | 5.8% |
| • Admin. Expenses | 0.2% | 0.2% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| • UAAL Amort | <u>14.8%</u> | <u>12.9%</u> | <u>6.6%</u> | <u>9.3%</u> | <u>8.0%</u> | <u>5.6%</u> | <u>5.0%</u> | <u>6.9%</u> |
| • ADC | 20.7% | 21.4% | 11.4% | 18.1% | 13.4% | 11.6% | 8.7% | 12.8% |



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RESULTS - DETAILS

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SENSITIVITY ANALYSIS

Discount Rate Sensitivity

(Amounts in 000's)

| | CERBT Strategy | | |
|------------------------------------|----------------|----------------|----------------|
| | #1 (Current) | #2 | #3 |
| ■ Discount Rate | 6.25% | 5.75% | 5.25% |
| ■ Present Value of Benefits | \$347,117 | \$375,439 | \$407,741 |
| ■ Funded Status 6/30/23 | | | |
| • Actuarial Accrued Liability | 276,572 | 293,120 | 311,327 |
| • Assets | <u>156,061</u> | <u>156,061</u> | <u>156,061</u> |
| • Unfunded AAL | 120,511 | 137,059 | 155,266 |
| ■ Funded Ratio | 56.4% | 53.2% | 50.1% |
| ■ ADC 2024/25 | | | |
| • Normal Cost | 7,489 | 8,379 | 9,394 |
| • Administrative Expenses | 125 | 125 | 125 |
| • UAAL Amortization ³⁸ | <u>8,802</u> | <u>9,582</u> | <u>10,377</u> |
| • Total | 16,416 | 18,085 | 19,896 |
| • ADC % of Payroll | 12.8% | 14.1% | 15.6% |

³⁸ UAAL amortized over 20 years for all scenarios.



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SENSITIVITY ANALYSIS

Amortization Period Sensitivity

Discount Rate – 6.25%, Level % of Pay with 2.75% Payment Escalation

(Amounts in 000's)

| ■ Amortization Period | Current 20 Years | 18 Years |
|--|---------------------|----------------|
| ■ Funded Status 6/30/23 | | |
| • Actuarial Accrued Liability | \$276,572 | \$276,572 |
| • Assets | <u>156,061</u> | <u>156,061</u> |
| • Unfunded AAL | 120,511 | 120,511 |
| ■ Total Projected Payroll 2024/25 | 127,929 | 127,929 |
| ■ ADC 2024/25 | | |
| • Normal Cost | 7,489 | 7,489 |
| • Administrative Expenses | 125 | 125 |
| • UAAL Amortization | <u>8,802</u> | <u>9,492</u> |
| • Total | 16,416 | 17,105 |
| • ADC % of Payroll | 12.8% | 13.4% |



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SENSITIVITY ANALYSIS

Amortization Period Sensitivity

Discount Rate – 5.75%, Level % of Pay with 2.75% Payment Escalation

(Amounts in 000's)

| ■ Amortization Period | Current 20 Years | 18 Years |
|--|---------------------|----------------|
| ■ Funded Status 6/30/23 | | |
| • Actuarial Accrued Liability | \$293,120 | \$293,120 |
| • Assets | <u>156,061</u> | <u>156,061</u> |
| • Unfunded AAL | 137,059 | 137,059 |
| ■ Total Projected Payroll 2024/25 | 127,929 | 127,929 |
| ■ ADC 2024/25 | | |
| • Normal Cost | 8,379 | 8,379 |
| • Administrative Expenses | 125 | 125 |
| • UAAL Amortization | <u>9,582</u> | <u>10,371</u> |
| • Total | 18,085 | 18,875 |
| • ADC % of Payroll | 14.1% | 14.8% |



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SENSITIVITY ANALYSIS

Actuarial Obligations by Bargaining Unit – 5.75%

June 30, 2023

(Amounts in 000's)

| | FCA | IAFF | M/C | PAPOA | PMA | SEIU | UMPAPA | Total |
|--------------------------------|--------------|---------------|---------------|---------------|--------------|---------------|--------------|----------------|
| ■ PVB | | | | | | | | |
| • Actives | \$1,487 | \$22,844 | \$36,048 | \$19,489 | \$2,733 | \$80,761 | \$9,832 | \$173,194 |
| • Retirees | <u>2,865</u> | <u>36,463</u> | <u>55,395</u> | <u>26,661</u> | <u>2,773</u> | <u>69,183</u> | <u>8,905</u> | <u>202,245</u> |
| • Total | 4,352 | 59,307 | 91,443 | 46,150 | 5,506 | 149,944 | 18,737 | 375,439 |
| ■ AAL | | | | | | | | |
| • Actives | 1,153 | 10,284 | 20,354 | 8,089 | 2,200 | 42,076 | 6,719 | 90,875 |
| • Retirees | <u>2,865</u> | <u>36,463</u> | <u>55,395</u> | <u>26,661</u> | <u>2,773</u> | <u>69,183</u> | <u>8,905</u> | <u>202,245</u> |
| • Total | 4,018 | 46,747 | 75,749 | 34,750 | 4,973 | 111,259 | 15,624 | 293,120 |
| ■ MVA³⁹ | <u>2,139</u> | <u>24,889</u> | <u>40,330</u> | <u>18,501</u> | <u>2,648</u> | <u>59,236</u> | <u>8,318</u> | <u>156,061</u> |
| ■ UAAL | 1,879 | 21,858 | 35,419 | 16,249 | 2,325 | 52,023 | 7,306 | 137,059 |
| ■ NC 24/25⁴⁰ | 54 | 1,039 | 1,797 | 1,091 | 115 | 4,007 | 399 | 8,504 |
| ■ Pay-Go | 205 | 2,624 | 4,315 | 1,771 | 174 | 5,749 | 734 | 15,572 |

³⁹ Allocated in proportion to the Actuarial Accrued Liability.

⁴⁰ Includes Administration fees.



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SENSITIVITY ANALYSIS

10 Year Contribution Projection – 5.75% 13 Year Amortization (Amounts in 000's)

| FYE | ADC ⁴¹ | Contribution | | | | Payroll | ADC % of Pay | UAAL Beg. Of FY | Fund % |
|------|-------------------|----------------------|--------------------|-------------------|----------|-----------|--------------|-----------------|--------|
| | | Cash Benefit Payment | Implied Subsidy BP | Trust Pre-Funding | Total | | | | |
| 2025 | \$21,996 | \$12,827 | \$2,745 | \$6,424 | \$21,996 | \$127,929 | 17.2% | \$140,372 | 54% |
| 2026 | 22,551 | 13,565 | 2,871 | 6,115 | 22,551 | 131,447 | 17.2% | 134,951 | 57% |
| 2027 | 23,180 | 14,286 | 3,017 | 5,877 | 23,180 | 135,062 | 17.2% | 128,847 | 60% |
| 2028 | 23,812 | 14,868 | 2,992 | 5,952 | 23,812 | 138,776 | 17.2% | 122,011 | 63% |
| 2029 | 24,474 | 15,590 | 3,089 | 5,795 | 24,474 | 142,593 | 17.2% | 114,390 | 67% |
| 2030 | 25,147 | 16,348 | 3,285 | 5,514 | 25,147 | 146,514 | 17.2% | 105,928 | 70% |
| 2031 | 25,821 | 16,933 | 3,312 | 5,576 | 25,821 | 150,543 | 17.2% | 96,567 | 73% |
| 2032 | 26,538 | 17,554 | 3,434 | 5,550 | 26,538 | 154,683 | 17.2% | 86,242 | 77% |
| 2033 | 27,272 | 18,086 | 3,516 | 5,670 | 27,272 | 158,937 | 17.2% | 74,886 | 80% |
| 2034 | 27,999 | 18,626 | 3,575 | 5,798 | 27,999 | 163,307 | 17.1% | 62,429 | 84% |

⁴¹ Actuarially Determined Contribution

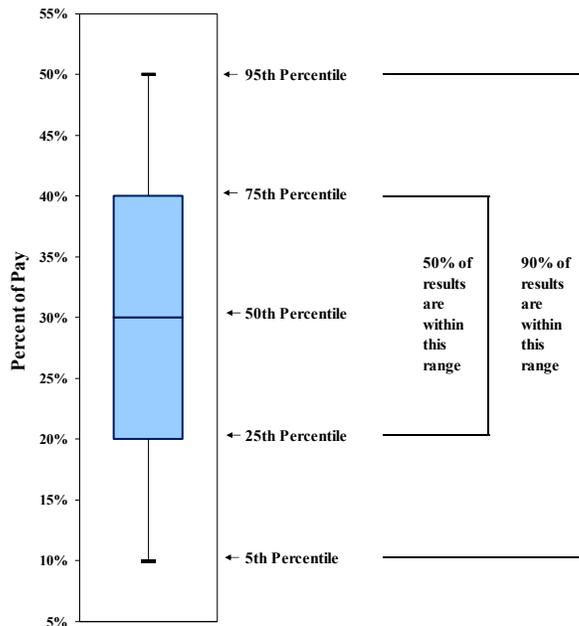


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COMPARISON TO OTHER AGENCIES

Foster & Foster California OPEB Database
Sample Percentile Graph

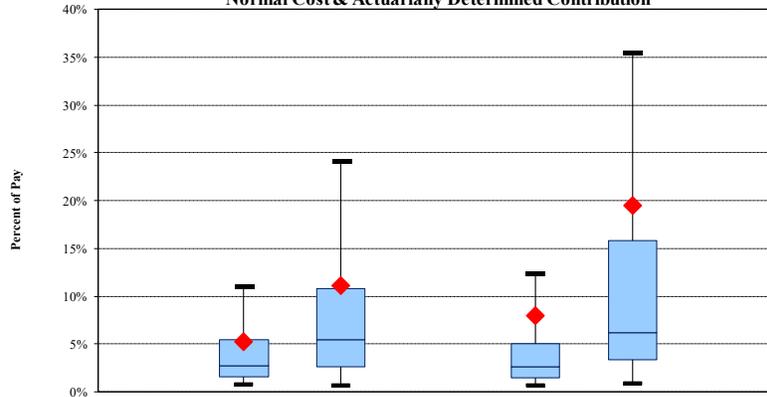


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COMPARISON TO OTHER AGENCIES

**Foster & Foster California OPEB Database
Normal Cost & Actuarially Determined Contribution**



| | <u>Miscellaneous</u> | | <u>Safety</u> | |
|---------------------------|----------------------|--------------|---------------|--------------|
| | <u>NC</u> | <u>ADC</u> | <u>NC</u> | <u>ADC</u> |
| 95th Percentile | 10.9% | 24.2% | 12.3% | 35.5% |
| 75th Percentile | 5.4% | 10.8% | 5.0% | 15.8% |
| 50th Percentile | 2.8% | 5.4% | 2.6% | 6.2% |
| 25th Percentile | 1.5% | 2.6% | 1.5% | 3.3% |
| 5th Percentile | 0.7% | 0.7% | 0.7% | 0.9% |
| Percent of Pay (♦) | 5.3% | 11.1% | 8.0% | 19.5% |
| Percentile | 74% | 76% | 88% | 84% |

Discount Rate = 6.25%, Average Amortization Period = 20.0 Years

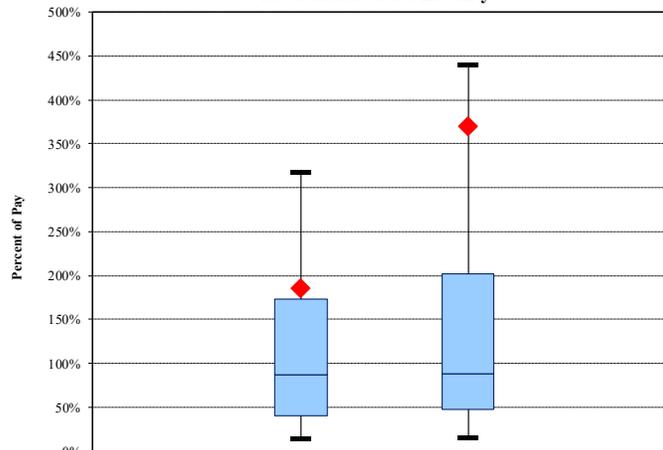


May 21, 2024



COMPARISON TO OTHER AGENCIES

**Foster & Foster California OPEB Database
Actuarial Accrued Liability**



| | <u>Miscellaneous</u> | <u>Safety</u> |
|---------------------------|----------------------|---------------|
| | 95th Percentile | 317% |
| 75th Percentile | 173% | 202% |
| 50th Percentile | 87% | 88% |
| 25th Percentile | 40% | 48% |
| 5th Percentile | 14% | 15% |
| Percent of Pay (♦) | 185% | 369% |
| Percentile | 79% | 91% |

Discount Rate = 6.25%



May 21, 2024



ACTUARIAL CERTIFICATION

This report presents the City of Palo Alto Retiree Healthcare Plan (“Plan”) June 30, 2023 actuarial valuation. The purpose of this valuation is to:

- Determine the June 30, 2023 Benefit Obligations,
- Determine the Plan’s June 30, 2023 Funded Status, and
- Calculate the 2024/25 and 2025/26 Actuarially Determined Contributions.

The report provides information intended for funding the City’s Plan, but may not be appropriate for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the assumptions; changes in assumptions; changes expected as part of the natural progression of the plan; and changes in plan provisions or applicable law. Actuarial models necessarily rely on the use of estimates and are sensitive to changes. Small variations in estimates may lead to significant changes in actuarial measurements. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of such measurements.

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. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,



Drew Ballard, FSA, MAAA, EA
Foster & Foster, Inc.



Catherine A. Wandro, ASA, MAAA
Foster & Foster, Inc.



May 21, 2024

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EXHIBITS

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PREMIUMS

2023 PEMHCA Monthly Premiums

Region 1

| Medical Plan | Non-Medicare Eligible | | | Medicare Eligible | | |
|---------------------------|-----------------------|------------|------------|-------------------|----------|------------|
| | Single | 2-Party | Family | Single | 2-Party | Family |
| Anthem Select | \$1,128.83 | \$2,257.66 | \$2,934.96 | \$413.59 | \$827.18 | \$1,240.77 |
| Anthem Traditional | 1,210.71 | 2,421.42 | 3,147.85 | 413.59 | 827.18 | 1,240.77 |
| Blue Shield Access+ | 1,035.21 | 2,070.42 | 2,691.55 | 361.90 | 723.80 | 1,085.70 |
| Blue Shield Trio | 888.94 | 1,777.88 | 2,311.24 | 361.90 | 723.80 | 1,085.70 |
| Health Net SmartCare | 1,174.50 | 2,349.00 | 3,053.70 | n/a | n/a | n/a |
| Kaiser | 913.74 | 1,827.48 | 2,375.72 | 283.25 | 566.50 | 849.75 |
| Kaiser Summit | n/a | n/a | n/a | 336.29 | 672.58 | 1,008.87 |
| UnitedHealthcare Alliance | 1,044.07 | 2,088.14 | 2,714.58 | n/a | n/a | n/a |
| UnitedHealthcare Group | n/a | n/a | n/a | 299.68 | 599.36 | 899.04 |
| UnitedHealthcare Edge | n/a | n/a | n/a | 357.70 | 715.40 | 1,073.10 |
| Western Health Advantage | 760.17 | 1,520.34 | 1,976.44 | 331.11 | 662.22 | 993.33 |
| PERS Platinum | 1,200.12 | 2,400.24 | 3,120.31 | 420.02 | 840.04 | 1,260.06 |
| PERS Gold | 825.61 | 1,651.22 | 2,146.59 | 392.71 | 785.42 | 1,178.13 |
| PORAC | 825.00 | 1,875.00 | 2,300.00 | 465.00 | 1,030.00 | 1,395.00 |



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PREMIUMS

2024 PEMHCA Monthly Premiums

Region 1

| Medical Plan | Non-Medicare Eligible | | | Medicare Eligible | | |
|---------------------------|-----------------------|------------|------------|-------------------|----------|------------|
| | Single | 2-Party | Family | Single | 2-Party | Family |
| Anthem Select | \$1,138.86 | \$2,277.72 | \$2,961.04 | \$405.83 | \$811.66 | \$1,217.49 |
| Anthem Traditional | 1,339.70 | 2,679.40 | 3,483.22 | 405.83 | 811.66 | 1,217.49 |
| Blue Shield Access+ | 1,076.84 | 2,153.68 | 2,799.78 | 392.68 | 785.36 | 1,178.04 |
| Blue Shield Trio | 946.84 | 1,893.68 | 2,461.78 | 392.68 | 785.36 | 1,178.04 |
| Kaiser | 1,021.41 | 2,042.82 | 2,655.67 | 324.79 | 649.58 | 974.37 |
| Kaiser Summit | n/a | n/a | n/a | 386.55 | 773.10 | 1,159.65 |
| UnitedHealthcare Alliance | 1,091.13 | 2,182.26 | 2,836.94 | n/a | n/a | n/a |
| UnitedHealthcare Harmony | 937.39 | 1,874.78 | 2,437.21 | n/a | n/a | n/a |
| UnitedHealthcare Group | n/a | n/a | n/a | 341.72 | 683.44 | 1,025.16 |
| UnitedHealthcare Edge | n/a | n/a | n/a | 366.01 | 732.02 | 1,098.03 |
| Western Health Advantage | 807.23 | 1,614.46 | 2,098.80 | 268.62 | 537.24 | 805.86 |
| PERS Platinum | 1,314.27 | 2,628.54 | 3,417.10 | 448.15 | 896.30 | 1,344.45 |
| PERS Gold | 914.82 | 1,829.64 | 2,378.53 | 406.60 | 813.20 | 1,219.80 |
| PORAC | 931.00 | 2,117.00 | 2,651.00 | 465.00 | 1,030.00 | 1,395.00 |



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PREMIUMS

PEMHCA Monthly Premium Increases/(Decreases)
Region 1

| Medical Plan | Non-Medicare Eligible | | Medicare Eligible | |
|---------------------------|-----------------------|-------|-------------------|---------|
| | 2023 | 2024 | 2023 | 2024 |
| Anthem Select | 11.1% | 0.9% | 14.8% | (1.9%) |
| Anthem Traditional | (7.2%) | 10.7% | 14.8% | (1.9%) |
| Blue Shield Access+ | (7.2%) | 4.0% | 2.5% | 8.5% |
| Blue Shield Trio | (1.1%) | 6.5% | 2.5% | 8.5% |
| Health Net SmartCare | 1.9% | n/a | n/a | n/a |
| Kaiser | 6.6% | 11.8% | (6.4%) | 14.7% |
| Kaiser Summit | n/a | n/a | n/a | 14.9% |
| UnitedHealthcare Alliance | 2.3% | 4.5% | n/a | n/a |
| UnitedHealthcare Group | n/a | n/a | 1.7% | 14.0% |
| UnitedHealthcare Edge | n/a | n/a | 3.0% | 2.3% |
| Western Health Advantage | 2.6% | 6.2% | 5.1% | (18.9%) |
| PERS Platinum | 13.5% | 9.5% | 10.0% | 6.7% |
| PERS Gold | 17.7% | 10.8% | 4.1% | 3.5% |
| PORAC | 3.3% | 12.8% | 0.9% | 0.0% |



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PREMIUMS

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DATA SUMMARY

Participant Statistics by Bargaining Unit
June 30, 2023

| | FCA | IAFF | M/C | PAPOA | PMA | SEIU | UMPAPA | Total |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| ■ Actives | | | | | | | | |
| • Count | 4 | 84 | 202 | 66 | 7 | 494 | 45 | 902 |
| • Avg Age | 48.0 | 39.1 | 46.9 | 38.9 | 48.9 | 44.8 | 50.5 | 44.6 |
| • Avg City Svc | 22.4 | 9.8 | 10.7 | 9.2 | 23.4 | 9.7 | 16.4 | 10.4 |
| • Avg PERS Svc | 22.4 | 10.3 | 12.4 | 10.2 | 24.2 | 10.4 | 17.6 | 11.4 |
| • Avg Salary | \$190,356 | \$122,075 | \$159,976 | \$160,358 | \$254,449 | \$114,477 | \$198,351 | \$134,338 |
| • Total Salary ⁴² | \$761 | \$10,254 | \$32,315 | \$10,584 | \$1,781 | \$56,552 | \$8,926 | \$121,173 |
| ■ Retirees⁴³: | | | | | | | | |
| • Count | 8 | 147 | 313 | 96 | 6 | 432 | 29 | 1,031 |
| • Avg Age | 64.3 | 71.4 | 73.0 | 66.4 | 53.2 | 72.6 | 62.9 | 71.5 |
| • Avg Service Ret Age | 55.8 | 54.7 | 58.1 | 52.5 | 50.4 | 59.7 | 58.2 | 58.2 |
| • Avg Disab Ret Age | 50.1 | 48.8 | 50.5 | 41.8 | n/a | 46.7 | n/a | 45.8 |

⁴² Amount in 000's. Based on June 30, 2023 PERSable pay rate.

⁴³ Excludes retirees who have waived coverage.



May 21, 2024

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DATA SUMMARY

Participant Statistics by Bargaining Unit
June 30, 2021

| | FCA | IAFF | M/C | PAPOA | PMA | SEIU | UMPAPA | Total |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|----------|-----------|-----------|
| ■ Actives | | | | | | | | |
| • Count | 4 | 80 | 195 | 68 | 6 | 477 | 44 | 874 |
| • Avg Age | 42.6 | 42.5 | 47.3 | 39.8 | 46.9 | 44.8 | 49.1 | 45.0 |
| • Avg City Svc | 18.1 | 12.8 | 10.6 | 10.2 | 22.1 | 10.6 | 17.3 | 11.2 |
| • Avg PERS Svc | 18.1 | 13.3 | 12.2 | 11.2 | 23.1 | 11.2 | 18.1 | 12.1 |
| • Avg Salary | \$209,498 | \$145,878 | \$134,380 | \$152,938 | \$228,619 | \$98,486 | \$172,711 | \$120,207 |
| • Total Salary ⁴⁴ | \$838 | \$11,670 | \$26,204 | \$10,400 | \$1,372 | \$46,978 | \$7,599 | \$105,061 |
| ■ Retirees⁴⁵: | | | | | | | | |
| • Count | 6 | 148 | 307 | 89 | 5 | 430 | 24 | 1,009 |
| • Avg Age | 64.7 | 71.0 | 72.0 | 66.9 | 57.5 | 71.6 | 62.2 | 70.9 |
| • Avg Service Ret Age | 56.7 | 54.6 | 58.3 | 52.3 | 50.4 | 59.6 | 58.8 | 58.2 |
| • Avg Disab Ret Age | 50.1 | 48.8 | 50.5 | 42.0 | n/a | 48.0 | n/a | 46.3 |

⁴⁴ Amount in 000's. Actual 2020/21 PERSable compensations.

⁴⁵ Excludes retirees who have waived coverage.



May 21, 2024

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DATA SUMMARY

Participant Statistics by CalPERS Pension Category
June 30, 2023

| | Miscellaneous | Police | Fire | Total |
|--------------------------------------|---------------|-----------|-----------|-----------|
| ■ Actives | | | | |
| • Count | 738 | 72 | 92 | 902 |
| • Average Age | 45.6 | 40.3 | 39.9 | 44.6 |
| • Average City Service | 10.3 | 10.8 | 10.8 | 10.4 |
| • Average PERS Service | 11.3 | 11.8 | 11.2 | 11.4 |
| • Average Salary | \$130,866 | \$173,099 | \$131,856 | \$134,338 |
| • Total Salary (000's) ⁴⁶ | \$96,579 | \$12,463 | \$12,131 | \$121,173 |
| ■ Retirees ⁴⁷ : | | | | |
| • Count | 751 | 113 | 167 | 1,031 |
| • Average Age | 72.4 | 65.9 | 71.2 | 71.5 |
| • Avg Service Ret Age | 59.2 | 52.2 | 54.7 | 58.2 |
| • Avg Disability Ret Age | 47.1 | 41.9 | 48.9 | 45.8 |

⁴⁶ Based on June 30, 23 PERSable payrate.

⁴⁷ Excludes retirees who have waived coverage.



May 21, 2024

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DATA SUMMARY

Participant Statistics by CalPERS Pension Category
June 30, 2021

| | Miscellaneous | Police | Fire | Total |
|--------------------------------------|---------------|-----------|-----------|-----------|
| ■ Actives | | | | |
| • Count | 711 | 76 | 87 | 874 |
| • Average Age | 45.7 | 40.7 | 42.7 | 45.0 |
| • Average City Service | 11.0 | 11.0 | 13.2 | 11.2 |
| • Average PERS Service | 11.9 | 12.0 | 13.7 | 12.1 |
| • Average Salary | \$112,031 | \$161,950 | \$150,562 | \$120,207 |
| • Total Salary (000's) ⁴⁸ | \$79,654 | \$12,308 | \$13,099 | \$105,061 |
| ■ Retirees ⁴⁹ : | | | | |
| • Count | 739 | 105 | 165 | 1,009 |
| • Average Age | 71.6 | 66.3 | 70.7 | 70.9 |
| • Avg Service Ret Age | 59.2 | 52.0 | 54.5 | 58.2 |
| • Avg Disability Ret Age | 48.1 | 42.1 | 48.9 | 46.3 |

⁴⁸ Actual 2020/21 PERSable compensations.

⁴⁹ Excludes retirees who have waived coverage.



May 21, 2024

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DATA SUMMARY

Medical Plan Participation – June 30, 2023

| Medical Plan | Actives | | All Retirees | | | | | |
|-----------------------------|---------|------|--------------|------|-------------|------|-------|------|
| | M | S | Under 65 | | 65 or Older | | Total | |
| <i>Miscellaneous/Safety</i> | M | S | M | S | M | S | M | S |
| Anthem Select | 2% | 2% | 3% | - | 1% | - | 1% | - |
| Anthem Traditional | 3% | 1% | 5% | 4% | 6% | 5% | 6% | 5% |
| Blue Shield Access+ | 10% | 3% | 7% | 3% | 1% | 1% | 3% | 2% |
| Blue Shield Trio | - | - | - | 1% | - | - | - | - |
| Health Net SmartCare | - | - | 1% | - | - | - | - | - |
| Kaiser | 68% | 50% | 43% | 26% | 29% | 21% | 32% | 23% |
| Kaiser Summit | - | - | - | - | 2% | - | 2% | - |
| UnitedHealthcare | - | - | 1% | 1% | 17% | 10% | 13% | 7% |
| UnitedHealthcare Edge | - | - | - | - | - | - | - | - |
| Western Health Advantage | - | 1% | - | - | - | - | - | - |
| PERS Gold | 7% | 4% | 4% | - | 1% | - | 1% | - |
| PERS Platinum | 10% | 2% | 35% | 16% | 42% | 47% | 41% | 34% |
| PORAC | - | 37% | 1% | 49% | 1% | 16% | 1% | 29% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |



May 21, 2024

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DATA SUMMARY

Medical Plan Participation – June 30, 2021

| Medical Plan | Actives | | All Retirees | | | | | |
|-----------------------------|---------|------|--------------|------|-------------|------|-------|------|
| | M | S | Under 65 | | 65 or Older | | Total | |
| <i>Miscellaneous/Safety</i> | M | S | M | S | M | S | M | S |
| Anthem Select | 6% | 3% | 5% | 1% | - | - | 2% | - |
| Anthem Traditional | 4% | 1% | 9% | 8% | 6% | 5% | 6% | 6% |
| Blue Shield Access+ | - | - | 3% | 7% | - | - | 1% | 3% |
| Health Net SmartCare | 1% | 1% | 1% | 1% | - | - | - | - |
| Kaiser | 65% | 51% | 40% | 36% | 30% | 23% | 32% | 29% |
| UnitedHealthcare | - | - | 1% | 2% | 18% | 13% | 14% | 8% |
| Western Health Advantage | - | - | 1% | - | - | - | - | - |
| PERSCare | - | - | 4% | 9% | 25% | 37% | 20% | 25% |
| PERS Choice | 22% | 3% | 32% | 3% | 21% | 15% | 24% | 10% |
| PERS Select | 1% | 1% | 3% | - | - | - | 1% | - |
| PORAC | - | 40% | 1% | 32% | - | 8% | - | 19% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |



May 21, 2024

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DATA SUMMARY

Active Medical Coverage – Miscellaneous

| Medical Plan | Single | 2-Party | Family | Waived | Total |
|--------------------------|------------|------------|------------|-----------|------------|
| Anthem Select | 3 | 3 | 5 | - | 11 |
| Anthem Traditional | 9 | 3 | 5 | - | 17 |
| Blue Shield Access+ | 15 | 18 | 31 | - | 64 |
| Blue Shield Trio | - | - | 1 | - | 1 |
| Health Net SmartCare | - | - | 1 | - | 1 |
| Kaiser | 162 | 90 | 200 | - | 452 |
| Western Health Advantage | - | - | 1 | - | 1 |
| PERS Gold | 13 | 11 | 20 | - | 44 |
| PERS Platinum | 26 | 12 | 30 | - | 68 |
| PORAC | 1 | - | - | - | 1 |
| Waived | - | - | - | 78 | 78 |
| Total | 229 | 137 | 294 | 78 | 738 |
| % as of June 30, 2023 | 31% | 18% | 40% | 11% | 100% |
| % as of June 30, 2021 | 30% | 22% | 40% | 9% | 100% |



May 21, 2024

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DATA SUMMARY

Active Medical Coverage – Safety

| Medical Plan | Single | 2-Party | Family | Waived | Total |
|--------------------------|-----------|-----------|-----------|-----------|------------|
| Anthem Select | 1 | - | 2 | - | 3 |
| Anthem Traditional | 1 | - | - | - | 1 |
| Blue Shield Access+ | 1 | - | 3 | - | 4 |
| Blue Shield Trio | - | - | - | - | - |
| Health Net SmartCare | - | - | - | - | - |
| Kaiser | 23 | 15 | 39 | - | 77 |
| Western Health Advantage | - | - | 1 | - | 1 |
| PERS Gold | 5 | - | 1 | - | 6 |
| PERS Platinum | 1 | 1 | 1 | - | 3 |
| PORAC | 7 | 7 | 43 | - | 57 |
| Waived | - | - | - | 12 | 12 |
| Total | 39 | 23 | 90 | 12 | 164 |
| % as of June 30, 2023 | 24% | 14% | 55% | 7% | 100% |
| % as of June 30, 2021 | 20% | 14% | 63% | 2% | 100% |



May 21, 2024

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DATA SUMMARY

Retiree Medical Coverage⁵⁰ - Miscellaneous

| Medical Plan | Single | | 2-Party | | Family | | Total |
|--------------------------|--------|-----|---------|-----|--------|-----|-------|
| | <65 | 65+ | <65 | 65+ | <65 | 65+ | |
| Anthem Select | 3 | 1 | 2 | 1 | 1 | 2 | 10 |
| Anthem Traditional | 7 | 11 | 2 | 21 | - | 2 | 43 |
| Blue Shield Access+ | 5 | 2 | 5 | 5 | 2 | - | 19 |
| Health Net SmartCare | 1 | - | - | - | - | - | 1 |
| Kaiser | 21 | 94 | 45 | 68 | 8 | 6 | 242 |
| Kaiser Summit | - | 8 | - | 2 | - | 1 | 11 |
| UnitedHealthcare | - | 64 | 1 | 32 | - | - | 97 |
| UnitedHealthcare Edge | - | 2 | - | 1 | - | - | 3 |
| Western Health Advantage | - | - | - | 1 | - | - | 1 |
| PERS Gold | 1 | 1 | 2 | 2 | 4 | - | 10 |
| PERS Platinum | 19 | 129 | 32 | 111 | 10 | 7 | 308 |
| PORAC | - | 3 | 1 | 1 | - | 1 | 6 |
| Total | 57 | 315 | 90 | 245 | 25 | 19 | 751 |
| % as of June 30, 2023 | 8% | 42% | 12% | 33% | 3% | 2% | 100% |
| % as of June 30, 2021 | 9% | 41% | 12% | 32% | 4% | 2% | 100% |

⁵⁰ Approximately 77% of retirees have coverage in a region 1 plan. The rest are in other state regions or out of state.



DATA SUMMARY

Retiree Medical Coverage⁵¹ - Safety

| Medical Plan | Single | | 2-Party | | Family | | Total |
|--------------------------|--------|-----|---------|-----|--------|-----|-------|
| | <65 | 65+ | <65 | 65+ | <65 | 65+ | |
| Anthem Select | - | - | - | - | - | - | - |
| Anthem Traditional | 1 | - | 1 | 7 | 3 | 2 | 14 |
| Blue Shield Access+ | 1 | - | 2 | - | 1 | 1 | 5 |
| Health Net SmartCare | - | - | - | - | - | - | - |
| Kaiser | 7 | 12 | 11 | 21 | 12 | 1 | 64 |
| Kaiser Summit | - | - | - | - | - | - | 0 |
| UnitedHealthcare | - | 11 | - | 6 | 1 | - | 18 |
| UnitedHealthcare Edge | - | - | - | - | - | - | 0 |
| Western Health Advantage | - | - | - | - | - | - | 0 |
| PERS Gold | - | - | - | - | - | - | 0 |
| PERS Platinum | 7 | 39 | 6 | 37 | 5 | 2 | 96 |
| PORAC | 12 | 4 | 15 | 19 | 29 | 3 | 82 |
| Total | 28 | 66 | 35 | 90 | 52 | 9 | 280 |
| % as of June 30, 2023 | 10% | 24% | 13% | 32% | 19% | 3% | 100% |
| % as of June 30, 2021 | 9% | 25% | 16% | 29% | 19% | 2% | 100% |

⁵¹ Approximately 70% of retirees have coverage in a Region 1 plan. The rest are in other state regions or out of state.



DATA SUMMARY

Retirees Medical Coverage by Age – Miscellaneous

| Age | Single | 2-Party | Family | Total |
|-------------|--------|---------|--------|-------|
| Under 50 | - | 1 | - | 1 |
| 50-54 | 2 | 3 | 4 | 9 |
| 55-59 | 12 | 19 | 9 | 40 |
| 60-64 | 43 | 67 | 12 | 122 |
| 65-69 | 63 | 68 | 11 | 142 |
| 70-74 | 73 | 66 | 5 | 144 |
| 75-79 | 76 | 65 | 3 | 144 |
| 80-84 | 59 | 22 | - | 81 |
| 85 & Over | 44 | 24 | - | 68 |
| Total | 372 | 335 | 44 | 751 |
| Average Age | 74.5 | 71.2 | 64.0 | 72.4 |



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DATA SUMMARY

Retirees Medical Coverage by Age – Police

| Age | Single | 2-Party | Family | Total |
|-------------|--------|---------|--------|-------|
| Under 50 | 3 | 1 | 6 | 10 |
| 50-54 | - | 1 | 7 | 8 |
| 55-59 | 3 | 1 | 6 | 10 |
| 60-64 | 9 | 6 | 9 | 24 |
| 65-69 | 3 | 13 | 5 | 21 |
| 70-74 | 10 | 6 | - | 16 |
| 75-79 | 3 | 7 | - | 10 |
| 80-84 | 3 | 4 | - | 7 |
| 85 & Over | 4 | 3 | - | 7 |
| Total | 38 | 42 | 33 | 113 |
| Average Age | 68.1 | 70.5 | 57.5 | 65.9 |



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DATA SUMMARY

Retirees Medical Coverage by Age – Fire

| Age | Single | 2-Party | Family | Total |
|-------------|--------|---------|--------|-------|
| Under 50 | - | - | - | - |
| 50-54 | - | 1 | 7 | 8 |
| 55-59 | 6 | 10 | 11 | 27 |
| 60-64 | 7 | 15 | 6 | 28 |
| 65-69 | 3 | 14 | 4 | 21 |
| 70-74 | 5 | 11 | - | 16 |
| 75-79 | 7 | 12 | - | 19 |
| 80-84 | 17 | 9 | - | 26 |
| 85 & Over | 11 | 11 | - | 22 |
| Total | 56 | 83 | 28 | 167 |
| Average Age | 76.7 | 71.7 | 59.0 | 71.2 |



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DATA SUMMARY

Retirees Medical Coverage by Age – Total

| Age | Single | 2-Party | Family | Total |
|-------------|--------|---------|--------|-------|
| Under 50 | 3 | 2 | 6 | 11 |
| 50-54 | 2 | 5 | 18 | 25 |
| 55-59 | 21 | 30 | 26 | 77 |
| 60-64 | 59 | 88 | 27 | 174 |
| 65-69 | 69 | 95 | 20 | 184 |
| 70-74 | 88 | 83 | 5 | 176 |
| 75-79 | 86 | 84 | 3 | 173 |
| 80-84 | 79 | 35 | - | 114 |
| 85 & Over | 59 | 38 | - | 97 |
| Total | 466 | 460 | 105 | 1,031 |
| Average Age | 74.3 | 71.2 | 60.6 | 71.5 |



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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 | 8 | 4 | - | - | - | - | - | 12 |
| 25-29 | 21 | 26 | 4 | - | - | - | - | 51 |
| 30-34 | 18 | 49 | 37 | 1 | - | - | - | 105 |
| 35-39 | 15 | 21 | 30 | 16 | 3 | - | - | 85 |
| 40-44 | 7 | 23 | 35 | 22 | 10 | 10 | 1 | 108 |
| 45-49 | 8 | 14 | 23 | 19 | 19 | 21 | 1 | 105 |
| 50-54 | 2 | 12 | 18 | 13 | 13 | 19 | 13 | 90 |
| 55-59 | 1 | 13 | 14 | 16 | 13 | 22 | 10 | 89 |
| 60-64 | 5 | 5 | 9 | 10 | 10 | 10 | 15 | 64 |
| ≥ 65 | 2 | 2 | 4 | 3 | 8 | 6 | 4 | 29 |
| Total | 87 | 169 | 174 | 100 | 76 | 88 | 44 | 738 |



May 21, 2024

E-19



DATA SUMMARY

Actives by Age and Service – Police

| Age | City Service | | | | | | | Total |
|-------|--------------|-----|-----|-------|-------|-------|------|-------|
| | < 1 | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | ≥ 25 | |
| < 25 | - | 1 | - | - | - | - | - | 1 |
| 25-29 | 1 | 8 | 1 | - | - | - | - | 10 |
| 30-34 | - | 7 | 5 | - | - | - | - | 12 |
| 35-39 | 1 | 1 | 6 | 2 | 2 | - | - | 12 |
| 40-44 | 1 | 1 | 2 | 8 | 4 | - | - | 16 |
| 45-49 | - | - | 1 | 2 | 1 | 7 | 1 | 12 |
| 50-54 | - | - | - | 1 | 1 | 2 | 1 | 5 |
| 55-59 | - | - | 1 | - | - | - | 1 | 2 |
| 60-64 | - | - | 1 | - | - | 1 | - | 2 |
| ≥ 65 | - | - | - | - | - | - | - | - |
| Total | 3 | 18 | 17 | 13 | 8 | 10 | 3 | 72 |



May 21, 2024

E-20



DATA SUMMARY

Actives by Age and Service – Fire

| Age | City Service | | | | | | | Total |
|--------------|--------------|-----------|-----------|-----------|-----------|-----------|----------|-----------|
| | < 1 | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | ≥ 25 | |
| < 25 | 1 | 2 | - | - | - | - | - | 3 |
| 25-29 | 9 | 11 | - | - | - | - | - | 20 |
| 30-34 | 2 | 7 | 3 | - | - | - | - | 12 |
| 35-39 | 2 | 1 | 4 | 5 | 1 | - | - | 13 |
| 40-44 | - | - | 1 | 4 | 6 | 1 | - | 12 |
| 45-49 | - | - | 2 | 2 | 3 | 1 | - | 8 |
| 50-54 | - | - | - | 2 | 3 | 10 | 5 | 20 |
| 55-59 | - | - | - | - | 1 | 1 | 1 | 3 |
| 60-64 | - | - | - | - | - | 1 | - | 1 |
| ≥ 65 | - | - | - | - | - | - | - | - |
| Total | 14 | 21 | 10 | 13 | 14 | 14 | 6 | 92 |



May 21, 2024

E-21



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 | 9 | 7 | - | - | - | - | - | 16 |
| 25-29 | 31 | 45 | 5 | - | - | - | - | 81 |
| 30-34 | 20 | 63 | 45 | 1 | - | - | - | 129 |
| 35-39 | 18 | 23 | 40 | 23 | 6 | - | - | 110 |
| 40-44 | 8 | 24 | 38 | 34 | 20 | 11 | 1 | 136 |
| 45-49 | 8 | 14 | 26 | 23 | 23 | 29 | 2 | 125 |
| 50-54 | 2 | 12 | 18 | 16 | 17 | 31 | 19 | 115 |
| 55-59 | 1 | 13 | 15 | 16 | 14 | 23 | 12 | 94 |
| 60-64 | 5 | 5 | 10 | 10 | 10 | 12 | 15 | 67 |
| ≥ 65 | 2 | 2 | 4 | 3 | 8 | 6 | 4 | 29 |
| Total | 104 | 208 | 201 | 126 | 98 | 112 | 53 | 902 |



May 21, 2024

E-22



ADDITIONAL ACTUARIAL ASSUMPTIONS

| | June 30, 2021 Valuation | June 30, 2023 Valuation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--------------------------------|-------------|--------------------------|--------|---------|-------|-------------|------|-------------|--------|-------|-------|-------------|------|-------------|-------|---------|---------|-------------|------|-------------|--|--|-------------|--------------------------|--------|---------|-------|-------------|------|-------------|--------|-------|-------|-------------|------|-------------|-------|---------|---------|-------------|------|-------------|
| <p>■ Retirement</p> | <p>■ CalPERS 2000-2019 Experience Study- Expected retirement age for each tier</p> <table border="0"> <thead> <tr> <th></th> <th><u>Misc</u></th> <th><u>Fire & Police</u></th> </tr> </thead> <tbody> <tr> <td>Tier 1</td> <td>2.7%@55</td> <td>3%@50</td> </tr> <tr> <td>Exp. RetAge</td> <td>60.7</td> <td>56.4 & 54.0</td> </tr> <tr> <td>Tier 2</td> <td>2%@60</td> <td>3%@55</td> </tr> <tr> <td>Exp. RetAge</td> <td>63.0</td> <td>57.7 & 56.4</td> </tr> <tr> <td>PEPRA</td> <td>2.5%@67</td> <td>2.7%@57</td> </tr> <tr> <td>Exp. RetAge</td> <td>62.4</td> <td>57.1 & 56.7</td> </tr> </tbody> </table> | | <u>Misc</u> | <u>Fire & Police</u> | Tier 1 | 2.7%@55 | 3%@50 | Exp. RetAge | 60.7 | 56.4 & 54.0 | Tier 2 | 2%@60 | 3%@55 | Exp. RetAge | 63.0 | 57.7 & 56.4 | PEPRA | 2.5%@67 | 2.7%@57 | Exp. RetAge | 62.4 | 57.1 & 56.7 | <p>■ CalPERS 2000-2019 Experience Study - Expected retirement age for each tier</p> <table border="0"> <thead> <tr> <th></th> <th><u>Misc</u></th> <th><u>Fire & Police</u></th> </tr> </thead> <tbody> <tr> <td>Tier 1</td> <td>2.7%@55</td> <td>3%@50</td> </tr> <tr> <td>Exp. RetAge</td> <td>61.2</td> <td>56.1 & 53.9</td> </tr> <tr> <td>Tier 2</td> <td>2%@60</td> <td>3%@55</td> </tr> <tr> <td>Exp. RetAge</td> <td>63.1</td> <td>57.7 & 57.2</td> </tr> <tr> <td>PEPRA</td> <td>2.5%@67</td> <td>2.7%@57</td> </tr> <tr> <td>Exp. RetAge</td> <td>62.5</td> <td>57.2 & 56.5</td> </tr> </tbody> </table> | | <u>Misc</u> | <u>Fire & Police</u> | Tier 1 | 2.7%@55 | 3%@50 | Exp. RetAge | 61.2 | 56.1 & 53.9 | Tier 2 | 2%@60 | 3%@55 | Exp. RetAge | 63.1 | 57.7 & 57.2 | PEPRA | 2.5%@67 | 2.7%@57 | Exp. RetAge | 62.5 | 57.2 & 56.5 |
| | <u>Misc</u> | <u>Fire & Police</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tier 1 | 2.7%@55 | 3%@50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exp. RetAge | 60.7 | 56.4 & 54.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tier 2 | 2%@60 | 3%@55 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exp. RetAge | 63.0 | 57.7 & 56.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PEPRA | 2.5%@67 | 2.7%@57 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exp. RetAge | 62.4 | 57.1 & 56.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>Misc</u> | <u>Fire & Police</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tier 1 | 2.7%@55 | 3%@50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exp. RetAge | 61.2 | 56.1 & 53.9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tier 2 | 2%@60 | 3%@55 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exp. RetAge | 63.1 | 57.7 & 57.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PEPRA | 2.5%@67 | 2.7%@57 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exp. RetAge | 62.5 | 57.2 & 56.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>■ Spousal Coverage at Retirement</p> | <p>■ 70% of covered retirees are assumed to cover spouses</p> <p>■ Based on Plan experience</p> | <p>■ Same</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>■ Waived Retiree Re-election</p> | <p>■ 0%</p> | <p>■ Same</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



May 21, 2024

E-23



ADDITIONAL ACTUARIAL ASSUMPTIONS

| | June 30, 2021 Valuation | June 30, 2023 Valuation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------|--|--------------------------------|---------------------------------|--|--|---------------|---------------------|----------------------------|-----------------------------|---------|--|-----|--|------|-----------------|--|--|------|-----------------|--|--|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|---------|-------|-------|-------|---------|-------|-------|-------|---------|-------|-------|-------|---------|-------|-------|-------|---------|-------|-------|-------|-------|-------|-------|-------|--|--|---------------------------------|--|--|------|---------------------|----------------------------|-----------------------------|------|--|-----|--|------|--|-----|--|------|-----------------|--|--|------|-----------------|--|--|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|---------|-------|-------|-------|---------|-------|-------|-------|------|-------|-------|-------|---|---|---|---|-------|-------|-------|-------|
| <p>■ Medical Trend</p> | <table border="0"> <thead> <tr> <th></th> <th colspan="3"><u>Increase from Prior Year</u></th> </tr> <tr> <th>Calendar Year</th> <th><u>Pre-Medicare</u></th> <th><u>Post-Medicare Other</u></th> <th><u>Post-Medicare Kaiser</u></th> </tr> </thead> <tbody> <tr> <td>2019-20</td> <td></td> <td>n/a</td> <td></td> </tr> <tr> <td>2021</td> <td colspan="3">Actual Premiums</td> </tr> <tr> <td>2022</td> <td colspan="3">Actual Premiums</td> </tr> <tr> <td>2023</td> <td>6.50%</td> <td>5.65%</td> <td>4.60%</td> </tr> <tr> <td>2024</td> <td>6.25%</td> <td>5.45%</td> <td>4.45%</td> </tr> <tr> <td>2025</td> <td>6.00%</td> <td>5.25%</td> <td>4.60%</td> </tr> <tr> <td>2026</td> <td>5.75%</td> <td>5.05%</td> <td>4.45%</td> </tr> <tr> <td>2027</td> <td>5.55%</td> <td>4.90%</td> <td>4.35%</td> </tr> <tr> <td>2028</td> <td>5.35%</td> <td>4.75%</td> <td>4.25%</td> </tr> <tr> <td>2029</td> <td>5.15%</td> <td>4.60%</td> <td>4.20%</td> </tr> <tr> <td>2030</td> <td>4.95%</td> <td>4.45%</td> <td>4.05%</td> </tr> <tr> <td>2031-35</td> <td>4.80%</td> <td>4.35%</td> <td>4.00%</td> </tr> <tr> <td>2036-45</td> <td>4.65%</td> <td>4.25%</td> <td>3.95%</td> </tr> <tr> <td>2046-55</td> <td>4.50%</td> <td>4.20%</td> <td>3.90%</td> </tr> <tr> <td>2056-65</td> <td>4.35%</td> <td>4.15%</td> <td>3.85%</td> </tr> <tr> <td>2066-75</td> <td>4.05%</td> <td>3.95%</td> <td>3.80%</td> </tr> <tr> <td>2076+</td> <td>3.75%</td> <td>3.75%</td> <td>3.75%</td> </tr> </tbody> </table> | | <u>Increase from Prior Year</u> | | | Calendar Year | <u>Pre-Medicare</u> | <u>Post-Medicare Other</u> | <u>Post-Medicare Kaiser</u> | 2019-20 | | n/a | | 2021 | Actual Premiums | | | 2022 | Actual Premiums | | | 2023 | 6.50% | 5.65% | 4.60% | 2024 | 6.25% | 5.45% | 4.45% | 2025 | 6.00% | 5.25% | 4.60% | 2026 | 5.75% | 5.05% | 4.45% | 2027 | 5.55% | 4.90% | 4.35% | 2028 | 5.35% | 4.75% | 4.25% | 2029 | 5.15% | 4.60% | 4.20% | 2030 | 4.95% | 4.45% | 4.05% | 2031-35 | 4.80% | 4.35% | 4.00% | 2036-45 | 4.65% | 4.25% | 3.95% | 2046-55 | 4.50% | 4.20% | 3.90% | 2056-65 | 4.35% | 4.15% | 3.85% | 2066-75 | 4.05% | 3.95% | 3.80% | 2076+ | 3.75% | 3.75% | 3.75% | <table border="0"> <thead> <tr> <th></th> <th colspan="3"><u>Increase from Prior Year</u></th> </tr> <tr> <th>Year</th> <th><u>Pre-Medicare</u></th> <th><u>Post-Medicare Other</u></th> <th><u>Post-Medicare Kaiser</u></th> </tr> </thead> <tbody> <tr> <td>2021</td> <td></td> <td>n/a</td> <td></td> </tr> <tr> <td>2022</td> <td></td> <td>n/a</td> <td></td> </tr> <tr> <td>2023</td> <td colspan="3">Actual Premiums</td> </tr> <tr> <td>2024</td> <td colspan="3">Actual Premiums</td> </tr> <tr> <td>2025</td> <td>8.50%</td> <td>7.50%</td> <td>6.25%</td> </tr> <tr> <td>2026</td> <td>7.90%</td> <td>6.90%</td> <td>5.65%</td> </tr> <tr> <td>2027</td> <td>7.35%</td> <td>6.50%</td> <td>5.45%</td> </tr> <tr> <td>2028</td> <td>6.75%</td> <td>6.10%</td> <td>5.25%</td> </tr> <tr> <td>2029</td> <td>6.20%</td> <td>5.70%</td> <td>5.05%</td> </tr> <tr> <td>2030</td> <td>5.60%</td> <td>5.25%</td> <td>4.85%</td> </tr> <tr> <td>2031</td> <td>5.05%</td> <td>4.85%</td> <td>4.65%</td> </tr> <tr> <td>2032-38</td> <td>4.45%</td> <td>4.45%</td> <td>4.45%</td> </tr> <tr> <td>2039-40</td> <td>4.35%</td> <td>4.35%</td> <td>4.35%</td> </tr> <tr> <td>2041</td> <td>4.30%</td> <td>4.30%</td> <td>4.30%</td> </tr> <tr> <td>↓</td> <td>↓</td> <td>↓</td> <td>↓</td> </tr> <tr> <td>2076+</td> <td>3.45%</td> <td>3.45%</td> <td>3.45%</td> </tr> </tbody> </table> | | <u>Increase from Prior Year</u> | | | Year | <u>Pre-Medicare</u> | <u>Post-Medicare Other</u> | <u>Post-Medicare Kaiser</u> | 2021 | | n/a | | 2022 | | n/a | | 2023 | Actual Premiums | | | 2024 | Actual Premiums | | | 2025 | 8.50% | 7.50% | 6.25% | 2026 | 7.90% | 6.90% | 5.65% | 2027 | 7.35% | 6.50% | 5.45% | 2028 | 6.75% | 6.10% | 5.25% | 2029 | 6.20% | 5.70% | 5.05% | 2030 | 5.60% | 5.25% | 4.85% | 2031 | 5.05% | 4.85% | 4.65% | 2032-38 | 4.45% | 4.45% | 4.45% | 2039-40 | 4.35% | 4.35% | 4.35% | 2041 | 4.30% | 4.30% | 4.30% | ↓ | ↓ | ↓ | ↓ | 2076+ | 3.45% | 3.45% | 3.45% |
| | <u>Increase from Prior Year</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Calendar Year | <u>Pre-Medicare</u> | <u>Post-Medicare Other</u> | <u>Post-Medicare Kaiser</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019-20 | | n/a | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2021 | Actual Premiums | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2022 | Actual Premiums | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2023 | 6.50% | 5.65% | 4.60% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2024 | 6.25% | 5.45% | 4.45% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2025 | 6.00% | 5.25% | 4.60% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2026 | 5.75% | 5.05% | 4.45% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2027 | 5.55% | 4.90% | 4.35% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2028 | 5.35% | 4.75% | 4.25% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2029 | 5.15% | 4.60% | 4.20% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2030 | 4.95% | 4.45% | 4.05% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2031-35 | 4.80% | 4.35% | 4.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2036-45 | 4.65% | 4.25% | 3.95% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2046-55 | 4.50% | 4.20% | 3.90% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2056-65 | 4.35% | 4.15% | 3.85% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2066-75 | 4.05% | 3.95% | 3.80% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2076+ | 3.75% | 3.75% | 3.75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>Increase from Prior Year</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Year | <u>Pre-Medicare</u> | <u>Post-Medicare Other</u> | <u>Post-Medicare Kaiser</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2021 | | n/a | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2022 | | n/a | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2023 | Actual Premiums | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2024 | Actual Premiums | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2025 | 8.50% | 7.50% | 6.25% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2026 | 7.90% | 6.90% | 5.65% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2027 | 7.35% | 6.50% | 5.45% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2028 | 6.75% | 6.10% | 5.25% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2029 | 6.20% | 5.70% | 5.05% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2030 | 5.60% | 5.25% | 4.85% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2031 | 5.05% | 4.85% | 4.65% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2032-38 | 4.45% | 4.45% | 4.45% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2039-40 | 4.35% | 4.35% | 4.35% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2041 | 4.30% | 4.30% | 4.30% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ↓ | ↓ | ↓ | ↓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2076+ | 3.45% | 3.45% | 3.45% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



May 21, 2024

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ADDITIONAL ACTUARIAL ASSUMPTIONS

| | June 30, 2021 Valuation | June 30, 2023 Valuation |
|---|---|--|
| ■ Medical Plan at Retirement & Retirees Attaining age 65 | ■ Miscellaneous: <u>65</u> <u>65+</u> Anthem Traditional 10% 5% Blue Shield Access+ 5% 0% Kaiser 50% 30% PERS Choice 30% 20% PERSCare 5% 25% UnitedHealthcare 0% 20% | ■ Miscellaneous: <u>65</u> <u>65+</u> Anthem Traditional 10% 5% Blue Shield Access+ 5% 0% Kaiser 45% 30% PERS Gold 5% 0% PERS Platinum 35% 45% UnitedHealthcare 0% 20% |
| | ■ Safety: <u>65</u> <u>65+</u> Anthem Traditional 10% 5% Blue Shield Access+ 5% 0% Kaiser 40% 25% PERS Choice 0% 15% PERSCare 10% 35% PORAC 35% 10% UnitedHealthcare 0% 10% | ■ Safety: <u>65</u> <u>65+</u> Anthem Traditional 5% 5% Blue Shield Access+ 5% 0% Kaiser 30% 25% PERS Gold 0% 0% PERS Platinum 15% 45% PORAC 45% 15% UnitedHealthcare 0% 10% |
| | ■ Based on Plan experience | ■ Based on Plan experience |



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ADDITIONAL ACTUARIAL ASSUMPTIONS

| | June 30, 2021 Valuation | June 30, 2023 Valuation |
|--|--|--------------------------------|
| ■ Family Coverage at Retirement (for future retirees) | ■ Misc: 15% until age 65 5% age 65-75 ■ Safety: 50% until age 65 5% age 65-80 ■ Based on Plan experience | ■ Same |
| ■ Spouse Age | ■ Actives – Males 3 years older than females ■ Retirees – Males 3 years older than females if spouse birth date not available | ■ Same |
| ■ Surviving Spouse Participation | ■ 100% | ■ Same |



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ADDITIONAL ACTUARIAL ASSUMPTIONS

| | June 30, 2021 Valuation | June 30, 2023 Valuation |
|---|--|--|
| <ul style="list-style-type: none"> ■ Medicare Eligibility | <ul style="list-style-type: none"> ■ Actives and retirees hired before 4/1/86: <ul style="list-style-type: none"> • Miscellaneous – 80% • Safety – 90% ■ Actives and retirees hired on or after 4/1/86: 100% ■ Retirees before 65 with unknown hire date: 90% ■ Everyone eligible for Medicare will elect Part B coverage | <ul style="list-style-type: none"> ■ Same |
| <ul style="list-style-type: none"> ■ Future New Participants | <ul style="list-style-type: none"> ■ None – Closed Group | <ul style="list-style-type: none"> ■ Same |
| <ul style="list-style-type: none"> ■ Retirees Missing Fund | <ul style="list-style-type: none"> ■ No retirees missing Fund information. | <ul style="list-style-type: none"> ■ Same |



ADDITIONAL ACTUARIAL ASSUMPTIONS

| | June 30, 2021 Valuation | June 30, 2023 Valuation |
|---|--|--|
| <ul style="list-style-type: none"> ■ Retirees Missing Department | <ul style="list-style-type: none"> ■ Assumed to have the same department as the prior valuation ■ Liability for retirees assumed to be 75% GF allocated proportionately across all Departments | <ul style="list-style-type: none"> ■ Same |
| <ul style="list-style-type: none"> ■ Actuarial Models | <ul style="list-style-type: none"> ■ Our valuation was performed using and relying on ProVal, an actuarial model leased from Wintech. Our use of ProVal is consistent with its intended purpose. We have reviewed and understand ProVal and its operation, sensitivities and dependencies. | |
| <ul style="list-style-type: none"> ■ Data Quality | <ul style="list-style-type: none"> ■ Our valuation used census data provided by the City and CalPERS OPEB data extract. We reviewed the data for reasonableness and resolved any questions with the City. We believe the resulting data can be relied on for all purposes of this valuation without limitation. | |



ADDITIONAL ACTUARIAL ASSUMPTIONS

| | June 30, 2021 Valuation | | | | June 30, 2023 Valuation | | |
|---|---|---------------|----------|----------------------|--------------------------------|--------------|----------|
| ■ Sample Medical Claims Costs 2024 | ■ Sample estimated monthly claims costs: | | | | | | |
| | <u>Region 1 – Non-Medicare Eligible</u> | | | | | | |
| | | <u>Kaiser</u> | | <u>PERS Platinum</u> | | <u>PORAC</u> | |
| | <u>Age</u> | <u>M</u> | <u>F</u> | <u>M</u> | <u>F</u> | <u>M</u> | <u>F</u> |
| | 55 | \$1,094 | \$1,196 | \$1,197 | \$1,307 | \$1,083 | \$1,184 |
| | 60 | 1,376 | 1,386 | 1,503 | 1,513 | 1,364 | 1,373 |
| | 65 | 1,704 | 1,633 | 1,858 | 1,780 | 1,691 | 1,619 |
| | 70 | 1,917 | 1,829 | 2,058 | 1,964 | 1,952 | 1,861 |
| | 75 | 2,158 | 2,053 | 2,292 | 2,181 | 2,235 | 2,125 |
| | 80 | 2,487 | 2,347 | 2,640 | 2,492 | 2,578 | 2,432 |
| | 85 | 2,790 | 2,634 | 2,959 | 2,795 | 2,893 | 2,731 |
| | <u>Region 1 – Medicare Eligible</u> | | | | | | |
| | | <u>Kaiser</u> | | <u>PERS Platinum</u> | | <u>PORAC</u> | |
| | <u>Age</u> | <u>M</u> | <u>F</u> | <u>M</u> | <u>F</u> | <u>M</u> | <u>F</u> |
| 65 | n/a | n/a | \$447 | \$428 | \$408 | \$391 | |
| 70 | n/a | n/a | 484 | 463 | 442 | 423 | |
| 75 | n/a | n/a | 516 | 495 | 471 | 452 | |
| 80 | n/a | n/a | 532 | 514 | 486 | 469 | |
| 85 | n/a | n/a | 526 | 512 | 480 | 468 | |



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ADDITIONAL ACTUARIAL ASSUMPTIONS

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RESULTS BY FUND

Actuarial Obligations – June 30, 2023 – 6.25% Discount Rate

(Amounts in 000's)

| FUND | AAL | Assets ⁵² | UAAL |
|----------------------------|---------------|----------------------|--------------|
| ■ Airport | \$ 443 | \$ 250 | \$ 193 |
| ■ CIP | 4,957 | 2,797 | 2,160 |
| ■ Elec ⁵³ | 31,933 | 18,019 | 13,914 |
| ■ Gas ⁵³ | 12,636 | 7,130 | 5,506 |
| ■ GF | 178,807 | 100,893 | 77,914 |
| ■ ISF – Technology | 6,254 | 3,529 | 2,725 |
| ■ ISF – Vehicle | 2,214 | 1,249 | 965 |
| ■ ISF – Printing & Mailing | 125 | 70 | 55 |
| ■ ISF – Workers Comp | 115 | 65 | 50 |
| ■ PARKING | 656 | 371 | 285 |
| ■ Refuse | 5,246 | 2,960 | 2,286 |
| ■ Storm Drain | 2,344 | 1,324 | 1,020 |
| ■ Water ⁵³ | 10,435 | 5,890 | 4,545 |
| ■ WWC ⁵³ | 3,028 | 1,708 | 1,320 |
| ■ WWT | <u>17,379</u> | <u>9,806</u> | <u>7,573</u> |
| ■ Total | 276,572 | 156,061 | 120,511 |

⁵² Assets allocated in proportion to AAL.

⁵³ AAL for UTL employees allocated to Elec, Gas, Water, and WWC in proportion to each Fund's AAL.



May 21, 2024

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RESULTS BY FUND

Actuarially Determined Contribution (ADC) – 6.25% Discount Rate

(Amounts in 000's)

| FUND | 2024/25 | 2025/26 |
|----------------------------|--------------|--------------|
| ■ Airport | \$ 61 | \$ 63 |
| ■ CIP | 440 | 452 |
| ■ Elec ⁵³ | 1,764 | 1,811 |
| ■ Gas ⁵³ | 781 | 802 |
| ■ GF | 10,325 | 10,600 |
| ■ ISF – Technology | 442 | 453 |
| ■ ISF – Vehicle | 148 | 152 |
| ■ ISF – Printing & Mailing | 11 | 11 |
| ■ ISF – Workers Comp | 16 | 17 |
| ■ PARKING | 76 | 77 |
| ■ Refuse | 242 | 248 |
| ■ Storm Drain | 172 | 177 |
| ■ Water ⁵³ | 616 | 631 |
| ■ WWC ⁵³ | 100 | 103 |
| ■ WWT | <u>1,222</u> | <u>1,254</u> |
| ■ Total | 16,416 | 16,851 |



May 21, 2024

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RESULTS BY GF DEPARTMENT

Actuarial Obligations – June 30, 2023 – 6.25% Discount Rate

(Amounts in 000's)

| GF Department | AAL | Assets ⁵⁴ | UAAL |
|---------------|----------|----------------------|----------|
| ■ ASD | \$ 9,447 | \$ 5,331 | \$ 4,116 |
| ■ ATT | 2,674 | 1,509 | 1,166 |
| ■ AUD | 141 | 79 | 61 |
| ■ CLK | 713 | 402 | 311 |
| ■ COU | 1,257 | 709 | 548 |
| ■ CSD | 16,738 | 9,445 | 7,293 |
| ■ DSD | 5,734 | 3,236 | 2,498 |
| ■ FIR | 50,675 | 28,590 | 22,083 |
| ■ HRD | 2,727 | 1,539 | 1,188 |
| ■ LIB | 6,637 | 3,746 | 2,892 |
| ■ MGR | 2,772 | 1,564 | 1,208 |
| ■ PLA | 6,764 | 3,817 | 2,947 |
| ■ POL | 55,075 | 31,078 | 23,998 |
| ■ PWD | 17,453 | 9,848 | 7,605 |
| ■ Total | 178,807 | 100,893 | 77,914 |

⁵⁴ Assets allocated in proportion to AAL.



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RESULTS BY GF DEPARTMENT

Actuarially Determined Contribution (ADC) – 6.25% Discount Rate

(Amounts in 000's)

| GF Department | 2024/25 | 2025/26 |
|---------------|---------|---------|
| ■ ASD | \$ 584 | \$ 599 |
| ■ ATT | 157 | 162 |
| ■ AUD | 4 | 4 |
| ■ CLK | 36 | 37 |
| ■ COU | 69 | 71 |
| ■ CSD | 1,059 | 1,086 |
| ■ DSD | 478 | 491 |
| ■ FIR | 2,588 | 2,657 |
| ■ HRD | 157 | 161 |
| ■ LIB | 492 | 505 |
| ■ MGR | 186 | 191 |
| ■ PLA | 420 | 431 |
| ■ POL | 3,175 | 3,260 |
| ■ PWD | 920 | 945 |
| ■ Total | 10,325 | 10,600 |



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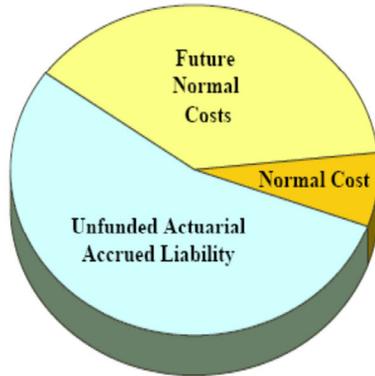
E-34



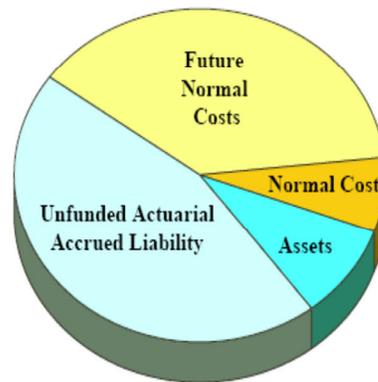
DEFINITIONS

Present Value of Benefits

Present Value of Benefits
(Without Plan Assets)



Present Value of Benefits
(With Plan Assets)



May 21, 2024

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DEFINITIONS

■ Actuarially Determined Contribution (ADC)

■ Contribution for the current period including:

- Normal Cost
- Administrative expenses
- Amortization of:
 - Initial Unfunded AAL
 - AAL for plan, assumption, and method changes
 - Experience gains/losses (difference between expected and actual)
 - Contribution gains/losses (difference between ADC and actual)



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