



**METROPOLITAN WATER DISTRICT OF SOUTHERN
CALIFORNIA
RETIREE HEALTHCARE PLAN**

BARTEL
ASSOCIATES, LLC

June 30, 2011 GASB 45 Actuarial Valuation
Final Results

Bartel Associates, LLC
John E. Bartel, President
Catherine Wandro
Adam Zimmerer

September 18, 2013

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BENEFIT SUMMARY

<p>■ Eligibility</p>	<p>■ Full-time employees who service or disability retire directly from the District under CalPERS (50 & 5 years of service)</p>																								
<p>■ Medical Benefit</p>	<p>■ District pays PEMHCA medical premium for retirees and eligible dependents up to a cap which varies by employee group:</p> <ul style="list-style-type: none"> ● Represented – 100% of Blue Shield HMO Bay Area Basic Premium (Effective 1/1/12) ● Unrepresented – 90% of PERSCare LA Basic Premium <p>■ 2011 and 2012 Monthly Caps:</p> <table border="1" data-bbox="539 506 1308 706"> <thead> <tr> <th rowspan="2">Medical Coverage</th> <th colspan="2">Represented</th> <th colspan="2">Unrepresented</th> </tr> <tr> <th>2011</th> <th>2012</th> <th>2011</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>Single</td> <td>\$ 708.52</td> <td>\$711.10</td> <td>\$ 708.52</td> <td>\$ 815.75</td> </tr> <tr> <td>2-Party</td> <td>1,417.03</td> <td>1,422.20</td> <td>1,417.03</td> <td>1,631.50</td> </tr> <tr> <td>Family</td> <td>1,842.14</td> <td>1,848.86</td> <td>1,842.14</td> <td>2,120.95</td> </tr> </tbody> </table>	Medical Coverage	Represented		Unrepresented		2011	2012	2011	2012	Single	\$ 708.52	\$711.10	\$ 708.52	\$ 815.75	2-Party	1,417.03	1,422.20	1,417.03	1,631.50	Family	1,842.14	1,848.86	1,842.14	2,120.95
Medical Coverage	Represented		Unrepresented																						
	2011	2012	2011	2012																					
Single	\$ 708.52	\$711.10	\$ 708.52	\$ 815.75																					
2-Party	1,417.03	1,422.20	1,417.03	1,631.50																					
Family	1,842.14	1,848.86	1,842.14	2,120.95																					
<p>■ Surviving Spouse</p>	<p>■ Surviving spouse coverage based on retirement plan election</p> <p>■ Same benefit continues to surviving spouse</p>																								
<p>■ Dental, Vision, Life</p>	<p>■ None</p>																								



BENEFIT SUMMARY

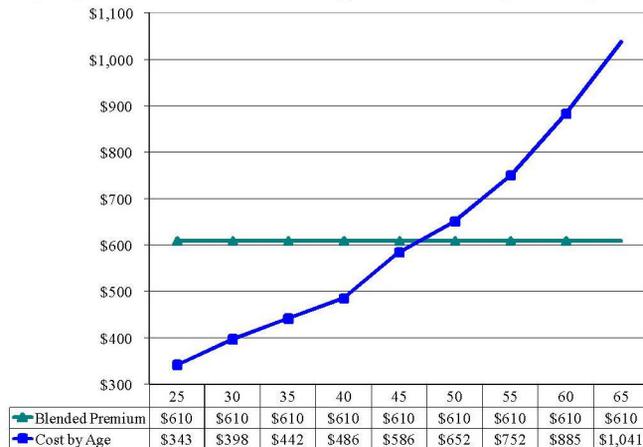
<p>■ State Vesting Schedule §22893</p>	<p>■ Applies to employees hired on or after 1/1/12</p> <p>■ Vesting schedule applies to the maximum of:</p> <ul style="list-style-type: none"> ● District cap, or ● State 100/90 premiums, ● But not more than 100% of the premium <p>■ Vesting % based on CalPERS service, with 5 years District service minimum:</p> <table border="1" data-bbox="506 1506 1091 1791"> <thead> <tr> <th colspan="2">CalPERS</th> <th colspan="2">CalPERS</th> </tr> <tr> <th><u>Service</u></th> <th><u>Vesting %</u></th> <th><u>Service</u></th> <th><u>Vesting %</u></th> </tr> </thead> <tbody> <tr> <td>< 10</td> <td>0%</td> <td>15</td> <td>75%</td> </tr> <tr> <td>10</td> <td>50%</td> <td>16</td> <td>80%</td> </tr> <tr> <td>11</td> <td>55%</td> <td>17</td> <td>85%</td> </tr> <tr> <td>12</td> <td>60%</td> <td>18</td> <td>90%</td> </tr> <tr> <td>13</td> <td>65%</td> <td>19</td> <td>95%</td> </tr> <tr> <td>14</td> <td>70%</td> <td>20+</td> <td>100%</td> </tr> </tbody> </table> <p>■ 100% vested for disability retirement or 20 years District service</p>	CalPERS		CalPERS		<u>Service</u>	<u>Vesting %</u>	<u>Service</u>	<u>Vesting %</u>	< 10	0%	15	75%	10	50%	16	80%	11	55%	17	85%	12	60%	18	90%	13	65%	19	95%	14	70%	20+	100%
CalPERS		CalPERS																															
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<p>■ Pay-As-You-Go Costs</p>	<table border="1" data-bbox="425 1855 850 1968"> <thead> <tr> <th><u>Fiscal Year</u></th> <th><u>CAFR</u></th> </tr> </thead> <tbody> <tr> <td>■ FY 2012/13</td> <td>\$13,181,000</td> </tr> <tr> <td>■ FY 2011/12</td> <td>\$12,764,000</td> </tr> </tbody> </table>	<u>Fiscal Year</u>	<u>CAFR</u>	■ FY 2012/13	\$13,181,000	■ FY 2011/12	\$12,764,000																										
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IMPLIED SUBSIDY

■ Background

- For PEMHCA, employer cost for allowing retirees to participate at active rates.



- GASB 45 defers to actuarial standards of practice.
- Actuarial Standards of Practice No. 6¹ (ASOP 6) allows community rated plans to value their liability using premiums, resulting in no implied subsidy.
- Valuation does not include an implied subsidy for PEMHCA.

¹ Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Plan Costs or Contributions.



IMPLIED SUBSIDY

- In April 2012, Actuarial Standards Board released 2nd Exposure Draft for ASOP 6:
 - Would require implied subsidy valued for community rated plans such as PEMHCA.
 - Timing:
 - First Exposure Draft issued April 2012 (July 15, 2012 comment deadline)
 - Second Exposure Draft issued March 2013 (August 30, 2013 comment deadline)
 - Current draft calls for effective date 1 year after final statement adopted with earlier implementation encouraged
- Implied Subsidy impact depends on a number of factors including:
 - CalPERS provided information
 - Miscellaneous/Safety mix
 - Active/retiree proportions
 - Level of pre-funding
- AAL/ARC increase relative to current plan very large for PEMHCA minimum



PARTICIPANT STATISTICS

Active Participant Statistics

	6/30/07 Valuation	1/1/09 Valuation	1/1/11 Valuation ²	6/30/11 Valuation ²
■ Count	1,859	1,923	1,802	1,802
■ Average Age	49.0	48.7	49.5	50.0
■ Average Service:				
• CalPERS	n/a	14.2	15.8	16.3
• District	14.1	13.5	15.1	15.6
■ Pay				
• Average	\$87,960	\$94,539	\$99,469	\$99,469
• Total Payroll (000's)	\$163,518	\$181,799	\$179,242	\$179,242

² 6/30/11 data used for both the 1/1/11 and 6/30/11 valuations.



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PARTICIPANT STATISTICS

Retiree Participant Statistics

	6/30/07 Valuation	1/1/09 Valuation	1/1/11 Valuation ³	6/30/11 Valuation ³
■ Count				
• Service Retirees	n/a	970	1,044	1,044
• Disabled Retirees	n/a	138	143	143
• Surviving Spouses	<u>n/a</u>	<u>228</u>	<u>256</u>	<u>256</u>
• Total	1,256	1,336	1,443	1,443
■ Average Age				
• Service Retirees	n/a	70.0	69.9	70.4
• Disabled Retirees	n/a	64.2	65.0	65.5
• Surviving Spouses	n/a	75.8	75.4	75.9
• Total	70.5	70.4	70.4	70.9
■ Average Retirement Age				
• Service Retirees	n/a	59.3	59.4	59.4
• Disabled Retirees	n/a	50.8	50.6	50.6
• Total	57.8	58.3	57.6	57.6

³ 6/30/11 data used for both the 1/1/11 and 6/30/11 valuations.



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CERBT INVESTMENT OPTIONS

- Additional CERBT asset allocations and revised discount rate assumption
 - Agency selects one option effective July 1, 2011
- Target asset allocations

Asset Classifications	Option 1	Option 2	Option 3
Global Equity	66%	50%	32%
US Nominal Bonds	18%	24%	42%
REIT's	8%	8%	8%
U.S. Inflation Linked Bonds	5%	15%	15%
Commodities	<u>3%</u>	<u>3%</u>	<u>3%</u>
Total	100%	100%	100%

- CalPERS reported expected returns (20 year period):

	Option 1	Option 2	Option 3
75% Confidence Limit ⁴	5.80%	5.60%	5.25%
50% Confidence Limit	7.61%	7.06%	6.39%
25% Confidence Limit	9.43%	8.52%	7.47%
Standard Deviation	11.73%	9.46%	7.27%

⁴ Confidence Limits – Actual Return will exceed the given rate with indicated probabilities, rates vary by year.



CERBT INVESTMENT OPTIONS

- CalPERS discount rate development:
 - 1st 10 year expected returns – based on asset advisors 10 year projections
 - Significantly higher returns assumed after 10 years
 - based on long term historical returns
 - implies actuarial losses in 1st 10 years
 - achievable?
- Requirement that discount rate cannot be greater than 50% confidence limit rate
- Bartel Associates Recommendation: select rate at 55% or 60% confidence limit

	Option 1	Option 2	Option 3
55% Confidence Limit			
Discount Rate	7.25%	6.75%	6.25%
Maximum Discount Rate	<u>7.61%</u>	<u>7.06%</u>	<u>6.39%</u>
Margin for Adverse Deviation	(0.36%)	(0.31%)	(0.14%)
60% Confidence Limit			
Discount Rate	7.00%	6.50%	6.00%
Maximum Discount Rate	<u>7.61%</u>	<u>7.06%</u>	<u>6.39%</u>
Margin for Adverse Deviation	(0.61%)	(0.56%)	(0.39%)



ACTUARIAL METHODS

Method	January 1, 2011 Valuation	June 30, 2011 Valuation
■ Cost Method	■ Entry Age Normal	■ Same
■ Funding Policy	■ Pay-As-You-Go	■ Pre-funding with CERBT: <ul style="list-style-type: none"> ● \$40 million in 2013/14 ● Full ARC thereafter
■ Amortization Method	■ Level percent of payroll	■ Same
■ Amortization Period	<ul style="list-style-type: none"> ■ 30 years (closed) – 6/30/07 UAAL (26 years left on 6/30/11) ■ 20 years (closed) –method, assumption, or plan changes ■ 15 years (open) –gains/losses 	■ 24 year fresh start (closed) amortization of 6/30/13 UAAL
■ Implied Subsidy	<ul style="list-style-type: none"> ■ Employer cost for allowing non-Medicare eligible retirees to participate at active rates ■ Community rated plans are not required to value an implied subsidy ■ PEMHCA is, for most employers, community rated ■ Implied subsidy not valued ■ ASOP #6 Draft – removes community rating exception 	



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Method	January 1, 2011 Valuation	June 30, 2011 Valuation																											
■ Valuation Date	<ul style="list-style-type: none"> ■ January 1, 2011 ■ Fiscal Years 2011/12 & 2012/13 	<ul style="list-style-type: none"> ■ June 30, 2011 ■ Fiscal Year 2013/14 																											
■ Discount Rate	■ 4.50% - No pre-funding - Assets invested in District investments	<ul style="list-style-type: none"> ■ 7.25% - pre-fund with CERBT Option 1 ■ Sensitivity: <ul style="list-style-type: none"> ● 6.75% - CERBT Option 2 ● 6.25% - CERBT Option 3 																											
■ Aggregate Pay Increases	<ul style="list-style-type: none"> ■ 3.00% ■ Used to amortize UAAL 	■ Same																											
■ Medical Trend	<p style="text-align: center;"><u>Increase from Prior Year</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 35%; text-align: center;"><u>Non-Medicare</u></th> <th style="width: 35%; text-align: center;"><u>Medicare</u></th> </tr> <tr> <th style="text-align: center;"><u>Year</u></th> <th colspan="2" style="text-align: center;"><u>All Plans</u></th> </tr> </thead> <tbody> <tr> <td>2011</td> <td colspan="2" style="text-align: center;">Actual 2011 Premiums</td> </tr> <tr> <td>2012</td> <td colspan="2" style="text-align: center;">Actual 2012 Premiums</td> </tr> <tr> <td>2013</td> <td style="text-align: center;">9.0%</td> <td style="text-align: center;">9.4%</td> </tr> <tr> <td>2014</td> <td style="text-align: center;">8.5%</td> <td style="text-align: center;">8.9%</td> </tr> <tr> <td>2015</td> <td style="text-align: center;">8.0%</td> <td style="text-align: center;">8.3%</td> </tr> <tr> <td style="text-align: center;">↓</td> <td style="text-align: center;">↓</td> <td style="text-align: center;">↓</td> </tr> <tr> <td>2021+</td> <td style="text-align: center;">5.0%</td> <td style="text-align: center;">5.0%</td> </tr> </tbody> </table>		<u>Non-Medicare</u>	<u>Medicare</u>	<u>Year</u>	<u>All Plans</u>		2011	Actual 2011 Premiums		2012	Actual 2012 Premiums		2013	9.0%	9.4%	2014	8.5%	8.9%	2015	8.0%	8.3%	↓	↓	↓	2021+	5.0%	5.0%	■ Same
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2021+	5.0%	5.0%																											



RESULTS

Actuarial Obligations

(Amounts in 000's)

	1/1/11 Valuation		6/30/11 Valuation	
	1/1/11	Projected 6/30/11	6/30/11	Projected 6/30/13
■ Discount Rate	4.5%	4.5%	7.25%	7.25%
■ PVPB				
• Actives	\$471,344		\$264,938	
• Retirees	<u>246,208</u>		<u>175,921</u>	
• Total	717,552		440,859	
■ AAL				
• Actives	299,268		191,798	
• Retirees	<u>246,208</u>		<u>175,921</u>	
• Total	545,476	\$560,722	367,719	\$416,964
■ Assets	-	-	-	-
■ Unfunded AAL	545,476	560,722	367,719	416,964
■ Normal Cost		20,543		11,377
■ Pay-As-You-Go		13,344		16,851



RESULTS

Annual Required Contribution (ARC)

(Amounts in 000's)

■ Valuation Date	1/1/11 Valuation		6/30/11 Val
	2011/12	2012/13	2013/14
■ Fiscal Year			
■ Discount Rate	4.50%	4.50%	7.25%
■ ARC - \$			
• Normal Cost	\$ 20,543	\$ 21,160	\$ 11,377
• UAAL Amortization	<u>28,629</u>	<u>32,297</u>	<u>28,533</u>
• ARC (End of Year)	49,172	53,457	39,910
■ Projected Total Payroll	181,911	187,368	192,989
■ ARC - % Total Payroll			
• Normal Cost	11.3%	11.3%	5.9%
• UAAL Amortization	<u>15.7%</u>	<u>17.2%</u>	<u>14.8%</u>
• ARC	27.0%	28.5%	20.7%



RESULTS

Estimated Net OPEB Obligation (NOO) – 7.25% Discount Rate

\$40 Million Pre-Funding Contribution in 2013/14

(Amounts in 000's)

	1/1/09 Val		1/1/11 Val		6/30/11 Val
	CAFR 2009/10	CAFR 2010/11	CAFR 2011/12	Est. 2012/13	Est. 2013/14
■ Discount Rate	5.0%	5.0%	4.5%	4.5%	7.25%
■ NOO Beginning of Year	\$84,108	\$106,280	\$128,903	\$161,222	\$196,349
• Annual OPEB Cost					
• ARC	34,096	37,184	49,200	53,457	39,910
• Interest on NOO	4,205	5,254	5,800	7,255	14,235
• Amortization of NOO	(6,290)	(7,888)	(9,917)	(12,404)	(13,436)
• Annual OPEB Cost	32,011	34,550	45,083	48,308	40,709
■ Contributions					
• Benefit Payments	(9,839)	(11,927)	(12,764)	(13,181)	(16,851)
• Trust Pre-Funding	-	-	-	-	(40,000)
• Total Contribution	(9,839)	(11,927)	(12,764)	(13,181)	(56,851)
■ NOO End of Year	106,280	128,903	161,222	196,349	180,207
■ Amortization Factor	13.3715	13.3715	12.9978	12.9978	14.6134



RESULTS

10-Year Projection Illustration – 7.25% Discount Rate

\$40 Million Pre-Funding Contribution in 2013/14

(Amounts in 000's)

FYE June 30,	Beginning of Year Net OPEB Obligation	ARC ⁵	Annual OPEB Cost (AOC)	Contribution			Payroll	ARC as % of Payroll	BOY UAAL
				Benefit Pmts	Pre- Fund	Total Contrib			
2014	\$196,349	\$39,910	\$40,709	\$16,851	\$40,000	\$56,851	\$192,989	20.7%	\$416,964
2015	180,207	39,918	40,333	19,088	20,830	39,918	198,779	20.1%	401,720
2016	180,622	40,913	40,978	21,435	19,478	40,913	204,742	20.0%	402,645
2017	180,688	42,043	41,722	23,871	18,172	42,043	210,884	19.9%	402,791
2018	180,367	43,205	42,458	26,157	17,048	43,205	217,211	19.9%	402,077
2019	179,621	44,403	43,188	28,375	16,028	44,403	223,727	19.8%	400,413
2020	178,405	45,637	43,906	30,548	15,089	45,637	230,439	19.8%	397,703
2021	176,675	46,909	44,613	32,517	14,392	46,909	237,352	19.8%	393,846
2022	174,379	48,222	45,306	34,468	13,754	48,222	244,473	19.7%	388,728
2023	171,463	49,576	45,982	36,536	13,040	49,576	251,807	19.7%	382,228

⁵ ARC projection reflects vesting schedule for new entrants.



ADDITIONAL PRE-FUNDING SCENARIO

Estimated Net OPEB Obligation (NOO) – 7.25% Discount Rate

\$100 Million Pre-Funding Contribution in 2013/14

(Amounts in 000's)

	1/1/09 Val		1/1/11 Val		6/30/11 Val
	CAFR 2009/10	CAFR 2010/11	CAFR 2011/12	Est. 2012/13	Est. 2013/14
■ Discount Rate	5.0%	5.0%	4.5%	4.5%	7.25%
■ NOO Beginning of Year	\$84,108	\$106,280	\$128,903	\$161,222	\$196,349
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• ARC	34,096	37,184	49,200	53,457	39,910
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• Amortization of NOO	(6,290)	(7,888)	(9,917)	(12,404)	(13,436)
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• Total Contribution	(9,839)	(11,927)	(12,764)	(13,181)	(116,851)
■ NOO End of Year	106,280	128,903	161,222	196,349	120,207
■ Amortization Factor	13.3715	13.3715	12.9978	12.9978	14.6134



ADDITIONAL PRE-FUNDING SCENARIO

10-Year Projection Illustration – 7.25% Discount Rate

\$100 Million Pre-Funding Contribution in 2013/14

(Amounts in 000's)

FYE June 30,	Beginning of Year Net OPEB Obligation	ARC ⁶	Annual OPEB Cost (AOC)	Contribution			Payroll	ARC as % of Payroll	BOY UAAL
				Benefit Pmts	Pre- Fund	Total Contrib			
2014	\$196,349	\$39,910	\$40,709	\$16,851	\$100,000	\$116,851	\$192,989	20.7%	\$416,964
2015	120,207	35,706	35,983	19,088	16,618	35,706	198,779	18.0%	341,720
2016	120,484	36,575	36,618	21,435	15,140	36,575	204,742	17.9%	342,507
2017	120,528	37,574	37,361	23,871	13,703	37,574	210,884	17.8%	342,631
2018	120,314	38,602	38,104	26,157	12,445	38,602	217,211	17.8%	342,023
2019	119,816	39,663	38,852	28,375	11,288	39,663	223,727	17.7%	340,608
2020	119,005	40,754	39,600	30,548	10,206	40,754	230,439	17.7%	338,303
2021	117,851	41,880	40,348	32,517	9,363	41,880	237,352	17.6%	335,022
2022	116,319	43,042	41,097	34,468	8,574	43,042	244,473	17.6%	330,668
2023	114,375	44,241	41,844	36,536	7,705	44,241	251,807	17.6%	325,140

⁶ ARC projection reflects vesting schedule for new entrants.



DISCOUNT RATE SENSITIVITY

Discount Rate Sensitivity

(Amounts in 000's)

	Valuation	Sensitivity	
	CERBT Option #1	CERBT Option #2	CERBT Option #3
■ Discount Rate	7.25%	6.75%	6.25%
■ PVPB on 6/30/11	\$440,859	\$477,220	\$518,326
■ Funded Status on 6/30/11			
● AAL	367,719	392,875	420,695
● Assets	-	-	-
● Unfunded AAL	367,719	392,875	420,695
■ Projected UAAL on 6/30/13	416,964	444,342	474,565
■ 2013/14 ARC			
● Normal Cost	11,377	12,675	14,159
● UAAL Amortization	<u>28,533</u>	<u>28,924</u>	<u>29,347</u>
● Total ARC	39,910	41,599	43,506
● ARC as % of payroll	20.7%	21.6%	22.5%



ACTUARIAL CERTIFICATION

This report presents the Metropolitan Water District of Southern California Retiree Healthcare Plan ("Plan") June 30, 2011 actuarial valuation. The purpose of this valuation is to:

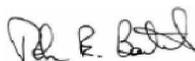
- Determine the Governmental Accounting Standards Board Statement Nos. 43 and 45 June 30, 2011 Benefit Obligations,
- Determine the Plan's June 30, 2011 Funded Status, and
- Calculate the 2013/14 Annual Required Contribution.

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

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

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

Respectfully submitted,



John E. Bartel, ASA, MAAA, FCA
President
Bartel Associates, LLC
September 18, 2013



Catherine A. Wandro, ASA, MAAA, FCA
Assistant Vice President
Bartel Associates, LLC
September 18, 2013



EXHIBITS

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Data Summary	E- 5
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Definitions	E-20



EXHIBITS

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PREMIUMS

2011 Monthly PEMHCA Premiums
Los Angeles Area

Medical Plan	Non Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Blue Shield	\$496.93	\$993.86	\$1,292.02	\$337.88	\$675.76	\$1,013.64
Blue Shield NetValue	427.58	855.16	1,111.71	337.88	675.76	1,013.64
Kaiser	434.00	868.00	1,128.40	282.30	564.60	846.90
PERS Choice	496.15	992.30	1,289.99	375.88	751.76	1,127.64
PERS Select	433.87	867.74	1,128.06	375.88	751.76	1,127.64
PERSCare	787.24	1,574.48	2,046.82	433.66	867.32	1,300.98
PORAC	527.00	987.00	1,254.00	418.00	833.00	1,331.00

2011 State 100/90 Contribution (Pre/Post Medicare)

- Single \$ 542
- 2-Party 1,030
- Family 1,326



PREMIUMS

2011 Monthly PEMHCA Premiums
Other Southern California

Medical Plan	Non Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Blue Shield	\$567.87	\$1,135.74	\$1,476.46	\$337.88	\$675.76	\$1,013.64
Blue Shield NetValue	488.62	977.24	1,270.41	337.88	675.76	1,013.64
Kaiser	477.95	955.90	1,242.67	282.30	564.60	846.90
PERS Choice	516.28	1,032.56	1,342.33	375.88	751.76	1,127.64
PERS Select	451.48	902.96	1,173.85	375.88	751.76	1,127.64
PERSCare	819.18	1,638.36	2,129.87	433.66	867.32	1,300.98
PORAC	527.00	987.00	1,254.00	418.00	833.00	1,331.00



PREMIUMS

2012 Monthly PEMHCA Premiums
Los Angeles Area

Medical Plan	Non Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Blue Shield	\$510.72	\$1,021.44	\$1,327.87	\$337.99	\$675.98	\$1,013.97
Blue Shield NetValue	439.25	878.50	1,142.05	337.99	675.98	1,013.97
Kaiser	465.63	931.26	1,210.64	277.81	555.62	833.43
PERS Choice	505.63	1,011.26	1,314.64	383.44	766.88	1,150.32
PERS Select	429.22	858.44	1,115.97	383.44	766.88	1,150.32
PERSCare	906.39	1,812.78	2,356.61	432.43	864.86	1,297.29
PORAC	556.00	1,041.00	1,323.00	418.00	833.00	1,331.00

2012 State 100/90 Contribution (Pre/Post Medicare)

- Single \$ 566
- 2-Party 1,074
- Family 1,382



PREMIUMS

2012 Monthly PEMHCA Premiums
Other Southern California

Medical Plan	Non Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Blue Shield	\$583.60	\$1,167.20	\$1,517.36	\$337.99	\$675.98	\$1,013.97
Blue Shield NetValue	501.93	1,003.86	1,305.02	337.99	675.98	1,013.97
Kaiser	512.76	1,025.52	1,333.18	277.81	555.62	833.43
PERS Choice	526.19	1,052.38	1,368.09	383.44	766.88	1,150.32
PERS Select	446.68	893.36	1,161.37	383.44	766.88	1,150.32
PERSCare	943.26	1,886.52	2,452.48	432.43	864.86	1,297.29
PORAC	556.00	1,041.00	1,323.00	418.00	833.00	1,331.00



DATA SUMMARY

Current Active Medical Coverage

Medical Plan	Region	Single	2-Party	Family	Total	Plan Total
Blue Shield	Bay Area	1	-	1	2	517
	Los Angeles	48	76	225	349	
	Sacramento	-	-	4	4	
	Southern CA	11	37	114	162	
Blue Shield NetValue	Los Angeles	1	-	2	3	4
	Southern CA	-	-	1	1	
Kaiser	Bay Area	-	-	1	1	526
	Los Angeles	79	104	196	379	
	Sacramento	2	1	2	5	
	Southern CA	18	42	81	141	
PERS Choice	Los Angeles	68	81	208	357	569
	Out of State	16	29	39	84	
	Sacramento	1	-	-	1	
	Southern CA	20	47	60	127	
PERS Select	Los Angeles	-	-	1	1	1
PERSCare	Bay Area	-	-	1	1	123
	Los Angeles	27	37	29	93	
	Out of State	-	1	-	1	
	Southern CA	9	8	11	28	
Waived		-	-	-	62	62
Total		301	463	976	1,802	1,802



September 18, 2013

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DATA SUMMARY

Current Retiree Medical Coverage – Pre 65

Medical Plan	Region	Single	2-Party	Family	Total	Plan Total
Blue Shield	Bay Area	-	1	1	2	71
	Los Angeles	5	18	11	34	
	Sacramento	1	-	-	1	
	Southern CA	7	19	8	34	
Blue Shield NetValue	Los Angeles	1	3	-	4	8
	Southern CA	-	4	-	4	
Kaiser	Bay Area	1	-	1	2	143
	Los Angeles	31	35	13	79	
	Out of State	3	2	1	6	
	Sacramento	-	1	2	3	
	Southern CA	11	32	10	53	
PERS Choice	Bay Area	-	-	1	1	170
	Los Angeles	19	14	14	47	
	Northern CA	2	1	1	4	
	Out of State	21	57	17	95	
	Southern CA	5	12	6	23	
PERS Select	Southern CA	-	2	-	2	2
PERSCare	Los Angeles	13	16	5	34	57
	Out of State	10	3	-	13	
	Southern CA	4	5	1	10	
Waived		-	-	-	16	16
Total		134	225	92	467	467



September 18, 2013

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DATA SUMMARY

Current Retiree Medical Coverage – Post 65

Medical Plan	Region	Single	2-Party	Family	Total	Plan Total
Blue Shield	Bay Area	1	1	-	2	60
	Los Angeles	12	23	1	36	
	Northern CA	1	-	-	1	
	Sacramento	-	1	-	1	
	Southern CA	10	10	-	20	
Blue Shield NetValue	Los Angeles	-	2	-	2	4
	Southern CA	1	-	1	2	
Kaiser	Bay Area	1	-	-	1	282
	Los Angeles	75	88	4	167	
	Out of State	4	5	-	9	
	Sacramento	1	1	-	2	
	Southern CA	39	60	4	103	
PERS Choice	Los Angeles	11	18	3	32	145
	Out of State	33	50	6	89	
	Southern CA	6	15	3	24	
PERS Select	Los Angeles	-	1	-	1	3
	Southern CA	2	-	-	2	
PERSCare	Bay Area	4	2	-	6	442
	Los Angeles	80	77	2	159	
	Northern CA	2	5	-	7	
	Out of State	90	79	1	170	
	Sacramento	-	3	-	3	
	Southern CA	45	51	1	97	
Waived		-	-	-	40	40
Total		418	492	26	976	976



September 18, 2013

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DATA SUMMARY

Medical Plan Participation
Non-Waived Participants
June 30, 2011

Medical Plan	Actives	Retirees		
		< 65	≥ 65	Total
Blue Shield	30%	16%	6%	9%
Blue Shield NetValue	0%	2%	1%	1%
Kaiser	30%	32%	30%	31%
PERS Choice	33%	37%	16%	23%
PERS Select	0%	0%	0%	0%
PERSCare	7%	13%	47%	36%
Total	100%	100%	100%	100%



September 18, 2013

E-8



DATA SUMMARY

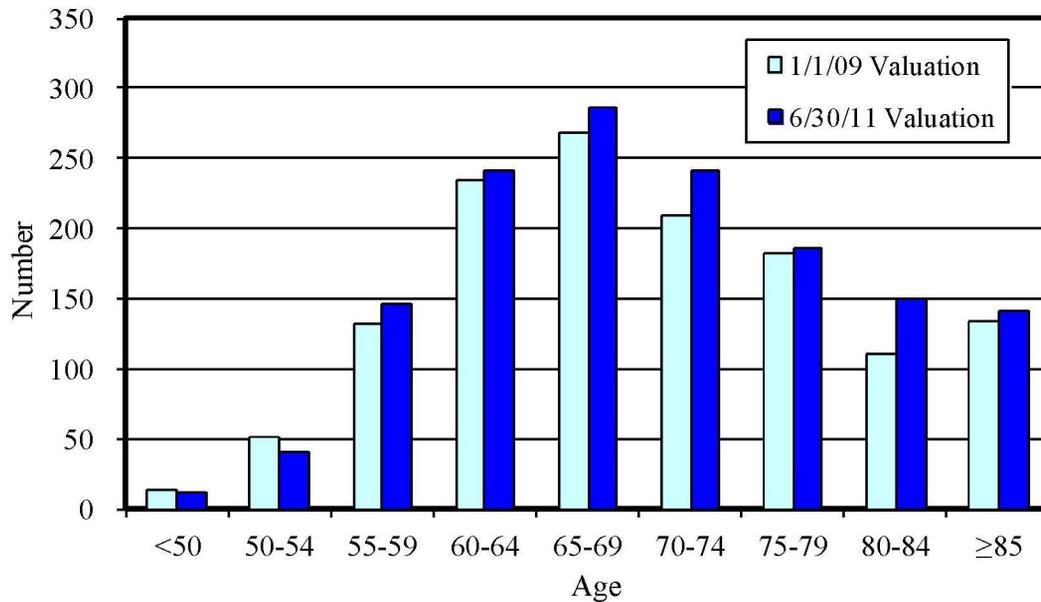
Retiree Medical Plan Coverage by Age
June 30, 2011

Age	Single	2-Party	Family	Waived	Total
Under 50	3	2	7	-	12
50-54	9	16	11	5	41
55-59	39	60	43	4	146
60-64	73	132	30	6	241
65-69	90	171	16	9	286
70-74	88	134	10	9	241
75-80	78	99	1	7	185
80-85	83	59	0	8	150
85 & Over	89	44	0	8	141
Total	552	717	118	56	1,443
Average Age	73.9	70.2	60.2	72.3	70.9



DATA SUMMARY

Retiree Age Distribution



DATA SUMMARY

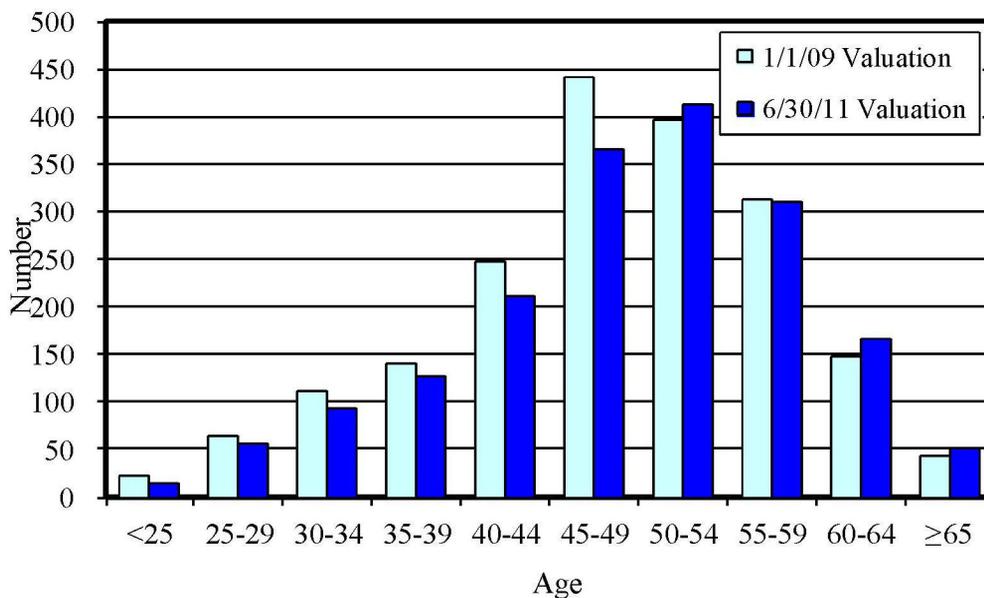
Actives by Age and Service
June 30, 2011

Age	City Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	5	10	-	-	-	-	-	15
25-29	9	35	11	1	-	-	-	56
30-34	8	50	27	6	2	-	-	93
35-39	7	45	38	12	25	-	-	127
40-44	5	43	58	18	52	34	-	210
45-49	3	37	66	35	99	102	22	364
50-54	4	31	53	25	104	116	80	413
55-59	-	16	32	19	85	83	74	309
60-64	-	6	27	11	56	36	29	165
≥ 65	-	-	5	4	11	11	19	50
Total	41	273	317	131	434	382	224	1,802



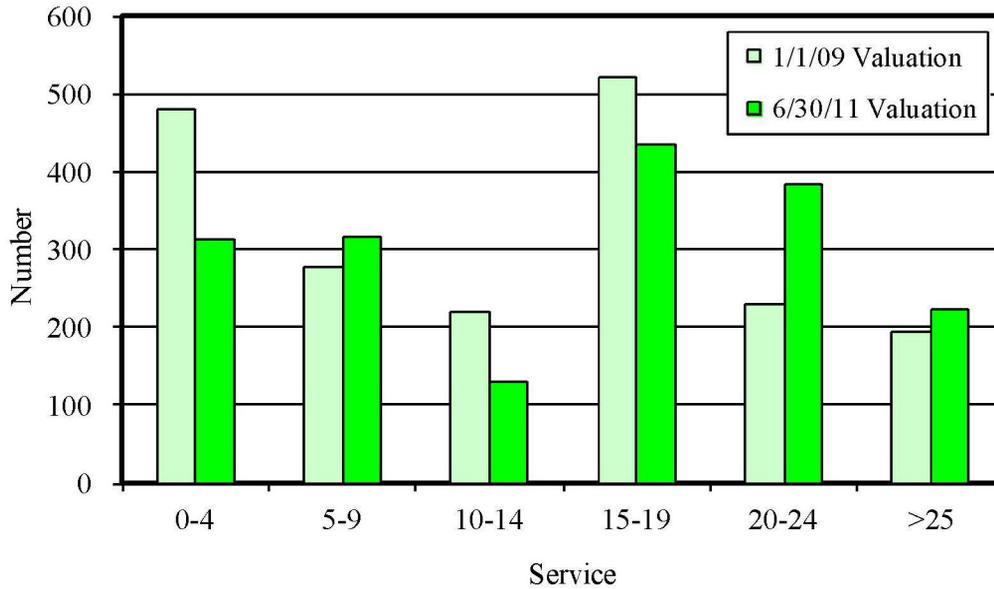
DATA SUMMARY

Active Age Distribution



DATA SUMMARY

Active Service Distribution



ACTUARIAL ASSUMPTIONS

	January 1, 2011 Valuation	June 30, 2011 Valuation
■ Valuation Date	<ul style="list-style-type: none"> ■ January 1, 2011 ■ Fiscal Years 2011/12 & 2012/13 	<ul style="list-style-type: none"> ■ June 30, 2011 ■ Fiscal Year 2013/14
■ Discount Rate	<ul style="list-style-type: none"> ■ 4.50% - No pre-funding - Assets invested in District investments 	<ul style="list-style-type: none"> ■ 7.25% - pre-fund with CERBT Option 1 ■ Sensitivity: <ul style="list-style-type: none"> ● 6.75% - CERBT Option 2 ● 6.25% - CERBT Option 3
■ General Inflation	<ul style="list-style-type: none"> ■ 3.00% 	<ul style="list-style-type: none"> ■ Same
■ Aggregate Payroll Increases	<ul style="list-style-type: none"> ■ 3.00% ■ Used to amortize UAAL 	<ul style="list-style-type: none"> ■ Same
■ Merit & Longevity Pay Increases	<ul style="list-style-type: none"> ■ CalPERS 1997-2007 Experience Study 	<ul style="list-style-type: none"> ■ Same



ACTUARIAL ASSUMPTIONS

	January 1, 2011 Valuation	June 30, 2011 Valuation
■ Liability Load	■ Liabilities increase by 1/3 of medical premium gain	■ Same
■ Mortality, Termination, Disability	■ CalPERS 1997-2007 Experience Study ■ Mortality Improvement Projection Table AA	■ Same
■ Retirement	■ CalPERS 1997-2007 Experience Study <u>Misc</u> Level 2%@55 ERA 59.5	■ Same



ACTUARIAL ASSUMPTIONS

	January 1, 2011 Valuation	June 30, 2011 Valuation																																							
■ Medical Trend	<p align="center"><u>Increase from Prior Year</u></p> <table border="0"> <tr> <td></td> <td align="center"><u>Non-Medicare</u></td> <td align="center"><u>Medicare</u></td> </tr> <tr> <td align="center"><u>Year</u></td> <td align="center" colspan="2"><u>All Plans</u></td> </tr> <tr> <td>2011</td> <td align="center" colspan="2">Actual 2011 Premiums</td> </tr> <tr> <td>2012</td> <td align="center" colspan="2">Actual 2012 Premiums</td> </tr> <tr> <td>2013</td> <td align="center">9.0%</td> <td align="center">9.4%</td> </tr> <tr> <td>2014</td> <td align="center">8.5%</td> <td align="center">8.9%</td> </tr> <tr> <td>2015</td> <td align="center">8.0%</td> <td align="center">8.3%</td> </tr> <tr> <td>2016</td> <td align="center">7.5%</td> <td align="center">7.8%</td> </tr> <tr> <td>2017</td> <td align="center">7.0%</td> <td align="center">7.2%</td> </tr> <tr> <td>2018</td> <td align="center">6.5%</td> <td align="center">6.7%</td> </tr> <tr> <td>2019</td> <td align="center">6.0%</td> <td align="center">6.1%</td> </tr> <tr> <td>2020</td> <td align="center">5.5%</td> <td align="center">5.6%</td> </tr> <tr> <td>2021+</td> <td align="center">5.0%</td> <td align="center">5.0%</td> </tr> </table>		<u>Non-Medicare</u>	<u>Medicare</u>	<u>Year</u>	<u>All Plans</u>		2011	Actual 2011 Premiums		2012	Actual 2012 Premiums		2013	9.0%	9.4%	2014	8.5%	8.9%	2015	8.0%	8.3%	2016	7.5%	7.8%	2017	7.0%	7.2%	2018	6.5%	6.7%	2019	6.0%	6.1%	2020	5.5%	5.6%	2021+	5.0%	5.0%	■ Same
	<u>Non-Medicare</u>	<u>Medicare</u>																																							
<u>Year</u>	<u>All Plans</u>																																								
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2019	6.0%	6.1%																																							
2020	5.5%	5.6%																																							
2021+	5.0%	5.0%																																							



ACTUARIAL ASSUMPTIONS

	January 1, 2011 Valuation	June 30, 2011 Valuation																														
<p>■ Medical Plan at Retirement</p>	<p>■ Based on current experience</p> <ul style="list-style-type: none"> • Current retirees > 65 – no change to medical plan • Current retirees < 65 – use post 65 assumption below when retiree attains age 65 • Current Actives: <table border="1"> <thead> <tr> <th>Plan</th> <th>Pre 65</th> <th>Post 65</th> </tr> </thead> <tbody> <tr> <td>Blue Shield</td> <td>15%</td> <td>5%</td> </tr> <tr> <td>BS NetValue</td> <td>5%</td> <td>0%</td> </tr> <tr> <td>Kaiser</td> <td>30%</td> <td>30%</td> </tr> <tr> <td>PERS Choice</td> <td>35%</td> <td>15%</td> </tr> <tr> <td>PERSCare</td> <td>15%</td> <td>50%</td> </tr> </tbody> </table> <p>With region assumption:</p> <table border="1"> <thead> <tr> <th>Region</th> <th>HMO</th> <th>PPO</th> </tr> </thead> <tbody> <tr> <td>Los Angeles</td> <td>60%</td> <td>35%</td> </tr> <tr> <td>South</td> <td>40%</td> <td>20%</td> </tr> <tr> <td>Out of State</td> <td>0%</td> <td>45%</td> </tr> </tbody> </table> 	Plan	Pre 65	Post 65	Blue Shield	15%	5%	BS NetValue	5%	0%	Kaiser	30%	30%	PERS Choice	35%	15%	PERSCare	15%	50%	Region	HMO	PPO	Los Angeles	60%	35%	South	40%	20%	Out of State	0%	45%	<p>■ Same</p>
Plan	Pre 65	Post 65																														
Blue Shield	15%	5%																														
BS NetValue	5%	0%																														
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PERS Choice	35%	15%																														
PERSCare	15%	50%																														
Region	HMO	PPO																														
Los Angeles	60%	35%																														
South	40%	20%																														
Out of State	0%	45%																														



ACTUARIAL ASSUMPTIONS

	January 1, 2011 Valuation	June 30, 2011 Valuation
<p>■ Participation at Retirement</p>	<p>■ Currently covered: 100%</p> <p>■ Currently waived: 90%</p>	<p>■ Same</p>
<p>■ Medicare Eligible Rate</p>	<p>■ Pre 4/1/86 hires: 90%</p> <p>■ Post 4/1/86 hires: 100%</p> <p>■ Everyone eligible for Medicare will elect Part B coverage</p>	<p>■ Same</p>
<p>■ Marital Status at Retirement</p>	<p>■ Actives:</p> <ul style="list-style-type: none"> • Currently covered: current marital status • Not currently covered: 80% married <p>■ Retirees: current marital status</p>	<p>■ Same</p>
<p>■ Dependents at Retirement</p>	<p>■ 20% elect family coverage at retirement until age 65</p>	<p>■ Same</p>



ACTUARIAL ASSUMPTIONS

	January 1, 2011 Valuation	June 30, 2011 Valuation
<ul style="list-style-type: none"> ■ Spouse Age 	<ul style="list-style-type: none"> ■ Actives – Males 3 years older than females ■ Retirees – Males 3 years older than females if spouse birth date not available 	<ul style="list-style-type: none"> ■ Same
<ul style="list-style-type: none"> ■ Surviving Spouse Participation 	<ul style="list-style-type: none"> ■ 100% 	<ul style="list-style-type: none"> ■ Same
<ul style="list-style-type: none"> ■ Waived Retiree Re-Election 	<ul style="list-style-type: none"> ■ Pre 65: 20% re-elect at age 65 ■ Post 65: 0% 	<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



DEFINITIONS

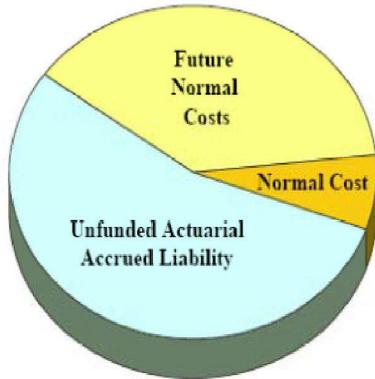
<ul style="list-style-type: none"> ■ GASB 45 Accrual Accounting 	<ul style="list-style-type: none"> • Project future employer-provided benefit cash flow for current active employees and current retirees • Discount projected cash flow to valuation date using discount rate and actuarial assumptions to determine present value of benefits (PVB) • Discount rate is expected long-term return on plan assets • Allocate PVB to past, current, and future periods • Normal Cost is portion of PVB allocated to current fiscal year • Actuarial cost method used for valuation is Entry Age Normal Cost method which determines Normal Cost as a level percent of payroll • Actuarial Accrued Liability (AAL) is portion of PVB allocated to prior service with the employer • Unfunded AAL (UAAL) is AAL less Plan Assets • Assets must be in segregated and restricted trust to be considered Plan Assets for GASB 45
<ul style="list-style-type: none"> ■ PayGo Cost 	<ul style="list-style-type: none"> • Cash subsidy is employer pay-as-you-go benefit payments for retirees • Implied subsidy is difference between actual cost of retiree benefits and retiree premiums subsidized by active employee premiums



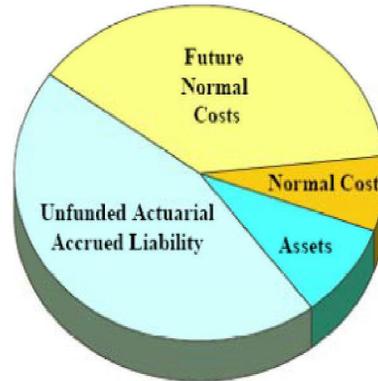
DEFINITIONS

Present Value of Benefits

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



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



September 18, 2013

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DEFINITIONS

<p>■ Annual Required Contribution (ARC)</p>	<ul style="list-style-type: none"> ● GASB 45 contribution is Normal Cost plus amortization of: <ul style="list-style-type: none"> ➢ Initial UAAL and AAL for plan, assumption, and method changes ➢ Experience gains and losses (difference between actual experience and that expected from assumptions) ➢ Contribution gains and losses (difference between ARC and actual contributions)
<p>■ Net OPEB Obligation (NOO)</p>	<ul style="list-style-type: none"> ● NOO is accumulated amounts expensed but not funded ● Net OPEB Asset if amounts funded exceed those expensed
<p>■ Annual OPEB Cost (AOC)</p>	<ul style="list-style-type: none"> ● Expense for current period including: <ul style="list-style-type: none"> ➢ ARC ➢ Interest on NOO ➢ Adjustment of NOO ● Adjustment of NOO prevents double counting of expense since ARCs include amortization of prior contribution gains and losses previously expensed



September 18, 2013

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